O RGANISATIONAL BEHAVIOUR

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PREFACE

For a long time teachers of organisational behaviour in Indian B-Schools have used textbooks written by the Western authors. While these books provide a very lucid and valuable account of theories and concepts of organisational behaviour, they have been found to be lacking in their application in Indian situations. The present book is an attempt to fill this gap. A large number of Indian case studies have been presented to explain, accept or refute, and provide empirical support to various theories and concepts in the Indian context. As such, this book, besides being a textbook, is a good reference material for scholars and academicians who would like to pursue a particular topic for their research. I would like to particularly point that we have spent a lot of time and energy in searching for the Indian references, most of which are of recent origin.

My objective in writing this book has been to help readers develop information processing, diagnostic, problem-solving, and decision-making abilities. The following features of the book would help in achieving these objectives.

First, it is easy to write a theoretical book but more difficult to explain to others how such theories apply in the real world. The focus of the book is on applications. Short case-studies given within the chapters and longer cases at the end of the chapters will help the readers develop diagnostic and problem-solving abilities, and see how concepts are translated into practice in organisations.

Second, it also has exercises and questionnaires at the end of the chapters, which can help the readers examine and appreciate the organisational predispositions, which influence the process of decision-making and information sharing.

Third, to master the feel of organisational behaviour and to learn how to apply these concepts on the job, an integrated and comprehensive package is required. The book has 14 chapters classified in three major clusters. It examines organisational behaviour at the level of the individual, a small group, and the total organisation. Such an approach provides a comprehensive treatment of all aspects of organisational behaviour and helps readers integrate issues in a total perspective.

Fourth, the book provides practical solutions to human problems in organisations. It is a blueprint for action. The readers should be able to take viable and sustainable decisions based on their understanding of the material covered in this book.

Mirza S Saiyadain

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CONTENTS

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INTRODUCTION TO ORGANISATIONAL BEHAVIOUR

Mirza S Saiyadain

INTRODUCTION

V Krishnamurthy was appointed as CEO, Steel Authority of India Ltd (SAIL) in mid-1985. He did not bring in any outsiders at the top or at senior manager levels in any significant numbers and worked with the pre-existing management team. The CEO spent initial months meeting various stakeholders. He met an estimated 25,000 persons individually or in groups and briefed them on the SAIL situation and asked, in turn, their views on what the problems were and what could be done. Based on these dialogues, a turnaround strategy emerged that was written up as **Priorities for Action**. These priorities were improvement of work culture, optimal use of installed facilities, increased productivity, profits through better cost control, and customer satisfaction.

Krishnamurthy also signed a **Memorandum of Understanding** with SAIL's parent ministry, which set out the respective commitments and obligations of the two sides. He met the unions to co-opt them into the turnaround. His aim was to get them to agree to curb labour indiscipline. He also met SAIL's customers to understand their problems and get their suggestions. He developed close relations with the Association of Indian Engineering Industry, many members of this body being vendors to SAIL or its customers.

He also mounted vigorous and innovative campaigns to co-opt the staff into the turnaround. Further, he conducted two-day workshops for senior managers of SAIL on **Priorities for Action**. Eighty managers participated, in batches of five. These managers conducted similar workshops in their plants and offices. The **Priorities for Action** were mailed to all the quarter million or so employees of SAIL for discussion and local action. Shift meetings were encouraged to discuss policies and priorities and to brainstorm on what could be done locally.

Incentive schemes were also made more effective. Besides multi-skilled training for workers, extensive training was provided to officers also. A perspective plan was prepared for HRD's role in bringing about attitudinal change in the staff and better

utilisation of manpower. All these efforts led to a dramatic turnaround in SAIL's performance. A company that lost Rs 2 billion on revenues of Rs 32 billion in 1983–84, posted a profit of Rs 1.6 billion on revenues of Rs 44 billion in 1985–86 and Rs 3 billion on revenues of Rs 65 billion in 1988–89.

Written by Prof S Ramnarayan

The above example is one of the significant attempts to turn around poorly-performing organisations to high productivity and profits. What is useful to see here is the fact that people who were not able to perform well in the past had been motivated to do well and change a profit-losing Organisation into a profit-making one. How has this come about? Mr Krishnamurthy has been able to use his understanding of human behaviour to get the desired results.

Managers are faced with problems related to human behaviour, all the time. These problems may vary in terms of intensity and magnitude but they all have one thing in common. They all have the necessary potential to affect the productivity of the organisation and influence the satisfaction derived from the job. Organisational behaviour is a field of study that asks the question *why people behave the way they do and what could be done to predict and control their behaviour*. To get a better picture of organisational behaviour, we might have to go back to the evolution of the management field, particularly with reference to managing people.

In the beginning, theorists used to believe that the average employee is not interested in work though he has no choice but to work. Douglas McGregor (1960) described these assumptions in his *Theory X*.

1. Individuals dislike work and would seek to avoid it. Work is a necessary evil. It has to be done and one cannot live without it; yet it is degradable, constraining, and distasteful.
2. Since people do not like to work they have to be coerced and goaded to work. Fear has to be induced with the threat of punishment to get them to put forth necessary efforts to achieve the goals of the organisation.
3. The average human being avoids responsibility and prefers to be directed. He has no ambition and the only thing he wants from work is security.
4. The average human being is unimaginative. He cannot innovate and think of creative ways of doing things. He seeks satisfaction in doing thing in ways as were done before.

Given these assumptions about human nature, most of the early theorists thought of designing systems that were self-sufficient and perfect, and involved very little or no human interference. The best examples of this come from division of labour, bureaucracy, and scientific management.

DIVISION OF LABOUR

One of the earliest thinkers who proposed the theory of Division of Labour was Adam Smith. Adam Smith, 1776, observed that an untrained worker without the proper machinery, "perhaps with his utmost industry, makes one pin a day" (Smith, 1957). However, when the work is properly divided

and each activity is assigned to a different person, 10 persons can make upward of 48 thousand, pins a day. To quote Smith,

> "One man draws out the wire, another straights it, a third cuts it, a fourth paints it, a fifth grinds it at the top for receiving the head; to make the head requires two or three distinct operations; to put it on is a peculiar business, to whiten the pin is another, it is even a trade by itself to put them into the paper, and the important business of making the pin is, in this manner, divided into about eighteen distinct operation (Smith, 1957)."

On the other hand, if each of these 10 persons work on all the operations involved in making pins, they together may not be able to make 200 pins in a day.

During industralisation, the process of production reached its peak as a result of division of labour. The production process required identifying all the operations of manufacturing and then managing them in such a way that the output of one person became the input for the next person in the line. Hence, all operations had to be sequentially arranged to get the maximum result.

Division of labour is based on the following three assumptions:

1. *One person cannot perform all the operations:* This is particularly true if the task is difficult, complex, and requires special competence for each of the operations. One would require different people of different skills to perform different operations.

2. *Each job requires special skills:* Jobs may demand special competence and hence the best person to perform that job must have the level of knowledge to make him best fit for the operation. Since people vary in terms of knowledge and skills, one cannot expect one person to perform all the jobs. One does not wish to take a highly skilled professional and ask him to do a routine, low-skill job.

3. *Repetition increases efficiency:* In the division of labour concept each job is broken into the smallest possible operations. If one performs one operation repeatedly for a longer period of time, the practice itself makes the person acquire a certain degree of efficiency otherwise not possible.

Division of labour also requires a high degree of departmentalisation and differentiation of both horizontal and vertical kind. While all organisations require differentiation, minute division of labour maximises control over the operations and improves efficiency at the cost of human value. The worker, in the process, becomes "an appendage to industrial machine" (Marx and Engels, 1955). He does not require much intelligence or skill as the job is simple and repetitive, and he could be trained to perform it in little time because the operation requires less discretion and high standardisation.

BUREAUCRACY

Bureaucracy is often known to involve such disparaging expressions as red tape, endless line, rule-related efficiency and so on. Weber, in fact, used it as a label for what he considered as the most

efficient method of organising structure. Weber the influential German sociologist, was born on April 21, 1864 in Erfurt, Thuringia, in Germany. He grew up in the highly intellectual atmosphere of Berlin. He studied Law, History, Philosophy, and Economics and took positions of Professor of Law at the University of Berlin and Professor of Economics at Freiburg and Heidelberg Universities. He published most of his work in the German language, and remained unknown to the English speaking world till 1920 when people started translating his works into the English.

Weber (1947) outlines the following 10 criteria for appointment and functions of bureaucratic administrative staff for the exercise of legal, rational authority:

1. The candidates are selected on the basis of technical qualifications.
2. They are paid fixed salaries with the right to pension.
3. They are subject to authority only with respect to their impersonal official obligation.
4. They are subject to strict discipline and control in the conduct of the office.
5. They are organised in a clearly defined hierarchy of office.
6. The office is filled by a free contractual relationship.
7. Each office has a clearly defined sphere of competence.
8. The office is treated as the primary occupation of the incumbent.
9. It constitutes a career.
10. The official work is entirely separated from the ownership of the means of administration.

Bureaucracy was developed as an ideal type that is perfectly rational and provides maximum efficiency of operation (Weber, 1947). The rational-legal-ideal type of organisation is based essentially on three principles:

1. *Hierarchy of Structure:*   The principle of hierarchy is followed where each lower level officer is supervised by a higher one to whom he is accountable. Each of the positions in an organisation is differentiated horisontally and vertically by specialisation and division of labour where high standardisation controls the members of the organisation.

2. *Rules and Regulations:*   An established system of rules governs and controls the behaviour of each employee. The rules and regulations highlight the expectations that organisations have from each of its members and expect complete compliance to the rules. These rules are exhaustive, all-inclusive, and remain stable for a long period of time. However, new rules can always be added as the need arises.

3. *Impersonalization:*   Bureaucracy as a concept developed against subjectivity, nepotism and favouritism. It is devoid of any human feelings and focuses mainly on the unquestionable obedience to rational-legal authority and rules. The employee's loyalties are supposed to focus on the position and not on the individual holding the position. Weber believed that unless such a condition is followed an organisation can never become a rational-legal authority. Hence, it focuses on merit rather than feelings and relationships.

Since bureaucracy is an ideal type, it is a hypothetical blue print. In reality no organisation can be one hundred per cent bureaucratic because human beings cannot ignore their feelings and work like robots. Another interesting feature of bureaucracy is that each of its elements does not work in

isolation but as an interdependent part of the total to provide a more efficient administration. However, the focus is on the organisation as a system in which higher levels exercise power on lower levels through hierarchy, regulate behaviour through rules, and ensure that the human element is kept out of the system.

SCIENTIFIC MANAGEMENT

Perhaps one of the better known theorists of the period, Fredrick Taylor, is known as the father of Scientific Management. Taylor was born in Georgetown, Pennsylvania on 20 March 1856. He received his education in mechanical engineering and invented a number of machines such as the steam hammer, hydraulic power loading machine, and boring and turning machines. Taylor was obsessed with control and wanted to develop one best way to perform a task, to make that as the standard practice, and use the best tool in its performance (Taylor, 1911). Taylor was committed to eliminate inefficient and wasteful practices. Scientific Management was to be a tool for greater productivity, greater purchasing power, and a better quality of life.

Taylor believed that adoption of the Scientific Management principal would satisfy the interests of both labour and management because it would generate a larger surplus. He proposed equal division of tasks and responsibilities between workers and managers. However, the scientific method, by itself, was taken as an interference with managerial prerogative and questioned the good judgement and superior ability of managers which had been the subject of public adoration. On the other hand, workers resisted the standardisation of work methods. Taylor created so much antagonism in both workers and managers that in 1912 he was called upon to explain his scientific method to the House of Representative Committee.

Despite this resistance, Scientific Management received widespread publicity when the case of increased freight rate was discussed by American railway. Many points of view were presented. However, when Harrington Emerson, Chairman of Eastern Railroad, testified that his company could save $300 million per year by using Scientific Management, Taylor overnight became the national hero and Scientific Management became the gospel.

Scientific Management consists of the following basic principles for increased output per unit of human effort:

1. Develop clearly-stated rules and principles to replace the old rule of thumb methods.
2. Select the "best" person, and train and develop him rather than choosing the untrained and "any" person.
3. Monitor their performance closely.
4. Divide tasks and responsibilities equally between workers and managers.
5. Use the following scientific methods to improve efficiency:
   a. *Economy of motion:* Observe how many motions (operations) are involved in performing a task and eliminate unnecessary operations to economize on efforts.

b. *Time Study :* Observe the time taken in performing a task. See if unnecessary actions can be eliminated to save time and improve efficiency.

c. *Industrial Engineering:* Both (a) and (b) above can be attained if tasks are designed in such a way that they do not require too much effort and/or too much time.

To support the above, Taylor proposed some additional schemes to improve efficiency and productivity. Two of the better known schemes are presented as follows:

1. *Science of Shovelling:*   While working in the Bethlehem Steel plant, Taylor noticed that the shovel used by workers to shovel the pig iron was of a size to handle 38 pounds and on an average a worker handled 25 tonnes of pig iron per day. However, with the heavy-load shovel, the worker soon got tired and took unannounced and unscheduled breaks from shovelling. As he reduced the load-handling capacity of the shovel from 38 to 35 to 30 pounds he noticed an increase in the average tonnage of output. After repeated trials when the load-carrying capacity of the level was reduced to 21.5 pounds, a substantial increase in average tonnage handled was noticed. The reduced size of the shovel delayed the onset of fatigue among the employees, giving them more time to shovel.

2. *Piece-rate System:* Another principle developed by Taylor had to do with the scheme of payment for work. Taylor believed that "man is an economic animal". They work to get more money from their jobs. Hence, if the job is tied to an economic reward, then the workers would work harder to get more money and the organisation would achieve higher productivity. The Piece-rate system thus tied the wages with the number of units produced.

Scientific Management thus took away much of the flexibility available to individual workers and tied them to the rules and procedures and efficiency of the machine. The idea was to make the system perfect and let employees respond to its instructions and commands.

Not much work has been done in the Indian context on the effect of a system's characteristics on performance. There is, however, one study by Bhatnagar and Bhandari (1998) that seems to have some relevance. They collected data on 169 respondents from 6 organisations from private and public sector undertakings and government departments. Their results show that adhocracy or entrepreneurial culture signifying high initiative, experimentation, and risk-taking was the most dominant culture in private organisations. In public sector undertakings and government departments, the most dominant culture was that of hierarchy. The Government as a large bureaucracy focused more on structural issues; while a private organisation with sufficient freedom and flexibility emphasised more on the spirit of experimentation. What it means is that when structures are rigidly defined, little flexibility is available to the employees.

While making the system perfect at the cost of human contribution, perfection itself can become a cause of dissatisfaction, frustration, and anger amongst employees. In an interesting study on the relationship of rigid structural parameters and frustration, Singh (1988) collected data from 250 junior and middle level male executives from 7 private and 3 public sector undertakings. These executives represented almost all functional areas. They filled out a questionnaire measuring 14 organisational climate variables and a 9 item questionnaire on frustration. The results show that organisational climate dimensions such as formalisation, pressure for performance, formalised

cross-checking, inadequate welfare concerns, and lack of growth orientation correlated positively with frustration.

By the end of the 1920s and the early 30s organisations started realising that perfection of the system is not the only thing that needs to be done. What was realised was that no matter how rationally a system was designed, human elements would still influence it in one form or the other. When people come to work they do not come as workers or operators but as individuals. They bring their values, cultures, hopes, and aspirations with them which, to a large extent, influence the way they function. A group of theorists, foremost among them Elton Mayo, at Tavistock Institute proposed that the organisation must be structured in such a way that it takes into account the human elements as well. They argued that to structure an organisation as fully rational is rather an irrational activity because rationality does not take into account the irrational part of human nature. If organisations are people, and if these people bring their emotions and feelings to the organisations, then what benefit can one derive by making a fully rational organisation.

Further implicit support to this line of thought came from the Human Relations' School which emphasised modifying and improving the organisations as social systems. They explained that productivity is directly related to the satisfaction of the employees and suggested that organisations should strive to improve the adjustment and morale of workers. An illustrative example of good business is provided (See Box 1.1).

Box 1.1

Good Business

It's 7 am in Kyoto, Japan, and the taxi company has just called a second time to say they can't find my house. Once again I spell out directions even a blind cabby could follow, glance impatiently at my watch, and wait. Only two hours remain until my flight leaves and it's an hour-and-a-half trip to the Osaka airport.

Outside, torrential rains are threatening to sweep my little house off the mountain slope on which it teeters, so far north in Kyoto that city buses lurch past only three times a day.

The telephone rings again. "Terribly sorry," begins the dispatcher. Then I realise what's happened. Flooded with calls, the company is maximising profits by handling only in-city runs. I'd heard this happens when the weather gets bad. I shout into the phone that I have a plane to catch—I must be in Seoul by noon—and I'll meet the taxi a few hundred metres away on a bridge over the Kamo River.

Standing above the gale-swelled torrent, horisontal wind-driven rain drenching my overcoat, I gaze up and down the road. No taxi. Finally, struggling with my umbrella and suitcase, I begin to hitch-hike. A sedan goes by, driver and passenger staring at the lunatic, well-dressed foreigner walking backwards and holding his thumb out in the downpour.

From the other direction a white Nissan approaches, then jams on its brakes. A young man throws open the door, gesturing for me to get in. Shaking with cold and anger, I climb inside.

In the most humble Japanese, the man identifies himself as the dispatcher with whom I have spoken three times this morning. To get me to my plane, he has abandoned his post and raced from the company in his personal car. He apologises profusely, but does not explain why a taxi could not pick me up, except to say they are "very, very busy" this morning. Delivering me straight to the boarding

stop for the airport bus, he refuses the 2,000 yen I press into his hand and with more apologies implores me to patronize his company in the future.

A few hours later settling back into my seat as the storm-delayed 727 takes off, I open the newspaper. On the second page my eyes wander to the headline of a short article: "Taxi Strike Begins This Morning in Kyoto."

Source: *Readers' Digest*

Yet another approach suggested redefining and, if necessary, enlarging the role of the worker. It pointed out the dangers of too much formalisation with its emphasis on extreme functional specialisation. Herzberg (1966) in fact went to the extent of professing that job enlargement or job rotation can reduce alienation and increase the worker's commitment. Earlier works of Lewin (1948) and Coch and French (1948) showed that when employees were given some discretion in the decision-making, the fact of participation itself made a difference in their satisfaction and productivity. What was suggested was various ways to improve productivity. Adopting the human approach as one of the more significant ways, they believed in the assumptions given in *Theory Y* of Douglas McGregor (1960), which emphasised the following:

1. People do not really dislike their work. The expenditure of physical and mental effort is as natural as play or rest. In other words, people enjoy their work as they enjoy the games that they play.

2. Since they enjoy their work, they do not have to be induced or forced to work. They see work as self-enhancing and do put serious efforts in whatever they do. External control and threat of punishment are not the only means for achieving the organisational objectives.

3. They do not necessarily avoid responsibility but take it more seriously. There is no need to breath down their neck as they do not have to look for directions. For them the most significant rewards come from satisfaction of ego needs and the degree of self-actualisation derived from work.

4. People are quite capable of innovation and responding to the challenges of work. They are competent and use their competence to develop creative ways to meet the objectives of the organisation.

A group of thinkers started focusing more on the abilities, skills, interpersonal relationships, and knowledge of employees rather than the perfection of the system through standardisation and formalisation. The following three examples, namely, Hawthorne studies, Adhocracy, and Theory Z show how the human element has been weaved into the system.

HAWTHORNE STUDIES

Perhaps one of the first to discover that human elements do play a significant role in administering the organisation was a series of studies named as the Hawthorne Studies. These studies were conducted at the Hawthorne Plant of the Western Electric Company, Cicero, Illinois and carried out

5. Workers switched jobs among themselves much against the company policy. This was done to relieve monotony and boredom.

6. They reported a standard figure of output each day despite variations in actual output (called as "Straight line output"). The actual output depended on how tired they felt. However, the straight line output helped them to make up for the other days or add up in case the output was below expected. This was despite the fact that they were paid a base rate plus a percentage of group bonus based on total production. It seems that group norms were more important to them than economic benefit.

7. Finally supervisors/inspectors were treated as "part of the gang". They believed that supervisors/inspectors were no better than themselves, they ignored them, played tricks on them, and put social pressure on them. One inspector could not take it and asked for a transfer.

Scott (1992) summarised the conclusions of the Hawthorne studies when he said "Individual workers…are complex beings with multiple motives and values…driven as much by feelings and sentiments as by facts and interests; and they do not behave as individuals, isolated actors but as members of social groups exhibiting commitments and loyalties stronger than their individualistic self interest."(Page 57). The Hawthorne studies gave rise to the Human Relation school of thought.

ADHOCRACY

The concept of adhocracy came from the idea of special task force teams of the World War II days. These task force teams were made to cause damage to the enemies and consisted of professionals from various fields. They were free to modify their assignments by taking into account unforeseen contingencies. Hence adhocracy consists of teams of professionals getting together for a specific task. The theory of adhocracy as proposed by Mintzberg (1979) is characterized by the following:

1. Adhocracy is a time-bound, task-bound system based on the need of the assignment. Once the assignment is over (which is usually of a short duration) the professionals go their own ways, perhaps to be assembled once again if their expertise is required.

2. Decision-making processes in adhocracy, unlike in bureaucracy, are highly decentralised. Professionals take their own decisions and may have to change them given the speed, flexibility, and situational requirements.

3. Since adhocracy is a collection of professionals, it has a high degree of horizontal differentiation. In a team for a medical operation, the job of the surgeon is different from that of the anaesthetist, staff nurse, or the one who monitors several life-sustaining machines. A fairly demarcated boundary exists among these tasks for which professionals assume responsibility. As each one of them is an expert in his/her field one does not tell the other what should or should not be done.

4. In adhocracy there are no formal rules of conduct or operations. If there are rules they are treated only as guidelines. These rules are often modified to suit the needs of professionals. The inverse relationship between formalisation and professionalisation is more true in

between 1920s and 1930s by Elton Mayo, Roethlisberger, and Dickson. The result based on three different studies left the researchers perplexed as they turned out to be contrary to expectations. These studies were designed to see the effect of working conditions on work performance.

In the first study, five women assembling telephone relays were kept in a separate room where their conditions could be carefully controlled, their output carefully measured, and their behaviour closely observed. They were subjected to varying rest pauses, and varying lengths of work day and work week. As the rest pauses steadily improved their output also improved. However, when they were put to back in the original work environment (no rest pauses, no coffee breaks, and a 48 hours week) their productivity remained as high as in the experimental condition.

In the second study, 14 workmen representing three occupation groups—wiremen, soldermen, and inspectors—were put under conditions where they could earn more by producing more. The results were unexpected. Despite the fact that they could earn more by producing more, they developed their own concept of a fair day's work and did not increase their output (Roethlisberger, 1977).

Yet in the third and most quoted study, the effect of varying conditions of illumination on productivity was studied. The workers were divided into two groups, control and experimental. While the control group worked in constant illumination, the experimental group was exposed to varying degrees of illuminations, changing steadily without their knowledge. The results, as summarised by Mayo (1945), are presented below:

"The conditions of scientific experiment have apparently been fulfiled—experimental room, control room, changes introduced one at a time; all other conditions held steady, and the results were perplexing....Lighting improved in the production room, production went up; but it rose also in the control room. The opposite of this: Lighting diminished from 10 to 3 feet candles in the experimental room and the production again went up; simultaneously in the control room, with illumination constant, production also rose" (Page 49).

Subsequent interviews with the workers and their own analysis of the results of these studies led to the following conclusions:

1. Productivity and the quality of work is related to the nature of social relationship amongst the workers.
2. Each of the experimental groups developed its own identity different from the rest of the workers, and took pride in it.
3. Irrespective of the working conditions, groups developed their own norms of production and monitored and controlled these norms by social approval or the absence of it. Rate busters (those who produced more than the norm) were isolated, threatened, and forced to align their output with the expected norm. Rate chiseler (those who could not keep up with the norm) were helped and encouraged by other members of the group to come upto the group norms.
4. Despite all attempts, the groups produced at a level below their capacity (restriction of output).

adhocracy than anywhere else. Since novel solutions are needed, standardisation and formalisation become dysfunctional in adhocracy.

5. In adhocracy the rules of hierarchy do not apply. Each one of the individuals is an expert in his own right. There are no supervisors or subordinates in the team. Considerable discretion and authority are delegated to individual professionals and they are subjected to collegial review only. If there are team leaders, their job is not to lead in the strict sense of the word but to coordinate the activities of the professional and help them to do what they do best. In adhocracy authority flows to anyone with expertise, irrespective of structural position.

6. In adhocracy, thus, the focus is on innovation under time and facilities constraints. The advantage lies in the ability of individual professionals to respond rapidly to changes in the environment and be able to use available resources to their benefit. It is a high-risk, shifting-strategy game, capable of throwing up unforeseen demands.

7. Adhocracy is best suited to technology that is non-routine and in an environment that is dynamic and ever changing. The non-routine technology will rely on the expertise of professionals to make its best use. At the same time, a turbulent and dynamic environment would require innovation and creativity and unusual ways to respond to this uncertainty. "The essence of adhocracy would seem to be rapid and continuous responsiveness to the environment with minimal organisational momentum" (Mintzberg and McHugh, 1985, Page 191).

Adhocracy thus requires professionals from diverse disciplines who are creative problem-solvers and have the capacity to coordinate their efforts with other professionals. While they handle complex, non-programmed tasks to meet the objectives mandated to them, the same imposes greater pressure and requirements on them. Adhocracy as a theory believes in faith in professional expertise, their competence, knowledge and skill, and an uncunning desire to achieve goals—often at a cost. It is useful to note that most organisations begin as adhoc structures and become bureaucratic only when they become large.

THEORY Z

Japanese organisations, as compared to their American counterparts, structure their systems in a substantially different way, more akin to the general life style of Japanese society. Organisations in Japan provide a primary source for social integration, personal identity, and meaning in life. This is very unlike the American organisations, which focus mainly on economic return and procedural efficiency. William Ouchi, during his research, found that given the discrepancy between the two organisational cultures, how American organisations in Japan or Japanese organisations in America should best function (Ouchi, 1981). Theory Z, which is the amalgam of a typical American (A) and a typical Japanese (J) system may, perhaps, provide the answer. In Table 1.1 American (A) and Japanese (J) management practices and their amalgam (Z) are presented (Ouchi and Jaeger, 1978).

Table 1.1   **Comparison of A, J, and Z Management Practices**

Theory A	*Theory J*	*Theory Z*
1. Short-term employment	Life-time employment	Long-term employment
2. Specialised career path	Non-specialised career path	Moderately specialised career path
3. Individual decision-making	Consensual decision-making	Consensual decision-making
4. Individual responsibility	Collective responsibility	Individual responsibility
5. Frequent appraisal	Infrequent appraisal	Infrequent appraisal
6. Explicit formal appraisal	Implicit informal appraisal	Implicit informal appraisal with explicit formalised measure
7. Rapid promotion	Slow promotion	Slow promotion
8. Low concern for people	Very high concern for people	High concern for people

What seems to be obvious is that Theory Z adopts some practices from the American model but most from the Japanese model. It reflects a more adhocratic model of managing the organisation with long-term employment and low formalisation. Decision-making is by consensus, however responsibility is individual. Yet like in a typical Japanese organisation, promotions are few and appraisals are infrequent. Perhaps the most important element of Theory Z is its high and comprehensive concern for people. No wonder, it is often said that in Japan a person is married to the organisation and thus by virtue becomes a member of the organisation family. In such a situation the control and monitoring is done by work itself. Ouchi calls it a clan system, a group that may or may not be linked by kinship ties, but is based on common surveillance by colleagues and other employees in the system whose impressions about an individual are given sufficient weightage in evaluation.

The three perspectives by Mayo, Mintzberg, and Ouchi showed the significance of accepting the fact that, after all, organisations are people and people have to be managed so as to achieve higher efficiency for the organisation and greater satisfaction for the employees. Organisations, therefore, must take into account the psycho-social behaviour to be able to effectively manage people. While these point of views were developed in the west, research in the Indian context shows that concern for people does affect the productivity and satisfaction of the employees. Anantharaman and Kamalaybhan (1997) collected data from the 35 directors of CSIR laboratories. Using the Delphi technique, they found that the degree of individual autonomy, open communication channels, unit leaders proactive supervisory style and opportunities for career development did have a positive influence on the performance of scientists working in R and D organisations. In a more recent study, Koleshwara Rao and Srinivasan (2001) asked 110 executives from private organisations and 95 from the government sector to complete an Organisation Culture Composite questionnaire consisting of 10 dimensions. Executives from private organisations scored significantly high on such dimensions as collaboration, open communication, creativity and adaptability, culture

nurturing, role clarity, and unity in diversity as compared to government executives. Obviously the highly bureaucratic system of government did not help in human-oriented factors. Organisational behaviour basically refers to understanding and effectively managing people. It involves the study and application of the human dimension of an organisation. Although there will probably never be total agreement on the exact meaning of the domain of organisational behaviour, there is little doubt that organisational behaviour has come into its own as a field of study, research, and application. Organisational behaviour has been explained as a study of human behaviour in an organisational setting, its interaction with in the organisational context, and with the organisation itself. In order to fully understand the concept of organisational behaviour, clarity of concepts like organisation and behaviour have to be fully appreciated.

WHAT IS AN ORGANISATION

An organisation can be described as the rational coordination of the activities of a number of people for the achievement of some common objective through division of labour and hierarchy of authority and accountability. Such a description highlights the following ingredients of organisations:

1. Organisations are rational entities. This means that they have clearly defined goals and most economic means to achieve these goals. Rationality demands maximisation of returns on minimum investment.

2. Organisational goals must be equally understood, shared, and subscribed to by all the employees in the organisation.

3. A single person does not make an organisation. It requires a minimum of two or more persons to fulfil the requirements of coordination.

4. One person cannot do all the jobs of the organisation; hence these have to be done through division of labour and function. Each individual has a clearly defined responsibility that is non-overlapping. Along with responsibility comes the authority to complete the job.

5. For every individual in the organisation there is an immediate supervisor. Subordinates are accountable to their immediate supervisor. This is true for all the levels in the hierarchy except the very top level employee who does not have a structurally defined supervisor and the very bottom level employee who does not have subordinates.

WHAT IS BEHAVIOUR

Behaviour can be described as an action or a reaction caused by either known or unknown stimuli and could be latent or visible. Such a description of behaviour entails the following:

1. Behaviour could be initiated by an individual or could be a reaction to a behaviour initiated by someone else.

2. In all cases, no behaviour exists without a reason. For every activity there has to be a cause and organisational behaviour specialists try to find out what is the rationale so that appropriate corrective action could be taken.

3. The cause of the behaviour may be obvious and observable or may be unknown and invisible. Feeling a sense of insecurity in the job may be attributed to poor performance by a demanding boss, or it could be the reaction of some deep-seated psychological problem(s) unknown to either the individual himself or to others.

4. Finally, most behaviour may be visible and observable. For example, coming late, being absent without notice, and having interpersonal problems with colleagues are clearly identifiable and can be easily measured. But there are certain behavioural activities that are hidden and not observable. A person may be feeling bitter about something, but when confronted with the situation might claim that every thing is fine.

WHAT IS ORGANISATIONAL BEHAVIOUR

Given the above-mentioned descriptions of organisation and behaviour the following definition of organisational behaviour emerges:

> Organisational behaviour is a field of study that seeks to comprehend, predict, and control human behaviour in organised settings through a scientific study of individuals, group processes, and organisation structure and design.

The field of organisational behaviour thus seeks to emphasise understanding behaviour in organisations so as to develop competence in foreseeing how people will behave. This knowledge may then help in controlling those behaviours that are not befitting to the objectives of the organisation, and facilitate those that help in improving the effectiveness of the organisation. However, knowledge creation has to be through scientific methods so that faith could be placed on these findings.

Scientific Knowledge Creation   The word science comes form the Latin word *Scientia,* which means "to know". Science is defined as all knowledge collected through scientific methods. For a method to be scientific, it must satisfy the following criteria:

1. *Objectivity*:   All methods of data collection must be free from bias and opinions. They must represent reality as it is and should not distort it to achieve a particular objective. An honest study of facts, phenomena, and objects is what makes a method scientific.

2. *Replicability:*   If methods have been able to present reality as it is, it should be possible to replicate reality as many times as is necessary. The ability to replicate reality more or less accurately provides credibility to the methodology and creates a basis to accept the results as genuine.

3. *Sustainability:*   One of the major considerations of science has to be with the perpetuation of findings over a long period of time everything else remaining the same. Scientific methods generate results that sustain over time, till new dimensions are added and new results are achieved.

A large number of scientific methods are available and one can choose the most appropriate depending upon the objectives and nature of data to be collected. In the field of management, the most commonly used methods are questionnaires, interviews, simulations, and surveys. A brief description of each of them follows.

1. ***Questionnaires:***   One of the most commonly used methods of collecting information is the questionnaire, which basically consists of statements relating to specific management topics/activities/phenomena followed by a response pattern. Responses can be sought on a point scale (varying in points) measuring agreement-disagreement, acceptance-rejection, and the like. Some questionnaires seek yes-no or maybe type of responses. These are bi-dimensional measures. In some cases the degree of a single dimension is measured which may range from extremely positive to low positive. The advantage of questionnaires is that they are easy to score and are not too expensive. Groups of people can fill them simultaneously. They could also be sent to people by mail with a self-addressed, stamped envelope to ensure return. However, the major disadvantage of questionnaires is that it limits the nature of information to only those items that are included in it.

2. ***Interviews:***   The advantages and disadvantages of questionnaires can become the disadvantages and advantages of interviews respectively. They are expensive both in terms of money and time as they have to be carried out on the basis of a one-to-one interaction. However, the interviewer can get a whole lot of information because the response ranges are not limited. Some interviews are structured where a large number of people are asked to respond to the same contents but most of them are open-ended. Open-ended interviews have the potential to generate some very in-depth information.

3. ***Simulation:***   In the field of management some real life data could be generated by creating real life situations in research. Many of these simulation techniques deal with decision-making competence that is the major responsibility of managers. This methodology may include the *syndicate* (a group discussion on a managerial problem or issue), the in-*basket technique* (where situations requiring decisions are put in the in-basket, managers take a decision and put their replies in the out-basket, which are then evaluated in terms of their implications), and the *case method* (where a real-life problem is reproduced and the managers are required to process the information given in the case and take a decision).

4. ***Surveys:***   When a large amount of data is required on a particular issue or concern, surveys are the best method. The information is collected through direct contact with the people. The researcher may use an interview schedule or a questionnaire to collect survey information. When attitude surveys are conducted in organisations or when diagnostic studies are done, the survey method provides the most suitable and feasible method for the purpose.

Organisational Behaviour can be seen as the actions and attitude of people in organisations and hence has its roots in many fields of behavioural sciences, such as Psychology, Sociology, Social Anthropology, and Political Science, just to name a few. Hence Organisational Behaviour, as a field of study, offers the opportunity to simultaneously apply several perspectives in order, to understand specific and concrete events such as those faced by V Krishnamurthy of Steel Authority of India Limited, detailed in the initial part of the chapter. It helps us to understand the complexity of human

behaviour in organisations and find out its causes, as also to manage human behaviour more effectively.

In this book, the study of Organisational Behaviour has been pitched at three levels—at the level of the individual, a small group, and the total organisation. The main objective is to help the readers to understand why people behave the way they do as individuals, as members of small groups, and as organisation persons. Such knowledge helps in identifying action plans to reinforce positive behaviour and avoid disruptive behaviour. It is an attempt in defining the application of knowledge and skill to real solutions and using that as the basis for effective action.

Review Questions

1. What is the objective of organisational behaviour as a field of study?
2. What similarities can be found in the approaches of Adam Smith, Max Weber, and Fredrick Taylor?
3. What similarities can be found in the approaches of the Hawthorne studies and those proposed by Harry Mintzberg and William Ouchi?
4. How are system-based approaches different from human-based approaches of organisational behaviour?
5. Compare and contrast the interview method with the questionnaire method of data collection.
6. Read the case *Life on the Line* carefully. Identify the human problems in the case and suggest a blue print to manage these problems.

Life on the Line*

By Roger Rapoport**

A week spent building cars gives an insight into the industry's problems "Leave Your Brains at Home".

Wixom, Mich—The Ford Motor Co. auto assembly line here is an impressive sight. Bare frames are put on a slowly moving conveyor. Wheels, engines, seats, body sections and hundreds of other components are added along the way. At the end of the quarter mile, 90-minute trip, finished cars are driven off to be inspected and shipped to dealers.

It takes some 275 workers to put the cars together on a Wixom line. To hear a guide at Ford's big River Rouge plant a popular tourist stop in nearby Dearborn, tell it, life on the line in a snap. "Each workers on an assembly line has one little job to do he says. It is simple. Anyone could learn it in two minutes".

That's bunk.

Working on the line is grueling and frustrating, and while it may be repetitive, it's not simple. I learned how tough it can be by working for six days at Ford's Wixom plant, which assembles Thunderbirds and Lincoln Continentals.

I learned firsthand why 250,000 auto workers are unhappy about working conditions. Ford calls Wixom the "most progressive automobile assembly plant on the North American Continent". Facilities at the 10-year-old plant here are indeed better than those at many of the 46 other auto assembly plants scattered around the country. Wixom is clean and well-lighted by auto industry standards. It boasts adequate rest rooms, plenty of drinking fountains and an air-conditioned cafeteria. Even so, working conditions are less than ideal.

I also learned why quality control is a major problem for the industry and why so many Americans complain about poor workmanship in the cars they buy. I saw one blue fender installed on a white car and saw the steering column fall off another newly built car. Wixom's repair area nearly the size of a football field, usually had a line-up of 500 cars waiting to have steering adjusted, scratches painted brakes repaired and other faults fixed, but not all defects are caught before cars leave the plant. The four auto companies have recalled from customers more than a million 1967 model cars since last September because of suspected manufacturing defects.

Ford didn't know I was a reporter. Along with a handful of other young men, I was hired as a summer replacement, and to the personnel department I was simply Social Security Number 362-44-9616. The foreman on the line knew me as "9616" for short.

Names aren't necessary on the line. The conveyor moves at 1/6 of a mile an hour, and while that may not sound terribly fast it doesn't leave much time for conversation. Also the cacophony of bells, whistles buzzers hammers whining pneumatic wrenches and clanking, rumbling, machinery drowns out voices, so most communicating is done by arm waving and hand gestures.

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Only two of the dozens of men I worked beside at various points on the line ever learned my name, and I knew only the first names of the two workmen. One was Clyde, a husky Negro, who had been an assembler for about a year. On my first day on the job, a foreman assigned Clyde to teach me the ropes at one work station.

Clyde, a 220-pound, six-footer, showed me how to bolt the car body to the chassis in three places. It was fairly easy for me, a 160-pound six-footer. He showed me how to learn inside the trunk, tighten two bolts and makes an electrical connection. I managed that task, too. He showed me how to maneuver a big V-8 engine dangling overhead down into a car's engine compartment. By this time, I considered myself fairly versatile.

Then Clyde showed me how to scramble from one car to the next, putting chassis and trunk bolts in the first two cars and helping with the engine in the third—all in less than five minutes. When I tried it, I got stuck in the trunk of one car, missed the chassis bolts on the next and was too late to help install the engine on the third car.

Gradually, I became more proficient. But I didn't last long at my job. As a temporary worker, I was assigned to fill in for absent workmen at five different work stations at various times during my six days on the line. Except for Clyde, the men who showed me the jobs weren't very good teachers. One workman demonstrated the way to attach clamps to the heater hoses, but he didn't mention that the clamps have tops and bottoms. A foreman caught my error after I had installed a dozen clamps upside down.

Nobody told me to put on steering wheels that match the colour of the dashboard—I figured that out myself. But I made some mistakes because nobody warned me that tinted glass makes it difficult to distinguish the colour of the dash by looking through the windshield. I installed some blue steering wheels on cars with acqua dashboards and mismatched a black wheel with a gray dashboard.

An experienced worker told me that a colour-blind assembler recently installed the wrong colour vent plates under the windshield wipers on cars for two hours before a foreman spotted the error and assigned the man to another job.

I wasn't checked for colour-blindness when I was hired. Rapid turnover and a major expansion at Wixom made getting a job easy, as even though the plant was heading for a temporary shutdown to make the annual model changeover. I passed a three-hour physical exam and an 11-minutes test. (Sample question: "Which of the following doesn't belong? Spade, queen, king, ace; oak, naple, leaf, elm"). There was no interview, I was issued a free pair of safety glasses, given a five minute lecture on safety and plant safety rules, and told to report to work.

Along with some 2,700 other employees on the third work turn, I arrived at the sprawling, suburban Detroit plant shortly after 3 p.m. and punched the time clock. Most of the men on the line were between 20 and 35 years old. Most wore shirts and slacks or green overalls. About a third were Negroes.

The windowless assembly line area inside the two-story plant reminded me of a tunnel. Down the middle ran the assembly line. Overhead were fluorescent lights and conveyors carrying engines, fenders and other components. Tall racks and bins full of auto parts lined the sides. A narrow slit trench for underbody installations stretched the length of the line.

At 3.30 p.m. the convoy began moving, and work started on the assembly line. For the next three hours—until a relief man shouted at me to take a 30 minute break while he replaced me—I rarely spoke or was spoken to.

For a while, I concentrated hard to get each job done within the 90 seconds the moving car was in front of my work station without dropping the five-pound pneumatic wrench on my foot. Every third car on the line was Continental, and required a slight variation from Thunderbird installation procedures.

Nevertheless, each task soon became a mind deadening routine, and my thoughts turned to everything but cars. ("You just leave your brains at home and work out of habit", one experienced worker later advised me.) Sometimes, after many minutes of bending over zeroing in on a moving target, I would step back and the line would appear to be stationary, while everything else seemed to be moving.

I am in fairly good physical shape, but I ached all over after each day's work on the line. At one station, I had to bend down into the engine compartment to bolt on the steering column. To install carpeting, I sat on the door frame with one foot dragging and drilled bolts, then stretched out on my side under the instrument panel to fasten the carpet to the floor. Attaching steering wheels meant stretching through the open car window to stick the wheel on the column and bolt it down.

Nobody seemed to take any particular pride in his work. Some workers considered some of the parts shoddy. The kick pads that I installed under instrument panels, for example, were made of relatively brittle plastic and sometimes broke off during installation. One workman told me that "over 400 of them broke off one month last winter".

One day when I was helping two men bolt steering columns in place, the columns on a dozen cars were mounted improperly by someone up the line so we couldn't bolt them down and men further down the line couldn't attach the steering wheels. Such chain reactions often result from a single slip-up, and regularly snarl the precision of the computer-controlled assembly line.

It was Clyde who first told me what to do if I made or discovered a mistake. "Get the next car and don't worry," he said. They'll catch that one further down the line. When I spotted the white Thunderbird wearing a blue fender another worker explained: "They'll paint over it in the repair shop. It's easier to catch it there than it is on the line."

About 10 repairman stationed at various points along the way catch and fix some minor defects right on the assembly line. But it's up to the 15 or 20 inspectors along the line to check each car properly and route those with improperly installed parts into the plant's 100-man repair shop. One inspector was an inexperienced college student. Some regular inspectors seemed far from dedicated.

I saw one standing with his eyes closed. When a workman pointed out a faulty engine, an inspector tagged the defect, then closed his eyes again. Once I spotted a loose steering wheel and told an inspector. He said he had just checked and admitted, "You were right—it was loose."

I saw a loose steering column fall off a Thunderbird when an inspector checked it. Later he told me that before lunch he said "only missed marketing up three loose steering columns, which is pretty good since 80% of them were going through loose yesterday." Another inspector further down the line spotted the three loose columns.

An inspector who had five things to check on each car told me: "There isn't nearly enough time to do all the inspections. I'm supposed to check absorbers but haven't had a chance to look at one in a month." Another inspector jokingly said he inspects a car trunk just closely enough "to make sure there's no dead foreman in there".

Wixom builds luxury cars priced to sell from $4,000 to over $7,300. Hence the assembly line moves at what, for the auto industry, is considered a slow production pace of about 40 cars an hour. Some other luxury cars are built at a faster rate. General Motors Corp's Cadillac assembly line rolls about 50 cars an hour, and Chrysler Corp builds about 55 Chryslers and Imperials an hour. Lower priced cars such as Fords, Chevrolets and Plymouths usually come off the line at a rate of up to 65 cars an hour.

That can seem like breakneck speed to a weary worker on the assembly line. The speed of the line, in fact, has been a major cause of half a dozen local strikes by United Auto Workers Unions members at other auto assembly plants in the past few years.

Even Wixom's pace seemed fast to me. When my 20 minute break started at 6.30 each night I staggered to the pop machine to buy a cold drink. Then I looked for some place to sit and rest. There aren't many places to sit in the plant. My favourite spot was a cart loaded with big white laundry sacks full of dirty coveralls, a place where I could stretch out.

Sometimes a few workers would talk and joke during their breaks. Foremen and other supervisors were the butt of many jokes—particularly one balding supervisor who was referred to as "Khrushchev". But the assemblers actually got along well with the foremen, who worked hard themselves and generally, were patient and polite when correcting workmen's mistakes. Supervisors insisted on informality. When I called one "sir", he quickly told me: "That isn't necessary around here."

After my relief period, I spent another hour and 10 minutes on the line. Then at 7.30 p.m. the conveyors stopped, and the scramble for lunch started. There wasn't time to wash the grease off my hands or pull the silvers of glass fiber insulation out of my arms before eating.

Usually lunch periods were staggered, but sometimes the day's production schedule was arranged so that all 2,700 workers in the plant ate at the same time. The first day that happened, I cut in near the front of the long line outside the air conditioned company cafeteria. It took 15 minutes, half my lunch period, to reach the counter, pick up iced tea, milk, soup, roast beef, Jell-O pie and pay the cashier $1.50. I ate in 11 minutes.

Many workmen brought sack lunches and sat on stock racks or in cars in the line eating sandwiches. Eating in the cars was against plant rules. Nevertheless, when I was installing carpets, I frequently had to throw out lunch sacks, cigarette butts, and coffee cups along with the usual assortment of screws, fuses and bolts before laying in a carpet. I picked an empty beer can out of a car too—even though at other plants rule prohibits drinking alcohol.

Safety rules were frequently violated, too. I saw foremen running and assemblers jumping across the assembly line trench, both supposedly forbidden. Occasionally, there was horseplay on the line. But I didn't see any accidents. Indeed, when I was there Wixom had gone two million-man-hours without an accident.

Ennui set in during the second half of the work run. To break the monotony, some workers played practical jokes like detaching the air hose from an assembler's pneumatic wrench. Others performed timpani concerts on plant ventilation ducts with rubber mallets. They hooted and whistled whenever women office employees ventured into the production area.

My second relief break began at 10 a.m. and lasted 16 minutes. (In the UAW's contract negotiation with Ford and the three other auto companies, the union is demanding two 30-minutes paid relief breaks daily for assemblers. Auto workers aren't paid during their half hour lunch periods). There was less bantering among workers during the second break. Some of them talked of quitting. One man groused about "too much pressure" and said: "When I was working in an auto parts plant, I could meet my quota in four hours and then goof off, but here there's no rest."

When the quitting whistle blew at midnight, smiles returned to most workers' faces. They washed up quickly and headed for the parking lot. I drove straight home and went to bed. But some of the men went out moonlighting. One young guy making about $3.30 an hour at Wixom worked several hours as a night pressman for a small morning newspaper. Another earning about $3.50 an hour, went home and sold morning newspaper. Another, earning about $3.50 an hour, went home and slept for five hours, then put in eight hours doing maintenance work at a nearby golf course. "I made $11,000 last year" he told me.

After the final whistle blew on my last work turn before the plant closed for model changeover, Clyde kidded me at the water cooler. "You should feel ashamed of yourself, taking all that good Ford money after the way you worked", he said.

Hiring me might not have been one of Ford's better ideas, but I think I earned my $110 take home pay. Ford apparently thought so, too. The foreman told me to report for work again when Wixom resumes production next week.

But I don't intend to go back to the plant—except perhaps to pick up my pay check. Ford wouldn't mail it to me. "We've got 6,000 guys who would like to have their checks mailed to them," a personnel man told me. "What makes you think you're any different?"

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PERSONALITY AND ORGANISATION

Mirza S Saiyadain and Akbar Husain

INTRODUCTION

The question why people behave the way they do has opened up a fascinating area of research and understanding for organisation theorists. They are interested in describing, differentiating, and understanding the behaviour of individuals and believe that the psycho-anthropological notion of shared personality characteristics may offer a unique opportunity to contribute to the understanding of the organisation, its culture, strategy, and structure. Managerial work is essentially a social activity and, as such, the duties and responsibilities of managers can be understood within the context of a specific organisational setting. Most managers work within the network of social relationships that may or may not be governed by formal rules and regulations. Thus they need to develop an understanding of personality differences to help them understand, predict, and even influence the behaviour of other persons.

As a manager, if you have been observing the behaviour of one of your subordinates, you might have noticed some peculiarities about him. This person rarely speaks in meetings, does not have any friends, and seems to feel comfortable when left alone. From these observations you would conclude that this subordinate is an introvert. Such a conclusion would help to explain the individual's past and present behaviour and predict his behaviour in future situations. If you are smart and observant, you would not put this person in a team assignment but would rather look for a task that requires one person. An understanding of the concept of personality would, thus, help generate knowledge that can improve the manager's ability to make more accurate predictions of human behaviour in organisations. These predictions, then, can add to the competence of managers to control unfavourable behavioural patterns or alternatively reinforce favourable behaviour manifestations.

PERSONALITY DESCRIBED

The term personality is an abstraction. Researchers are not in agreement about it's definition. Though it has been defined variously, none of these definitions is universally accepted. However,

when organisation theorists concern themselves with personality they usually have in mind a conception of personality that can apply to the selection of employees and to establish the qualities that the employees should possess.

One way to describe personality is to refer to qualities, characteristics, skills, and competencies of individuals as well as to outward appearances. Such an attempt conveys a sense that a few salient characteristics can serve as a summary for what a person is like. Saying that Rahul has a hardy personality, for example, implies that the quality of commitment, challenge, and control are prominent in him. Saying that Ravi is a lazy person implies that his laziness influences some of his actions like poor performance, low productivity, absenteeism and so forth. These qualities that first come to mind when one tries to describe someone are those that seem important or central to that person. The more central any of the qualities is, the more useful it is for predicting behaviour, and the more it distinguishes one from others. Thinking about these highly prominent characteristics of an employee brings to mind the concept of personality.

Given this diversity of the understanding of the concept of personality, perhaps one way to describe it could be to say that

> Personality is a characteristic way of responding to people, situations, and things that are more or less consistent.

Such a description of personality is more or less similar to Allport's (1961) concept of personality who defines it as "a dynamic organisation of psychological systems that creates the person's characteristic patterns of behaviour, thoughts and feelings."

The above suggests the following *characteristics* of personality.

1. Individuals are different not only amongst themselves but also within themselves. Person A is different from person B and at the same time person A is different in different time periods, situations, and roles that he/she has to enact. Some people are dominating whereas others are submissive; some are extrovert while others are introvert. However, these are very specific patterns of behaviours. Personality is made up of thousands of such traits, and to be able to understand and appreciate on-the-job behaviour we must take into account a holistic view and the ways in which different personality traits interact to create job-related attitudes. However, the fact remains that everything remaining the same when only one trait is allowed to vary, differences in personality emerge. Similarly, a very extrovert person may behave differently at different times because of varying circumstances.

2. Personality consists of organisation of feelings, thoughts, cognitions, and visible behaviour—all of which are very dynamic in nature. It is this organisation that makes individuals relate to the world differently at different times, in different situations, and with different people.

3. However, all said and done, when individuals act or react, they do so as total individuals and not as parts of their selves. Hence, when a supervisor comes to work, he/she does not leave part of his/her self at home and brings only the supervisory part of the self to work. He/she comes as a complete individual with all feelings, attributes, predispositions, and the like.

4. The visible behaviour of an individual shows a consistency that spreads over different situations, with different people, and at different times. It is this consistency that makes the personality unique and different from others. Employees may be very cooperative, competitive, sociable, aggressive, supportive, and so on, and this characterises them as being different from others.

5. Personality has a biological base but is shaped by environment. Biologically all people are alike. They have the same sensory and motor systems, respiratory systems, blood circulation, and the like. Yet each one of them is different from the other. This is so because personality is shaped by social institutions like family, academic institutions, peer group, social and cultural forces, and other environmental factors. People develop attitudes and values consistent with the expectation of the environment in which they are born and brought up. Hence, the exposure to such environment does shape the personality of an individual.

6. One of the visible components of personality is behaviour, and all behaviour has a reason for it. An individual does nothing without a cause. Hence, most of the time the focus of personality studies has been to discover the reason(s) for a particular behaviour so that prediction and control of behaviour can become easy and manageable.

7. Finally, both the visible aspects of personality and those that are not observable can be subjected to measurement. We could study the very private feelings of people as well as their visible behaviour. Measurement of personality is an area that has given tremendous boost to the understanding, prediction, and control of behaviour. The phenomenon of personality measurement has been discussed in detail elsewhere in this chapter.

Despite tremendous advances in knowledge and understanding of personality, there still are surprises as far as prediction and control are conceived. One indication of this comes from the study of the Johari Window.

JOHARI WINDOW

Feelings of hurt, anger, frustration and negative attitude are common expressions of employee dissatisfaction with colleagues, subordinates, and superiors. These could be caused by a tactless comment of another individual, insensitivity to the feelings of others, or just a wisecrack meant to create a pleasant feeling. Mood shifts of employees are not very uncommon. Managers must realise that such shifts of moods can be detrimental to both the quality and quantity of output. An offhand or innocent comment can be a cause of frustration because many a times we do not fully know the other individuals or alternatively, others refuse to share with us things that are true or real about themselves. There are things that we know about ourselves and others, and there are things that we neither know about ourselves nor of others. Luft (1970) put this picture in a paradigm called *Johari Window*. The name *Johari* is a combination of the first names of its originators, Joseph Luft and Harry Ingham.

The Johari Window identifies four areas of awareness of the personality based on how much we know ourselves and how much others know us. Thus the Johari Window deals with both our

understanding of ourselves as well as the way we interact with others based on that degree of understanding. A figurative description of this paradigm is given in Figure 2.1.

	SELF	
	Known	Unknown
Known	OPEN	BLIND
Unknown	HIDDEN	UNKNOWN

(OTHERS on left axis: Known, Unknown)

Fig. 2.1 Johari Window

The *open window* contains information known to us and also available to others. As we get to know the other individual better or as the other individual keeps admitting about his/her self, this window becomes larger and larger. Increase in mutual information-sharing enhances the possibility of a more productive and mature relationship.

The *Blind Window* contains information about ourselves that others know but which we are not aware of. It is a rather disturbing area. Some of us would rather not believe that others notice traits or qualities of which we are not aware. Others may see you us a loner while you may see yourself as very sociable. One may average one's performance. The point is that the Blind Window can hide both the positive and the negative qualities from us. The more we learn about our blind areas the more we are able to change our behaviour in order to improve our impressions and relationships.

The *Hidden Window* contains information about us that we know but which others are not aware of. This window contains those very private feelings and experiences that we would rather not share with others. Sharing of information in the hidden window may cause shame, irritation, loss of face, or even loss of relationships. However, greater trust in others may encourage us to share some of our "secrets".

The *Unknown Window* contains information that neither we nor others know. This could be memories and experiences, prejudices, and attitudes that have been completely blocked out or repressed and are not easily available to us. However, they can be brought to consciousness through psychoanalysis or counselling sessions. It could contain some positive potential that we had no chance or opportunity to realise.

The four windows are interrelated. Change either in terms of increase or decrease in any of the windows, may bring about appropriate increase/decrease in others. For a new person joining an organisation, the hidden window may be small. But as time passes, and he/she gets to know and trust his her colleagues and superiors, its scope may increase. For managers, it is important to create an environment of easy feeling, understanding, and trust so that employees are able to develop healthy relationships and mutual interdependence so important for the growth and productivity of the individual and the organisation.

PERSONALITY RESEARCH

While in India there is not much research on personality in the context of organisational behaviour, whatever little is available has been done with the use of personality inventories. Most of these studies have tried to find out specific personality traits of individuals in different professions and their effect and/or implication on factors related to job and work conditions. For the purpose of illustration the following four recent studies are presented.

In the first study, Nagaraj and Kamlanabhan (1998) examined the differences in the personality factors between engineers and software personnel. Forty-eight engineers and 43 software professionals completed the 16 personality factor questionnaire (16PF–A). Their results show that engineers have a personality predominantly characterised by outgoing, emotionally stable, conscientious, uninhibited, and experimenting traits. The software personnel were found to be emotionally stable, conscientious, outgoing, controlled, and inhibited. These two groups differed significantly on such personality traits as intelligence, ego-strength, super ego, and self-sentiment integration.

In the second study, Sayeed and Jain (2000) studied the differences between engineers and non-engineers coming from different educational institutions. Thirty-five engineering and 35 non-engineering individuals filled out the FIRO (B) questionnaire. The results showed that educational background and the type of educational institution made a difference in their interpersonal behaviour. Non-engineers from non-cosmopolitan university systems showed high inclination for inclusion expressed-inclusion wanted, control expressed-control wanted, and affection wanted behaviour. On the other hand, non-engineers with an urban university background showed relative openness, understanding, and feeling orientation compared to engineers with an urban background.

The third study examined the job anxiety, job satisfaction, and personality among army personnel (Srivastava, et al 1994). One hundred and sixty junior commissioned officers (JCO) and non-commissioned officers (NCO) filled out job anxiety, job satisfaction, 16PF scale, and Work Environment Preference Schedule. Army personnel, irrespective of position and regiment were found to be outgoing, warm hearted, emotionally stable, conscientious, trusting, showing natural behaviour, and self sufficiency. There were no significant differences amongst the six regiments in respect of such characteristics as venturesome, socially bold, self-assured, conservative, respecting established ideas, socially precise and relaxed. However, all the six regiments were found to differ significantly on job satisfaction and job anxiety.

In the fourth study, Chauhan and Chauhan (2001) collected data on 176 managers (senior, middle and junior levels) from government, private, and public organisations. They were administered a questionnaire consisting of items representing various personality types and role efficacy. There were sixteen combinations, of four diminutions of personality (i.e. extrovert-introvert, sensing-intuitive, thinking-feeling, and judging-perceiving). Majority of the managers (55.7%) were found to be extrovert-sensing–thinking-judging type (ESTJ). These managers showed a very high positive correlation with role efficacy. On the other hand introvert-intuitive-feeling-perceiving type (INFP) of personality showed a negative relationship with role efficacy. ESTJs have lot of flexibility in the type of jobs they choose. They put a lot of effort in doing things and are happiest in a leadership

position. However, because they have a natural drive to be in-charge, they are best suited for jobs that require creating order and structure.

Different jobs demand different personality types. The above research studies clearly demonstrate that personality is a valid predictor of job performance, particularly when unique personality requirements of the jobs have accurately been identified. For example, at higher levels of management abilities of sensing, thinking, abstract reasoning, data analysis, and conclusion drawing are very important as tasks at senior levels tend to be more abstract and require more intuitive approach as compared to the lower levels. Learning about our personality type helps us to understand why certain behaviour patterns come easily whereas for other behaviour patterns we really have to work hard. By the same token, learning about others' personality helps us to understand the most effective ways to deal with them because such learning makes predictions and control of behaviour easy for us.

MEASUREMENT OF PERSONALITY

To understand the personality of an individual a number of measures have to be used. This itself points out the need to develop relevant methods to assess personality. Assessment is a goal that is most important to get a clear view of the individual. Hiring decisions or decisions to establish a relationship with another individual, to a large extent, depends on our assessment of personality. However, the assessment technique and its scope may vary from time to time and situation to situation. As a result, the profile of personality may also vary depending upon the emphasis on the technique of measurement. By and large three methods of assessment are being used. These are Personality Inventories, Projective Tests, and Assessment Centre.

Personality Inventories

This is the most widely used method of measuring personality. It consists of several statements relating to a specific dimension of personality and the individuals are asked to indicate their degree of agreement or disagreement with them. Sometimes a yes/no response pattern is also sought. These are generally self reports by individuals and the information provided by them becomes the basis for predictions. Although inventories have a clear advantage of ease of administration and can be administered in groups, they suffer from possible "faking" of responses or providing socially desirable responses. Hence, to develop a more reliable inventory, safeguards must be introduced to control these responses. This is usually done by asking both negatively and positively worded statements on the same themes, reversing the scale values and having several check items that are differently worded but are based on the same theme.

Perhaps one of the most popular inventory is the Locus of Control developed by Rotter (1966). It measures the internal-external orientation of a person, an attitude towards control as a position on continuum. At one end of the scale are people who believe that their internal traits determine what happens in a given situation and that they control their own fate and destiny *(internals)*. On the other

extreme of the scale are those who feel that they are at the mercy of chance, fate, luck, other people, and other harmful forces in the environment *(externals).*

Internals not only perceive themselves as having greater control on events in their lives but they also seek situations where they are more likely to do so. They are less likely to respond to group pressure and persuasive communication (Lefcourt, 1972). They have, on an average, higher incomes, hold jobs of higher status, and grow more rapidly in their chosen profession (Andrisani and Nestel, 1976). They look for rewards that are basically intrinsic such as sense of achievement and feeling of accomplishment. On the other hand, externals who believe that forces beyond their control are responsible for their success look for such extrinsic rewards as increased pay, job security and status, and so on. More recently Spector (1988) developed a scale of Work Locus of Control. He administered it to 1165 people and found that internals tended to report more job satisfaction, more influence at work, and less job stress. The implication for these results are very clear. An understanding of the locus of control of employees can help managers to design motivation packages and use administrative practices more suited to the needs of the subordinate. At the end of this chapter the work locus of control scale developed by Spector is presented. You may fill out this questionnaire to assess your locus of control.

In the Indian context, Nair (1997) conducted a study on 260 supervisory cadre employees in technical and administrative work in government undertakings, government departments, and private organisations. The purpose was to examine the relationship between locus of control and all the variables in a job-characteristic model. Additionally, it examined the moderating effect of locus of control on the relationship between perceived job dimensions and critical psychological state, as well as between critical psychological state and personal outcome on the job. The results of the study showed a significant positive relationship between internal locus of control and such dimensions as skill variety, task identity, autonomy, and feedback. Internals also showed positive and significant relationship with critical psychological state, general satisfaction, and work motivation.

Projective Tests

They are designed to probe the more subtle aspects of personality. They are based on the assumption that some of the dormant fantasies, feelings, hopes, and aspirations can be measured to assess the personality.

Perhaps the most often used projective test is the inkblot test or *Rorschach Test* developed by a Swiss psychiatrist named Herman Rorschach.[*] It consists of ten pictures one half being the same as another half (see Figure 2.1). These are ambiguous, unstructured inkblots and the individual is asked to indicate what they see in these inkblots. The technique is based on the belief that a person will provide a highly individualistic interpretation of an ambiguous picture reflecting his/her inner feelings. Despite its utility, the Rorschach test has not been used to study personality in the context of organisations. Most of the studies have been conducted for the purpose of diagnosing clinical

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[*]In school, Rorschach was nicknamed **Klex** (inkblot). He was destined to work with inkblots later.

symptoms in such situations as marital adjustment (Kumar and Patel, 1990), for alcoholics (Arora, 1982), trends in homosexuality (Mujtaba and Mujtaba, 1985), and abnormal behaviour (Rao et al, 1987, Verma, 1987).

For a detailed method of the scoring system and analysis of responses on Rorschach pictures, readers are referred to a book published by Misra et al (1996).

Another projective method is the Thematic Apperception Test (TAT) developed by Morgan and Murray (1935). It consists of 20 pictures, each of which represents a social setting (see Figure 2.2). These pictures provide a relatively defined situation (unlike the Rorschach test) and the individual is asked to write a story of what might be happening in that social situation. The description of the picture is not warranted.

In addition to these, there are many other projective tests in use. They are the *Sentence Completion Test* (provide the ending of a partial sentence), *World Association Test* (speak out the first thing that comes to your mind when you hear a stimulation word) and *Picture Frustration Test* (fill in the blank balloon your reaction to a situation when one person thwarts another)

Assessment Centre

While the name may be misleading, but it is basically a technique and not a place to measure personality. It consists of a variety of methods used to evaluate the personality of employees in organisations. The techniques may consist of situational tests, management problems, in-basket exercises, business plan presentations, letter and memo writing, and other situational decision-making exercises. A number of assessors observe the behaviour and output of the participants and rate them on certain predetermined dimensions, considered important in their work. The dimensions which are rated are personality characteristics such as sensitivity to others, career ambition, integrity, independence, job realisation initiative, and impact operation. There is ample evidence to suggest that assessment on such dimensions can accurately predict job performance and success on the job specially within the ranks of the management (Thornton and Byham, 1982).

The key elements of Assessment Centre consist of first doing a job analysis to establish what are the key result areas in the job. This is followed by developing behaviour categories to assess the performance on the key result areas and then demonstrating their validity. An attempt has to be made to develop a number of assessment techniques that will be relevant to the job. A number of assessors also have to be identified and trained. They could be from within the organisations or from outside. Each one of the assessors is required to keep a complete record of his/her evaluation, and write reports on them. Finally all the individual reports are integrated to get the profile of the employee.

Some of the *benefits* of Assessment Centre are:

1. It helps in selection, training, promotion, and career planning of the employees
2. It helps in identifying the strengths and weaknesses of employees
3. It assists in evaluating the leadership potential of an employee
4. Once that is accomplished, training needs can be identified

5. It also provides an opportunity to review existing human resource management policies and/or develop new ones.

The assessment process not only allows organisations to collect information on the employees, it also provides an opportunity for employees to form impressions about fairness in their jobs, promotional opportunities, and the need to build a long-term career in the organisation. Research has shown the usefulness of Assessment Centre in employee development. A study conducted by Rifkin and Heine (1993) showed that 18 months after the assessment, respondents reported that they have become more effective managers, are able to identify ways to enhance their skills, and have gained a clear understanding of their strengths and developmental needs. Yet in another study conducted on 400 employees from 43 organisations, Development Dimensions International (1995) found that 87% of the respondents felt that the assessment process adequately portrayed the job for which they were being assessed. In the Indian context, a recent study by Purwani and Marjonohadi (2002) collected data from the employees of GlaxoSmithKline India. The results showed that after having gone through Assessment Centre, 42% managers were promoted, 27% were rotated, and in the case of the remaining 31% no change took place in their careers.

THEORIES OF PERSONALITY

Much of what has been said so far, depends on the focus of the theory of development of personality and/or its consistency over time. The question of focus is important because in its absence a theory may result in conjectures which may not be verifiable through empirical data. Commenting on this, Maddi (1980) said that "theorising about the nature of personality without keeping in mind just what you want to understand about human behaviour is like building a boat in the absence of knowledge of what water is like". A number of theories of personality have been proposed. However, the most popular amongst these are briefly presented below.

Trait Theory

A personality trait is an enduring and habitual behaviour pattern (dimension) that occurs in a variety of circumstances. Trait theory assumes that there is a common set of traits on which individuals can be compared. One of the most popular trait theories was proposed by Eysenck (1960). He identified one major dimension on which personality can vary, and called it the E-dimension. E-dimension divides people into two broad categories—*extroverts and introverts*. Extroverts are tough-minded individuals who need strong external stimulation. They are sociable, like parties, are good at telling stories, have many friends, are carefree, take risks, active, aggressive, quick tempered, display their emotions, and are unreliable. On the other hand, introverts are tender-minded people who experience strong emotions, they are quite, introspective, prefer books to people, are withdrawn, reserved, appreciate order, suppress emotions, are pessimistic, worry about morality, and are reliable.

Eysenck and Wilson (1975) developed a 96 item questionnaire to be answered in either yes or no. A sample set is presented below:

1. Are you inclined to be moody?
2. Would you be very happy if you were prevented from making numerous social contacts?
3. Do you sometimes feel happy, sometimes depressed without any apparent reason?

If your answers to these questions are yes, you are probably an introvert.

Psychoanalytic Theory

Psychoanalytic theory emphasises the contribution of the "unconscious" as a component of personality. Many unconscious forces motivate a variety of behaviour patterns. This view which originated at the beginning of the 20th century was propounded by a Viennese physician named Sigmund Freud. Freud theorised that powerful unconscious biological drives, mostly sexual and aggressive (called libido) motivate human behaviour and put people in conflict with social reality, thus creating anxiety (Freud, 1973). To combat this anxiety people unconsciously distort reality through a variety of *Defence Mechanisms*. Some of these defence mechanisms are briefly described below.

1. *Regression:* a return to behaviour characteristics of earlier age, such as sucking thumb.
2. *Repression:* blocking from the conscious those feelings and experiences that arouse anxiety—for example, sexual fantasies about one's parent of the opposite sex.
3. *Reaction Formation:*   saying the opposite of what one really feels—saying you like someone when you really hate him/her.
4. *Sublimation:* channeling sexual or aggressive impulses into socially acceptable activities: compulsive interest in work, sports or hobbies.
5. *Projection:* attributing unacceptable thoughts and feelings to another person–saying someone else is lazy when one is himself/herself lazy.

Freud proposed that human personality is made of three elements which evolve over time. A newborn baby is governed by *Id,* an unconscious source of motives and desires which seek immediate gratification under the *Pleasure Principle.* A little later, the growing child develops an *Ego,* which represents reason or common sense and operates under the *Reality Principle.* At a later stage *the Superego* develops, which represents ethical values of right and wrong and is governed by the *Morality Principle.*

Simply stated, Freud saw the adult personality as being largely determined by the strength of inner drives and impulses and the resolution of these tensions within early childhood experiences. Freud's overwhelming interest lay in understanding the conflicts that exist in a person and how people come to terms with their anxieties and tensions. His efforts therefore lay in understanding the whole person and not in identifying traits or types. Psychoanalytic theory, as proposed by Freud, has tremendous significance in managing human resources. Random administrative practices, excessive compliance to rules and regulations, creating a sense of insecurity, and ignoring human feelings can

cause a sense of anxiety in employees. This may lead the person to distort reality through one or the other defence mechanism or may lead him to a high degree of aggressiveness, demotivation, and loss of interest in work.

Behaviourism Theory

Unlike the Freudian interpretation of personality, the Theory of *Behaviourism* focuses on behaviour that can be seen, measured, and recorded. It looks for the immediate, observable factors that cause a particular behaviour (Watson, 1924). It propounds that learning changes behaviour and advances growth and development. Human beings learn about their environment by reacting to those elements of it that are pleasing or painful. Pleasing experiences lead to acceptance while painful experiences cause avoidance. This learning takes place through a process of conditioning where an absolutely unrelated activity takes over the value of the original activity by virtue of its repeated association. (The case in this context is the Pavlovian experiment where a dog learned to salivate on hearing the bell because the bell was associated with food.) The other way in which learning may take place is through enforcement which may make a person continue to show the same behaviour. Positive reinforcement (reward) would increase the likelihood of that behaviour to be repeated, negative reinforcement (punishment) would decrease the likelihood of a behaviour to occur. A more recent application of the reinforcement model is Organisational Behaviour Modification (OBMod). It makes use of various reinforcements to influence the behaviour of the individual. In organised settings, managers must identify performance-related behaviour and then introduce schemes to strengthen desirable work behaviour and weaken undesirable behaviour.

Behaviourism could be a very powerful tool in the hands of managers. Understanding of what causes certain behaviour patterns can assist managers to generate conditions that would reinforce desirable work behaviour or eliminate undesirable work behaviour. Motivational schemes can be thought out to ensure that employees develop a commitment to work, learn to be productive, and avoid patterns of behaviour that could be disruptive to efficiency and effectiveness. Behaviourism, to a large extent, has been responsible for some of the recent developments like quality circle, flexitime, job enrichment, and even learning organisation.

Humanistic Theory

The *Humanistic Theory* emphasises the importance of individual growth, improvement, and the self-concept to personality. The theory maintains that human nature is either neutral or good, and any bad characteristics are the result of damages that might have been inflicted on the developing individual. People can take charge of their life and foster their own development. They have the potential for positive development, creativity, and self-realisation. The most vocal proponent of the humanistic theory is Maslow (1943) and his theory of *Need Hierarchy*. A detailed discussion of this theory is presented in the chapter on work motivation. It consists of five broad categories of needs arranged in a hierarchy from physiological to security, to social, to ego, to self-actualisation. Managers and/or organisations must ensure that the lower-order needs are satisfied

so that an individual is able to move to the higher-order needs, particularly the need to self-actualise. According to Maslow, a self-actualised individual is characterised by perceptions of reality, spontaneity, self-direction, problem-solving ability, capable of peak performance-and, has the willingness and ability to establish satisfying relationships. The implication of the humanistic theory is very clear. Organisations must ensure that appropriate conditions for self-actualisation are provided in a work situation because a self-actualised employee would be self driven to achieve the highest goals.

Physique-Temperament Theory

Another interesting approach to the study of personality is provided by Sheldon (1942). To start with he identified following three kinds of physiques (body build).

1. *Endomorphy:* A body that has a tendency towards plumpness. Such physiques are soft and round, and not suited for hard physical efforts. They are the basis for the expression "built for comfort, not for speed".

2. *Mesomorphy:* A body that has a tendency towards muscularity. They represent a predominance of bones, muscles, and connective tissue. They are hard, rectangular, strong, resistant to injury, and more suited for hard work.

3. *Ectomorphy:* This body has a tendency towards thinness. They are delicate, lean, and frail. They have large heads compared to their bodies, are easily overwhelmed by stimulation, and not suited for physical labour.

Sheldon conducted his study over five years involving 200 males in order to assess the relationship between their physiques and temperamental characteristics. His results showed extremely high correlations between the two. He found that endomorphs correlated highly with such temperamental characteristics as the need to relax, a high level of tolerance, high sociability, love for comfort, easy-going life style and fondness for food. Mesomorphs showed a high degree of courage, assertiveness, desire for adventure, risk-taking, and emphasis on physical activity. Ectomorphs were associated with apprehensiveness, avoidance of social interaction, physical and emotional restraint, and a tendency towards privacy. Sheldon also reported a relationship between body type and psychiatric diagnosis. He found that ectomorphs were inclined towards schizophrenia while endomorphs had a tendency to suffer from manic–depressive disorders.

Sheldon's theory seems to suffer from some methodological problems. First of all, his physique–temperament relationship could have been biased by existing stereotypes about the temperamental characteristics of various body types. Raters who believed that most fat people are jolly and most thin people are sensitive might have been influenced by these stereotypic perceptions. Second, though his results show a relationship between body type and temperament we cannot assume that one is the cause for the other. In other words, we cannot say that fat people are jolly because they are fat or they are fat because they are jolly. There is no causality involved in it. However, the theory provides a useful and popular reading, and empirically supports the existing stereotypes of physique–temperament relationship.

CONCLUSION

The personality of the employees plays a key role in their work-related behaviour. It is a major criterion in selection, promotion, and other developmental aspects of employees. Interviews are used extensively as the most trusted of methods for assessing the suitability of individuals to jobs. In recent years the use of objective psychometric measures has become quite popular in many organisations. Recently, however, some concerns have been raised about their misuse (Kline, 1995), the lack of validity between non-work-related personality assessment and work performance (Blinkhorn and Johnson, 1990), cultural specificity and bias (Wood, 1992), and infringement of an the individual's right to privacy (Goss, 1984). It has been pointed out that the practice of following the guidelines suggested by test developers and validating the test score with performance data can improve their usefulness in making predictions. Gibbons, et al (1995) have reported that predictions are better and validity scores much higher in studies where personality questionnaires have been specifically designed and related to work characteristics.

In addition, the understanding of personality predispositions can also be subjected to other methods such as interview, simulated technique, case discussion, leaderless group discussion, and the like. In most cases organisations are using a combination of techniques to assess personality attributes most suitable to the work requirements. Since personality serves as the organising force within the individual, it guides and determines the individual's interaction with the environment. As personality refers to an overall profile or combination of traits that characterise the unique nature of an individual, predicting their behaviour as being different from that of others becomes easy. If the organisation feels that knowing the personality of its employees is important, it should choose those methods of personality assessment which would show up those employees who are most committed to their jobs and to the work culture of the organisation.

Fig. 2.1 Rorschach test

Fig. 2.2 TAT Picture

Review Questions
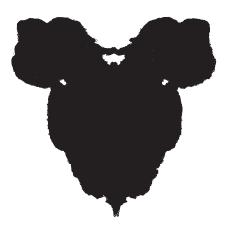
1. How would you describe personality?
2. What are some of the characteristics of personality?
3. What are the differences in the various projective tests used to measure personality?
4. What are the advantages of using the Assessment Centre Method?
5. What are the differences between the Psychoanalytic and Behaviourism theories?
6. Given below is a questionnaire that measures *Locus of Control*. To find out whether you are an *internal* or *external* answer the statements in the questionnaire.

Locus of Control—Questionnaire

Want to test your locus of control? Just answer the 16 questions below as frankly as possible using the following response scale.

1 = Disagree very much	4 = Agree slightly
2 = Disagree moderately	5 = Agree moderately
3 = Disagree slightly	6 = Agree very much

No.		Statement
1	_____	A job is what you make of it.
2	_____	On most jobs, people can pretty much accomplish whatever they set out to accomplish.
3	_____	If you know what you want out of a job, you can find a job that gives it to you.
4	_____	If employees are unhappy with a decision made by their boss, they should do something about it.
5	_____	Getting the job you want is mostly a matter of luck
6	_____	Making money is primarily a matter of good fortune.
7	_____	Most people are capable of doing their jobs well if they make the effort.
8	_____	In order to get a really good job you need to have family members or friends in high places.
9	_____	Promotions are usually a matter of good fortune.
10	_____	When it comes a landing a really good job, who you know is more important than what you know.
11	_____	Promotions are given to employees who perform well on the job.
12	_____	To make a lot of money you have to know the right people.
13	_____	It takes a lot of luck to be an outstanding employee on most jobs
14	_____	People who perform their jobs well generally get rewarded for it.
15	_____	Most employees have more influence on their supervisors than they think they do.
16	_____	The main difference between people who make a lot of money and people who make a little money is luck.

Scoring and Interpretation

You have just completed the Work Locus of Control Scale developed by Spector (1988). To find your score, subtract your responses to questions 1, 2, 3, 4, 7, 11, 14, and 15 from seven. For example, if you gave a response of 3 to question 1, give yourself a 4 (7 minus 3). Then add up your resulting scores to all 16 items. Your total should be somewhere between 16 and 96. The lower your score the more *internal* you are—you see what happens to you to be a result of your own actions and initiative. The higher your score, the more *external* you are–you see what happens to you to be a result of luck, chance, or connections. The average score of 1165 people in a variety of occupations was 38. Thus, these people tended to see themselves as somewhat more *internal* than *external*.

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WORK MOTIVATION

Bhupen K Srivastava

INTRODUCTION

Most organisational behaviour strategies are eventually meant to optimally utilise the capabilities of individuals and groups towards achievement of organisational objectives. The performance of an individual is a function of his ability and willingness or desire to use his ability in achieving certain goals. This willingness or desire to act, to behave, to run, or even to keep quiet is what may very simplistically be called motivation.

Motivation or lack of it gets manifested in a variety of behaviour. It is by observing the behaviour of employees that a manager draws inferences regarding their motivation level. Most behaviour is purposeful or goal-directed and involves a deliberate or conscious decision on the part of a person. Thus, behaviour which can be characterised as undesirable cannot be dismissed as such. A person indulging in undesirable behaviour is trying to work towards achieving his personal goal which may be at variance with the organisational goals. This person is highly motivated but in an undesirable direction. Given the same socio-cultural environment and the organisation climate, it is not unusual to find people who, despite difficult conditions, are able to put in their best in a work situation while there are others who, even in the best possible conditions, prefer to remain on the side lines and contribute only that minimum which they consider necessary for their survival in an organisation. Both these groups of people are motivated. What makes the difference, however, is the direction in which they are willing to spend their energy.

Individuals also differ in terms of the intensity of their behaviour. Some are high on activity levels while others are low; some are fast while others slow. The intensity of behaviour is also a function of the strength of the need and the energy level an individual possesses at a given point of time. Motivation is thus a personalised phenomenon which is, of course, influenced by situational characteristics. By changing the situational characteristics, in work organisations it is possible to channelise the energy of people in productive pursuits and maintain that behaviour at high-intensity levels. Motivation provides a tool, a conceptual framework to the manager which can be used to diagnose the direction and intensity of the behaviour of employees and to take corrective measures to change the behaviour in the desirable direction.

WHAT IS MOTIVATION

Motivation is derived from Latin word *movere* which means "to move". Luthans (1998) defines it as "a process that starts with physiological or psychological deficiency or need that activates a behaviour or a drive that is aimed at a goal or incentive." What it simply means is that a need must be felt by an individual in such a way that it drives him/her to satisfy it. The force underlying this behaviour may be called motivation. This force may vary depending upon the intensity and importance of the need to the individual.

Based on research and experiences for the last three decades in the field of motivation, it has become possible to derive certain basic principles underlying human motivation. These *principles* can be stated as follows:

1. All reasonably healthy individuals have a considerable "reservoir of potential energy". Differences in the total amount of potential energy are important determinants of motivation.
2. All individuals have a number of "basic motives" or "needs" which can be thought of as valves or outlets that channel and regulate the flow of potential energy from this reservoir.
3. Most individuals within a given socio-cultural system may have the same set of motives or energy outlets; but differ greatly in the relative strength or readiness of various motives. If a particular motive is strong, it forces the energy outlet to open easily; while a weak motive allows limited flow of energy.
4. Actualisation of motive depends on specific situations in which a person finds himself.
5. Certain characteristics of a situation arouse or trigger different motives, opening different valves or outlets. Each motive or energy outlet is responsive to a different set of situational characteristics.
6. Each motive leads to a different pattern of behaviour.
7. By changing the nature of the situational characteristics or stimuli, different motives are aroused or actualised, resulting in the energising of distinct and different patterns of behaviour.

A simple model of work motivation is presented in Figure 3.1.

The model attempts to explain the dynamics of motivation in different situations and provides a framework for the causal analysis of behaviour. The basic elements used in the model are derived from the principles outlined above—and are elaborated upon below:

1. *Strength of Motive*—every individual has multiple motives which include needs, wants, desires, drives, and so on. These motives range from basic physiological drives of hunger-and sex to higher-level needs of achievement and self-actualisation. Some needs are strong while others are weak. At a given point of time a particular motive becomes strong and forces individuals to channelise their energy in the direction of seeking satisfaction of that need. Strength of motive obviously differs from one person to another. As a matter of fact, even in the same individual the strength of motive keeps changing from time to time.
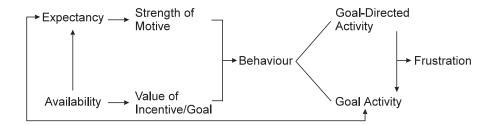
Fig. 3.1 A sample model of work motivation

2. *Incentive*—refers to the value of a particular goal to an individual at a given point of time. The extent to which a goal or incentive is of high value to an individual will depend on the relative strength of a motive. Each motive has a corresponding goal and the value of the goal is partly determined by the strength of the motive. These goals include both tangible as well as intangible or psychological incentives.

3. *Expectancy*—refers to the judgement on the part of a person regarding the probability of satisfaction of a particular motive at a given point of time. It is the sum total of past experiences, the socio-cultural milieu, and the value system that will affect the expectation of satisfaction of a particular motive. If the past experiences have been positive, then the motive in question is likely to be strong.

4. *Availability*—refers to the perceived limitations and the extent of accessibility of a particular incentive. If a 'goal' is perceived to be accessible, the value of that goal to the individual is likely to be high. On the contrary if the goal is abstract, distant, and is perceived to be inaccessible, the value of that goal is likely to be low. Availability also affects expectancy.

5. *Behaviour*—of a person at a given point of time is a function of the interplay among the four variables; expectancy, availability, strength of motive, and value of a particular goal. Thus, in a specific situation if the expectancy with regard to satisfaction of a particular motive and the availability of the goal related to that motive are high, then the motive is likely to be strong and the goal is perceived to be of high value. The behaviour of that individual will be directed towards seeking satisfaction of that motive and accomplishing the goal available to him.

6. *Goal Directed Activity*—while a person is engaged in activities that will lead him towards the goal, the intensity of his behaviour will be very high and the strength of motive giving rise to that behaviour, will also tend to increase.

7. *Goal Activity*—Once a person has reached the goal, the strength of motive tends to decrease and the intensity of behaviour diminishes. If the goal has been successfully reached, it reinforces the expectancy. However, if the effort to accomplish the goal have been unsuccessful, it leads to frustration and tends to have a negative effect on expectancy.

The foregoing analysis of the dynamics of motivation has several implications for designing motivational strategies in work situations. Some of these are presented as follows:

1. People differ in the level of their awareness of the multiplicity of needs depending on their past experiences and socio-cultural environments. The strength of these motives are also shaped by cultural forces in a way that only certain motives are likely to be strong while others remain dormant. There is therefore a need to help people increase their level of awareness and expand their consciousness of the multiplicity of needs.

2. Value of goals also differ from one person to another depending on the strength of their needs. In order to arouse multiple needs among employees so that appropriate outlets are provided for the release of energy in the desirable direction, multiple goals will have to be provided in work situations. People must perceive that goals that they would want to pursue are available and accessible in work situations. Goals which are concrete, within reach, and precise are likely to become more valuable to people than goals that are abstract, imprecise, and distant.

3. Reward systems, including promotion policies, must be administered in a consistent and equitable manner so that employees' expectations (hard work will lead to promotion) are positively reinforced. If the expectancy is high then the motive to put in hard work is likely to become strong. If, on the other hand, expectancy is low then the motive to work hard will also be low.

4. A need which is satisfied no longer acts as a motivator. Opportunities for satisfaction of new needs have to be provided on a continuous basis so as to encourage people to maintain their behaviour at an optimum level.

5. Deprivation of need satisfaction can act as a powerful motivator. However if a person makes an effort to seek satisfaction of certain needs but experiences continuous blocking of goal, then frustration is likely to set in.

THEORIES OF MOTIVATION

A number of theories are available in the literature on motivation. Some of the most popular and more researched are presented below.

Need Hierarchy Theory

Several attempts have been made through empirical and explanatory research for the last half a century to identify certain motives that play an important role in determining individual and group performances. One of the most widely discussed theory of motivation is that of Maslow (1954) which looks at motivation in terms of a series of relatively separate and distinct drives. Five basic needs are identified. (See Figure 3.2).

1. The physiological needs such as hunger, thirst, and sex.
2. The safety needs for protection against danger, threat, and deprivation.
3. The love needs for satisfactory association with others, for belonging to groups, and for giving and receiving friendship and affection.
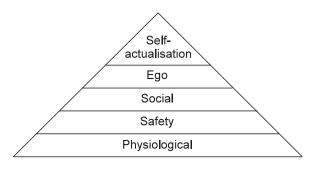
Fig. 3.2 Maslow's Hierarchy of Needs

4. The esteem needs for self-respect and for respect for others, often referred to as the ego or status needs.

5. The self-actualisation or self-fulfilment needs to achieve the potential within himself for maximum self-development, creativity, and self-expression.

According to Maslow these needs are arranged in a hierarchy of pre-potency. The most potent need will monopolise consciousness and will tend to evoke behaviour in response to it. Once this need is satisfied, the next higher-level need will become activated. A need is never satisfied completely except for a short time. People are therefore continuously in a motivational state. All needs are probably active in actual behaviour patterns. The lower-level needs are never completely satisfied—they recur periodically—and if their satisfaction is deprived for any period of time, they become important to individuals. The deprivation most people experience with respect to lower-level needs diverts their energies into the struggle to satisfy them, and hence the needs of the higher-order remains dormant. A few supporting features of the Need Hierarchy theory as postulated by Maslow are given below:

(a) The higher needs are a later evolutionary development.

(b) The higher the need, and the less imperative it is for sheer survival; the longer gratification can be postponed, and the easier it is for the need to disappear permanently.

(c) Living at the higher need level means greater biological efficiency, greater longevity, less disease, better sleep, and appetite.

(d) Higher needs are less urgent subjectively.

(e) Higher-need gratifications produce more desirable subjective results such as more profound happiness, serenity, and richness of inner life.

(f) Pursuit and gratification of higher order needs represent a general healthy trend.

(g) Higher needs require better outside conditions (educational, economic, etc.) to make their activation possible.

(h) Satisfaction of higher needs is closer to self-actualisation than is lower-need satisfaction.

Although there is a reasonable support for the hypothesis that to some extent human needs do have some hierarchical order, questions have been raised regarding the generality of Maslow's

formulation. There is evidence to suggest that people can reach the higher-order needs without necessarily going through the lower-order needs. The examples of poor and economically deprived but famous artists, painters, poets, and dramatists are available in history. None the less, the theory advanced by Maslow contributes significantly to the insight into the dynamics and complexity of human motivation. A study conducted by Nahata (1980) on managers, supervisors, and workers of medium scale industry showed that as one moves up in the hierarchy one gets to secure higher-need satisfaction. He also found that perceived need satisfaction increases with increasing tenure.

Theory X and Theory Y

McGregor (1960) proposed an unusual framework of assumptions to indicate what managers actually do to motivate their subordinates. These assumptions are classified into two categories, called in the absence of better expression, X and Y.

According to Theory X, the following assumptions about human nature are made:

1. Work is inherently distasteful to most people.
2. Most people would like to be directed.
3. Most people have little or no creativity.

If a manager holds these assumptions then his/her style of management would be to provide employees very specific instructions, closely monitor their behaviour, and motivate them by satisfying the lower-order needs.

The other side of it is presented in Theory Y which makes the following assumptions:

1. Work is as natural as play.
2. People can be self-directed.
3. People can and do show creativity in solving organisational problems.

A manager who holds Theory Y assumptions would provide targets and goals to employees, leave them to choose the best path to achieve the goals, and motivate them by providing responsibility, a sense of achievement, and growth.

Motivation Hygiene Theory

One attempt at operationalising the insight provided by Maslow's formulation in the work situation was made by Herzberg et al (1959) which has come to be known as the Two-Factor Theory of motivation and satisfaction.

In essence, the theory proposes that the primary determinants of employee satisfaction are six factors which are intrinsic to the work that employees do—*Recognition, Achievement, Responsibility, Advancement, Personal Growth, and Work itself*. These factors are called motivators as they encourage employees to obtain satisfaction of these needs through better job

performance. The motivators are also called *Job-Content factors*. Absence of these needs in one's job will not lead to dissatisfaction, but to a lesser degree of satisfaction or even to apathy and indifference. Dissatisfaction is seen as being determined by a separate set of ten factors which are extrinsic to the work itself. These aspects of the work environment are called *Hygiene factors* and include: *company policies, supervisory practices, working conditions, salaries and wages, interpersonal relations with superiors, peers and subordinates, job security, status, and factors in personal life*. The hygiene factors are also called *job-content factors*. Thus, Herzberg's theory suggests that a job should enhance positive work motivation and employee satisfaction to the extent that it provides opportunities for employees to gain recognition and responsibility, to advance in the organisation, and to grow in competence. The presence of hygiene factors will lead to less dissatisfaction among employees but will not provide sufficient conditions for them to experience satisfaction on the job. The employees, therefore, in the absence of motivators will not be able to give their best to their organisations.

This theory has gained wide acceptance among managers throughout the world and has been used in numerous organisations to enrich the content of jobs by building in the "motivators" in work situations. However, empirical evidence does not always support the Two-Factor theory of Herzberg. For example, both intrinsic as well as extrinsic factors have been found to be related to both satisfaction and dissatisfaction. In a study on the executive of public sector undertakings, Nirmala (1985) found that relations with colleagues, promotion, and monetary benefits were pointed out to be more satisfying. Recognition, freedom, and scope for innovation were ranked as the bottom three factors.

There seems to be certain similarities in the two theories (i.e., Need Hierarchy and Motivation Hygiene). An attempt is made to show the similarities between the two sets of motives and their impact on the utilisation of human capabilities in Figure 3.3 which is self-explanatory.

Systems	Need-hierarchy	Hygiene	Motivators	Capacity
Psycho-logical	Self-actualisation Esteem Social		■ Achievement ■ Recognition ■ Work itself ■ Responsibility ■ Advancement ■ Growth	Latent human capacity
Physical	■ Safety ■ Physiological	■ Company Policy and administration ■ Supervision ■ Salary and Wages ■ Interpersonal Relations ■ Working Conditions ■ Job Security ■ Status ■ Personal life		Normal output

Fig. 3.3   Relationship of Motivation to Individual Performance

In Figure 3.3, two basic systems are involved: physical systems which include physiological and anatomical functions; and *psycho-social* systems, relating to the individual's behaviour in organisational functions. An examination of the nature of needs suggests that physiological and safety needs are related to the physical system while other higher-level needs relate to the *psycho-social* system. Safety needs, in part, also relate to the psycho-social system. The hygiene and motivator factors can also be categorised accordingly. In relating these to individual performance, it can be seen that both satisfiers and dissatisfiers are involved in motivating the individual to "normal" performance. In tapping latent human capability and moving beyond the normal range of output, the satisfiers become relatively more important.

Achievement Motivation Theory

Yet another development in motivation theory has been the identification of certain intrinsic motives that are determinants of work-related behaviour. These motives are: need for achievement, need for power, and need for affiliation (McClelland, 1961). The need for achievement gives rise to the desire to excel in relation to competitive or internalised standards in work situations. The need for power leads to such behaviour as increased control over other people, commanding attention, and controlling the channels of communication so as to remain in charge of things. The need for affiliation refers to such behaviour as sharing of warmth, establishing friendly relations, belonging to social groups, and so on.

Out of these three needs, the need for achievement, (n-Ach) plays an important role in determining the performance of an individual. Like any other attribute, the degree of achievement motivation tends to vary among individuals. Some individuals rate very high, while others very low in need achievement. As a matter of fact, research in this area by McClelland (1962) and his colleagues has established that not only individuals groups, but organisations or even societies could be rated according to the degree of achievement motivation evident in the total system. He emphasises a positive relationship between achievement motivation and economic growth in various countries. Businessmen, particularly entrepreneur-managers,tend to have relatively high achievement motivation than other identifiable groups in society. In a study on tribal and non-tribal children, Nayali (1995) found negligible relationship between achievement motivation and level of aspiration in the case of non-tribal children. In the case of tribal children need achievement and failure were negatively correlated.

There are at least seven characteristics of an ividual with high achievement motive. They are:

1. *A person with high n-Ach likes to take personal responsibility:*   When he undertakes a task, he prefers to have it clearly understood that he will see it through. He wants the credit for the success of the undertaking, but he is equally prepared to accept the blame should it fail. The high n-Ach individual, then, is not a "buck passer". When he is unsuccessful he does not rail against the unkind fate, nor lays the faults at his superiors, competitors, subordinates, or the government. He likes games of skill. Games of chance do not appeal to him because he feels no control over their outcome.

2. *A person with high n-Ach likes to take moderate risks:* He does not like either excessive odds against his success or too easy a task. The reasonable possibility of failure excites him to increase his efforts. He wants to make extra efforts to achieve his goal; on the other hand the person with a low need for achievement prefers an easy task, where his likelihood of succeeding is quite high and where he can avoid a reasonable chance of failure. Such a person values security, and generally attempts goals that are too difficult to achieve. However, a chance success may catapult him to glory. But such successes are rare. Since he cannot be sure of succeeding, he wants to make it clear to the whole world that the task was so difficult that no one could really have succeeded. His failure is not due to him but success, even if by chance, is only due to him; isn't he great? A high n-Ach person enjoys a calculated risk where he feels that he is pitting himself against a worthy adversary, be this a human competitor or the conditions of the game.

3. *A person with high n-Ach wants to know the results of his efforts*: He wants some feedback of how he is doing. He prefers that this be objective, and that it be available soon after he has finished the job. Not only is this "feedback" stimulating and satisfying to him; he uses it to adjust and improve his efforts. We find the high n-Ach person seeking tasks and occupations where this type of feedback is available, such as in sales or production rather than in industrial relations or research.

4. *A high n-Ach person tends to persist in the face of adversity:* He is not easily discouraged by failure. His underlying self-confidence leads him to carry on despite set-backs. He looks at failures as temporary and as a natural part of the game. He uses the knowledge of his failures as a learning experience. The achievement-motivated individual is not content to leave the task unfinished. He feels tension so long as there is something undone. Some step must be taken to achieve the goal. So he tends to carry on or go back to the unfinished task and put forth extra efforts to carry it through to a definite conclusion. This is not to say, however, that he will continually hit his head against the wall. When it becomes clear that the odds are too much against him, he readily shifts tactics or even objectives. It is noticeable, however, that he is not quick to abandon a task simply because he has encountered difficulties.

5. *A high n-Ach person tends to be innovative:* Once he has determined his goals, he is prepared to try, first one approach and then another. We may say that he is more goal-oriented than technique-oriented. For him, the method of choice is the method which will work best. If the common-sense approach does not work, he will invent new ones. He is not a creative person in the sense that a painter or writer is. He is, however, ingenious at adapting and modifying whatever is at hand to solve the problem or achieve the objective.

6. *The high n-Ach person usually demonstrates some interpersonal competence*: He recognises the importance of interpersonal relationships in achieving objectives. Therefore, he devotes responsible effort to developing and maintaining adequate relations with others. Because he is task-oriented, he selects experts as work colleagues, rather than friends and people of high status.

7. *A high n-Ach motivated individual is oriented towards the future*:   While he may not necessarily have a clear idea of his long-term goal, he addresses himself with maximum effort to his task with the underlying feeling that his successful accomplishment of this task will prepare him for more important activities in the future. Perhaps we can say that he has some sense of destiny, that is, the belief that he is destined for bigger things. Accordingly, each current task, no matter how insignificant it may be is perceived as important in itself because of its relationship to his own growth process and preparation for the future.

ERG Theory

Of late a large number of theories of motivation have been proposed. Most of them however seem to be variations of the theories proposed by McGregor, Maslow, and Herzberg. However, one of them seems to be more popular and simple to follow. Alderfer's (1972) *Existence, Relatedness, and Growth* (ERG) theory is an extension of Herzberg and Maslow's theories. He argues that there are basically three groups of needs, generally arranged in a hierarchy. These are:

1. *Existence:* concerned with providing material necessary for survival.
2. *Relatedness:* The desire to establish and maintain social relations.
3. *Growth:* An intrinsic desire for personal growth and development.

The theory propounds that:

(a) By and large, lower-order needs must be satisfied to move on to higher-order needs (what is called *satisfaction-progressions in process*).
(b) In case of the frustration of higher-order needs the person can go back to lower-order needs (what has been called *frustration-regression process*).
(c) The greater the satisfaction of higher-order needs the more satisfying they become.
(d) All three needs can operate simultaneously.
(e) All these needs can be influenced by educational, social, and cultural determinants.

FACTORS AFFECTING MOTIVATION

A number of factors affect the nature of and level of motivation of employees. Some of these factors, along with Indian researches, are presented below:

1. *Need Structure:*   If there are differences in motivation, what are the factors which might have contributed to them. Research evidence suggests that the level in the organisation, tenure, and profession influence the need structure in the organisation. In a study of 103 executives, Kalyansundram and Arason (1992) found that executives were extensively dominated by dependency and control motives and least influenced by extension motives. Entry-level engineers and promoted engineers showed no differences. In yet other study, Pandey and Prakash (1986) showed that positional differences did make a differences in motives. Pandey (1997) collected data from fast, passenger and local train drivers. His results showed that the three kinds of drivers varied only in terms of dominant back up and dominant needs.

2. *Motivation and Job Satisfaction:* A number of studies have pointed to a positive relationship between various kinds of motives and job satisfaction. In most of these studies a large number of motivational factors have been presented to samples to be responded. They have been asked to endorse those that they feel are significant to them and at the same time indicate how satisfied are they with their jobs. Most studies have found clusters of motivational factors relating to job satisfaction. For example, in a study on personal executives Dhawan (1999) found that the factors of growth, performance profile, and stress contribute 54.8% to variations in job satisfaction. Similarly, in another study Srivastava (1985) found that almost 70% of the employees were satisfied with their job because of attractive pay package, good working conditions, participation in decision making, and informal relations. His sample consisted of executives, supervisors, as well as operating staff. Finally, a more recent study by Sharma and Kaur (2000) on 163 executives and foremen in a public sector manufacturing organisation found that 44.9% of variation in their job satisfaction was explained by job contents requiring challenge and use of their skills. The results of these studies by and large suggest that intrinsic motivators contribute to job satisfaction. The message to managers is clear. If a high level of job satisfaction is to be induced, employees should be motivated through schemes that provide them with a feeling of involvement. Abhilesh and Mathew (1991) have recommended that job satisfaction could be improved by increasing job authority and accountability, while Pestonjee and Singh (1990) emphasise involvement and participation as a useful tool in improving job satisfaction.

NEW VENTURES IN MOTIVATION

With increasing mechanisation and time and cost saving devices, the human aspects have suffered a set back. The pace of activity has become fast, degree of flexibility is minimised, and by and large there has been a loss of human touch in organisations. Theorists and practitioners have been concerned about this trend and have offered schemes and practices to improve the motivation and quality of life of individuals. Some of the most popular practices to improve motivation are briefly presented below.

1. *Job enrichment:* Originated in the 1940s at IBM, it refers to vertical loading of the job to provide more discretion and freedom to employees. Jobs must be redesigned to provide opportunities for achievement, recognition, responsibility, and growth. As a direct outgrowth of Herzberg's Two Factor Theory, it involves variety in work contents, greater use of skills, and opportunity for growth. Unlike job enlargement where the number of tasks to be performed is increased, it focuses more on increasing the degree to which an employee controls the planning, implementation, and evaluation of his/her work. Herzberg et al (1959) have suggested the following principles to increase the vertical loading of the job.

   (a) Remove job control while retaining employee accountability.

   (b) Provide the employee with a complete unit of work.

   (c) Provide the employee with increased authority.

(d) Provide the employee with direct feedback on job performance.

(e) Give the employees new, more difficult tasks than they have previously handled.

(f) Assign the employees specific or specialised tasks, enabling them to become experts.

2. *Flexitime:*   Introduced by Lufthansa Airlines, it is designed to provide employees some control on their own work schedule. Basically the work time is divided into "core time" and "flexitime". During the core time all employees must be present but beyond that employees are free to select their own starting and finishing time within a given, what is called, *bandwidth*. For example, an organisation has a bandwidth from 7 am to 7 pm . Out of this 10 am to 4 pm is the core time. The employees are free to come any time between 7–10 am and leave any time between 4–7 pm as long as they are present during the core time and work for 8 hours. This arrangement has been found to be of great use to dual-career spouses. It has been found to be useful in reducing absenteeism, overtime payment, and simultaneously provide increased flexibility to the employees.

3. *Empowerment:*   The concept of empowerment was originally thought of by Bandura (1977) who conceptualised the notion of self-efficacy and its role in an individual's sense of power. Empowerment is defined as "recognising and releasing into the organisation the power that people already have in their wealth of useful knowledge and internal motivation" (Randolf, 1995). Basically it calls for providing authority to employees in their area of operation for resolving their work-related problems without seeking approval from above. They are empowered to make their own decisions and are provided with the infrastructural support to implement these decisions.

4. *Quality Circles:*   Adopted from Japanese quality control practices, quality circles are semi-autonomous work groups which meet regularly to discuss and solve problems related to their specific area of operation. The circle of employees come from the same department/section and are only allowed to concern themselves with their section's problems. The basic idea is that those who are closest to the operations are the best people to improve them. Quality circles are designed to improve working conditions and enable self-development. The focus is on encouraging employees to accept responsibility for improving quality. However, it assumes that they have adequate knowledge of identifying and solving their problems.

5. *Employee Stock Ownership Plan (ESOP):*   In recent years ESOP has become a major tool in retaining and motivating employees. It is an organisation's established benefit plan in which employees are offered company stock as part of their benefit package. The idea is that if employees own a part of the organisation, they would be motivated to work harder to improve the value of their stock. In most cases employees are not allowed to sell their shares for as long as they are the employees of the organisation or for a predetermined fixed period of time. As part of added incentives, the organisation may allow the employees to buy more stock provided they have spent a minimum period of time in the organisation. Such stocks are sold to them at a premium price but generally lower than the going market rate.

Review Questions

1. What are some of the dynamics of motivation in an organisation?
2. What are the differences between Theory X and Theory Y?
3. How is ERG theory different from the Need Hierarchy Theory?
4. What are the characteristics of people high on n-Ach?
5. Discuss some of the new schemes developed to motivate employees.
6. Discuss the factors which have been found to affect motivation of Indian employees.
7. Fill up the Porter Scale to examine your need deficiency.

Porter Scale

Based on the five categories of needs proposed by Maslow, Porter (1962) developed a 13-item questionnaire to measure need deficiency and the significance of various needs to individuals. These items are presented in the questionnaire below and they should be answered on the following three 7-point scales.

1. How much of the characteristic is there now?
2. Ideally how much should it be?
3. How important is the characteristic to you?

Read each of the following 13 statements carefully and rate each one of them 3 times on the following scales. Please circle your responses.

Statements	How much is there now		How much should there be		How important is this to me	
	Min	Max	Min	Max	Min	Max
1. The feeling of security in my position	1 2 3 4 5 6 7		1 2 3 4 5 6 7		1 2 3 4 5 6 7	
2. The opportunity in my position to give help to other people.	1 2 3 4 5 6 7		1 2 3 4 5 6 7		1 2 3 4 5 6 7	
3. The opportunity to develop close friendship in my position.	1 2 3 4 5 6 7		1 2 3 4 5 6 7		1 2 3 4 5 6 7	
4. The feeling of self-esteem a person gets from being in my position.	1 2 3 4 5 6 7		1 2 3 4 5 6 7		1 2 3 4 5 6 7	
5. The prestige of my position inside the company	1 2 3 4 5 6 7		1 2 3 4 5 6 7		1 2 3 4 5 6 7	
6. The prestige of my position outside the company	1 2 3 4 5 6 7		1 2 3 4 5 6 7		1 2 3 4 5 6 7	
7. The authority connected with my position.						
8. The opportunity for independent thought and action in my position	1 2 3 4 5 6 7		1 2 3 4 5 6 7		1 2 3 4 5 6 7	
9. The opportunity in my position for participation in the setting of goals.	1 2 3 4 5 6 7		1 2 3 4 5 6 7		1 2 3 4 5 6 7	
10. The opportunity in my position for participation in the determination of methods and procedures.	1 2 3 4 5 6 7		1 2 3 4 5 6 7		1 2 3 4 5 6 7	
11. The opportunity of personal growth and development in my position.	1 2 3 4 5 6 7		1 2 3 4 5 6 7		1 2 3 4 5 6 7	
12. My feeling of self-fulfilment a person gets in my position.	1 2 3 4 5 6 7		1 2 3 4 5 6 7		1 2 3 4 5 6 7	
13. My feeling of worthwhile accomplishment in my position.	1 2 3 4 5 6 7		1 2 3 4 5 6 7		1 2 3 4 5 6 7	

SCORING SYSTEM

The 13 items are divided into following 5 need categories.

Security needs	Item	1
Social needs	Items	2 and 3
Esteem needs	Items	4, 5, and 6
Autonomy needs	Items	7, 8, 9 and 10
Self-actualisation need	Item	11, 12, and 13

To get your deficiency score, subtract the score on *how much is there* from that of *how much should there be*. Add up the deficiency scores on all items belonging to a need category and divide this total by the number of items to get an average. Now that you have comparative averages you can see in which need category your deficiency is high. The *importance score* will tell you how important is that deficiency to you.

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CHAPTER

4

JOB SATISFACTION

Preetam Khandelwal

INTRODUCTION

Attitudes are significant because they influence behaviour at work either directly or indirectly. Few concepts in the field of organisational behaviour and human resource management have attracted as much attention among both managers and researchers as the specific employee attitude called Job Satisfaction. Consequently, it is acknowledged as the most well known, frequently measured, and extensively researched work attitude.

WHAT IS JOB SATISFACTION

If we were to invite views from people on how they feel about their jobs, we would most probably find that they have strong emotional reactions pertaining to their jobs. This is not unexpected considering that employees spend approximately one third of their lives at work.

Broadly speaking, we can define job satisfaction as an individual's overall attitude toward his/her job. Locke (1976) has given a comprehensive and universally popular definition of job satisfaction. He defines job satisfaction as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience". It is an end state of feelings and consists of an employee's cognitive, affective, and evaluative reactions to his/her job.

Pareek (1981) in his integrated model of work motivation states that the final psychological outcome of the person's working in an organisation is the satisfaction he/she derives from his/her work and role.

Job satisfaction has been regarded both as a general attitude as well as satisfaction with specific dimensions of the job such as pay, the work itself, promotion opportunities, supervision, co-workers and so forth. These may interact in different ways to create the feeling of satisfaction with the job. The degree of satisfaction may vary with how well outcomes fulfil or exceed expectations. Mumford (1991) analysed job satisfaction in two ways. First, in terms of the fit between what the

organisation requires and what the employee is seeking and second, in terms of the fit between what the employee is seeking and what he/she is actually receiving.

Since an average employee spends almost one third of his/her life in the organisation, there are some concerns that have to be addressed particularly in the context of job satisfaction. These have to do with stability of satisfaction, work context, and supervisory behaviour. In an intriguing research by Straw and Ross (1985), it was found that job satisfaction is a comparatively stable disposition and does not change over time. In their survey of over 5000 men who changed jobs between 1969 and 1971, it was found that the expressions of job satisfaction were relatively stable. Although they had different type of jobs, employees who were satisfied or dissatisfied in 1969 felt equally satisfied or dissatisfied in 1971 too. Although some researchers have challenged the disposition of stability of job satisfaction, follow-up researches have, nevertheless, supported it.

Work is inextricably bound with human existence .The content and context of work should therefore promote, rather than damage, human dignity. Kanungo (1992) pointed out that managers have the moral obligation to empower subordinates and thereby promote their growth and development. He strongly emphasises the need to analyse work norms and conditions to see whether such practices promote productive behaviour, high job satisfaction, and overall improvement of work life and that they are consistent with the dignity of the employees as human beings. In an interesting study Page and Wiserman (1993) asked workers from USA, Mexico, and Spain to indicate how satisfied they were with their work and the behaviour of their superiors. Not only were their average responses to both questions quite high but uniformly so in all three countries. These studies show that job satisfaction is a major concern of the employees. This is not surprising as people do not select jobs randomly. They tend to be attracted toward jobs that are compatible with their interests, values, and abilities. Hence different people join different jobs for different reasons, which makes job satisfaction a complex and multifaceted concept which can mean various things to different people.

HISTORICAL OVERVIEW

While systematic attempts to study the nature and causes of job satisfaction did not begin until the 1930s, the important role played by a worker's attitude in determining his actions in the job situation was recognised long before. The interpretations of the Hawthorne studies stressed the role of the informal work group and supervisory practices in shaping employee satisfaction and performance (Mayo, 1933, Roethlisberger and Dickens, 1939).

Hoppock (1935) published the first intensive study of job satisfaction. His results emphasised the multiplicity of factors that could affect job satisfaction, which include fatigue, monotony, workings conditions, supervision, and achievement. The human relations movement suggested that real satisfaction with the job could only be provided by allowing individuals enough responsibility and freedom to enable them to grow mentally (Herzberg et al, 1959).

In retrospect, three major schools of thought or historical trends can be identified concerning the factors believed to be the most conducive to employee job satisfaction. The physical economic school emphasised the role of the physical arrangement of work, physical working conditions, and

pay; its major proponents being Taylor (1911) and most American researchers of the 1920s. The Human Relations school, which began in the 1930s emphasised the role of good supervisor, cohesive work groups, and good employee-management relations. Its proponents were Elton Mayo and other industrial sociologists. This was followed by the Work Itself (Growth) school which emphasised the attainment of satisfaction through growth in skill, efficacy, and responsibility made possible by mentally challenging work (Locke, 1976).

In recent years, the attitude of job satisfaction has become closely associated with broader approaches to improve job design and work organisation and the quality of work life movement. There are a large number of reported attempts at improving the quality of work life through participative redesign of jobs and work flow (Nilakant and Rao, 1976, De, 1977).

JOB SATISFACTION AND ATTITUDE

Job satisfaction in a broad sense is an attitude. Since it is a predisposition, it has more or less the same attributes as attitude. Attitude is described as a characteristic way of responding. Hence, attitude can be both positive and negative as employees can be both satisfied or dissatisfied with their jobs. All attitudes are learned and hence are subject to change as is job satisfaction. Attitudes have three components—*affection*, *cognition,* and *behaviour*. They include knowledge, feelings, and overt behaviour.

There is a general impression that attitudes are reflected in the behaviour of the employees. However, evidence suggests that these two are different phenomena and hence one cannot be predicted from the other. The obvious explanation is that behaviour is visible and subject to public scrutiny, while attitude remains a highly subjective phenomenon.

There are two explanations which are often used to explain consistency between attitude and behaviour.

1. To be able to predict attitude from behaviour or behaviour from attitude, both of them should be very specific. The greater the specificity the better the chances of consistency between attitude and behaviour.

2. Another explanation is found in the Cognitive Dissonance Theory (Festinger, 1957). The theory starts with the assumption that the individual will strive for consistency between behaviour and attitude. According to this theory two elements of knowledge are in dissonant relation if, considering these two alone, the obverse of one element would follow from the other. Dissonance is the existence of inconsistency and non-fitting relations among cognitive elements. Since existence of dissonance is psychologically painful, individuals make attempts to reduce dissonance either by changing their attitude or their behaviour.

MEASURING JOB SATISFACTION

Measuring job satisfaction has been a challenging process to social scientists as it cannot be directly observed nor accurately inferred. However several useful techniques have been developed to

measure job satisfaction. These measures are of great importance to employers as they provide critical data concerning what is and is not being done correctly at the workplace. Reactions to work have been assessed in the following ways.

Paper Pencil Test

This is the most frequently used approach. Scales which are standardised and tested with norms are used to collect data. The norms provide information for specific groups or industries for comparison purposes. One of the widely used measures is the JDI or Job Descriptive Index.(Smith et al 1969)

The Critical Incident Method

In this approach individuals are requested to recall incidents that are particularly satisfying or dissatisfying to them. The replies are then examined to find out underlying themes.

Interview

This is important as it allows in-depth questioning to understand the causes and nature of satisfaction or dissatisfaction**.**

Confrontation Meeting

In this, small groups of employees are brought together and encouraged to openly share their feelings regarding their jobs. The assumption is that in a group setting sometimes people feel free to talk about things they may hold back if interviewed alone.

Another approach of measurement has been to assess overall or global satisfaction job satisfaction. This is measured with a number of statements that directly measure job satisfaction. Statements like, "I am satisfied with my job," "I have to come to my job everyday," and "If I start my career again, I would chose the present job," are presented and the respondents are asked to rate them on a five or six point scale. Another more popular approach has been the summation score. Employees are asked to report feelings about specific aspects or facets of their job. These dimensions are rated on any standardised scale and then added up to create an overall job satisfaction score. Yet another attempt to measure job satisfaction has been through the Need Satisfaction Scale (Porter, 1961), which measures the present, ideal, and importance of satisfaction on 13 items developed after Maslow's Need Hierarchy Theory. A rather unique way of measuring job satisfaction was proposed by Kunin (1955). His method consisted of 11 faces with expressions ranging from deep scowl to broad smile. The respondents are given statements relating to job satisfaction and are asked to identify their responses with the appropriate face. This way the respondents are able to identify their feelings rather than just putting them in scale values.

Another way to measure job satisfaction could be to operationalise critical responses to dissatisfaction and assessing their absence or presence amongst the respondents. Farrell (1993) has pointed out that employees may demonstrate their dissatisfaction in many ways. He has suggested four critical responses based on the dimensions of constructive–destructive and active–passive.

1. Exit (active–destructive) behaviour directed towards leaving the organisation, looking for new position, resigning.
2. Voice (active–constructive) behaviour that attempts to improve conditions, like making suggestions, and discussing problems with supervisors.
3. Loyal (passive–constructive) behaviour that is characterised by wait and watch, hoping that situations would improve. In the face of external criticism, they speak up for the organisation, trusting that the organisation/management would do something about it.
4. Neglect (passive–destructive) behaviour that passively allows for conditions to worsen; reduced effort, increase in error ratio, absenteeism, late coming and so on.

THEORIES OF JOB SATISFACTION

While there are several different approaches to comprehend job satisfaction two specific theories are prominent in providing valuable insights into job satisfaction. These are the Two-Factor Theory and the Value Theory of job satisfaction.

The Two-factor Theory of Job Satisfaction

More than forty years ago Herzberg et al (1959) were intrigued with the question, 'what do people want from their jobs?' Using the Critical Incident technique they asked a group of two hundred accountants and engineers from Pittsburg to recall and describe incidents and situations that made them feel particularly good or particularly bad about their jobs. The responses were later categorised and tabulated. Surprisingly, they found that satisfaction and dissatisfaction stemmed from two different sources and, therefore, his approach is popularly referred to as the Two-Factor Theory of job satisfaction.

Herzberg concluded, that in general employees were satisfied with aspects of their jobs that had to do with the work itself or to outcomes directly resulting from it. These included six factors—work itself, advancement, growth, recognition, achievement, and responsibility. Since these variables were associated with high levels of satisfaction, Herzberg referred to them as *motivators*. However, dissatisfaction was related to extrinsic factors (working conditions, supervision, salary, company policies, job security, status relationship with superiors, subordinates and peers, and factors in personal life). Because these variables generated dissatisfaction when present they are referred to as *hygiene* or *maintenance factors*. Herzberg's theory gained popularity partly because it contradicted the common assumption about the relationship between satisfaction and dissatisfaction. Herzberg departed from the traditional view that the opposite of satisfaction is dissatisfaction. He conceived satisfaction and dissatisfaction as separate variables.

Job Satisfaction		Job Dissatisfaction

Motivators		Hygiene Factors
■ Work itself ■ Advancement ■ Growth ■ Recognition ■ Responisbility ■ Achievement		■ Supervision ■ Salary ■ Job security ■ Relation with supervisors, subordinates, and peers ■ Company policies ■ Working conditions ■ Status ■ Factors in personal life
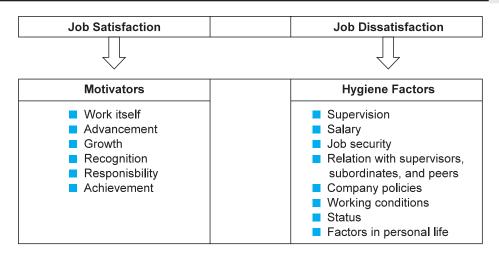
Fig. 4.1   Herzberg's Two-factor Theory

Thus, Herzberg suggested that the opposite of 'satisfaction' is '*no satisfaction*' and the opposite of 'dissatisfaction' is *'no dissatisfaction'*. According to Herzberg's theory, therefore, *motivators* when present at high levels contribute to job satisfaction, however, when absent do not lead to job dissatisfaction just less satisfaction. Similarly, *hygiene factors* only contribute to dissatisfaction when present but not to satisfaction when absent.

Research testing Herzberg's theory have produced mixed results: some studies have corroborated Herzberg's findings while others documented that hygiene and motivators had strong effects on both job satisfaction and dissatisfaction. Herzberg's theory has attracted voluminous research in India also with the attempt being mostly to validate the theory in India using different samples and measurement methods. The findings are again conflicting. In some studies the Two-Factor theory holds good (Sutaria,1980), while in others it does not (Sarveswara and Rao, 1973)

This theory has been heavily criticized for its methodology (Schwab and Cummings, 1970). Besides, while Herzberg assumed a correlation between satisfaction and productivity in his methodology, he measured only satisfaction and not productivity. Nevertheless, Herzberg's work is useful in illustrating the conditions of a job that employees find satisfying and dissatisfying. His theory has also stimulated considerable research and theory on job enlargement and job enrichment. (Machungaws and Schmitt,1983)

The Value Theory

A second significant theory of job satisfaction is the Value Theory proposed by Locke (1984). He proposed that job satisfaction occurs when the job outcomes or the reward that the employee receives matches with outcomes that are desired by him. The theory focuses on any outcome that people value regardless of their quality or quantity. Thus the value attached to outcome is more

important. The better the outcome that they get the more satisfied they will be; and the less valuable outcome they receive, the less satisfied they will be. Essential to Locke's theory is, therefore, the discrepancy between the present aspects of the job and those that an employee desires such as pay, learning opportunities, promotion, and so on. Locke's Value Theory has been substantiated by a study of McFarlin and Rice, (1992). One of the valuable implications of the theory is that it focuses attention on those aspects of the jobs that need to be changed for employees to experience satisfaction. People perceive serious discrepancies between the job and job satisfaction. But it also suggests that these factors may not be the same for all.

In addition to these two theories of job satisfaction, there are quite a few others. Some of the significant one's are briefly presented below:

The Met Expectations Theory

This approach is based on the expectations that new employees have about the job and how far these expectations are met. It suggests that the employees will work to achieve the outcomes they expect to follow after successful performance (Porter and Steers, 1973). Workers become dissatisfied if their expectations about their job are not met. Review of the theory suggests that the correlation between job satisfaction and met expectations is around 0.39 (Wanous et al, 1992) One of the implications of the Met Expectations theory is that one way of reducing potential dissatisfaction among employees is to bring their expectations in line with the reality. The idea of Met Expectations suggests that the processes undergoing within the person influence job dissatisfaction. A critical viewpoint of this notion is that it ignores the social context of the individual, and this is the basis of the Equity Theory.

The Equity Theory

Adam's (1963) Equity Theory argues that people compare the ratio of their outcome over input with the ratio of others' outcome over input. If their ratio is greater than or lesser than that of the others, they feel dissatisfied because inequity has occurred. However to feel satisfied with the job, the ratio should be equal to that significant others (what is called equity). Though the basis of their comparison is one's perception, the fact remains that organisations must attempt to bring about equity to avoid the feeling of dissatisfaction. One of the criticisms of the theory is that it is imprecise because there are alternate ways of dealing with feelings of inequity. However, an important implication of this theory is that employees need to feel that they are fairly dealt with in order to feel satisfied.

The Opponent Process Model of Job Satisfaction

Initiating some change in the job may increase worker satisfaction but it is not necessary that the increase in satisfaction will remain the same over time. This is because constant input does not result in constant output. The process of adaptation implies that a constant input will have a decreasing output. This notion was applied to the concept of job satisfaction in the Opponent Process Theory by

Landy (1978). He applied this idea to the goal-setting theory and asserted that in the beginning of his/her career, an employee will resist goal-setting. But as experience with goal-setting as well as goal-attainment increases, resistance shall decrease. Consequently, pleasure from goal-attainment must also increase. The broad implication of this is that interventions intended to increase job satisfaction may not necessary became popular on their introduction (Chimel, 2000).

DETERMINANTS OF JOB SATISFACTION

Over the past seven decades, researchers have been active in conducting thousands of studies pertaining to job satisfaction. In the Indian context too, job satisfaction has consistently been one of the most heavily researched topics as indicated in all the three major reviews of OB researches in India (Sinha, 1972; Sinha 1981, Khandwalla, 1988). All three reviewers have identified a number of factors that cause people to become satisfied or dissatisfied with their jobs. These factors can broadly be classified into two categories—those relating to the organisation and those relating to the personal characteristics of the employees themselves. Figure 4.2 presents some major factors under these categories.

ORGANISATIONAL FACTORS
- Reward system
- Work itself
- Perceived quality of supervision
- Working conditions

INDIVIDUAL DETERMINANTS
- Status and seniority
- Age
- Gender
- Marital status
- Years of experience

Fig. 4.2 Determinants of Job Satisfaction

Organisational Factors

1. **Reward System:** There is ample evidence to suggest that pay and other monetary benefits contribute significantly to job satisfaction (Dhawan and Roy, 1993; Nazir, 1998; Panda, 2001). The organisational reward system has been found to be related to job satisfaction. This pertains to how pay benefits and promotions are distributed. Researches uncovered that satisfaction increases when the pay is seen as fair with respect to both level of compensation

received and the method used to distribute the pay. Besides, it was found that individuals were more satisfied with both their benefits and jobs when they were given the flexibility in selecting their own fringe benefits. Thus, if employees are allowed some flexibility in choosing the type of benefits they prefer within a total package, called flexible benefit plan, there is a significant increase in both benefits satisfaction and overall job satisfaction. Khandelwal (1983) found adequate pay as the most critical need for both supervisors and managers as it is the area where greatest perceived deficiencies in satisfaction were recorded. Panda (2001) reasoned that it is not salary per se, but salary received as a recognition of good work that showed high positive correlation with job satisfaction. Though, by and large, positive correlation between salary and job satisfaction is taken for granted, not all evidence supports this conclusion. There is one study that shows no relationship between salary and job satisfaction (Sayeed, 1988).

2. **Work itself:** The nature of work contributes heavily to the feeling of satisfaction. Flexibility, freedom, and discretion available in the performance of one's job contribute heavily to job satisfaction (Sayeed, 1988; Joshi and Sharma, 1997; Rangaswamy and Markhandeyar, 1998; Panda, 2001). On the other hand ambiguity in tasks, confusing instructions, and unclear understanding of the job leads to job dissatisfaction (Sharma and Sharma, 1997). Mehta (1989) concluded in his study that one third of the senior bureaucrats perceived the nature of the job itself as the reason for low work satisfaction.

3. **Supervisory behaviour:** Studies have also indicated that satisfaction tends to be higher when employees believe their supervisors to be competent, have their best interest in mind, and treat them with dignity and respect (Sayeed, 1988). Supervisory style that influences job satisfaction is the degree to which the supervisor takes a personal interest in the employees' welfare, provides advice, and communicates at a personal level (Dhawan 2001). Supervisory behaviour has been found to be the most important dimension of quality of work life contributing 21% of the variance in the employees' role efficacy (Gupta and Khandelwal 1988). "Managerial apathy" has been found to be negatively related to job satisfaction (Sharma, 1991)

4. **Working Condition:** In recent years because of the issue of managing diversity at work place, working conditions have acquired a special significance. Working condition is a broad-based concept and includes not only the organisational policies but the work environment as well. A number of studies have focused on a wide variety of the components which constitute the working conditions of an organisation. A group of studies have shown that job satisfaction of the employees is directly proportionate to the degree of participation in the process of decision-making. Some authors have built a strong case of increasing the aspiration for need satisfaction from work and satisfying these aspirations through participation (Akhilesh and Ganguli, 1982; Padaki, 1984) While satisfaction with supervisory style has been found to correlate significantly with job satisfaction, others feel that satisfaction with co-workers also plays a significant role in job satisfaction (Dhawan, 2001). In a study of 60 scientists Dhawan and Roy (1993) found that Indian scientists identified 5 factors contributing to job satisfaction. Of these five one was relationship with co-workers. The other factors were comfort, challenge, salary, and resource availability.

Training and development facilities offered to employees go a long way in generating high levels of job satisfaction (Rangaswamy and Markhandeyar, 1998). In an extensive study of 124 managers from various departments and levels in a private sector organisation, Joshi and Sharma (1997) measured their responses on 15 job and organisation-related variables. Of all the variables, job contents and training facilities were found to be the best predictors of job satisfaction. Research has also demonstrated that job satisfaction, to some extent, is dependent on working environment. Over crowding, dark and noisy shop floors, extreme temperatures, and poor air quality tend to create low or no satisfaction at work. In a study of 100 production workers, Shantamani (1988) found that poor perception of working conditions created dissatisfaction with the job. Not only this, long working hours also contribute to a high degree of job dissatisfaction. Studies of clerical employees (Nazir, 1998) and dot com employees (Panda, 2001) both showed that as the working hours increased, job satisfaction decreased.

Another area of concern within the larger context of working condition has to do with the policies regarding employees. Any sense of job insecurity may lead to a drop in the degree of satisfaction derived from the job. A number of studies have shown that the degree of job satisfaction is directly proportionate to the degree of job insecurity (Panda, 2001; Rangaswamy and Markhandeyar, 1998).

Individual Determinants

Various personality and biosocial variables have been linked to job satisfaction. The position of an individual in the organisation seems to be a good indicator of the degree of job satisfaction.

There exists a differential opportunity to satisfy various motivational needs within different levels in the organisation (Khandelwal,1986). Generally it has been found that the higher is one's position in an organisation the greater is the level of job satisfaction (Saiyadain, 1977; Kumar et al 1981, Panda. 2001). This could be explained by the fact that the higher the status of the individual in the organisational hierarchy the more he enjoys both relatively better working conditions and rewards than lower level employees. Further, people who are satisfied with their jobs tend to remain in them longer than those who are dissatisfied. Persons with more job experience are more satisfied with their jobs when compared to those who are less experienced (Venkatachalam and Reddy, 1996; Malni, 2001).

Evidence generally indicates a direct linear relationship between age and job satisfaction (Nazir, 1998). However, given the general scenario of downsizing and mergers, long-term employees have started feeling a sense of insecurity at being unwanted as well as a lower sense of loyalty and belongingness. Studies indicate that younger people are more satisfied with their jobs.

In a recent study Dhawan (2001) indexed job satisfaction in terms of opportunity, learning and challenge, influence over supervisors, work meaningfulness, satisfaction with work group, and desirable future. Data was collected on 110 blue collar and 50 white collar workers. Comparisons by dividing them into below and above 30 years of age showed that blue collar employees of 30 years and below were more satisfied with work meaningfulness as compared to those above 30 years. Similarly white collar employees of 30 year and below were more satisfied with opportunity,

learning, and challenge as well as influence over supervisor than those above 30 years. The remaining differences showed no significant variation.

Evidence indicates that autonomy seems to be more important for men than women, to experience a high degree of job satisfaction. On the other hand, supportive supervision has more impact on women's job satisfaction than men's. Men tended to seek respect and recognition from their jobs whereas for women economic consequences were of more relevance (Aleem and Khandelwal, 1988). It seems that the job satisfaction amongst women is moderated by other background variables. Malni (2001) found that married women experienced role conflict between an employee and house maker and hence could not devote fully to their jobs. However a study by Nazir (1998) showed no relationship between marital status and job satisfaction.

It has been postulated that satisfaction achieved at work is influenced by one's family environment. Married people working with less number of children were found to experience more satisfaction in their jobs. However, this finding was not supported in another study conducted by Nazir 1998.

CONSEQUENCES OF JOB SATISFACTION

From an individual as well as organisational effectiveness viewpoint it is significant to understand the relationship of satisfaction to outcome variables. A practical question frequently asked by managers is, 'If job satisfaction is high will the employees perform better?' However, there is no simple answer to that. The effect of job satisfaction on some key organisational and individual factors is presented below.

Performance

The association between job satisfaction and performance has been an issue of continuous debate and controversy among researchers. There are essentially three perspectives on the relationship between performance and job satisfaction. They are:

1. The traditional human relations approach suggests that satisfaction leads to exerting more effort by employees and subsequently results in higher levels of performance. It is the common sense view that a satisfied worker is also a more motivated and productive worker.

2. The second approach suggests that performance indirectly leads to satisfaction as performance levels affect the rewards employees receive . If employees feel their rewards are unfair, they will be dissatisfied. It has been concluded that performance and satisfaction will most strongly be correlated when rewards are made contingent upon performance than when they are not.

3. Yet another alternative view is that there is no specific relationship between job satisfaction and performance—offering hardly any comfort to those seeking to confirm that a satisfied employee is a productive employee.

Early reviews of the satisfaction-performance association have concluded that the relationship is very moderate. A major statistical summary of previous research (including 74 studies with more than 12,000 subjects) have indicated that only about three per cent of the variance in performance was associated with variance in satisfaction (Laffaldano and Muchinsky, 1985). The main argument for modest performance on the job is that most jobs are so thoroughly monitored by the machinery needed to do the work that employees may have little freedom to increase or decrease their performance even if they wish to (Rangaswamy and Markhandeyar, 1998). The weak correlation between job satisfaction and performance also explains the fact that attitudes are not perfect predictors of behaviour.

For the above reason job satisfaction may not be directly related to performance in many contexts. However, most studies investigating the link between satisfaction and performance have used only standard, narrow definitions of performance such as quantity or quality of work. More recent research shows that satisfaction may have stronger influence on other aspects of on-the-job performance currently known as "organisational citizenship" behaviours (to be discussed in more detail later in this section). One argument in favour of the strong relationship between satisfaction and organisational citizenship behaviours is that generally they represent actions which are more under the control of workers than traditional performance measures (Bateman and Organ, 1983). These citizenship behaviours have been found to be related to unit performance as well as organisational effectiveness and therefore is an important variable to examine.

Turnover

Testing models related to how job dissatisfaction progresses into withdrawal has dominated turnover research for almost a quarter of a century (Hom et al,1992; Hom and Griffeth, 1995). Most research studies indicate that satisfied workers are in general less likely to leave the organisation. These studies find a little over 15 per cent of variance in turnover to be associated with variance in satisfaction. Thus, they reveal only a moderate association between satisfaction and turnover (Lee and Mowday,1987) because it is perhaps only one of the many factors responsible for an individual's decision to quit. Recently, Hom and Kinicky (2001) found that inter-role conflict and job avoidance influence turnover indirectly whereas the Hom and Griffeth model (1995) specifies that unemployment rates directly affect turnover. One can safely conclude that satisfaction is a better predictor of turnover in good economic times than in bad times. Job dissatisfaction may also indirectly affect turnover in terms of thoughts of quitting, intention to search for a new job, and intention to quit or stay (Sager and Menon,1994). Besides, turnover is also influenced by other factors like wishes of family members, community, resistance to change, and so on.

Absenteeism

It is widely known that absenteeism causes costly interruptions at the work place. Since temporary workers replace regular workers it can also result in poor quality products. Hence there is an inverse relationship between satisfaction and absenteeism (Kumari and Singh, 1998). The moderating variable here is the degree to which the individuals feel that their work is important. Besides, while

job satisfaction will not necessarily lead to low absenteeism, low job satisfaction is inclined to bring about an increase in absenteeism. Meta-analysis has shown that little more than 2 per cent of variance in job satisfaction is associated with variance in absenteeism (Scott and Taylor 1985).

Creativity

In an age where the need for change, creativity, and innovation in organisations is of utmost importance, job dissatisfaction always need not necessarily be an undesirable outcome for organisations. Zhou and George (2001) in an appealing study focused on the conditions under which job dissatisfaction will lead to creativity as an expression of voice. They concluded, that employees with high job dissatisfaction exhibited the highest creativity when continuance commitment was high, and when feedback from co-workers, or co-worker help and support, or perceived organisational support for creativity was high.

Brockner et al (1998) had pointed out that individuals who have high self-esteem are more likely to express voice, because they tend to believe that their actions will be influential and effective. Thus, in future research it could be explored whether individuals with high self-esteem will react more positively by demonstrating greater creative behaviours than those with relatively low self-esteem. Thus, an exciting implication for managers for managing job dissatisfaction is to treat it as an opportunity for encouraging new and useful ideas rather than viewing it only as a problem.

Organisational Citizenship Behaviour

As discussed earlier satisfied employees are more inclined to exhibit prosocial '*organisational citizenship*' behaviours which go beyond their prescribed jobs (Moorman, 1993; Organ and Ryan ,1995). These behaviours include actions that improve social relationships and cooperation within an organisation (e.g. offering help to workers when it is requested, demonstrating a cheerful and cooperative attitude, protecting or conserving organisational resources, tolerating temporary inconveniences without complaining, and so on). It is a willingness to work for the good of the organisation even without reward. Some of its dimensions are conscientiousness, altruism, civic virtue, courtesy, and sportsmanship. This concept is increasingly being recognised as significant because people who are good organisational citizens are inclined to achieve some of the consequences of job satisfaction, including customer loyalty and higher productivity. As organisations face the challenge of global competition and the need for continuous change and innovation, the 'good citizenship' behaviours will always be an asset to every organisation.

Mental Health

Studies have reported that high job satisfaction is associated to better mental health (Sutaria, 1979; Gunthey and Singh,1982). Employees with good mental health have been found to learn job-related tasks faster, have less on-the-job accidents, and report fewer grievances. Another aspect of mental health could be the degree of frustration experienced on the job and its impact on the work and life of employees. Prolonged dissatisfaction can result in frustration. Since it is painful, individuals resort

to various ways to deal with it. A common way to cope with it is displacement. This is a process of venting out frustration on others who are not the cause for it (e.g. after a frustrating day at the work place an individual may go home and scream at his wife or children). A second possibility is to strike back at the source of frustration by making negative statements about the company, joining informal groups that violate organisational rules, going on strike, or indulging in acts of sabotage. In the wake of downsizing, organisations have become sensitive to this issue and the feelings of those affected. In order to deal with the threats of violence, some organisations are training managers to recognise and effectively deal with aggressive behaviour (Johnson,1993).

Culture

Research has uncovered that executives in less industrialised countries have lower job satisfaction. Besides, Japanese workers were reported to have significantly lower job satisfaction than US workers (Lincoln, 1989). His study also indicated that in both Japan and the US job satisfaction could be improved by participative techniques like quality circles as well as social activities sponsored by the company. In a comparison of employees in the US and India, factors that lead to job satisfaction were found to differ greatly. While leadership style, pay, and security influenced job satisfaction for the Americans, for Indians recognition, innovation, and the absence of conflict led to job satisfaction (Krishnan and Krishnan, 1984). There is some evidence to suggest improved job satisfaction and changing attitudes of staff arising from the introduction of empowerment (Gupta and Murari 2001).

Non-work Life

Researches have reported that there is a spillover of job satisfaction to other spheres of life too. In other words, satisfaction in job seems to increase satisfaction in other spheres of life or what is called satisfaction in general (Mehta, 1978). Balancing the demands of career and family has become a major challenge for employees particularly so for dual career couples. A meta-analysis by Kossek and Ozeki (1998) of fifty studies with fifty groups found a negative relationship between all forms of work-family conflict and job and life satisfaction . Women were found to be more adversely affected by work-family conflict than men because of their double responsibilities of work and home.

SUMMARY AND IMPLICATIONS FOR MANAGERS

Job satisfaction is a complex concept and difficult to measure objectively. The level of job satisfaction is influenced by a wide range of individual and organisational variables. The major dimensions of job satisfaction include work itself, pay, promotion opportunities, supervision and coworkers as well as working conditions. A greater understanding of the dimensions of job satisfaction has led to increasing interest in improving job design. There are a number of outcomes

of job satisfaction. The relationship of job satisfaction and work performance is an issue of continuing debate and controversy. More recently satisfied workers have been observed to demonstrate prosocial citizenship behaviours. Organisational members who are dissatisfied with the status-quo could also be an important resource in bringing about change if the organisational context encourages creativity. Despite many theories and studies it is still a challenge for employees to manage an organisation so that the staff acquire both high satisfaction from their jobs and also achieve high productivity. In view of the negative consequences of dissatisfaction, managers need to consider ways to improve satisfaction on the job. Paying employees fairly, quality supervision, decentralisation of power, matching people to jobs that fit their interests are just a few of the ways to increase job satisfaction. In fact, most of the modern management practices like empowerment and modified work schedules are linked to sustaining or improving job satisfaction.

Review Questions

1. What do you understand by job satisfaction?
2. What are the different methods of measuring job satisfaction?
3. How did Herzberg arrive at *motivators* and *hygiene factors*?
4. What are some of the organisational factors that influence the degree of job satisfaction?
5. What is organisational citizenship behaviour?
6. Interested to find out how satisfied are you with your job? Fill up the job satisfaction scale given in Appendix 4.1 of this chapter as honestly as possible and see for yourself.

Appendix 4.1
Job Satisfaction Scale*

Instructions

Please read the statements on the conditions of work carefully. For each of these conditions select one of the five alternative answers.

1. At the place of work we may have opportunities to learn something new, for example, skills in management, technical work, and so on. At some work places the organisation helps people to learn new jobs and skills. What is the situation at your organisation?

   5. Opportunities for learning new jobs are very good in my organisation
   4. Learning opportunities are good
   3. Learning opportunities are so so
   2. Learning opportunities are poor
   1. Such opportunities just do not exist here

2. Employees like to have good fringe benefits from the employers, for example, education of their children, medical facilities for their family, etc. On the whole, how do you perceive such benefits in your employment?

   5. Our Fringe benefits are very good
   4. Fringe benefits are good
   3. Fringe benefits are so so
   2. Fringe benefits are poor
   1. Fringe benefits are very poor

3. Looking at the nature of your work, what do you think about your salary?

   5. Salary scales are very poor
   4. Salary scales are poor
   3. Salary scales are so so
   2. Salary scales are good
   1. Salary scales are very good

4. In any work organisation, there are subordinates and superiors. How do you perceive the relationship between them in your organisation?

   5. Relations are very happy
   4. Relations are happy
   3. Relations are neither happy nor unhappy
   2. Relations are unhappy
   1. Relations are very unhappy

Source: P. Mehta (1989). Included with permission from the author.

5. Drinking water is usually provided at the work place by the organisation. How are the facilities for drinking water in your organisation?
   5. Drinking water facilities are very good
   4. Such facilities are good
   3. Drinking water facilities are so so
   2. Such facilities are poor
   1. Drinking water facilities are very poor

6. Employees have a curiosity to know about what is happening in their organisation. Such information makes them feel important. How far are you able to get information about events in your organisation?
   5. We hardly get any information, the system is very poor
   4. The information system is poor
   3. The information system is so so
   2. The system is good and we are informed about most events
   1. The system is very good and we get all information

7. Employees do make suggestions about various things at the work place. When you make such a suggestion do your superior officers care for it?
   5. No attention is paid to our suggestions
   4. It is rare that attention is paid to our suggestions
   3. Sometimes attention is paid sometimes not
   2. Our suggestions get good attention
   1. Our suggestions get all attention

8. We are happy when those who count in the organisation genuinely appreciate our good work. How much of such appreciation for good work is available in your organisation?
   5. Good work is always appreciated
   4. Good work is mostly appreciated
   3. Good work is appreciated sometimes and sometimes it is not
   2. Good work is seldom appreciated
   1. Good work is never appreciated

9. Few people like to do the same thing again and again. They do not like to do repetitive work. How is the situation in your organisation? Do you get variety in you work?
   5. Jobs are always routine; no variety exists in our work
   4. There is very little variety in our work.
   3. Jobs are routine sometimes and sometimes they are not
   2. We have good variety in our work
   1. We have very good variety in our work

10. Employees are required to spend long hours at their work places. Canteen and catering facilities are made available to them at appropriate hours. How are such facilities available in your organisation?

    5. We have very good canteen facilities
    4. Our canteen facilities are good
    3. These are neither good nor bad
    2. Canteen facilities are poor
    1. Canteen facilities are very poor

11. People like to do a job in which there is a scope for them to use their skills and abilities. They feel challenge in such situations. How do you feel about your job?

    5. There is very good scope in my job for my skills and abilities
    4. Good scope in my job for skills and abilities
    3. Such scope is neither good nor bad
    2. There is little scope in my job for my skills and abilities
    1. There is no scope in my job for my skills and abilities

12. Work organisations now a days provide facilities for recreation to their employees. How are the recreation facilities available in your organisation?

    5. No recreation facilities are available here
    4. Very little recreation facilities are available here
    3. Recreation facilities are neither good nor bad
    2. Recreation facilities are good here
    1. Recreation facilities are very good

13. The organisation takes decisions many a times concerning you and your colleagues' welfare and interest. In what measure you are able to influence such decisions?

    5. Have no influence in such decisions concerning our welfare and interest
    4. Have very little influence over such decisions
    3. Our influence in such cases is so so
    2. Have good influence over such decisions
    1. We have considerable influence over such decisions

14. People usually like to be on their own while doing their job. How much freedom do you have in doing your job without interference from your supervisors?

    5. Have full freedom to do our job without interference
    4. Mostly free without others' interference
    3. Such freedom is so so here
    2. Very little freedom; lot of interference by others
    1. There is no freedom and all interference

15. Do your superiors think that you are capable of doing a good job? What do they think of your work?
    5. They never think of my abilities and work
    4. They think low of my work
    3. They think neither low nor high of my work
    2. They think high of my work and abilities
    1. They think very high of my work and abilities

16. Sometimes you might feel that injustice is being done to you by the organisation. Is there any forum available in your organisation where you can get such a grievance redressed?
    5. Our grievance handling system is very good
    4. Grievance handling system is good
    3. It is neither good nor bad
    2. Grievances seldom handled; system is poor
    1. Grievance handling system is very poor

17. The organisation decides about the nature and schedule of work of the various categories of employees and they (employees) may or may not have participation in such decision making. How is it in your organisation?
    5. Our participation in deciding about our work is very good
    4. We have good participation in such decision-making
    3. Such participation is neither good nor bad
    2. There is little participation in such decisions
    1. No such participation exists in decision-making

18. As several kinds of jobs are involved in a work organisation, some jobs may be perceived more significant than others. How do you see your job?
    5. My job is very significant and important to the organisation
    4. My job is significant and important
    3. My job is neither significant nor insignificant
    2. My job is insignificant and not important
    1. My job is totally insignificant and unimportant

19. Sometimes employees feel that their superior officers do not plan properly and there are frequent changes in such plans. How is the planning in your organisation?
    5. Things are planned very well here
    4. Such planning is good here
    3. Planning is neither good nor bad
    2. Such planning is poor here
    1. Such planning is very poor

20. In work organisation, many a times people have to work together. They have to discuss with each other in order to come to decisions. Do people listen to each other in such a situation in your organisation?
    5. Listening to each other is very good
    4. Listening to each other is good
    3. It is neither good nor bad
    2. People seldom listen to each other
    1. People never listen to each other here

21. Work organisations try to provide housing to their employees. How is the housing facility in your organisation?
    5. We have very good housing facility here
    4. Our housing facility is good
    3. It is neither good nor bad
    2. Housing facility is poor
    1. Housing facility is very poor here

22. People like to do worthwhile jobs. What is the situation in your organisation? Are facilities available to you for working up to your own expectations?
    5. Work is much below our expectation
    4. Work is not according to our expectation
    3. The level of work is so so
    2. Work is quite up to our expectation
    1. Work is very close to our expectation and abilities

23. People need each other's support at the work organisation. How are your relationships with your superiors? Do you get support from them?
    5. Our superiors give us all support
    4. We get good support from superiors
    3. Support from superiors is neither good nor bad
    2. Support from superiors is poor
    1. Support from superiors is very poor

24. When people work together, there may be difference of opinion.

    Sometimes you may have an opinion quite different from that of your superior's. How much freedom you have to express difference of opinion?
    5. Full freedom to express opinions even though they are different from superior's
    4. Good freedom to express difference to opinions
    3. Such freedom is neither good nor bad
    2. Little freedom to express difference of opinions
    1. We can never express our opinion if it is different from the superior officers

- *Source:* P Mehta (1989) Included with permission from the author. Can be obtained from the author or Mansayan, Delhi.

The distribution of items along the various dimensions of *job satisfaction* is as follows.

Perceived Influence	*Perceived Amenities*	*Perceived Nature of Work*	*Perceived Supervisory Behaviour*
6	2	1	4
13	3	9	7
16	5	11	8
17	10	14	15
20	12	18	19
24	21	22	23

Scoring

Each statement has five alternative responses that are scored 5,4,3,2,1 . Scoring of item numbers 3,6,7,12,13,15, and 22 are reversed. The four total scores are combined to provide a final score on job/ work place satisfaction. Check your score against the following table to see how satisfied you are. Generally speaking the higher the score the greater the job satisfaction.

1–30	Dissatisfied
31–60	Satisfied a little
61–90	Satisfied
91–120	Extremely satisfied

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5

ORGANISATIONAL COMMUNICATION

Bhupen K Srivastava

INTRODUCTION

Of the various concepts in the field of organisational behaviour communication is the most significant yet least understood. It plays an important role in determining managerial and organisational effectiveness. Barnard (1938) was perhaps the first person to highlight the role of communication in organisational effectiveness. "Communication techniques shape the form and the internal economy of the organisation." He realised that communication modes were not only significant in the achievement of organisational goals, but also posed as potential problem areas. The significance of communication to organisation lies in the fact that it serves as a strong motivational force by helping employees to understand what is expected of them. By the same token, it can also be a tool to control the behaviour of the employees. However, if it denies the open expressions of feelings or fails to provide information, it can be a source of problems.

MEANING OF COMMUNICATION

Communication involves transmission of information, ideas, emotions, skills by the use of symbols-words, pictures, and figures from one person to another. More precisely, communication refers to transfer of meaning between sender and receiver. Communication is thus, the most basic of all the organisational processes through which the coordinated effort of a large number of employees can be directed towards unified purpose, shared meaning and expectation, and commitment to organisational goals. It is necessary, therefore, to design an effective employee communication system in an organisation to ensure that the purpose of communication is adequately met. Saiyadain (2001) highlights the process of communication in reaching out to people to bring about modernisation of the mind at Tata Steel.

Box 5.1

Vehicle of Change at Tata Steel

Consistent with the policy of openness, trust, and transparency as a vehicle of change, Tata Steel introduced several programmes of sharing information with the employees and the community with

the intention of sharing truth, nothing but the truth. Somewhere around the middle of 1994 the idea of organising Employee Awareness Programme (EAP) was initiated. In May 1995 the first formal EAP was launched in the Medium and Light Structure Mill. The topics covered dealt with such themes as personnel policies, safe habits, training and career development, health and healthy life, occupational health, welfare amenities, work discipline, suggestion system, and working towards higher productivity.

The wife of the MD initiated the Domestic Management Programme where wives of the employees go through a three-and-half-day programme with inputs provided on such themes as budget, safety, hygiene, and child welfare. In addition, wives of the employees are invited to visit their husbands' work place and have lunch with them in the company cafeteria. They are informed about safety and productivity by experts. The aim is to involve families of the employees in affecting change. This programme goes on every day and the attempt is to cover all 50, 000 employees' wives in the next 2–3 years. The specific purpose is to inspire their role and integrate them into the change taking place in the company and in society.

Tata Steel's endeavour is to create awareness at the lowest level in the company and community at large because Modernisation of Mind as a concept must reach to a substantial segment of community. In addition to the above-mentioned programmes, the MD has regular meetings with the female employees and dialogue with senior citisens in the city of Jamshedpur. It has also started the practice of naming 'Person of the Month'. Respect is given to the union and regular meetings with the elected members of the union are organised. Mr. Ratan Tata goes to the union instead of calling them to his office during his visits to Jamshedpur.

The basic model of communication involves "who says what to whom with what effect". It signifies three components—the communicator, the communication, and the communicatee. In more common parlance, it refers to the sender, the message, and the receiver. The effectiveness of communication depends on the perceived credibility of the sender—how trustworthy and knowledgeable he/she is. It also depends on the nature of message. A long, complex, and controversial message has greater chance of distortion. Finally, the state of mind of the receiver, his/her emotional state, competence, background, and culture make an impact on the effectiveness with which the communication is received.

The process of communication involves a *coding* (process of translating messages into symbols, words, and sentences, etc.) and a *decoding* (converting the encoded symbols into message by the receiver). The accuracy and effectiveness of transmission of the message depends on the encoding and decoding process and the competence and skill of the encoder and decoder.

COMMUNICATION NETWORKS

The number of communication links or levels to be covered in a communication circuit will affect the efficiency of the circuit for a particular task. The smaller the number of communication links in a group, the greater is the efficiency of the group in task performance. At least four types of communication networks can be identified, each suited to a particular task.

Type 1: Chain

Type 2: Wheel

Type 3: Circle

Type 4: All channel
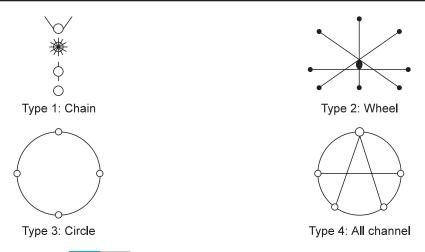
Fig. 5.1   Types of Communication Networks

The *chain network* can cover a large number of employees and is more appropriate for messages of simple repetitive type. The *wheel network* is more efficient for tasks of additive or coordinative nature, where the chairman in a meeting collects the viewpoints of various members and announces the collective view. The *circle network* is suited to tasks which require building on the idea of the other or supplementing the efforts of each other. *All channel network* is primarily meant for solving complex problems wherein unrestricted interaction and interchange of ideas are required.

DIRECTION OF COMMUNICATION FLOW

The communication system in an organisation should be so designed as to meet the information requirement of vertical levels as well as horizontally differentiated departments or units. In order to ensure free flow of relevant information throughout the organisation, appropriate mechanisms will need to be developed for: (i) downward communication, (ii) upward communication, and (iii) lateral communication.

The types of information that need to be considered for the three directions of communication flow are listed below.

Downward Communication

There are two methods that can be adopted for facilitating downward communication—written and oral. Some formats of these methods are highlighted below.

Written	*Oral*
Letters	Face-to-face communication
Memos/reports	Performance counseling

Newsletters   Conferences/meetings

Magasines   Speeches

Manuals/handbooks   Closed circuit TV

Bulletin/posters

The specific *objectives* of downward communication are presented below.

(a) *Job Instructions:*   Specific directions to employees to enable them to perform their tasks efficiently, that is, *how* and *what* has to be done.

(b) *Job Rationale:*   Information providing rationale for the task and its relationship to other tasks in organisations, so as to develop an appreciation of the relevance and meaningfulness of the task, that is*, why* it has to be done and what organisational *purposes* will be achieved through the task.

(c) *Organisational Policies, Procedures, and Practices*:   Information regarding the norms, rules and procedures to enable employees to learn the *do's* and *don't* as expected by the organisation.

(d) *Feedback:*   Information, both positive and negative, to the subordinates regarding their performance so as to help them monitor their own efforts. Also information about subordinates' strengths, weaknesses and potential for growth and development so that they can operate from their areas of strength, improve in areas where they are weak and make efforts towards realising their potential.

(e) *Identification with Organisation*:   Information of an ideological character to inculcate a sense of mission, pride, and commitment in employees towards the organisation as a whole.

People vary in their capabilities and willingness to receive and act upon downward communication. Hence it is necessary that such communication is designed to be as simple as possible and keeping the characteristics of the intended audience in mind. Its lucidity would ensure that it is not misinterpreterated. Short, simple, and to the point messages may have greater acceptability as compared to long and confusing messages. In a study on top, middle, and lower level managers, Chaudhary (1978) found that maximum number of messages were sent by top level managers followed by lower and middle levels respectively. In most cases these messages consisted of task directives, feedback both positive and negative, procedures, omissions in expected behaviour and suggestions.

Upward Communication

Some of the methods for facilitating upward communication are: suggestion box, quality circle, joint participation like shop council and plant council, attitude/opinion surveys, grievance-handling machinery, meetings, formal progress reports, and open-door policy wherein any employee is allowed to directly approach the chief executive to share information and ideas. The specific *objectives* of upward communication are:

(a) *Feedback on Attitudes and Feelings of Employees:*   Information as to how employees feel about their jobs, about supervision, about peers, and about the mission of the organisation.

(b) *Information regarding Production and Targets:*   On a regular basis it provides input to the management in the planning and target-setting process as well as monitoring and evaluating the requirements of input material and infrastructural support.

(c) *Feedback on Organisational Policies, Procedures, and Practices:*   On the basis of these the management can bring about suitable modifications, if necessary, or else can initiate corrective action.

(d) *Employee Grievance:*   Minor individual grievances if left unnoticed or unattended to often lead to collective grievance which may become a source of major industrial relations problems.

(e) *Suggestions for Improvement and Innovation*:   The employees are in a better position to provide suggestions for improvement in the work procedure and to think of innovative ways to do the work more efficiently. These suggestions often lead to remarkable improvement and innovation in the work place.

The nature and content of upward communication and how are they received was explored in a study by Prasad (1978). He collected data from 89 managers and found that these managers felt that certain kinds of information were not communicated upward. Such things as procedures not followed properly, unfavourable work performance, and unfavourable reactions to instructions were the foremost contents which were hardly conveyed upward. The fact that many managers insisted on formal written communication also inhibited upward transmission. An attitude to force rather than encouragement restricted upward flow of information. As a result, there were delays and suppression of information and only those contents were conveyed that served the self-interest of the employees.

Lateral Communication

In the lateral system communication flows across departments. The methods for ensuring the horizontal flow of communication are regular meetings, task forces, written communication, productivity-improvement group, social events, telephone, and so forth. The specific objectives of lateral communication are given below:

(a) *Inter-departmental Coordination*:   The goals, tasks, and activities of functionally differentiated departments need to be integrated to ensure unity of efforts toward the overall objectives of the organisation.

(b) *Sharing Information:*   Information can be shared with colleagues with greater accuracy and speed as compared to the use of vertical channels which invariably cause delays and distortions. Also, information on innovations being experimented within one department needs to be shared with other departments on a continuing basis.

(c) *Problem Solving:*   Organisations encounter problems like low productivity, high costs, absenteeism, and the like which require, multi-disciplinary approach to solve them. A problem of this type needs to be examined from a variety of perspectives, which is made possible through lateral communication.

(d) *Conflict Resolution:*   Inter-departmental conflicts do arise due to communication distortion, lack of understanding, and competition for scarce resources. Horizontal communications promote a cooperative attitude and collabourative orientation.

(e) *Sense of Belongingness:*   Lateral communication facilitates awareness of one another's constraints and aspirations, thereby creating conducive conditions for working even in the worst situations. It is the feeling of belonging to a team that makes it possible for one department to accommodate the request of the other even if one's own departmental priorities have to undergo a change.

In designing a communication system, the types of information to be shared under downward, upward, and lateral channels need to be matched with the characteristics of the communication circuit. For example, in downward flow of communication, information relating to job instructions and job rationale should be shared with a small number of employees directly engaged in that task; whereas, information about identification with organisation needs to be shared with a large number of employees covering the entire organisation. The choice of method will depend on the extent to which a particular method conforms to the characteristics of the communication circuit.

KINDS OF COMMUNICATION

The kinds of communication can vary depending upon the purpose and intended effect. The following four kinds of communications are found to take place most frequently in organisations.

One-way Communication

This kind of communication flows in one direction—generally from higher to lower levels. It could take the form of a directive, instructions or advice which are supposed to be complied with. The specific objectives of one way communication are:

- To seek compliance
- To ensure uniformity in action or operation
- To meet timetable or deadline
- To meet production targets
- To disseminate information to a larger number of people
- To save cost in terms of time and money

Two-way Communication

For communications to be effective they must be based on the exchange of information, viewpoints, opinions, and feelings between the sender and the receiver. Two-way open communication facilitates:

- Reduction in communication gap, filtering, biases, and defenses
- Generation and sharing of valid information through clarification, questioning and, elaboration
- Problem-identification and problem-solving
- Decision-making, delegation, control, and coordination
- Management of conflict by bringing it in the open, finding specific causes, and resolving differences
- Team/organisation effectiveness by creating synergy
- Organisational/personal accomplishments by sharing individual and collective achievements, innovations and psychological rewards
- Generates commitment to collective goals/objectives

Non-verbal Communication

Communication is not always verbal. People also communicate through the use of hand movements, facial expressions, and body gestures. The significance of non-verbal communication cannot be denied. In fact it has been called an extension of verbal communication. Perhaps the most significant treatment of non-verbal communication has been provided by Fast (1970) who has sold millions of copies of this book "Body Language" by putting a different picture of a girl with various postures in all its reprints. The academic study of body motion has been called *Kinesics*. It refers to gestures, facial configurations, and movements of the body.

While the use of non-verbal communication is very significant and widely used, it seems to be narrow in its application. It depends on cultural orientation, training, and control. Non-verbal language may often get complicated with verbal language. A facial expression or body movement does not itself have a universal meaning. In fact, non-verbal languages vary from culture to culture. The way we greet customers, visitors or guests may differ from a simple handshake to hugging, to kissing on both cheeks, to just raising a hand to the forehead, to even rubbing noses. People from the southern part of India nod their head sideways to say no; people from north Indian nod their head up and down to say no.

Conveying one's feelings through body language requires training and control over one's feelings. How often we end up conveying messages through the known verbal language which were not really intended to be conveyed. There is a famous line in Shakespeare's drama *"Macbeth"* where Lady Macbeth tells her husband that his face is like in an open book where people can read his heart, suggesting thereby that as a king, he must learn to control his facial expressions.

Another form of non-verbal communication or language is called *paralanguage*. It refers to monosyllabic utterances which verbalize feelings and opinions of people. Such expressions as "ah", "um" or "uh" are examples of paralanguage. They include voice quality, volume, pitch, speech rate or even yawning or laughing. These are purposeful instruments to elicit certain kind of effects difficult to get otherwise. For example, yawning in a conversation or meeting gives the impression of lack of interest in whatever is happening here and now.

Grapevine

A form of informal communication, grapevine is a carrier of information outside the official channels. While the grapevine can provide useful information, it can also be responsible for spreading rumours and false information. Utilised effectively, managers can use it to get the feelings and attitudes of people *before* significant decisions are taken.

Decisions taken whilst disregarding the feelings of people who are affected by those decisions, often create frustration, anger, and dissatisfaction among the employees. Hence managers can effectively use the grapevine to get an advance understanding of the feelings of the people *before* such decisions are taken. A grapevine has following the characteristics, as indicated by Lewis (1987):

- The grapevine, generally carries inaccurate information more than correct information
- It carries an incomplete picture
- It travels faster than formal communication
- Informal leaders serve as message centres for the grapevine
- A grapevine is difficult to suppress or control

In addition it should be noted that the grapevine is not controlled by the management. It provides a good opportunity to serve the self-interest of the people within it. It spreads fast because of its gossip quality and anxiety-reducing characteristic. Most of the grapevine begins out of confusion and ambiguous, but important, situations. While the grapevine has both a negative and a positive influence, according to Hirschhorn (1983) its negative influence can be minimised by:

- Announcing a time table for making decisions
- Explaining inconsistent or secretive decisions
- Explaining both the upside and downside effect of the decisions
- Open discussion on negative possibilities

DETERMINANTS OF COMMUNICATION

In face-to-face communication both parties—the senders and receivers—function from their respective unique psychological sets. The psychological sets include past experiences, expectations, values and attitudes, priority of needs, and assessment of action outcomes and consequences. Every person lives in his/her own private world through which he/she organises the stimuli coming from the environment, responding to the selected stimuli and relating to the environment. This unique feature of person in communication affects the quality and intensity of interaction. Communication failure may take place when one's behaviour does not adequately reflect his intentions. Also, the behaviour manifested in good faith may be interpreted as unhelpful by the other person. For example, a manager may reprimand an employee with the intention of correcting his approach or behaviour, but the employee may perceive this as punishment. In a study on the nature of determinants in communication, Kumar (1982) collected data from 855 managers and supervisors in private sector organisations. His results showed that the failure to make

intentions clear, failure to listen, lack of followup, failure in keeping promises, professional jealousy, and failure to seek responses contributed significantly to the effectiveness of communication.

Some of the specific factors affecting communication are presented below:

Differential Perception

Individuals tend to understand and interpret the same facts in different ways. The receiver of the messages sees and hears them on the basis of his/her needs, motivation, experience, background, and a host of other personal characteristics. It also depends on the kind of perception an individual may have about the communicator. If an employee believes that his supervisor is not very competent, chances are that little of what the supervisor says would be taken seriously. The famous line from George Bush, former US President, '*read my lips*' is a good example of this realisation.

Filtering

Since individuals are exposed to multiple stimuli it is almost impossible for them to respond to all of them. Selection of a particular stimulus is therefore imperative. Only those stimuli in the environment will be selected and responded to which will meet their needs, fulfil their expectations, and be in conformity with their perceptual framework.

Stereotyping

Stereotypes refer to our impressions about individuals who belong to a certain group. We have certain impressions about a class of people and when we meet someone belonging to that class, we tend to perceive the person as having the same characteristics as the class he/she belongs to. In order to simplify the complexities inherent in reality, individuals tend to classify people and events into category according to perceived similarities. This categorisation enhances predictability of one's own as well as other's responses. For example, most people have stereotypes about gender, caste, community, and so on, and use them to treat an individual in the same way they would treat an entire group.

Halo Effect

It involves judging a person or an event by a single trait or characteristic—such as sociability, intelligence, or appearance. The dependence on any one of these traits or characteristics tends to bias our judgement about the total personality. If a supervisor values punctuality and if a particular subordinate is very punctual but not very effective in his/her work, the supervisor would still tend to rate this employee as very good. Punctuality would radiate to the total individual behaviour. Once a person has formed an opinion of another person based on a single trait, he is likely to see that person in the same light only.

Defence Mechanisms

Based on the theory of Sigmund Freud (1973), defence mechanism refers to psychological reactions to threatening stimuli. If a particular communication is perceived as threatening, the individual tends to deny it, rationalise it, or withdraw from it. Defences are anxiety-reducing mechanisms that individuals resort to whenever they perceive a threat to their self-image and self-concept. Defence mechanisms like denial, rationalisation, projection, withdrawals, aggression, and so on, are used to protect one's self-image from perceived threat. Most of these mechanisms are psychological in nature.

Pygmalion Effect

According to Greek mythology, Pygmalion was a sculptor who carved a statue of a most beautiful woman. The result was so perfect that he fell in love with the statue and sat in front of it for a long time hoping that some day it would come to life—and it did. Hence *Pygmalion effect* refers to self-fulfilling prophecy or power of expectation. People's expectations determine their behaviour. If a supervisor believes that a particular employee is not very hard-working, then all his verbal and non-verbal communication will convey this message to the employee. In the long term a perfectly hard-working employee may become lazy. This message was vividly communicated in the movie *My Fair Lady* which is based on the drama written by George Bernard Shaw.

Language

Words mean different things to different people. The meaning seems to lie not so much in the words but in the minds of people. Age, education, and cultural background play a significant role in influencing the meaning of the language used. This is further accentuated by the development and usage of jargons or technical language. In today's context, expressions such as USP (unique selling point) and EMI (equated monthly instalments) are frequently used without anybody even bothering to expand them. In a humorous book Lederer (1989) gives several examples of how language can create confusion. Taking examples from the English language which is spoken by almost half the world's population and has the largest vocabulary, he says English is a crazy language. For example boxing rings are square, noses run while feet smell, and the pineapple has neither pine nor apple in it. Senders of messages tend to assume that the words and expressions they use mean the same to the receiver as well.

System Factors

Organisations consist of hierarchies, goals, and systems which are designed to facilitate organisational performance. However, they are also the cause of communication problems. Take for example, the issue of goals. We know that the goals of various levels and employees are different.

When there is a mismatch between the goals of the organisation and needs and priorities of the individuals, then the employees may assign importance to their own requirements rather than to those of the organisation's. Lower-level organisational members may tend to suppress unfavourable information and communicate irrelevant yet favourable (to him/her self) information to their superiors. Similarly, the availability of information may vary from individual to individual and unit to unit. Some employees may have access to more information than others. The fact that they may be reluctant to share information may increase the possibility of misunderstanding, lack of trust and even confrontation.

Individual Predispositions

Distortion in communication also takes place because of a number of personality factors. They may arise due to cognitive map, inadequacy of words or symbols to describe one's feelings, and complex ideas. Rigidity of thought and beliefs inhibits one's capacity to actively listen to and accept viewpoints strongly contradicting those held by oneself. Dogmatic ideas, fixations, and past experiences often give rise to rigidity. Individuals with routine past experiences tend to perceive the world in a narrow perspective. In addition, the emotional state of the individual at the time when communication is taking place also plays a significant role in its interpretation. The emotional state of a person may affect his rational thinking process. It is often said that passion overtakes reason. Negative emotions like anger and hostility interfere in our ability to clearly express our views and/ or respond to the views of others within a logical frame. Positive emotions like, joy, happiness, pride, and so on, on the contrary, have emerging effect on people facilitating free flow of information and ideas. An individual in a very happy state of mind may ignore some of the personal and not-so-favourable remarks made by others, while in the opposite situation this kind of communication may become a source of irritation, tension, and even fatal fights. Similarly a mild individual may become frightened in an insignificant situation, while a confident person may ignore an irritating situation and just brush it aside.

Cultural Factors

As mentioned in the section on kinds of communication earlier, non-verbal communication varies significantly from one culture to another. To a large extent, verbal communication is determined by cultural differences. People belonging to Lucknow converse in a highly polished, sophisticated, and poetic language compared to those from other parts of the country. A cross-cultural study between the bank managers of three Bangladeshi banks and three Indian nationalised banks showed some interesting differences in their choice of verbal communication, though both groups conversed in the Bengali language (Shome et al, 1997). Both groups were given a list of communication characteristics to rank in order of their preferences. The Bangladeshi managers preferred those characteristics of communication which were honest, nationalist, intelligent, and industrious in nature. Their Indian counterparts however gave the top ranks to nationalistic, intelligent, and energetic characteristics in communication.

IMPROVING COMMUNICATION EFFECTIVENESS

While there are a number of barriers that cause a breakdown in the flow and accuracy of information, effectiveness in communication should be improved so that uncertainties and distortions are reduced and its acceptance is enhanced. Some of the considerations that may help overcome the barriers in effective communication are presented below.

Transmission Mechanism

One important reason why communication breaks down has to do with its transmission. While a message travels from one level or person to another (particularly a verbal message), it tends to get distorted. This is the phenomenon that is captured in the game *Chinese Whispers*, where a story told to many persons in sequence becomes a totally different tale by the time it reaches the last person. If the message has to reach the last person as it was originally intended then a number of actions need to be taken. First, managers can use *multiple* channels (both verbal and written) in transmitting the message. Second, the message can be repeated many times to ensure that it reaches the employees. *Redundancy* is the most significant tool in teaching. Third, the number of levels should be reduced by *directly going* to the intended audience. Fourth, follow the principle of *management by exception*. There is no need to communicate routine decisions that can be handled by policy guidelines. Only exceptions should be communicated. Finally, if the message is *short* and *to the point*, its transmission and acceptance can be easy and less prone to distortion.

Supportive Environment

An organisation that believes in openness and transparency and has an environment of trust can be confident of the accuracy with which communication is transmitted and received. In such an atmosphere employees would rather follow verbal instructions than insist on written ones. They would be willing to use their skills and competencies in the best interest of the organisation. An open door policy on the part of decision makers, willingness to listen to the ideas and suggestions of employees, and giving them credit where they deserve minimises the possibility of distortions in communication. Employees would believe that the organisation will support them in their creative efforts, back them whenever necessary, and would not reprimand them when mistakes which are beyond their control occur.

Effective Listening

Effective listening is very different from hearing. Listening involves hearing, internationalisation, storage, and retrieval of messages. It is the process of decoding a message. Chartier (1974) defines it on an "intellectual and emotional process that integrates physical, emotional, and intellectual inputs in a search for meaning and understanding". Since a large percentage of our time is spent in listening, it

plays a significant role in improving effective communication and establishing meaningful relationships in both work and non-work situations. Table 5.1 presents a set of effective and ineffective listening habits.

Table 5.1 Listening Habits

	Ineffective		Effective
(1)	Deciding in advance that the subject is *uninteresting*	(1)	Find interest in every subject
(2)	Focusing on the poor delivery of the speaker —*how* rather than *what*	(2)	Focusing on the contents ratter than on the delivery —*what* rather than *how*
(3)	Becoming overexcited and anxious to make your own point —tendency to pass judgement and conclude even *before* speaker has finished	(3)	Patient hearing in here and now situation —non judgemental and tentative in forming opinion; suspend conclusion till the end
(4)	Focusing only on *facts* —may miss the main idea and the theme; isolated facts do not make sense	(4)	Focus on main ideas and *broad theme* —discern meaning in what the speaker is saying
(5)	A tendency to outline everything —taking note of everything *prevents* us from listening to the speaker	(5)	Listen first and decipher the key ideas. —only main points to be noted
(6)	Pretend to pay attention —poor listeners are often tired, lazy, bored, preoccupied	(6)	Work at listening —listening is hard work —concentrate on the total context including verbal/non-verbal expressions
(7)	Allow distractions to interfere —Create noise	(7)	Control distractions —pay attention and think positively
(8)	Avoid difficult material —ignore and mentally withdraw	(8)	Seek out challenging listening —effective listening —take it as a challenge
(9)	Responding emotionally to certain words or phrases —getting emotionally worked up	(9)	Understand and overcome emotional reactions —keep your emotions under control
(10)	Day dreaming because of the difference between speech speed and thought speed. —thought travels faster than speech	(10)	Use extra thought and time —to summarise, —to anticipate speaker's next point, and —to read between the lines.

Feedback

Feedback is a critical factor in determining the success of communication. Feedback is the receiver's response to the sender's message. Its intention is to tell the sender about the status of the message as received by the receiver. If provided sincerely and honestly, it can improve the process of communication many fold. Some of the guidelines for effective feedback are presented below.

(a) *Readiness of the Receiver:*   Give the feedback only when there are clear indications that the receiver is ready to accept it. If not ready, the receiver will be apt to not hear it or to misinterpret it.

(b) *Descriptive not Interpretive:*   Giving feedback should be like acting as a "candid camera". It is a clear report of the *facts,* rather than your ideas about *why* things happened or what was *meant* by them. It is up to the receiver to consider the reasons or the meanings or to invite the feedback giver to share his/her reactions.

(c) *Recency Effect:*   The closer is the feedback to the time the event took place the better it is. When feedback is given immediately, the receiver is most likely to understand exactly what is being communicated. The feelings associated with the event still exist so this helps in understanding the feedback in the proper content.

(d) *Timing:*   Feedback should be given when there is a good chance that it can be used effectively. It may not be helpful to give a feedback at a time when the receiver feels there is currently other work that demands more attention. Also critical feedback when given in front of others may be seen as damaging rather than helpful.

(e) *Novelty:*   There is a tendency in giving feedback only to say the obvious. Consider whether what you are reacting to is really new information for the receiver. Many a times, what may be helpful new is not simply a report of what you saw rather the way it caused you to feel the way you did.

(f) *Feedback and Change:*   Feedback can lead to improvements only when it is about things which can be changed. The concept of *feedback* should not be confused with the concept of *requesting* a person to change. It is up to the receiver to consider whether or not he wishes to attempt a change on the basis of new information. If you wish to, you may include your reaction that you *would like* to see him change in certain ways, and this might be helpful. What is not helpful to say, is "I have told you what's wrong with you, now change!"

Review Questions

1. What do you understand by communication? What are its components?
2. What are the objectives of downward communication?
3. How is upward communication different from downward communication?
4. What are the objectives of two-way communication?
5. What are various forms of non-verbal communication?
6. What could be done to improve communication effectiveness?
7. Fill out the Diagnosing Communication questionnaire to examine your communication effectiveness.

Diagnosing Communication

Think about a work situation in which you have been or are currently involved. Complete the following questions about that situation:

I think my communication with my subordinates:

	7	6	5	4	3	2	1	
Increases my credibility								Decreases my credibility
Is precise								Is imprecise
Is clear								Is unclear
Answers more questions than it raises								Raises more questions than it answers
Is effective								Is ineffective
Is competent								Is incompetent
Is productive								Is unproductive
Gets the results I want								Does not get the results I want
Is impressive								Is unimpressive
Creates a positive image of me								Creates a negative image of me
Is good								Is bad
Is skilful								Is unskilful
Is relaxed								Is strained
Is self-rewarding								Is not self-rewarding
Does not embarrass me								Does embarrass me

I think my communication with my supervisor:

	7	6	5	4	3	2	1	
Increases my credibility								Decreases my credibility
Is precise								Is imprecise
Is clear								Is unclear
Answers more questions than it raises								Raises more questions than it answers
Is effective								Is ineffective
Is competent								Is incompetent
Is productive								Is unproductive
Gets the results I want								Does not get the results I want
Is impressive								Is unimpressive
Creates a positive image of me								Creates a negative image of me

Is good								Is bad
Is skilful								Is unskilful
Is relaxed								Is strained
Is self-rewarding								Is not self-rewarding
Does not embarrass me								Does embarrass me

I think my communication with my peers:

	7	6	5	4	3	2	1	
Increases my credibility								Decreases my credibility
Is precise								Is imprecise
Is clear								Is unclear
Answers more questions than it raises								Raises more questions than it answers
Is effective								Is ineffective
Is competent								Is incompetent
Is productive								Is unproductive
Gets the results I want								Does not get the results I want
Is impressive								Is unimpressive
Creates a positive image of me								Creates a negative image of me
Is good								Is bad
Is skilful								Is unskilful
Is relaxed								Is strained
Is self-rewarding								Is not self-rewarding
Does not embarrass me								Does embarrass me

Scoring System

Score each set of responses by adding the numbers for the responses you gave to the 15 items in each set. There should be three totals one for the set for subordinate, one for supervisor and one for peers.

1. If your total score for a question is 15–36, you have analysed yourself as very ineffective communicator.
2. If your score is 37–58, you have analysed yourself as an ineffective communicator.
3. If your score is 59–80, you have analysed yourself as an effective communicator.
4. If your score is 81 and above, you have analysed yourself as very effective communicator.

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CHAPTER

6

LEADERSHIP

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INTRODUCTION

It is widely accepted that leadership makes the basic difference between a successful and an unsuccessful organisation. Studies have shown that half of all the new businesses fail within the first two years, and only a third survive five years. Very few organisations survive beyond, say, 50 years. It has been observed that poor leadership is the cause of failure in most cases.

Leaders have existed in all cultures throughout history. The practice and philosophy of leaders and leadership can be gleaned from writings as diverse in content, philosophy, and time as those found in the Greek classics such as Homer's *Iliad*, the *Old Testament* and *New Testament*, essays about Confucius in China, Machiavelli's rules and principles for obtaining and holding power in Italy. In India, Chibber (1993), draws interesting leadership lessons from the great epic *Mahabharatha*.

LEADERSHIP DEFINED

Leadership continues to receive a great deal of attention from researchers, journalists, practitioners, and others. Of course some individuals think that there is a tendency to romanticise leadership. In other words, either we give leaders more credit than they deserve or expect them to work miracles when actually their hands are well tied. But there is no denying the fact that leaders do in fact make substantial difference in organisations. When organisations are going through a crisis, growth or any change, the role and importance of leadership becomes particularly visible. It must be added that the leadership notion is not limited to only the top management echelons of organisations. With increased emphasis on flat structures, empowerment, total quality, and autonomous functioning combined with the need for effectively managing interdependence, leadership is important at multiple levels of the organisation.

Although there are literally thousands of academic papers, articles, and books on the subject of leadership, there is no agreement on the definition of leadership. Leadership means different things to different people. In 600 BC, Tao Te King had observed, *"Most leaders are despised, some leaders are feared, few leaders are praised, and the rare good leader is never noticed."* (Ansari 1990).

This statement implies that, even in the distant past, leadership was controversial as a notion. In 1959, the Leadership Guru Warren Bennis wrote: *"We have invented an endless proliferation of terms to deal with leadership, and still the concept is not sufficiently defined."* In the same vein, Stogdill (1974) stated in: *"There are almost as many different definitions of leadership as there are persons who have attempted to define the concept."*

Leadership is referred to as the use of non-coercive influence to shape the goals of a group or an organisation, motivate behaviour towards the achievement of those goals, and help to define the group or the organisation's culture. Thus leaders are individuals who establish direction and goals for a group, gain their commitment, and motivate them to achieve these goals. The term 'non-coercive influence' signifies that leaders make others 'want' to follow them voluntarily. To put it simply, leaders are people whom others accept as leaders. Obviously, there are no leaders without followers.

MANAGERS VERSUS LEADERS

Being a good manager and a good leader are not necessarily synonymous. A number of theorists and practitioners have written about the differences between managers and leaders. In 1990, John Kotter argued that leadership and management are two distinctive and complementary systems of action, each with its own functions and characteristic activities. Management involves coping with complexity, while leadership involves coping with change.

To deal with complexity, managers focus on processes and systems; but to cope with change leaders search for imaginative ideas. In the same vein, leaders spend time and effort aligning people to create understanding, acceptance, and commitment to their vision and strategies, while managers allocate their time for organising and staffing issues. Leaders try to motivate and inspire others, while managers take a control and problem-solving approach. Finally, leaders tend to produce meaningful change while managers tend to produce order, predictability, and expected performance. The differences are highlighted in Fig. 6.1.

In an unusual study, Ravichandran and Nagabrahmam (2000) asked 87 management students to study the behaviour of their supervisors during summer placement. Each student was asked to document his/her experiences. The content analysis of these documents revealed that *leaders* were characterised by clarity of vision, high need for achievement, and integration. On the other hand the three attributes identified among *managers* were organiser, supportive, and calculative. This study further supports the arguments that leaders are different from managers.

LEADERSHIP PERSPECTIVES

The field of leadership is often portrayed as having passed through three distinct eras: (a) great man or trait perspective, (b) behaviour perspective, and (c) contingency perspective. A dominant research strategy and focus of interest characterises each era. This is not to suggest that leadership research has progressed in a linear, predictable, and consistent fashion through the phases. In reality,

| MANAGEMENT	LEADERSHIP
CREATING AN AGENDA	
Planning and budgeting—establishing detailed steps, time tables, allocating the resources to achieve needed results	Establishing direction—developing a vision of the future, and strategies for producing the changes needed to achieve that vision
DEVELOPING A HUMAN NETWORK FOR ACHIEVING THE AGENDA	
Organising and staffing—establishing a structure, staffing, delegating responsibilities and authority, providing policies and procedures, and creating methods or systems to monitor implementation	Aligning people—communicating the direction by words and deeds to all those whose cooperation may be needed, and influence the creation of teams that understand the vision and strategies.
EXECUTING	
Controlling and problem solving—monitoring results, identifying deviations, and then planning and organising to solve these issues.	Motivating and inspiring—energizing people to overcome major political, bureaucratic, and resource barriers to change by satisfying basic, but often unfulfiled, human needs.
OUTCOMES ACHIEVED	
Produces a degree of predictability and order; has the potential of consistently producing key results expected by various stakeholders (e.g. being on budget, timeliness, etc.)	Produces change, often to a dramatic degree; has the potential of producing extremely useful change (e.g. new products, new approaches that help make a firm more competitive, etc.)
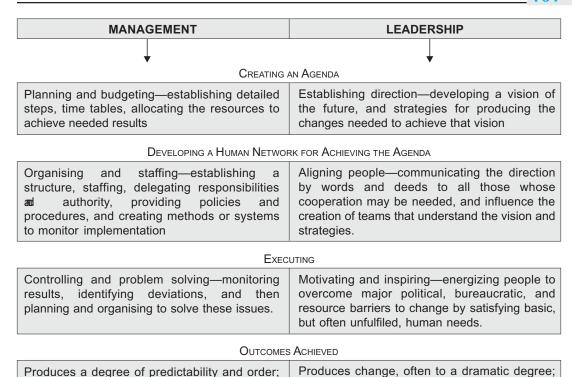
Fig. 6.1   Management versus Leadership

leadership studies have flowed more as a stream in a meandering, intertwining, and consistently shifting manner.

The Great Man and Trait Perspective

As the leadership of great men and women has shaped the history of the world, it is not surprising that the study of leaders began as an effort to identify the personal characteristics and personality traits of leaders. There have been essays on heroes, which have tended to reinforce the concept of the leader as a person endowed with unique qualities that differentiate him from his followers (Sinha 1995). Studies based on trait perspective have examined leadership by posing such questions as what traits do leaders have in common that other people do not. They focused on the question of why some people become leaders and others do not.

Trait-based studies held that leaders were born, not made. They argued that intelligence and high energy, which are important leadership traits are partly inherited. While there may be some truth in the above argument, it is also true that early experiences play a more important role than genes in determining leadership potential. As a matter of fact, progressive companies try to cultivate leadership in their employees by designing meaningful work experiences, challenging job assignments and change projects, role models, mentors, and training. They try to inculcate a strong motivation and self-confidence to assume leadership.

At the same time, studies have also shown that trait perspective is too simplistic to explain the complex leadership phenomenon. While leaders were found to have marginal advantage over non-leaders in such traits as intelligence, studies have failed to clearly establish characteristics in which leaders were consistently found to be superior.

There is another problem with the trait perspective. Traits are psychological in nature and cannot be measured easily. So it is difficult to answer questions such as how much of a trait is enough for an effective leader. For example, it is difficult to establish evidence that A is a more successful leader than B because A scores higher on a certain trait than B. Even more important, studies have shown that leadership is a relation that exists between persons in a social situation. Persons who are leaders in one situation may not necessarily be leaders in other situations as well. We have only to turn the pages of history to come across instances of individuals who moved from being heroes to zeroes because they did not change while the situation around them changed.

Once the researchers gave up on the idea that leadership was a cluster of stable personality traits in isolation from the context, they started observing differences in behaviour between leaders and non-leaders. Their studies bring us to the behavioural perspective.

Behavioural Perspective

As the name suggests, the focus of attention during this era was the behaviours or actions of leaders. The new hypothesis was that effective leaders somehow behaved differently as compared to less-effective leaders. The goal was to develop a fuller understanding of leadership behaviours.

To explain leadership in terms of behaviour that a person engages in, the behavioural studies asked the following main question: Is one leadership style more effective than another leadership style? Therefore, attention shifted from a concern of '*who the leader is*' to '*what the leader does*.' The overall goal of the behavioural approach was to identify and measure relevant leadership actions and behaviours that lead to high subordinate productivity and morale. We examine some of the representative studies from this perspective in the following section.

(a) IOWA Studies: Lewin and his colleagues made one of the earliest and probably the most influential attempts to portray the dimension of leadership behaviour. A group led by Lewin et al (1939) who is widely regarded as the father of the field of organisational behaviour, distinguished three styles: *authoritarian*, *democratic* and *laissez-faire*. In their study conducted with 10 year old boys, it was found that the behaviour of democratic leaders helped the group to become more effective and efficient. The group with authoritarian leaders tended to display hostility and
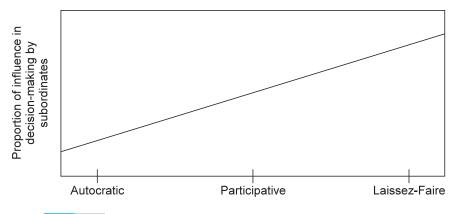
Fig. 6.2   Continuum of Influence in the Leadership Process

aggression toward either the leader or a scapegoat for the leader, creating a strained and tense atmosphere in the group. The least productive was found to be the laissez-faire style.

As we can see in Fig. 6.2, the proportion of subordinate influence varies with the nature of the leadership style. Subordinate influence is lowest in the autocratic style and highest in the laissez-faire style.

(b) Ohio State University Studies: Beginning in the late 1940s and continuing through the 1950s, a group of researchers at Ohio State University conducted extensive studies of leadership behaviour and effectiveness in industrial, military, and educational institutions. The main objective of researchers at Ohio State University was to identify the independent dimensions of leader behaviour, and to determine the effects of these dimensions on work performance and satisfaction (Stogdill and Coons, 1957). Beginning with over a thousand dimensions, they eventually narrowed down the list to two categories that substantially accounted for most of the leadership behaviour described by the subordinates. They named these two dimensions: *initiating structure* and *consideration*. These two dimensions of leader behaviour—a concern for task/production and a concern for people—are elaborated below:

'Initiating Structure' refers to the extent to which the leader defines the structures, and the various tasks and roles of group members for the attainment of goals. A leader high on initiating structure is oriented to scheduling work, assigning people to tasks, expecting workers to maintain definite standards of performance, and emphasising the meeting of deadlines. These reflect concern for task/ production.

'Consideration' is viewed as the extent to which the leader has a supportive work relationship characterised by warmth and mutual trust, good relations, and a respect for the feelings, ideas, and suggestions of group members. There is strong concern for followers' comfort, well-being, status, and satisfaction. Therefore, the leader characterised as high in consideration is someone with high concern for people. The individual is friendly and approachable, and treats subordinates fairly.

The two leadership orientations discussed are independent of each other. That is, a leader may be high on both, high on one while low on the other, or low on both. According to early results of the Ohio studies, effective leaders were found to be high on both—initiating structure and consideration. They tended to achieve high subordinate performance and satisfaction more frequently than those who were rated as low on either initiating structure, consideration, or on both. However, the "high-high" style did not always deliver positive results, as there were enough exceptions to indicate that situational factors needed to be integrated into this approach of leadership. For example, highly skilled employees who are self-motivating require neither of these behaviours on the part of a leader.

(c) Michigan State Leadership Studies: At about the time that the Ohio State studies were being conducted, researchers at the University of Michigan were also engaged in studies with similar objectives (Katz, et al, 1950). The Michigan leadership studies developed two distinct dimensions of leadership behaviour: *job-centred* and *employee-centred* leadership styles. The dimensions were similar to those proposed by the Ohio studies. The job-centred leadership emphasised the broad technical and work-related aspects of the job. The employee-centred leadership, on the other hand, emphasised interpersonal relations and the delegation of responsibilities.

At first, the two styles were viewed as being at opposite ends of a continuum, and initial findings seemed to indicate that employee-centred leaders were more effective than production-centred leaders. However, other studies were less supportive. For example, some studies found that under certain conditions, production-centred leadership resulted in higher productivity, although this also led to lower worker satisfaction and higher turnover. The latter studies concluded, as had researchers at Ohio state, that the two styles were actually independent dimensions of leadership. As Michigan studies focused only on leadership behaviour, they did not consider other situational factors such as the cohesiveness of the group, the nature of the subordinates' personal traits, or the task factors.

A significant Michigan contribution is that of '*Participative Style of Leadership*'. This idea grew out of the massive data collected by Likert (1997). He classified leadership styles into four major groups: (a) exploitative autocratic, (b) benevolent autocratic, (c) consultative, and (d) democratic/ participative. Likert found that consultative and participative styles resulted in higher productivity and satisfaction of employees than the two autocratic styles. But latter studies found participative leadership more closely related to job satisfaction and group cohesiveness than to productivity.

(d) Managerial Grid: Building on the foundation laid by the Ohio State studies, Blake and Mouton (1985) developed the concept of the *'Managerial Grid'* in an attempt to improve leadership performance. The grid uses two dimensions namely concern for task and concern for people. These are similar to the dimensions proposed at Ohio State and Michigan. In the managerial grid, Blake and Mouton identified the following five leadership styles:

(i) *Country Club Management (1, 9 style)*: Thoughtful attention to needs of people for satisfying relationships leads to a comfortable, friendly organisational atmosphere and relaxed work tempo.

(ii) *Team Management (9, 9 style)*: Work accomplishment is from committed people; interdependence through a "common stake" in organisational purpose leads to relationships of trust and respect.

(iii) *Impoverished Management (1, 1 style):* Exertion of minimum effort to get required work done to sustain organisation membership.

(iv) *Organisation Man Management (5, 5 style):* Adequate organisation performance is possible through balancing the necessity to get work done with maintenance of people morale at a satisfactory level.

(v) *Authority-Obedience (9, 1 style):* Efficiency in operation is achieved by arranging conditions of work in such a way that human elements interfere to a minimum degree.

Based on the findings from their research, Blake and Mouton concluded that managers perform best under a 9,9 style, as compared to the other styles. This seems to be true across cultures. In a study of 36 directors of an agriculture research Institute, Rajagopalan and Balaguru (1987) evaluated the managerial style using the managerial grid. Their study showed that majority of the directors used the 9,9 style. Not only this, scores on Managerial Achievement quotient were found to be significantly co-related with 9,9 style of leadership.

The Managerial Grid differs from the original Ohio State research in two important ways. First, it has attitudinal overtones that are not present in the original research. Instead of describing behaviour, the grid addresses both the behaviour and the attitude of the leader. Second, Ohio State approach is fundamentally descriptive and non-evaluative, whereas the grid is normative and prescriptive.

Contingency Perspective

As we have noted above, the behavioural approach to leadership did not examine critical situational factors. To be effective, leaders must adapt their actions to suit the requirements of the task and characteristics of the subordinates who perform the task, stages of group development, group structure, and several organisational factors.

The basic tenet of the contingency approach is that for the evaluation of leadership effectiveness, besides the leader behaviour, some other variables should also be considered. A particular style cannot be equally effective or successful in all situations. There is no "one best way" to lead; it depends on the situation. Effective leaders analyse the factors pertaining to the situation, task, followers, and the organisation, and then choose the appropriate style. The contingency approach has gained wide recognition since mid 1960s. Some of the major studies based on contingency or situational perspective are described below.

(a) Fiedler's Contingency Model: This model is considered to be one of the earliest important contributions to the theory of leadership effectiveness. The basic premise of this model is that effective group performance depends upon a good 'fit' between the leader's style of interacting with his or her subordinates and the favourableness of the situation (Fiedler 1967). The model classifies the favourableness of the leader's situation according to the leader's position power, the task structure, and the quality of the leader-follower relationships. A combination of high position power, strong leader-follower relations, and structured tasks leads to the most favourable situation. The three situational factors are described in greater detail as follows.

(i) *Task structure:* Refers to the extent of clarity, standardisation, or ambiguity, in the work activities assigned to the group. When the task structure is high, the work is predictable and can be planned. Low task structure describes an ambiguous situation with changing circumstances and unpredictable events.

(ii) *Position power:* Refers to the legitimate formal authority of the leader. A situation with high position power lets the leader hire people and directly reward or punish behaviour. A leader with low position power cannot take such actions. In the latter situation, policies may constrain the leader from using any rewards or punishments.

(iii) *Leader-member relations:* Describes the quality of relationship between subordinates and the leader. This dimension includes the amount of trust between the leader and subordinates and whether the leader is liked and respected by the subordinates.

According to the contingency model, task-oriented and relationship-oriented leaders are each effective if placed in the right situation. Task-oriented leaders are more effective in either very favourable or very unfavourable situations. In contrast, relationship-oriented leaders are more effective in situations of intermediate favourableness. Figure 6.3 clarifies the nature of these relationships and suggests that leadership effectiveness is determined by the degree of fit between the leader and the situation. However, one question remains: "What if the leader's style and the situational control requirements do not match?" This question is important in the light of Fiedler's contention that an individual's leadership style is relatively stable and resistant to change. Hence, the situation is the preferred point of intervention rather than the leader's natural style. For example, a manager's leader-member relations might be altered by increasing (or decreasing) the leader's availability to employees or through the leader's selective use of rewards or punishments.
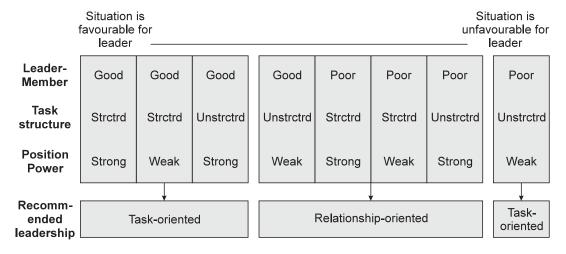
	Situation is favourable for leader							Situation is unfavourable for leader
Leader-Member	Good	Good	Good	Good	Poor	Poor	Poor	Poor
Task structure	Strctrd	Strctrd	Unstrctrd	Unstrctrd	Strctrd	Strctrd	Unstrctrd	Unstrctrd
Position Power	Strong	Weak	Strong	Weak	Strong	Weak	Strong	Weak
Recommended leadership	Task-oriented			Relationship-oriented				Task-oriented

Fig. 6.3 Fiedler's Contingency Theory: Situational Factors and *Recommended Leadership Orientations*

Similarly, task structure can be modified by delegating authority for job-related decisions or giving greater autonomy to employees. For example, a manager might tell a group of workers, "You know what we are trying to accomplish; just do whatever you think is the best!" Another option to modify task structure is to specify the methods or procedures by which a job must be done.

However, a leader may not be able to alter the job sufficiently to fit a personal style. In such instances, the leader is advised to get out of the situation and find an alternative more consistent with his or her personal style. As Fiedler concluded, "If you avoid situations in which you are likely to fail, then you ought to be a success."

Though the empirical support for Fiedler's conclusions are not particularly strong, and the study ignores factors such as the characteristics of subordinates, and technical competencies of both the leader and the subordinates, the theory is important in focusing the attention on situational factors in leadership studies.

(b) Path-Goal Model: Developed by House (1971), path-goal model is based on the expectancy theory of motivation. Although path-goal model and Fiedler's model are both contingency theories, they view the contingency relationships differently.

From the perspective of path-goal model, the basic role of a leader is to enhance followers' motivation so that they are able to attain desired work-goals. In this process, the leader helps clarify the paths to the subordinates by reducing roadblocks and pitfalls, and increasing opportunities for personal satisfaction en route. Since the model is described in terms of path clarification and goal attainment, it is referred to as the path-goal model of leadership.

The path-goal model is based on the following two propositions:

 (i) Leader behaviour is acceptable and satisfying to followers to the extent that they see it as an immediate source of satisfaction or as instrument to future satisfaction.

(ii) Leader behaviour is motivational to the extent that (a) it makes followers' need satisfaction contingent on effective performance and (b) it provides coaching, guidance, support, and rewards necessary for effective performance, which are otherwise not available in the work situation.

In other words, leaders motivate higher performance by helping subordinates attain individual goals that are aligned with organisational goals. Leaders motivate employees when they: (a) clarify the path that will result in employee achievement; (b) provide the necessary guidance and support to get the job done; (c) remove the obstacles that block the path to goal achievement; and (d) link rewards to goal achievement. Leadership is accepted if subordinates perceive it as a source of either immediate or future satisfaction. The path-goal model classifies leadership styles into four major types:

Directive leader tells subordinates what is expected of them, gives specific guidance as to what should be done, and shows how to do it. This is similar to 'initiating structure' discussed earlier.

Supportive leader is friendly and approachable. Shows concern for the status, well-being and needs of subordinates. This is the same as 'consideration' discussed earlier.

Participative leader consults with subordinates, solicits their suggestions, and takes into consideration their ideas before making a decision.

Achievement-oriented leader sets challenging goals, expects subordinates to perform at their highest level, continuously seeks improvement in performance, and shows a high degree of confidence that the subordinates will assume responsibility, put forth effort, and accomplish challenging goals.

Unlike Fiedler's contingency model, path-goal model suggests that a leader may select from among these four leadership styles that most appropriately fits the situation. Further, the path-goal model identifies two sets of contingency factors that play an important role in the choice of appropriate leader behaviour. The sets of factors are: (a) *Personal Factors*, which relate to characteristics of subordinates; these include subordinates' perceptions of their ability, their perceptions of the source of control over what happens to them (locus of control), and their views about people in authority positions (experience); and (b) *Environmental Factors*, which refer to pressures and demands facing subordinates; these include tasks, the nature of the system of authority in the organisation, and the nature of the primary work group.

Using one of the four styles of leadership contingent upon the two situational factors, the leader attempts to influence subordinates' perceptions and motivate them, which in turn leads to their role clarity, goal expectancies, satisfaction, and performance. The path-goal theory suggests that the four leadership styles can be actually used by the same leader in different situations. For example, if there is high level of task certainty because the subordinates know how to do the job or because the task is just a routine one, then the path to goal is clear. The most suitable leadership style here would be
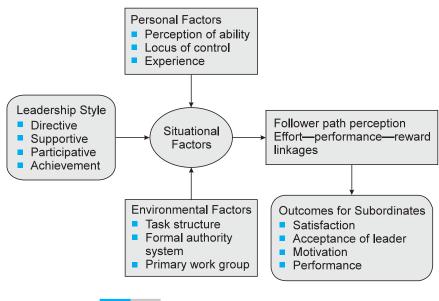

Fig. 6.4 Path-Goal Model of Leadership

supportive, not directive. Directive leadership may increase performance because there is added pressure to produce, but it may lead to decreased job satisfaction because of close supervision. On the other hand, when there is high uncertainty about the task or goal to be achieved, that is, the subordinates are uncertain about the way to do the job, and they are also not very clear about the goal itself, the effective leadership style would be directive. Similarly, in situations where the followers are experienced and able, yet the task is confusing and unstructured, the suitable leadership style would be participative. But, when the followers are highly trained professionals, and the task is a difficult, yet achievable one, what would be the most appropriate leadership style? Path-goal model would suggest an achievement-oriented style in such a situation to achieve leadership and performance effectiveness. Hence, the leader can exercise his or her choice in selecting the leader behaviour style that helps followers achieve their goals.

Let us look at a short caselet to appreciate the application of path-goals model in managerial work life.

Box 6.1

Path-Goal Theory in Practice

Mr. PS was hired as a production superintendent in the new Appliance Manufacturing Plant. This plant was designed with the most advanced equipment's available and according to some of the ideas of participative management and semi-autonomous work teams. The management of the company believed that the combination of new technology and more human-resource-oriented management would make the plant efficient and very competitive.

PS was hired because of his reputation for being a very good start-up supervisor in the industry. He had prior experience and a good track record. He was a trained machinist. He had developed skills in electronics by attending evening college and self-study. With his experience and knowledge, he had excellent production instincts.

There was never any doubt about PS's technical competence, but there were some reservations in the mind of PM, the plant manager, about whether or not PS could work with the more participative management style that the company intended for the plant. PM had a long talk with PS to discuss these concerns and to impress upon him that the plant was not going to be one of the "iron-fisted" plants that were common in the industry. PS told his boss, "I'll manage this team the right way. Don't worry." But still PM wasn't sure.

PM watched PS as the new plant started. PS worked very differently from the other production supervisors. He systematically rotated all the new employees around to all the jobs in his unit. Each one had to get the feel of every job. The other supervisors did not do this. Another thing that he did was to attend all training sessions on the equipment with his team. These training sessions were taught, usually, by the machine manufacturers, and they were very important in getting the workers' skill levels raised. After each training session, PS would meet with the team to discuss problems that had not been thoroughly solved.

PS's team also spent more time on maintenance. Whenever there was a breakdown, PS would shut the machine down and fix it right. Many of the other supervisors wouldn't do that. They would

(Contd.)

Contd.

figure out some way to keep the machine running during their shift and let the next shift worry about fixing the basic problem.

At the end of six months, PS's production was the lowest of the all the teams. It was hard for PM to understand why PS's team didn't complain about him. After all, PS was reputed to be a "tough supervisor". The team's quality was always high because PS never allowed the equipment to run "out of spec" like the other supervisors. He would fix it so he had few quality problems. Still, his group had the poorest production record. On an occasion when PM complained to PS about production, PS said, "We don't run as much as everyone else because we keep correcting the mistakes." PM even got a little angry and pushed PS to change his methods. PS told him, "I'll manage my group my way. If it's not what you want, I can leave."

About eight months after the plant opened, the productivity of PS's group began to increase. The team maintained its quality level, but output went up six months in a row. Within fifteen months from the plant opening, PS's team was always number one, and never below number two, in production and quality.

*(*Adapted from *Maier, et al (1995).*

(c) Situational Leadership Model: The situational leadership model developed by Hersey and Blanchard (1988) is based on the Ohio State studies and Blake and Mouton's Managerial Grid. The underlying structure of the model is based on two dimensions referred to by Hersey and Blanchard as "relationship behaviour" and "task behaviour". However, unlike the managerial grid or Ohio State studies, the situational leadership model does not prescribe one best leadership style. The model suggests that effectiveness of the leadership is contingent on the maturity level of the followers. Maturity consists of two components—job-related maturity and psychological maturity. Job-related maturity refers to the ability to perform a task. It is influenced by the follower's level of achievement motivation (capacity to set challenging goals, experience possessed). Psychological maturity refers to a follower's willingness to perform a job. It reflects an individual's self-confidence relative to some particular aspect of a job or area of responsibility. The follower maturity can range from low maturity (M1) to high maturity (M4). The four levels are expressed in terms of the follower's ability and willingness to perform a specific job:

> M1: Person is unable and unwilling to perform the job.
> M2: Person is unable but willing to perform the job.
> M3: Person is able but unwilling to perform the job.
> M4: Person is able and willing to perform the job.

The model suggests that the manager should check the maturity level of the work group being dealt with, and then apply the appropriate leadership style that fits the maturity level. According to the situational leadership model, immature followers (who are unable and unwilling to take responsibility for completing their task) would require a "*tell*" style leadership. This style is characterised by high concern with the task coupled with low concern with relationships. As followers mature to the second level, the leader should use "*sell*" style, in which there is high

concern with both the task and relationships. The followers, who are able but unwilling, need a "*participate*" style from the leader. The style is characterised by high concern with relationships and low concern with the task. Finally, mature followers—(who are both able and willing), require "*delegate*" style. The leader employing this style of leadership shows low concern with the both the task and relationships, because the followers have both ability and willingness to discharge responsibility.

Even though the situational leadership model is widely adopted, research support for the model remains scant. But, the model has intuitive appeal and is widely used for training and development in organisations.

(d) Normative Decision Model: Developed by Vroom and Yetton (1973), the model provides a contingency approach to determine the amount of participation (if any) a leader should use when making work-group decisions.

Unlike Fielder's and path-goal contingency theories, Vroom-Yetton's contingency model is explicitly normative, prescribing categorically when leaders should be directive and when they should be participative in the decision-making process. The model recognises the benefits of authoritative, democratic, and consultative styles of leader behaviour. This model, describes five forms of decision-making. Two forms are autocratic (AI and AII), two are consultative (CI and CII), and one is a group method (G). The five forms of decision-making are listed below.

- AI : The manager/leader solves the problem or makes the decision alone, using whatever information is available at the time.
- AII : The manager/leader obtains necessary information from subordinates and then makes the decision. The leader may or may not share with subordinates the purpose of seeking information from them.
- CI : The manager/leader shares the problem with relevant subordinates or peers on an individual (one-to-one) basis. After getting their ideas, the leader makes the decision, which may or may not reflect subordinates' views.
- CII : The manager/leader shares the problem with subordinates in a group meeting during which he or she obtains their ideas and suggestions. The leader then makes the decision personally, which may or may not reflect subordinates' inputs.
- G : The manager/leader explains the problem to the subordinates and peers as a group, and the group makes the final decision. The leader does not try to influence the group to arrive at any decision rather he or she facilitates the meeting, attempting to keep attention on the problem and moving the group toward a mutually acceptable solution.

Although these five decision behaviours closely parallel the autocratic-democratic continuum, the Vroom-Yetton model goes beyond that framework by suggesting a specific way of analysing problems by means of a series of contingency questions that the leader must answer. By answering with a "Yes" or "No" to these questions, the leader can arrive at the decision with regard to which of the five decisions behaviours is preferred—that is, how much participation should be used.

The questions guiding progress towards a solution using the Vroom-Yetton Normative Model are:

A. Does the problem possess a quality requirement?

B. Does the leader have sufficient information to make a high-quality decision?

C. Is the problem structured?

D. Is the acceptance of decision by subordinates important for effective implementation?

E. If the leader were to make a decision by himself/herself, is it reasonably certain his/her subordinates would accept it?

F. Do subordinates share the organisational goals to be obtained in solving this problem?

G. Is conflict likely among subordinates over preferred solutions?

The model is expected to help leaders optimise the requirements of ensuring quality of the decision, acceptance of the decision (for effective execution), and timeliness of the decision. To ensure that all three aspects of decision effectiveness are kept in mind, the decision maker can consider the nature of decision (e.g. whether structured or unstructured, whether acceptance by subordinates is important for effective implementation, etc.), and then can choose the right form of participation.

(e) LMX Theory: All the three categories of managerial models—dispositional, behavioural, and contingency approaches—are based on the implicit assumption that leadership is an exchange process between leaders and followers. The Leader-Member Exchange (LMX) theory, highlights the exchange of view of leadership (Dienesch and Liden 1986). The model stresses that leaders have different kinds of relationship with different subordinates. Each manager-subordinate relationship represents one vertical dyad. The model suggests that leaders establish special working relationships with a handful of subordinates called the in-group. Other subordinates remain in the out-group. Those in the in-group receive more of the manager's time and attention and also tend to be better performers.

There is widespread acceptance of the contingency approach to leadership, though there is also general agreement that no one theory contains all the possible contingencies. Several studies, however, support the following connections between specific situational factors and leadership styles.

■ When subordinates are working with an unstructured or stressful assignment/task, directive style is appropriate. On the other hand, when individuals are doing a familiar and routine job, further instructions in the form of directive style not only wastes time, but also communicates lack of trust in the abilities of subordinates.

■ Leaders should try to meet more of the employees' needs by restructuring jobs that are boring, repetitive, and tiresome. If restructuring is not possible, leaders should employ a supportive style that at least helps employees to meet their social needs on the job.

■ In an organisation where there is a high level of formalisation and standardisation, there is little need for a task-oriented leader.

■ Subordinates who do not want to take responsibility at work prefer autocratic rather than participative leaders.

■ Leaders tend to give preferential treatment to their in-group of highly motivated, skilled, and trustworthy subordinates. But this usually creates jealousy and resentment among out-group members, and reduces co-operation and communication between the two groups.

NEW ERA OF LEADERSHIP

By the 1980s, there was dissatisfaction with the earlier models of leadership, which were largely based on a two-dimensional approach (social role and task role or autocratic versus participative style). The earlier models had ignored certain core aspects of leadership role behaviour, for example, leader's formulation and articulation of a future vision or the formulation of goals for the followers, or the building of trust and credibility in the minds of followers, which is so crucial to develop in them a commitment to strive for the realisation of the vision. The earlier studies had also not paid adequate attention to the study of followers' behaviour and their perceptions and motivations in following their leaders. Although the study of leadership has always presumed the existence of followers, their roles were viewed as essentially passive.

Most of the early leadership studies in organisational contexts had focused on supervision of day-to-day routine maintenance rather than the true phenomenon of leadership as observed in society. As we had seen in the introductory section, the core element of supervision or management is the effective maintenance of status quo, whereas a core element of leadership is to effectively bring about improvements, change, and transformations in the existing system and in its members. But early researchers had not taken this distinction seriously.

The stiff competition in the market place in the late 70s and early 80s also played a vital role in making the organisations and researchers think about new models of leadership. The competitive challenge compelled many companies to re-examine the ways they had organised themselves. Years of success had yielded growth, but had also produced deeply layered bureaucracies. Slow and conservative decision making in the tall hierarchies of organisations was killing responsiveness to markets. As a consequence, companies were being managed more like a financial portfolio rather than a product portfolio. This hardening of corporate arteries prompted the press, business schools, and corporations to re-examine notions of leadership (Conger 1992).

As the lack of leadership became apparent in the traditional industries, its vital presence in other sectors grabbed media attention. While some industries were dying, others were growing dramatically. The new business environment saw a flowering of new products and services. In the midst of severe competition, some of the business executives were leading their companies to dramatic growth. Most of these new businesses had a far-sighted entrepreneur behind them. The vision, flair, and drive of these individuals drew the attention of leadership theorists.

As management practitioners and academics pondered and revised their views of leadership, a new class of theories emerged. We may refer to these as theories of *transformational* or *charismatic leadership*. Here, attention shifted to such new areas as vision, charisma, transformational and inspirational communications, and the management of change. The new theories represented a revolution in the concept of leadership.

According to Burns (1978), leadership is inseparable from followers' need and goals. The essence of the leader-follower relation is the interaction of persons with different levels of motivation and of power potential, including skill, in pursuit of a common or at least joint purpose. That interaction, however, takes two fundamental different forms: (i) Transactional Leadership, and (ii) Transformational Leadership. We examine these two notions below.

Transactional Leadership

A transaction occurs when one person takes the initiative in making contact with others for the purpose of an exchange of valued things. The exchange could be economic or political or psychological in nature: a swap of goods or of one good for money; a trading of votes between candidates and citizen or between legislators; hospitality to another person in exchange for willingness to listen to one's troubles. The exchange of goods is usually specific, tangible, and calculable. The relationship lasts only as long as the needs of both parties' followers are satisfied by the continuing exchange. Thus, this is not a relationship that binds individuals together in mutual and continuing pursuit of a higher purpose.

Using the above notion, transactional leader is described in his/her "relations with followers as follows: (i) recognises what it is that followers want to get from their work and tries to see that they get what they want if their performance warrants it; (ii) exchanges reward and promises of reward for an effort; and (iii) is responsive to followers' immediate self-interests if they can be met by their getting the work done" (Bass 1985). It is clear that the focus here is on a transaction between the leader and the follower. Thus a transactional leader is very much a manager, and cannot be considered a true leader. As we have noted earlier, "management is doing things right; leadership is doing the right thing."

Transformational Leadership

The concept of transformational leadership was developed mostly from research on political leaders. For the first time, Burns (1978), a political scientist, described transformational leadership as a process where, *"leaders and followers raise one another to higher level of morality and motivation."*

He stated that transformational leaders achieve this by recognising expressed and unexpressed wants among followers, bringing them into fuller consciousness of their needs, and converting consciousness of their needs into hopes and expectation, while having their own goals clearly and firmly in mind.

Transformational leaders appeal to high ideals. It may involve people influencing peers or superiors as well as subordinates. We can contrast transformational leadership with transactional leadership, in which followers are motivated by appealing to their self interest, and also from influence based on bureaucratic authority, which emphasises legitimate power and respect for rules and tradition. On the other hand, transformational leadership develops mutual support for common purposes.

Thus a transformational leader is one who motivates followers to do more than what they had originally expected to do. Transformational leaders broaden and change the interests of their followers, and generate awareness and acceptance of the purposes and mission of the group. They stir their followers to look beyond their self-interest for the good of the group (Bass 1990). The transformational leader articulates a realistic vision and its ideals and values of the future that can be

shared, stimulates subordinates intellectually, and pays attention to the differences among the subordinates. The resulting internalisation by the followers of the leader's ideals and values is the basis for the followers' enhanced commitment, efforts, and actions toward the realisation of the vision. Although transformational leaders also get engaged in transactional type behaviours, the characteristics of behaviours that were primarily responsible for the followers' internalisation of the vision have been identified as charismatic, that is, engendering faith in and trust of the leader; consideration of or sensitivity to followers' needs; a statement of the vision in a manner that causes followers to reassess their priorities and activities.

Charisma is considered a necessary (and extremely important) but not a sufficient condition for transformational leadership. Charisma is a process wherein a leader influences followers by arousing strong emotions and identification with the leader. Sometimes a charismatic leader is distinguished from the transformational leader though most of the time used interchangeably because of lack of clear-cut distinction made even to date.

GENERAL INDIAN CULTURE AND LEADERSHIP THEORIES

Several writers have sought to draw the implications of what they perceive to be Indian cultural parameters for functioning of Indian organisations. Some researchers note that lack of commitment or a wide gulf between what one promises and what one actually does seem to be one of the dominant Indian characteristics.

Some theorists relate this lack of commitment to the typical Indian cultural style, which promotes ideological tolerance yet maintains institutional rigidity (Nandy and Kakar 1976). In an organisational setting, this incongruence between verbal generosity and behavioural conservatism and rigidity creates difficulties in giving appropriate feedback. Indians tend to feel uncomfortable in giving negative evaluations or in accepting such evaluations.

This may be partly due to another and equally strong value that Indians hold, namely, to be affiliative, with a marked preference for personalised relationships. Once a person has been able to establish a personalised relationship, he would ask for and quite likely will receive all sorts of favours—time, money, favourable decisions, and so on. Rules, regulations, and even formal obligations and duties may be sidetracked in order to accommodate a friend or a relative.

Further, different researchers have stated that Indians are dependency-prone with low work and high leisure or *aaraam* ethic, authority oriented (but not necessarily authoritarian in the western sense), and status conscious (Sinha, 1980; Sinha and Sinha 1983; Kakar 1971). In their behaviour even in organisational settings, they are governed by social norms about responsibility, authority, equality, and interpersonal relations.

The authority ideology in Indian organisations is considered to be mostly parental, that is, marked by a directive boss and an obedient subordinate, with or without an emotional affiliation felt by the superior towards the subordinate (Kakar 1977). Researchers have argued that given the dependency proneness of Indians, a style of leadership that blends authoritarian direction with a paternal nurturance (which has been called NT or nurturant task leadership style) makes sense. Given the

affiliative nature of Indians, theorists have emphasised personalised relationships at work, and therefore, emphasis on loyalty to the boss and parental nurturance by the boss.

The Nurturant-Task Style

This style has obviously two main components: concern for task and nurturant orientation. The NT style requires that the task must be completed, and that the subordinates understand and accept the goals and the normative structure of the group or organisation and cultivate commitment to them (Sinha, 1980). The NT leader structures his own role and his subordinates' roles clearly so that communications are explicit, structured and task-relevant. He initiates, guides, and directs his subordinates to work hard and maintain a high level of productivity, both quantitatively and qualitatively. Responsibilities are pinpointed and areas of decision-making are synchronised with them. The leader, thus, works hard, provides a role model to the subordinates by creating a climate of purposiveness and goal orientation.

His task orientation, however, has the mix of nurturance. He cares for his subordinates, shows affection, takes a personal interest in their well-being and above all, is committed to their growth. He wants them to grow up and mature so that they can assume greater and greater responsibilities and spare the leader for other tasks like managing the strategic aspects of the group or organisation. In a study Singh (1987) collected data on executives belonging to 100 effective and 100 ineffective organisations. The classification of effective-ineffective was based on such criteria as bureaucratic structure, work values and culture, work practices, and relationship patterns. His results showed that in effective organisations 71.05 percent of executives showed an NT style of leadership

However, the extent of participation and autonomy depends on the level of readiness of the subordinates. As a subordinate is involved in the task group, he depends heavily on his leader for guidance and direction. As he acquires the skills and normative structure, develops identification with job, group and organisation, matures, and gets ready to contribute more to the group, he is encouraged to assume greater responsibility, to interact horizontally, and to participate more freely in the decision-making of the group.

Thus, the NT style is flexible and is, therefore, transitional in the sense that it gradually leads to fuller participation of only those subordinates who handle the task effectively and sincerely. Hence, the task system provides the focus for superior-subordinate relationship, that is, nurturance is a reinforcer, a reward for subordinates' quality and quantity of performance. Ansari (1986) in his study of 189 executives found the NT style was perceived distinctly different from other styles and had a positive impact on several indicators of commitment including satisfaction of subordinates.

Thus, NT theory follows a contingency approach in the sense that it is postulated to be effective for only those subordinates who prefer dependency and personalised relationships, are status conscious, and perform work as part of a positive relationship with the leader. Fiedler's Contingency Model (as discussed earlier) considered the task structure as well as the power of a leader and his relationship with the subordinates as contingent factors. A few Indian research studies have reported that task structure is much less crucial than the subordinates' characteristics in creating a favourable condition for the effectiveness of the NT style (Sinha, 1995). Indian culture is said to be collectivist wherein maintaining relationships is much more important than performing a task. Naturally,

relationships assume a much greater significance in considering the appropriateness of a style. In a more recent study Mehta and Kishnan (1999) found that nurturant, task-oriented, and participative styles of leadership showed a positive relationship with a sense of community.

The Pioneering-Innovative (PI) Management

Another style which is only partially dependent on situational factors for its effectiveness is the Pioneering-Innovative style of management proposed by Khandwalla (1984). Like Likert, Khandwalla preferred to use the expression 'management' rather than 'leadership', although his theory could easily be taken for a theory of leadership styles of top executives. His study is based on a questionnaire survey of the top-level executives of 75 varied organisations. In addition to other variables, the responses indicated a mode of functioning, which he labelled as 'PI management'. PI management is characterised by a *strong emphasis* on the following:

1. Adapting freely to changing circumstances without much concern for past management practices or traditions
2. Marketing new and novel products or services
3. Acquiring the latest, sophisticated plant, machinery or equipment
4. High return on investments even if they involve high risk
5. High quality and high price orientation in marketing company's established products or services
6. Innovation and experimentation in every area of management
7. Ability to come up with original solutions and novel ideas
8. Being a pioneer within the industry in marketing technologically sophisticated products and services

Managements that scored high on PI pursued a business strategy of pioneering novel, technologically sophisticated, high quality products and plants. They were willing to take the necessary risks. Since they were seeking to be pioneers, they could not afford not to adapt or innovate. Indeed, they tried to be aggressively adaptive and innovative, not merely technologically but also in various areas of management. PI management was found to be more effective in an environment which offered opportunities, than one that was highly controlled. PI management was found to improve overall performance in terms of the organisation's growth, public image, as well as adaptability to circumstances, achievement, and result orientation.

To sum up our discussions in this chapter, we began by making a distinction between management and leadership functions. While managerial practices and procedures are a response to the emergence of large complex organisations, it is the increasing environmental volatility and competition that has highlighted the importance of leadership in coping with change. Studies have shown that change of leadership and reflection and rethinking in the top management team are powerful triggers for organisational change, as their style and behaviour provides signals for the rest of the organisation. Leaders create a context in which the status quo is challenged, new information is brought in, and new opportunities are taken up.

LEADERSHIP STYLES AND EFFECTIVENESS

In India enough number of studies have been conducted on both the leadership styles and their implication for job satisfaction of the employees as well as organisational effectiveness. This section highlights some of the major studies and lessons that we learn from them.

As far as leadership styles are concerned, Panchanathan et al (1993) found that 150 middle level executives in public sector organisations predominantly used democratic, authoritative, and coaching styles and none of them showed any relationship with problem-solving ability. In a different sample consisting of principals and teachers, Srivastava (1995) found that in majority of the cases they adopted a high task-high relationship style.

Besides the differences in sector, studies also found differences in leadership styles sector remaining the same. For example, Srivastava (1996) found that in private organisations the executive used the telling style while supervisors predominantly showed a participative style of leadership. In addition, the age of the executive also contributed to the styles of leadership. Bhardwaj and Sia (1999) collected data on managers varying in age. Their results showed that managers in lower levels and below the age of 35 adopted a team coach style while elderly managers (45 and above) used a vision-any style of leadership. Finally, it seems that the style also varied with varying requirements of the job. When compliance was to be induced, authoritarian style was found to be most effective. However when information and expertise were required, managers used participative style of leadership (Singh-Sengupta, 1997).

Turning to the leadership styles and its effectiveness in terms of satisfaction of employees, research evidence shows a pattern. For example, Nayak (1999) collected data from 80 supervisors from Rourkela Steel Plant. His results showed that the relationship oriented supervisors induced very high level of job satisfaction amongst the subordinates. In another study Agarwal and Krishnan (2000) found that high tasks leaders gave greater importance to achievement amongst their employees. Yet in another anstudy, Pratap and Srivastava (1985) found that low task-high relationship style was positively and significantly related to effectiveness. Hence by and large research evidence suggests that people-oriented styles induces greater satisfaction amongst employees. There is, however, one study that gives opposite results but based on data collected from 100 entrepreneurs, 50 from successful and 50 from sick outfits (Velayudham and Kaliappan, 1997). The results showed that successful entrepreneurs were found to be more task oriented while entrepreneurs of sick outfits were more people oriented. Perhaps in small organisations the task oriented style is more functional because of the structure of jobs and systems.

EXAMPLES OF SUCCESSFUL LEADERSHIP

In the following pages examples of three successful leadership styles from three different cultures are presented.

Box 6.2

JACK WELCH: "Speed, Simplicity and Self-Confidence" and "People, Dollars and Ideas"

It is said that Jack Welch gave leadership a new meaning as he took an industrial giant and turned into an industrial colossus with a heart and a soul and a brain. It is no exaggeration to say that Welch was at least partly responsible for the amazing resurgence of the American economy over the last 15 years of the twentieth century. And few would dispute that he had been the role model for many other CEOs or that his thinking underpins many of the best and most esteemed of today's business practices. Growing a company that was valued by the market at $13 billion when he took it over in 1981 to a behemoth worth more than $400 billion when he retired in 2001 is what can be called wealth creation—big time.

Jack Welch grew up in a working-class town just North of Boston. He was an only child, raised strictly by a father who worked as a conductor for the Boston & Maine Railroad and remarkably devout and determined mother named Grace. The tough-love lessons of his mother—"the most influential person in my life," Welch calls her—were later reincarnated by her son in the values and beliefs he drilled into GE's culture.

Welch believed that in turbulent society speed is king. To get speed, he argued, you need self-confident people—people who won't waste your time with reams of papers or fancy academic gobbledygook. Self-confident people make it simple, and simplicity makes you fast. Therefore, Welch spent at least 60% of his time choosing, developing, and firing people. He personally interviewed every single promising candidate for the top 500 positions at GE. The company always had a terrific executive development program, often beating the elite business schools in quality, intensity, and relevance. Jack always spent a lot of time at the company's leadership development centre, standing in the auditorium with his sleeves rolled up, encouraging tough questions, barring no holds, loving the persuasive to-and-fro he thrived on.

Managing dollars, for Welch, was much less complicated than managing people. It was simply a matter of resource allocation. With the right people in the right spots, you allocate what they need and rely on them to spend it wisely. Welch would give the leaders of some of GE's biggest business several hundred million dollars for discretionary spending, no questions asked.

But in the end, Welch always came back to ideas. He encouraged the dissemination of ideas with a maniacal zeal, frequently describing GE as an "idea pyramid." These include 'workouts', 'boundarylessness', 'change acceleration process', and several other ideas, tools, and techniques that have become part of the management lexicon. And he was the first to admit that he liberally borrowed ideas from anyone, anywhere, anytime and makes them his own. When it came to technology, Welch initiated a reverse-mentoring programme in which many of GE's junior staff members were assigned to coach the 3,000 or so top managers on advanced technology.

What people found most striking about Welch was his passion, intensity, energy, and need to engage. It was his passion that animated and motivated hundreds of thousands of workers across one of the most complex portfolios of business and engaged them in constructive activity.

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Welch was a first-class noticer of every trend, every inflection point, every potential threat or opportunity that passed through his GE prism. And, perhaps most crucially, the man had an uncanny capacity to adapt to changing conditions long before the situation calcified and long before it was necessary to change. He saw things as they really were and had the guts to act on his occasionally "lunatic" impulses.

Box 6.3

KONOSUKE MATSUSHITA: "Not for Bread Alone—Taking Individuals and Organisations to Greater Heights"

Konosuke Matsushita was a fabulously successful entrepreneur and business leader who founded Japan's General Electric: the $65 billion a year Matsushita Electric Corporation. Matsushita grew the business from a startup to $42 billion in revenues. He created hundreds of thousands of jobs and a brand—Panasonic—that is known to millions of people around the globe. His clear commitment to strategic orientation and value innovation helped lay the foundation for his later success as the CEO of a mega-corporation.

Konosuke was a visionary who quit his job when he was 22 years old, after his boss disagreed with his idea of creating a new kind of light socket. His willingness to take risks guided him: He decided to manufacture the product himself in the Matsushita "factory" inside his two-room 130 square foot tenement house. In the beginning he and his wife Mumeno worked 18 hours a day, seven days a week to fill an order after he finally convinced a wholesaler to believe in the product.

Matsushita later became convinced that the battery-powered concept for bicycle lamps was promising if his company could manufacture a lamp that was simple in structure, durable, and economical, meaning that the battery would have to last more than ten hours. Although he could not convince electric stores to try his new product he hired three salesmen and sent them to every bicycle store in Osaka with a few free samples. Retailers were impressed when they saw for themselves that the demonstration lamps lasted 50 or more hours and showed the product to their customers. Within weeks, as word traveled about the quality of the new lamp, sales skyrocketed to over 2,000 units per month. His strategy was driven by a keen sensitivity to customer needs and he employed it again and again in later years at Matsushita Electric.

In 1929 during an economic depression Matsushita Electric was glutted with inventory but rather than layoff staff, he had a vision for cutting production and asking everyone to use non-production hours for selling products and reducing inventory. His plan was a success–with factory workers spending many hours each week selling inventory and production at only half the old rate–the excess stock disappeared quickly and employees soon resumed regular shifts. Other factors that were key to Matsushita Electric's dedicated and energised work force were hundreds of cultural, recreational, and sporting events sponsored by the company, high levels of communication

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including an in-house magazine started in 1927, and Konosuke Matsushita's credibility and role modelling.

Matsushita communicated his own set of business principles to employees for the first time in July, 1933. These included: (a) service to the public through high quality goods and services; (b) fairness and honesty in all business dealings; (c) teamwork for the common cause and good; (d) courtesy and humility to support the rights of others and enrich the social environment; and (e) untiring efforts for improvement. Konosuke communicated his principles relentlessly and asked that they be spoken each morning. The specific content of this mission helped invoke an inspired response because he tapped into widely held human values.

Matsushita Electric fell on hard times again after World War II due to the restrictions the Allies placed on the firm for its military role during the war. Matsushita's commitment to the customer and strategic vision again put the company in a period of rapid expansion by 1951. He created an organisation that adapted phenomenally well to rapid growth, increasing technological change, and globalisation. In the 1970s and 1980s, he took on additional careers as author, philanthropist, educator, social philosopher, and statesman. Because he kept learning and reinventing himself with the times, he remained vibrant and an active part of society until his death in 1989 at the age of 94.

Box 6.4

V KRISHNAMURTHY: "Transformational Leader with a Midas Touch"

V. Krishnamurthy, known as the 'great helmsman', has remained a managers' manager. In this caselet, we will see how his Midas touch worked wonders for three major corporations–Bharat Heavy Electricals Limited (BHEL), Maruti Udyog, and Steel Authority of India Limited (SAIL).

Transformation of BHEL: Krishnamurthy's first assignment as CEO was Bharat Heavy Electricals Limited (BHEL). He assumed the chairmanship of BHEL in 1972, at the age of 46—the youngest chairman, unprecedented in the public sector.

When Krishnamurthy took over BHEL, it was deep in the red. This public sector heavy electrical company was seen as a leviathan, never likely to come up. Production levels were well below the rated capacity and operations were usually in bad shape. Criticism of BHEL and Heavy Electricals (India) Limited was high and these companies were the favourite whipping boys of the press and customers. Within the organisation, the limited career growth and a poor company image had led to low morale among the highly trained manpower.

When Krishnamurthy analysed the reasons of the situation, he found that there was little coordination and communication between the various plants of BHEL, which were at various corners of the country. As a result, the credibility of the company had gone down. Therefore, the first

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action Krishnamurthy took to build credibility and a sense of corporate belongingness among the BHEL's 35,000 employees, was to visit each of the plants for two or three days every quarter for almost two years to disseminate awareness of common organisational goals.

The second strategic step taken by the top management was to set up a corporate R and D division. It also sought to provide a more coordinated customer service through the total systems engineering of power systems and erection and commissioning of projects on a turnkey basis.

Simultaneously, Krishnamurthy launched a drive to improve relations with key customers who could influence the government's decision. A new Field Division was set up to provide urgent repair and maintenance services to customers. Marketing and sales divisions were set up to enhance customer service and to provide single-point contacts for customers.

To ensure continuous and effective employee relations, an apex joint negotiating committee was instituted with representatives of employees, national level trade unions, and management. To enhance commitment to an integrated performance of company tasks, the budgeting task was elevated in importance and all round involvement was encouraged. To review and control the budgets, regular feedback of information was instituted. This led to what is usually known as management information systems.

A lot of importance was attached to communication and exchange of ideas within the company—both vertically and laterally—and employees were provided opportunities to meet their colleagues within and outside the organisation. In the process, they were able to share their experiences and to see for themselves the scale and scope of the company's total activities.

In 1974, Krishnamurthy and his team produced a corporate plan for BHEL, which was unparalleled in the Indian public sector in its ambition and scope. It projected that by 1980, the company's annual production of power equipment would rise to 5,000MW, and that its sales would rise from around Rs 3000 million in 1973 to Rs 10,000 million in 1980. The plan asserted that BHEL should graduate from being merely a manufacturing organisation to an engineering organisation of international repute.

By 1977, when he was appointed as the Secretary Industries, Government of India, BHEL was being referred to as a progressive and dynamic company worthy of emulation. In five years between 1972 and 1977, utilization of the company's facilities had improved vastly. Turnover more than quadrupled. Pre-tax profit more than doubled during the same period. BHEL started making net profits by 1972 and all the accumulated losses were wiped out. More important than quantitative changes was the improvement in the quality of its products and services. After meeting the entire domestic requirements of power equipment, BHEL was able to secure prestigious export orders at a time when international competition was very stiff. BHEL gained international status and had ranked among the top international organisations in the power equipment business in terms of its overall capacity.

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Building a new automobile company: Maruti Udyog came into formal existence in 1981 under the chairmanship of Krishnamurthy. The company was given the following mandate by the Government of India: 1) production of fuel-efficient vehicles; 2) large output of motor vehicles; 3) modernisation of the automobile industry; and 4) generation of employment through ancillaries. The mandate set the business mission for MUL. "Modernise the industry" became a catchword and sounded challenging.

To make Maruti a reality, Krishnamurty constituted a "core" group who could "think big", and did not feel restricted or conservative in approach and attitude. Since most of the executives recruited had no prior experience in the automobile industry, notions like hierarchy and official status somehow did not come to play a significant role in their activities. The atmosphere created was one of hectic activity in the start-up days. Work had to be done fast and everyone had to be tapped for good ideas.

It was decided that a young workforce would be more amenable to new concepts and style, therefore, as a policy the company inducted a large number of fresh graduates from the leading engineering, management, and technical institutes.

For those coming from well-established companies where decisions were executed in accordance to set procedures and systems, the "new-openness" of the nuclear group tempered by guidance from the senior members, appeared highly result-oriented. Krishnamurthy too spent a considerable amount of time to instil a sense of "belonging" and "ownership" of the company and also a sense of "meaning" in work activity, among the employees.

Even though the open-culture was not planned, it became a natural consequence of people coming together; being challenged by a grand vision; having several tasks that needed simultaneous attention and the organisation being new and having no readymade 'systems' in place.

The initial success experiences with the "open attitude" concept left an impact on people's thinking and became more or less ingrained or institutionalised into the corporate tradition while contributing towards building an "environment of enthusiasm". In addition, several specific features like leadership at the top; the concept of equality, that is the chief executive wearing the same uniform, eating in that same company cafeteria, and using the same facilities; open office, instead of traditional closed cabin and so on played an important role in building Maruti Udyog Limited.

A market study conducted by a well-known research agency confirmed Krishnamurthy's hypothesis that in the context of a fuel-scarce economy, a small car was the most suitable. The small car model was cheaper to build and sell than a larger car model. It was also observed that on most driving occasions, the number of people and the luggage taken did not necessitate the space offered by a larger vehicle. Hence, the search started for a company possessing advanced technology with which the company could collaborate to modernise the industry. After a lot of search, Susuki Motors Company of Japan was selected for a joint venture with equity participation.

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The other important aspect highlighted was quality orientation that is, a state where most employees could think in terms of continuous improvement of quality and continuous reduction in cost. Further, a suggestion scheme was also introduced as a separate section. Small groups were encouraged over individual efforts owing to the enhanced team spirit fostered by group activity.

As a result of the above effort, the first car rolled out in December 1983, which fulfiled an undertaking to the public given by the government. The phased construction of company's 100,000 cars per annum factory was completed in fiscal year 1986–87 at a total cost of Rs.2,330 millions against the budgeted Rs.2690 million and that too 18 months ahead of the schedule. Moreover, every year, right from the first year of production, the company exceeded its production, productivity, sales, and profitability.

Turnaround of a steel behemoth: In May 1985, when Krishnamurthy took charge as Chairman of SAIL, each of its plants was on its last legs after 15 continuous years of neglect. The organisation was grossly overmanned, motivation both among workers and management was absent, and a permissive work culture had totally destroyed the heady idealism of the early sixties when the plants had run at full capacity after being set up in record time. Therefore, to turn around SAIL was considered to be a Herculean task. The organisation was likened to a fallen elephant, and to move it required courage, persistence, patience, and strength—a truly daunting challenge.

Since the company was making losses, managers of SAIL and the officials of the ministry were in favour of hiking steel prices, arguing that a price increase was essential if SAIL was not to end up in red once again. Interestingly, the opposition to the proposal came from an unlikely quarter: the Chairman of SAIL himself. Krishnamurthy argued that the Indian steel prices were already too high and SAIL's inefficiencies should not be passed on to the steel consumers through higher prices. He argued that profit was possible at the existing steel prices if the company improved its efficiency and productivity.

Therefore, in the first phase, Krishnamurthy embarked on one of the greatest diagnostic and communication exercises in the history of SAIL. Over a period of five months, he wandered through the plants, met managers, union representatives, and around 25,000 employees either individually or in groups. During his meeting with people, he sought feedback about the problems facing the company and obtained the opinion about what could be done internally to improve its operations.

On the basis of the discussions and the feedback collected, a document was drafted which was called "Priorities for Action". Krishnamurthy called a series of two-day seminars of senior managers in batches of 80–85 persons at the corporate headquarters to discuss these priorities. He and members of the SAIL Board were present at the workshops which covered all 500 or so of the senior managers. The participants went back and conducted similar workshops in their plants. A large number of ideas and opinions were generated and goals, issues, and plans clarified.

Krishnamurthy also got 'Priorities for Action' mailed to all 250,000 employees of SAIL. These were discussed in groups at the plants. From this vast churning emerged the turnaround strategy for SAIL. A number of steps such as meetings with trade unions to tackle indiscipline, and with

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customers to understand their needs, stoppage of overtime, curtailment of fresh recruitment and so on, were taken in the direction of the turnaround of SAIL.

Participative management was beefed up. Shift meetings at plants were also encouraged. Improvements were made in the grievance and welfare systems. The suggestion scheme was modified. Incentive schemes were revised to increase their motivational value. Decentralisation was pushed hard. The number of levels below the general managers was reduced from eight to five. Budgetary, financial, and production controls were recast to support decentralisation and restructuring. Marketing and customer orientation was given utmost importance. Employees of SAIL were asked to visit their customers and sort out the problems to the fullest satisfaction of the customers.

Training and human resources development were stepped up. Emphasis was sifted to multi-skill, multi-employment training for workers. Better integration of training and development was sought and training effectiveness reassessed. Managerial training was given a boost. A human resource development perspective plan was prepared after discussions to bring about attitudinal changes, facilitate modernisation and expansion, increase efficiency, and give proper orientation to new employees.

SAIL, which was bleeding profusely and being termed as a drain on the public exchequer in 1983–84, a year before V.Krishnamurthy joined, showed a profit of Rs 1 billion in 1986–87, and became one of the most profitable Indian public sector organisations in 1989–90, as well as a global player in the international market in 1990 when Krishnamurthy left SAIL.

As the above case examples of leaders from three different contexts—India, USA, and Japan show, certain leadership roles are extremely critical for successful change:

■ Articulating the view of a realistic, credible, and attractive future for the organisation, making the dreams and visions apparent and meaningful to others through effective communication, and involving people in the furtherance of the shared vision;

■ Empowering the organisational members through appropriate changes in people management practices, so that employees feel significant and work becomes exciting;

■ Creating a trusting culture, building the credibility of the change programme, getting people to experiment, try out new behaviours, and make changes in actions rather than words, and finally, nurturing openness to acknowledge mistakes and learn form one another; and

■ Channelising attention and energy to change even after the initial phase of high excitement and visibility, institutionalising the vision-driven, participative culture, developing a common language so that there are shared values, beliefs, assumptions, and plans of action.

Review Questions

1. What do you understand by the concept of leadership?
2. What is the difference between management and leadership?
3. What are the differences in the results of the Ohio State and the Michigan State leadership studies?
4. What factors determine the situational style of leadership?
5. What lessons have you learned from the case studies of three leaders from USA, Japan, and India?
6. If you wish to find out your attributes of leaderships, fill out the questionnaire 'Attributes of Effective Leadership'.

Attributes of Effective Leadership

On the basis of different leadership studies, management theorists and practioners have developed several questionnaires for self-assessment. You can use such instruments for developing an agenda for self-development. We present an illustrative questionnaire below.

The questions below relate to the attributes of effective leaders. Please use the questions to assess whether you possess these attributes (answer in terms of "Yes" or "No"). Be true to yourself while responding to these questions.

Attributes/Behaviours of Effective Leaders
Caring
1. Do you empathise with other people's needs, concerns, and goals?
2. Would staff members confirm that you show such empathy?
Challenge facing and stress tolerance
3. Are you willing to take calculated risk?
4. Are you comfortable with a certain level of disruption and conflict?
5. Do you like to take on new and challenging tasks?
6. Do you know how to use humour to relieve tense or uncomfortable situations?
7. Do you get unnerved while making hard choices and decisions?
Persistence; tenacious
8. When pursuing a goal, do you maintain a positive, focused attitude, despite obstacles?
9. Do you get disheartened in a tight corner, and quickly try to find a way out of it?
10. In situations that are full of turmoil and confusion, do you stay calm and level-headed?
Excellent communicators
11. Do you listen attentively (rather than have a response ready before the other person finishes)?
12. Could you give a correct picture of your thoughts and feelings without hesitation?
13. Are you comfortable making presentations and speaking in public?
14. Do you have the skills needed to negotiate in a variety of settings?
15. Are you aware of how your patterns of behaviour impact others?
Political astute
16. Could you lay out for yourself your organisation's power structure?
17. Can you articulate the concerns of your organisation's most powerful groups?
18. Can you identify those individuals within your organisation who will support you when needed?
19. Do you know where to turn for the resources you need?
20. Can you quickly identify the "dos and don'ts" of the organisation?
21. Are you good at keeping your eyes and ears open to what is happening around?
Creativity and innovation
22. Are you comfortable in generating alternative ideas before taking a decision?
23. Do you often come up with original solutions to difficult problems?

24. Are you able to convert ideas into action?

25. Do you feel impatient with the traditional or conventional solutions to work related problems?

Visionary

26. Are you able to visualise big goals and getting people excited about achieving them?

27. Could you inspire and enthuse people for doing even difficult tasks?

28. Are you able to put across your point of view clearly and persuasively?

If you answered "Yes" to most of these questions, you possess the attribute of an effective leader.

If you answered "No" to some or many of these questions, you may like to consider how you can further develop these attributes of effective leadership.

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7

AUTHORITY, POWER, AND POLITICS

Mirza S Saiyadain

INTRODUCTION

Organisations are conceived to be rational entities. This means that employees have clearly defined responsibilities and accountability which are regulated by rules and regulations, norms of behaviour, and code of conduct. However, this is an idealized perspective. In reality organisations do not always follow strictly their own systems which give rise to power play and politics in the organisation. It is not a modern day realisation but has been accepted over several centuries ago by Chanakya in his *Arthshastra* and by Machiavelli in his *The Prince*. However, it seems that today's organisations tend to create a climate that promotes power-seeking and political maneuvering in almost every aspect of organised life. Power and politics, though are two different concepts but they are very closely related and in fact one complements the other. A recognition of the political realities and power play does provide an opportunity to understand the dynamics of organisational behaviour. This chapter examines the various factors of power and politics as they determine the health of an organisation. Before we go any further let us look at the formal control mechanism in the organisations and their difference vis-à-vis the informal systems of control.

AUTHORITY

If structures are means to achieve the goals of an organisation, an attempt has to be made to control deviation from the expected. However, these controls have to be "legal" and within the stipulation of the contract of employment. How organisations institutionalize controls, to a large extent is buried in the concept of authority. Authority as visualized by Weber (1947) is the ability of an individual to seek compliance to the "regulated instructions" of the superior. Hence authority may refer to the formal rights inherent in a managerial position to give orders and expect the orders to be obeyed. Fayol (1949) in his classic work *Principle of Organisation* provides 14 principles of organising. One of them is authority. According to him managers need to be able to give orders. Authority gives them this right. Along with authority, goes responsibility. Whenever authority is exercised, responsibility is given its due share. To be effective, a manager's authority must be equal to his responsibility.

Max Weber (1968) distinguished three types of authority. They are:

1. **Traditional Authority:** Rests on an established belief in the sanctity of immortal traditions and the legitimacy of those exercising authority under them.
2. **Rational Legal Authority:** Rests on a belief in the "legality" of pattern of normatic rules and the right of those elevated to authority under such rules to issue commands.
3. **Charismatic Authority:** Rests on devotion to the specific and exceptional sanctity, heroism or exemplary character.

According to Weber each of these authorities is associated with a distinct type of administrative structure. Thus traditional authority gives rise to feudalistic structure, rational legal authority forms the basis for permanent administrative structure, and charismatic authority gives rise to individuals possessing uncommon gifts of spirit and mind (i.e. Hitler, Gandhi, Mao, etc.)

These interpretations of the concept of authority as control mechanisms give rise to the following *characteristics* of authority:

(a) Authority resides in the position and is independent of the individual occupying the position.

(b) The nature of authority as indicated by Weber determines the nature of structures and administrative systems.

(c) The degree of authority-driven instructions vary in proportion to the positioning of authority. Authority increases with increasing levels in the organisation and hence the area and scope of authority expands with increasing levels.

(d) Chester Barnard (1938) suggests that "it is a fiction that authority comes down from above." He notes many situations where a leader claims authority but fails to get compliance. Authority depends ultimately on its validation from the responses of those subject to it.

(e) Authority is also called legitimate power. Legitimacy arises from the acceptance of those directly affected by it as appropriate to certain norms and beliefs. Authority here comes by authorisation. However, this characteristic of authority may sound somewhat contrary to Barnard's interpretation of authority.

(f) Authority also provides a formal appeal system to employees. In case of conflict or dispute between two employees under the same supervisor, the supervisor plays the role of mediator and authorises a judgement, acceptable to both parties in the conflict. This authority is an acceptable way of resolving conflict.

(g) By and large it is believed that there is a significant positive correlation between the authority (person's position in the hierarchy) and the degree of technical competence. However this may not always be true.

AUTHORITY AND POWER

A large number of people, academicians included, often use the concepts of authority and power interchangeably. However, they are very different concepts. While authority does have a significant

role to play in structuring the organisation, power is of least concern to the organisation. The specific differences between the two are discussed below:

1. Perhaps the major difference between authority and power has to do with the fact that authority comes by virtue of holding a position. In other words, authority resides in the position and is independent of the individual. Power on the other hand, is a characteristic of the individual and is independent of the position a person holds in the organisation. How many times social events in organisations are managed by people who are low in authority but have tremendous individual charisma to involve people, mobilise resources, and get the work done.

2. In a situation of authority, the superior-subordinate relationship is formal. It is supposed to follow all the norms of rationality where the superior provides authority, monitors the activities of the subordinate, and subordinate in turn is accountable for the work assigned to him. This is strictly a formal requirement. However, in power the relationship is informal and is based on an understanding between individuals irrespective of structural requirements.

3. Since authority comes by virtue of the fact that a person holds a position in the organisation, the scope of authority is limited in terms of time and space. Authority begins as soon as the office starts and ends with the closing time of the office. Before and beyond office hours, superior and subordinate are total strangers to each other or just citizens. On the other hand, because power is a characteristic of the individual, it travels with him irrespective of the constraints of time and space. Power is not limited by time and space. It can function during office hours as well as before and beyond office hours.

4. Since authority is structurally defined it has limited capacity to reward and punish. In fact, both reward and punishment are defined by the system, and authority can only implement them. The maximum punishment possible is firing an employee, and the maximum possible reward could be accelerated promotion or increments in salary or a prized posting. Power being individually defined does not put any limits on reward and punishment. It is an equation between two individuals where the maximum punishment could be getting the individual terminated or the maximum reward could be to sacrifice one's life for the other.

5. Finally, while authority is restrictive in terms of time and quantum of reward and punishment, it does provide a basis for parity and justice to employees. The effort of an individual or its absence is given equal treatment irrespective of the individual. On the other hand, justice in power game is individually defined and hence fails on the criteria of equality of treatment. In power relationships, everything else remaining the same, what may be just for one individual may be discriminatory to the other. Not only this, what may be just today may not be just tomorrow.

The above-mentioned distinction between power and authority may be theoretically valid, but in real-life situations such distinctions become very hazy. How many supervisors strictly follow the contents of authority in their day-to-day life, or for that matter how many supervisors do not use their authority to accommodate power. Not only this, they use compliance to power as a basis to reward or punish according to the norms of authority.

In fact, the distinction between power and authority is largely blurred to the subordinates who consider every order of their supervisor as an order of authority. In a study of 89 managers of a

nationalised bank, Sinha and Singh–Sengupta (1991) collected data on their responses to measure authority, power, satisfaction, and performance. Their results show that though the managers had no authority in recruitment, their authority to reward was associated with the power perception of their subordinates. In most cases the power perception emerged from their work orientation.

POWER

A number of people consider power as something that connotes maneuverability, manipulation, unethical behaviour, and the like. In fact, it is one expression that is used both with pride and disgust. The spirit of the dichotomy built into the meaning of power is forcefully captured by Kanter (1979). According to him "people who have it deny it, people who want it, try not to appear seeking it, and those who are good at getting it are secretive about how they got it. "

Way back in 1947 (actually in 1924), Max Weber defined power as the "probability that one actor within a social relationship will be in a position to carry out his own will despite resistance." The persons who has researched and studied power more intensely defines it "as the potential ability to influence behaviour, to change the course of events, to overcome resistance and to get people do things that they would not otherwise do" (Pfeffer, 1992). By and large, power could be seen as the capability of one individual to get another individual or individuals to do something that he/they would not otherwise do.

Such an explanation of power entails the following:

1. As suggested by the definitions given above, power is a social relationship. It characterises interactions between and among people. Hence a minimum of two individuals are required— one who exercises power and the other who complies with it.

2. Power seeks forced compliance of behaviour. As long as people do what the powerful want them to do they seem to have power.

3. Compliance to the powerful is only in terms of overt, visible behaviour. People may act according to the wishes of the powerful but they may not enjoy or feel happy about whatever they are asked to do. It deals with behaviour and not necessarily with attitude. The person may hate the powerful and yet may end up doing what he/she has been asked to do.

4. Power could also be visualized as a potential that need not necessarily be implemented in order to be effective. Some people may have the power but not use it to get their wishes fulfiled.

5. Power to a large extent is a function of the dependency that some may have on others. If one is not dependent on the other for the satisfaction of his/her wishes the other person may not have any power over him/her.

6. Power is also a function of the substitutability. The fact of dependency emerges because of non-substitutability of other resources. If other alternatives are available then the intensity of power gets diluted.

7. By the same token the importance attached to the powerful may also become the source of power over others.

8. Sometimes power comes because of celebrity status. Such is the case in the promoting of products and services by film actors/actresses and other important people of our society.

9. From some of the above reasons we can infer that power itself may be relative. One may be able to influence the behaviour of some but not all, and at the same time the influence may work sometimes on an individual but not at other times.

Kinds of Power

In the literature on power two models of the classification of power are generally discussed. One of them was proposed by Etzioni (1964) who identified three types of power, and claimed that organisations can be classified according to which of the three types of power is prevalent in the organisation. According to him the three types of power are *coercive power* (use of force to make others comply to one's wishes), *utilitarian power* (use of performance reward to seek compliance), and *normative power* (use of belief that organisations must govern the behaviour of its members).

While Etzioni's model is useful for explaining the culture of an organisation, by and large the classification suggested by French and Raven (1959) is mostly accepted. This model is based on the interpersonal sources of power. They have suggested a five-fold classification based on the various sources of power. According to them these are reward power, coercive power, legitimate power, referent power, and expert power.

Reward Power

The source of power depends on person's capability and willingness to reward others. Thus person A has power over B because A controls the rewards that B wants. Rewards can take many forms. It can be a monetary benefit, a favourable posting, promotion, more responsibility, and so on. In fact, sometimes the reward can be a simple acknowledgement of the fact that B has done a good job. Rewards of one type or other are, in fact, sought by all members. Rewards, particularly in the form of money can have many meanings to the members in terms of their need satisfaction. In some cases money signifies achievement and for supervisors money rewards are comparatively easy to manipulate. Rewards have a symbolic value and are tangible.

An exclusive use of reward power may have some limitations. Rewards are usually in short supply in many organisations. Supervisors, in most cases can only recommend rewards but have no direct control on them. The effect of rewards are short term and therefore need to be renewed frequently.

Coercive Power

The opposite of reward power is coercive power. It is primarily based on fear, and one reacts to it in order to avoid any possibility of failure because failure brings punishment. Hence A has power over B because A can punish B for lack of compliance. Coercion can take many forms. It can be by inflicting pain, frustration, irritation, unhappiness, by lack of promotion and economic incentive, by a poor working environment, or by a posting in an undesirable place. Interestingly absence and/or denial of reward can be used as an effective method of using coercion. While some degree of fear is

necessary to get work done too much fear may become dysfunctional from the point of view of performance. In such situations the members' attempts would be directed to those aspects of behaviour that would help them to avoid punishment, and in the process they may lose sight of the actual task before them. In comparison to reward power coercive power seems to play a more significant role in the management of systems. It is this power that makes people come on time or look busy when bosses approach.

While coercive power may have some immediate effect on productivity, it has several undesirable side effects. Too much of coercive power may lead to frustration which may induce poor performance. Like reward power, coercion power also has a short-term effect on performance. In the Indian context, a coercive action like terminating the services of an employee entails a cumbersome procedure guided by union contracts, labour legislation and constitutional guarantees.

Legitimate Power

Legitimate power is closer to the concept of authority which has been discussed earlier. Legitimate power comes by virtue of the fact that the person holds a position and that this position gives the individual structurally legitimate power to reward and punish for seeking compliance. Hence A has power over B because A holds a higher position in the organisation. Employees may obey the directives of their managers just because these manages are invested with the symbols of the authority. This involves an acceptance of the positional power system when one enters the organisation. Most employees feel obligated to obey their supervisors for carrying out assigned tasks. It is the legitimacy to which people feel obliged to respond. Hence, by and large this kind of power is independent of personal or social relationships within an organisation. However, in the larger context of culture and social structure it does depend on such factors as age, social position, family, and the like.

Exclusive or undue use of legitimate power may lead to certain problems. It may be inconsistent with the values of participation, empowerment, discretions, and flexibility. More recently Indian organisations have been emphasising on improving the quality of life, which in essence requires a shared power approach. Authority can ensure only the minimum amount of compliance to systems and procedures while simultaneously leading to resistance. Legitimate power does not entail more than the expected behaviour.

Referent Power

This source of power comes because people identify with the individual who has traits or resources that are valued and admired by them. It is based on the desire to be like someone because you admire his/her charisma. Admired, respected, and "significant others" status give them the power to influence the others. Hence A has power over B because A has become a role model for B. Thus this source of power involves the idea of attraction towards and identification with the role model. Followers emulate the role model's values, goals, and behaviour. It employs devotion, interest, and willingness to show unquestionable obedience. It is this kind of power that is extensively used in advertising where products are endorsed by celebrity movie stars or well-known personalities. These people have star value and one succumbs to their appeal in order to identify oneself with them. However, it should be remembered that in most cases the referent power does not last too long. The advertisements by Pepsi, Coca Cola, and Lux are good examples of this. How many film stars in short period of time have endorsed their products?

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Some of the issues concerning the referent power may have to do with issues relating to dehumanisation of the members. The person holding referent power may misuse it for selfish gain and mindless submission.

Expert Power

This source of power comes from the fact that one is more knowledgeable than the other. It justifies the claim "knowledge is power". Hence A has power over B because A is more knowledgeable, and has certain skills and competencies not available to B. Knowledge brings credibility and the components of credibility are trustworthiness and expertise. However, it should be kept in mind that knowledge is not used in a broad sense. It is knowledge in a specific area (which one is interested in) that gives the power to be knowledgeable. Expert power is closely related to attitudinal conformity and is more directly concerned with task performance.

Based on a review of literature on the various sources of power and their impact on performance and satisfaction, Shetty (1978) concluded the following:

(a) The correlations between reward power and performance were predominantly positive but it had an inconsistent correlation with satisfaction.

(b) Coercive power was negatively correlated with performance and satisfaction.

(c) Legitimate power showed no clear relationship, positive or negative, with performance and satisfaction.

(d) In most cases, referent power was positively associated with performance and satisfaction.

(e) Expert power was strongly and consistently correlated with performance and satisfaction.

While the five sources of power are different there are certain facets that seem to characterise most of them. These are presented below.

(a) Most of the sources of power are based on the *perception* of members. People may or may not have reward, coercive, expert, or referent power, or they may have such powers but may not be interested in using them. However, as long as they are perceived by the members as possessing of these powers, they can influence the members.

(b) Influence to a large extent is based on the *value* attached to the source of influence. If a person does not value a particular source of power, no matter how strong that may be, it would have no influence on the person. For example, if a person does not value personal freedom no matter how many times he/she is kept in jail the corrective value of the imprisonment would be lost on him/her.

(c) Most of the sources of power are based on the concept of r*einforcement*—both negative and positive. If a particular behaviour is not punished or rewarded repeatedly, the value of reward and punishment would lose its significance over time.

(d) Individual needs seem to play a significant role in making the sources of power effective. By and large human behaviour is influenced by the *principle of hedonism*. It suggests that people's behaviour is directed to seek pleasure and avoid pain. If the sources of power, for as long as and up to some extent, do not extensively disturb the principle of hedonism they would continue to be effective. Some managers are aware of how much power they have and where should they use it. In a study of 80 managers working in the banking sector Singh–Sengupta (1995) tried to study the use of power strategy in different situations. The results

showed that managers used soft power when their staff were affiliated to a union and a combination of soft and hard power on those who were not affiliated to any union.

(e) Implied in all sources of power is the concept of *timeliness*. As a person changes jobs or is transferred to another location his existing sources of power would lose their significance. Similarly, role models vanish and so do their influence. In other words, there is no sense of permanency in these sources of power.

(f) There is a clause of *obligation* attached to different sources of power. The obligation is in terms of how they may be used, or misused, resulting in their effectiveness. Excessive and/or frequent reward or coercion may loose its significance. If individuals talk about an area in which they have no expertise, then they may lose their expert power.

(g) All these five types of power are found in organisations, and they are not completely independent of each other. Possession of one type of power can affect the extent and effectiveness of the other types. The judicious use of reward and coercive power can increase the effectiveness of legitimate power. Inappropriate use, however, will lead to a decrease of legitimate power. Perceived attractiveness and acceptance tend to legitimize position power. Also, subordinates are willing to accept authority when it is wielded by knowledgeable managers.

Most of the discussion on power so far, may have given the impression that power flows in a one-way direction (supposes an agent tries to influence a target). However, there are many situations which require the target to influence the source of power. Some of these tactics which are commonly used to derive power to influence others are presented in the section on political strategies.

Power and Leadership

Power and leadership are two concepts that are closely linked. Leaders focus on the downward influence on their subordinates. How can leadership style influence the use of power and what kind of style is suited for what kind of situation? A study by Singh (1990) collected data on 64 managers from two public and two private organisations. They filled out a questionnaire on various styles of leadership. The results showed that different styles of leadership correspond with different power strategies. Dependency by subordinates was often used to influence the authoritarian leaders, while dependency as well as personalized relationship was shown for supervisors perceived to be nurturant and task-oriented leaders.

Yet in another study, Hassan (1987) collected data on 200 executives from two large size steel plants. The purpose was to see if there is a relationship between power orientation and leadership styles. His results show that domineering power had no relation with close-minded leadership style but positive and significant relationship with task, power oriented, and bureaucratic leadership styles. Leaders who believed in self-control and sacrifice were neither coercive nor authoritarian.

Effective use of Power

The use of any or all of the five sources of power to a large extent depends on the attributes of a power holder as well as the followers. When power is applied employees respond in several ways.

High identification with the supervisor may lead to higher commitment. Yet in most cases, exercise of power may lead to undesirable consequences. Hence the managers have to make choices when to use or avoid the use of which kind of power in order to get compliance from followers.

Choice to a large extent depends or work environment. Singh–Sengupta (1996) for example, found that when managers experienced a supportive work environment and received positive feed-back they felt powerful. However when the environment was insecure powerlessness was experienced which resulted in soft power strategies. In a subsequent study the same author collected data from 190 respondents. The results revealed that given a supportive environment, managers use their competence and potential and are likely to realise a sense of self-actualisation. The referent and expertise bases of power canalize the power exerted in a constructive fashion (Singh–Sengupta 1999).

Managers have also to make choices depending upon the personal and organisational characteristics. Ansari and Kapoor (1988) collected data on 260 male executives. Their results show that while organisational factors played no role, those executives who perceived themselves as possessing bases of power such as coercive, informational, reward, legitimate, or connectional more often used negative means of influencing such as threats and negative sanctions. Similarly in another study, Singh (2000) found that those managers who consider themselves as moderately powerful used available authority sparingly. Those who perceived themselves powerful were more effective and satisfied. Enforcing discipline and persuasiveness emerged as important influencing strategy.

Finally, in a more direct attempt, Singh–Sengupta (2001) collected data on 190 respondents from the banking sector. The results show the following:

(i) Referent, expert, and reward bases of power lead to high level of psychological well-being.

(ii) Referent and expert sources of power results into facilitative use of power.

(iii) Members who use their power in a facilitating fashion make groups more cohesive.

(iv) Coercive power leads to no level of psychological well-being.

(v) Coercive base of power leads to disruptive use of power.

There seems to be some contradictions in Indian research in terms of the effective use of power. Singh et al (1994) found that coercive power was most effective amongst 198 managers of public sector process organisations. Agarwal and Agarwal (1995), on the other hand showed that coercive power style was least preferred by 150 middle-level managers in the manufacturing sector.

POLITICS

If organisations follow their systems and procedures, rules and regulations both in spirit and deed there would be no room for politics in organisations. But the fact is that strict adherence to rules and procedures is rather impossible and therefore power play takes place. The uneven use of power leads to politics in organisation. Hence power and politics are very closely related topics. Political behaviour takes place to acquire and use power and to obtain preferred outcomes. One of very first definitions of politics was offered by Lasswell in 1936. he describes politics as "who gets what,

when and how". This simple description of politics implies the maneuverability that takes place in the allocation of resources valued by people. According to Pfeffer (1992) politics is the study of power in action. However one of the most quoted definition of politics is provided by Farrell and Peterson (1982). According to them, political behaviour in organisations "are those activities that are not required as part of one's formal role in the organisations but that influence or attempt to influence, the distribution of advantages and disadvantages within the organisation".

Political behaviour may take many forms. It may include by passing a chain of commands, with holding information, spreading rumours, leaking confidential information, lobbying, using pressure tactics, "fixing" people, sabotaging, protest, or even calling sick when important decisions have to be made.

Following are some of the *characteristics* of political behaviour.

1. Political behaviour is outside one's job requirements
2. It is an attempt to influence the decision-making process in the organisation.
3. It involves resolution of differing preferences in conflict situations.
4. Political behaviour may entail give-and-take strategy.
5. Political activity is initiated for the purpose of overcoming opposition or resistance.
6. Political activities take place in situations of uncertainty and complexity.
7. Labelling a behaviour political implies a judgment that one individual or group may get something at the cost of another individual or group. It is seen as a win-lose situation.
8. Political activity may not always result in negative consequences. Sometimes it can be the basis to review outdated systems, procedures, rules, and existing forms of behaviour.
9. Morality and ethics do not always play a role in political behaviour.

Reasons for Political Behaviour

A number of factors may trigger political maneuvering in the organisation. Many of the policies of organisations are not clearly defined or cannot be defined in detail. Hence some room is left for interpretation leading to judgements, which may not be acceptable to some individuals. While politics can take place in both mundane as well as more complex situations, some factors have been identified that may be the major cause of politics in organisation. These are classified into three broad categories (personality, organisational and environmental) and are presented below.

Personality Factors

Some organisations are more political than others. Part of this difference can be explained in terms of the profile of the employees in the organisation. If the workforce consists of more people who have a high need for power, possess an internal locus of control, and have Machiavellian personality, chances are that they would engage in political behaviour more often. Such people are predisposed to engage in political maneuvering to further their self-interest in the organisation. Political behaviour gets further reinforced if alternative opportunities are not available elsewhere and the employee somehow or other must survive in the present position. Politics seems the only way to sustain oneselves.

Organisational Factors

In addition to the role that personality factors play in fostering politicking in the organisations, a large number of organisational factors contribute to political behaviour. However unlike other organisational dynamics, politics is not a simple process. It represents an amalgam of a large number of variables that act and interact to create political behaviour in the organisation. Hence politicking varies from organisation to organisation and in the same organisation from time to time depending on the changing circumstances. According to Gray and Ariss(1985) organisational politics consists of intentional acts of influence undertaken by individuals or groups to enhance and protect their self-interest when conflicting courses of action are possible. Many organisational factors contribute to this. The important ones are described below.

(a) *Organisational Culture:* To a large extent political behaviour reflects the culture of the organisation. A culture of trust, openness, transparency, and collective decision-making provides little opportunity for politics. On the other hand secrecy, finger-pointing, and mistrust lead to political behaviour. For example in a study on 260 managerial and non-managerial staff, Singh (1989) found that as a result of nationalisation power differences were found to have reduced. It seems that the nationalisation of banks brought about a significant change in their culture. It encouraged the surrounding forces to intrude on the functioning of the banking system thereby disturbing the power balance.

(b) *Organisational Goals:* Goals identify the paths chosen to achieve them, resources utilisation to maximise gain, and coordinated attempts to reduce confusion. However, if goals are not clearly defined they leave large space for political behaviour. Members may interpret goals according to their own advantage and may try to achieve personal goals in the guise of pursuing organisational goals.

(c) *Organisational Structure:* Structures are developed to delineate responsibility, authority, and accountability. In the absence of clearly-defined responsibility, authority, and line of command (which is often difficult at higher levels of organisations) people tend to redefine their roles and responsibilities resulting in cross-jurisdictional conflicts and political maneuvering.

(d) *Limited Resources:* In situations of limited resources and decisions to allocate them, politicking becomes the means to maximise one's share of resources. This is particularly true if resources are of a critical nature and organisations attempt to cut back on resources. Threatened by loss of resources, members may engage in political action to safeguard what they have and to get additional allocation. To a large extent, effectiveness of one's own self or department is often justified on the basis of the availability of resources.

(e) *Personnel Policies:* One of the functions of clearly defined personnel policies of promotion, transfer, training, and so on, is to create transparency and to give a feeling of parity and equality of treatment. However, such policies cannot be completely laid down, leaving scope for judgement. In the absence of clarity even the most justified promotions may lead to political behaviour on the part of those not promoted.

(f) *Decision-making:* When the conditions surrounding the decision problem and decision process are ambiguous, there are attempts to not only tilt decisions in one's favour but often make sub-optimal decisions that favour personal gain. This may not be a major problem in

resources to become powerful. Although these individuals or groups may have totally opposite objectives and agenda, what brings them together is a common cause. Perhaps in the larger context, trade unions, tie ups, alliances, and joint ventures can also become examples of coalitions. However, such coalitions require mutuality in the acceptance of goal, mutual interdependence, and acceptance that others have the competence and willingness to contribute. Very often these alliances are short-lived. As soon as the objectives of the alliance members are fulfiled, they break up.

Bargaining

It involves the use of negotiation to exchange benefits. However, bargaining is possible if there is interdependence, where one depends on the other for the satisfaction of one's interest which cannot be fulfiled by his/her own self. It is a common practice in organisations where trade-offs take place if deadlines have to be achieved or resources have to be generated, or even extra work has to be done. One agrees to do all this provided one gets some benefits in return. In a study of 74 students of management, Kumar (1990) found that respondents reported significantly more frequent use of bargaining to influence their leaders.

Outside Consultants

Though not a very common strategy for politicking because of the cost involved, it sometimes does become a basis for political maneuvering. Outside consultants are not a part of the organisation and their relationship with the organisation is time- and assignment-bound. They are supposed to take a distant and objective look at the problem in hand and suggest action plans to be implemented generally by the employees of the organisation. However the political part shows itself in two forms—choice of the consultant, and influencing them for a particular action plan. In fact, to large extent, persuasion becomes easy because of choice. A decision is already made by the management and to sell this decision to a larger audience consultants are hired who are persuaded to endorse the decision already taken. On the face of it the whole process may look objective and independent.

Tan and Saiyadain (1997) used a questionnaire developed by Ferris and Kecmer (1992) to measure the perception of organisational politics. If you wish to find out how political your organisation, is show your agreement/disagreement with the following statements using the following scheme of responses on the blank spaces given on the left hand side.

6	=	Strongly agree	3	=		Disagree a little
5 >	= <	Agree	2 >	=	<	Disagree
4	=	Agree a little	1	=		Strongly disagree

Questionnaire
_____ 1. Favouritism rather than merit determines who gets ahead around here.
_____ 2. There is no place for yes men around here, good ideas are desired even when it means disagreeing with superiors.
_____ 3. Employees are encouraged to speak frankly when they are critical of well-established ideas.
_____ 4. There are "cliques" or "in-groups" which hinder effectiveness around here.
_____ 5. You can usually get what you want around here if you know the right person to ask.
_____ 6. People here usually don't speak up for fear of retaliation by others.
_____ 7. It seems that the individuals who are able to come through in times of crisis or uncertainty are the ones who get ahead.

routine decisions. But when decisions are taken on which there is lack of agreement or if they have long-ranging implications there is a greater possibility of political maneouvering.

Environmental Factors

Organisations exist to persist. An organisation exists in a specific environment which is always a part of the macro environment. Changes in the micro environment bring changes in the specific environment which in turn influence organisations. Since organisations depend for their supply of input, and acceptance and utilisation of their output, environmental uncertainty becomes a major source of political behaviour. Turbulent, unpredictable, or even hostile environment can be a major source of politicking in an organisation. Changes in the political, economic, and social scenario bring about changes in policies affecting the organisation. Policy change in terms of trade practices, pricing, foreign exchange transactions, or even procedures for export-import do lead to politicking, lobbying, and influencing the decision-makers.

Political Strategies

What are some of the strategies that are often used in political behaviour? The list may be as long as the number of people in the organisation but, by and large the following five strategies seem to be more prominent.

Impression Management

One of the recent additions to the literature on organisational behaviour—Impression Management is, perhaps, the most significant strategy. Introduced by Schlenker (1980), it is a process by which individuals attempt to control the impressions other form of them. Most of the time in organisations this is achieved by two tactics—*promotion enhancement strategy* (everything good and positive that happens in the organisation is because of me) and— *demolition prevention strategy* (I have nothing to do with anything bad that happens in the organisation). In most cases demolition prevention is more common than promotion enhancement because of its obviousness. Employees resort to buck passing, playing dumb, stalling, dependence on rules and regulation, playing safe, scapegoating, and finger-pointing as some of the mechanisms for demolition prevention. Research in this area shows that impression management does play a significant role in decision-making. One study by Gilmore and Ferris (1996) showed that interviewers felt that those candidates who used impression management in interviews performed better than others, though they were poorly qualified.

Extra Role Relationship

This source of politics in organisations is derived by establishing informal linkages through such tactics as flattery, creating good will, and being overly friendly. It may include visiting their houses, giving gifts, and doing unspecified favours. The objective is to seek favours in formal relations or avoid punishments when one deserves it. Another form could be to establish linkages with superior bosses and use that relationship to influence the decision-making of immediate bosses.

Coalitions

This is based on the principle that strength lies in numbers. To create a power base, efforts are made to form a coalition of two or more individuals or groups who, by joining together, combine their

_____	8.	When my supervisor communicates with me, it is to enable himself/herself to look better, not to help me.
_____	9.	Rewards come only to those who work hard in this organisation.
_____	10.	People who are willing to voice their opinion seem to do "better" here than those who don't.
_____	11.	Promotions in this department generally go to top performers.
_____	12.	My co-workers help themselves, not others.
_____	13.	I have seen people deliberately distort requests by others for purposes of personal gain either by withholding them or by selectively reporting them.
_____	14.	Managers in this organisation often use the selection system to get only those people who can help them in the future or see things the way they do.
_____	15.	People in the organisation often use the selection system to get only those people who can help them in the future or can see things the way they do.
_____	16.	Overall the rules and policies around here concerning promotion and pay are specific and well defined.
_____	17.	The rules and policies concerning promotion and pay are fair, it is how supervisors carry out/act on policies that is unfair and self-serving.
_____	18.	Connections with other departments are very helpful when the time comes to call in a favour.
_____	19.	Whereas a lot of what my supervisor does around here (e.g. communicates and gives feedback, etc.) appears to be directed at helping employees, it is actually intended to protect himself/herself.
_____	20.	The performance appraisal ratings people receive from their supervisors reflect more of the supervisors' "own agenda" (e.g. likes and dislikes, giving high or low ratings to make themselves look good, etc.) than actual performance of the employees.
_____	21.	If co-workers offer to lend some assistance, it is because they expect to get something out of it (e.g., makes them look good, you owe them a favour now, etc.) not because they really care.
_____	22.	Pay and promotion policies are generally communicated in this company.

Scoring System

After you have completed the questionnaire reverse the scores (i.e. 6 becomes 1; 5 becomes 2, etc.) for the following items:

2, 3, 7, 9, 10, 11, 16, 22

Add up your score: Generally the higher the score the greater are the chances that you perceive your organisation as more political.

Machiavellianism

Around the sixteenth century an Italian philosopher Niccolo Machiavelli published a book called *The Prince.* The book deals with strategies to manipulate people to retain power. As a personality

trait, Machiavellianism refers to the use of deceit in relationship, and manipulating others (Christie and Geis, 1970). As such, it becomes one of the significant traits in predicting political behaviour in many organisational situations. Studies on Machiavellianism have identified the following characteristics of people who have scored high on the Machiavellianism (high Mac) questionnaire (see review questions).

1. High Mac people are not concerned with morality. They do not see their manipulative behaviour as unethical.
2. High Mac people cannot establish personal relationship with others. In fact they avoid having any relationship because if they get involved with others, they cannot manipulate them.
3. High Mac people do not necessarily manipulate others to achieve some goals. For them the fact of manipulating others itself is the end.
4. One may get the impression that high Mac individuals may be pathological or clinical cases. The fact is that by and large they have been found to be as normal as others.

Based on a series of studies the following profile of high Mac people seems to emerge.

1. Males generally score high compared to females.
2. Both high and low Mac are equally intelligent.
3. High Mac people get into professions that control and manipulate people (e.g. politician, lawyers, teachers, etc.)
4. High Mac come from industrialised/urbanized settings.
5. Mac scores show no relationship with occupational status, education, marital status, and socio-economic position.

Review Questions

1. What is the significance of power and politics in an organisation?
2. What are the major differences between authority and power?
3. Describe some of the characteristics of power.
4. What factors characterise the different kinds of power?
5. Discuss some of the components of organisational factors that lead to political behaviour.
6. What are the characteristics of high Mac people?
7. A questionnaire measuring your manipulative predisposition is enclosed. Answer the questions to see where you stand on Machiavellianism.

Machiavellianism Questionnaire

Below are 20 sets of statements. In each set, there are three statements lettered A, B and C. For each set, you are to mark the statement that is *most* descriptive of you with PLUS (+), and to mark the statement that is *least* descriptive of you with a MINUS (–). Leave the third statement blank. At the end of the test, therefore, you will have 20 statements (one in each set) marked (+), 20 marked (–) and 20 left blank. Even if the choices are difficult, select a *most* and *least* descriptive statement from each set.

1.	_____ A	It takes more imagination to be a successful criminal than a successful businessman.
	_____ B	The phrase, "the road to hell is paved with good intensions" contains a lot of truth.
	_____ C	Most men forget more easily the death of their father than the loss of their property.
2.	_____ A	Men are more concerned with the car they drive than with the clothes their wives wear.
	_____ B	It is very important that imagination and creativity in children be cultivated.
	_____ C	People suffering from incurable diseases should have the choice of being put to death painlessly.
3.	_____ A	Never tell anyone the real reason why you did something unless it is useful to do so.
	_____ B	The well-being of the individual is the goal that should be worked for before anything else.
	_____ C	Since most people don't know what they want, it is only reasonable for ambitious people to talk them into doing things.
4.	_____ A	People are getting so lazy and self-indulgent that it is bad for our country.
	_____ B	The best way to handle people is to tell them what they want to hear.
	_____ C	It would be a good thing if people were kinder to others less fortunate than themselves.
5.	_____ A	Most people are basically good and kind.
	_____ B	The best criteria for a wife or husband is compatibility ————— other characteristics are nice but not essential.
	_____ C	Only after a man has gotten what he wants from life should he concern himself with the injustices in the world.
6.	_____ A	Most people who get ahead in the world lead clean, moral lives.
	_____ B	Any man worth his salt shouldn't be blamed for putting his career above his family.
	_____ C	People would be better off if they were concerned less with how to do things and more with what to do.
7.	_____ A	A good teacher is one who points out unanswered questions rather than gives explicit answers.
	_____ B	When you ask someone to do something, it is best to give the real reasons for wanting it rather than giving reasons which might carry more weight.
	_____ C	A person's job is the best single guide as to the sort of person he is.

8.	_____ A	The construction of such monumental works as the Egyptain pyramids was worth the enslavement of the workers who built them.
	_____ B	Once a way of handling problems has been worked out it is best to stick to it.
	_____ C	One should take action only when he is sure it is morally right.
9.	_____ A	The world would be a much better place to live in if people would let the future take care of itself and concern themselves only with enjoying the present.
	_____ B	It is wise to flatter important people.
	_____ C	Once a decision has been made, it is best to keep changing it as new circumstances arise.
10.	_____ A	It is good policy to act as if you are doing the things you do because you have no other choice.
	_____ B	The biggest difference between most criminals and other people is that criminals are stupid enough to get caught.
	_____ C	Even the most hardened and vicious criminal has a spark of decency somewhere within him.
11.	_____ A	All in all, it is better to be humble and honest than to be important and dishonest.
	_____ B	A man who is able and willing to work hard has a good chance of succeeding in whatever he wants to do.
	_____ C	If a thing does not help us in our daily lives, it isn't very important.
12.	_____ A	A person shouldn't be punished for breaking a law that he thinks is unreasonable.
	_____ B	Too many criminals are not punished for their crimes.
	_____ C	There is no excuse for lying to someone else.
13.	_____ A	Generally speaking, men won't work hard unless they are forced to do so.
	_____ B	Every person is entitled to a second chance, even after he commits a serious mistake.
	_____ C	People who can't make up their minds are not worth bothering about.
14.	_____ A	A man's first responsibility is to his wife, not his mother.
	_____ B	Most men are brave.
	_____ C	It's best to pick friends that are intellectually stimulating rather than ones it is comfortable to be around with.
15.	_____ A	There are very few people in the world worth concerning oneself about.
	_____ B	It is hard to get ahead without cutting corners here and there.
	_____ C	A capable person motivated for his own gain is more useful to society than a well-meaning but ineffective one.
16.	_____ A	It is best to give others the impression that you can change your mind easily.
	_____ B	It is good working policy to keep on good terms with everyone.
	_____ C	Honesty is the best policy in all cases.

17.	_____ A	It is possible to be good in all aspects.
	_____ B	To help oneself is good; to help others even better.
	_____ C	War and threats of war are unchangeable facts of human life.
18.	_____ A	A barman was probably right when he said that there's at least one sucker born every minute.
	_____ B	Life is pretty dull unless one deliberately stirs up some excitement.
	_____ C	Most people would be better off if they control their emotions.
19.	_____ A	Sensitivity to the feelings of others is worth more than poise in social situations.
	_____ B	The ideal society is one where everybody knows his place and accepts it.
	_____ C	It is safest to assume that all people have a vicious streak and it will come out when they are given a chance.
20.	_____ A	People who talk about abstract problems usually don't know what they are talking about
	_____ B	Anyone who completely trusts anyone else is asking for trouble.
	_____ C	It is essential for the functioning of a democracy that everyone votes.

In the scoring key that follows look for + and – combinations in your Machiavellianism questionnaire. Once you have found the combination allocate a score by using 1, 3, 5, 7 given at the top of the scoring key. Add your score and add 20 to your total. Compare your score with the norms given below.

Scoring Key for Mach V
(Points per Item by Response Patterns)

Item No.	1	3		5		7
1	A+	B+	A+	B+	C+	C+
	C–	C–	B–	A–	B–	A–
2	A+	B+	A+	B+	C+	C+
	C–	C–	B–	A–	B–	A–
3	C+	B+	C+	B+	A+	A+
	A–	A–	B–	C–	B–	C–
4	A+	C+	A+	C+	B+	B+
	B–	B–	C–	A–	C–	A–
5	A+	C+	A+	C+	B+	B+
	B–	B–	C–	A–	C–	A–
6	A+	B+	A+	B+	C+	C+
	C–	C–	B–	A–	B–	A–
7	B+	C+	B+	C+	A+	A+
	A–	A–	C–	B–	C–	B–

8	C+	A+	C+	A+	B+	B+
	B−	B−	A−	C−	A−	C−
9	C+	A+	C+	A+	B+	B+
	B−	B−	A−	C−	A−	C−
10	A+	C+	A+	C+	B+	B+
	B−	B−	C−	A−	C−	A−
11	A+	C+	A+	C+	B+	B+
	B−	B−	C−	A−	C−	A−
12	C+	A+	C+	A+	B+	B+
	B−	B−	A−	C−	A−	C−
13	C+	B+	C+	B+	A+	A+
	A−	A−	B−	C−	B−	C−
14	B+	A+	B+	A+	C+	C+
	C−	C−	A−	B−	A−	B−
15	C+	A+	C+	A+	B+	B+
	B−	B−	A−	C−	A−	C−
16	C+	A+	C+	A+	B+	B+
	B−	B−	A−	C−	A−	C−
17	A+	B+	A+	B+	C+	C+
	C−	C−	B−	A−	B−	A−
18	C+	B+	C+	B+	A+	A+
	A−	A−	B−	C−	B−	C−
19	B+	A+	B+	A+	C+	C+
	C−	C−	A−	B−	A−	B−
20	A+	C+	A+	C+	B+	B+
	B−	B−	C−	A−	C−	A−

Sum for all 20 items and add constant of 20. (Range: 40–160).

Norms for College Students

	N	M	SD
White male	764	99.27	11.17
White female	832	95.60	10.09
Non-white male	62	98.17	10.38
Non-white female	86	94.70	11.60

N = Number of cases;   M = Averages;
SD = Standard Deviation Estimates.
Source: *Christee and Geis (1970)*

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8

MANAGING NEGOTIATION

Mirza S Saiyadain

INTRODUCTION

In the context of the corporate world, most people believe that negotiation refers to the process of bargaining that takes place between the union and the management. Another group of people think that negotiation is a unique area of concern of sales people. However, negotiation is neither an exclusive subject of industrial relation nor that of the sales department but deals with most of the aspects of organisational life. Employees negotiate all the time—more so today than before. There are two reasons why negotiation is getting important in today's corporate world.

1. Organisations are becoming more and more participative. Decision-making is spreading to many levels in organisations. Hence many more employees are contributing to the decision-making process. The fact of participation is leading to increasing incidents of negotiation and bargaining.

2. Organisations are getting large and complex requiring greater concentration of ideas understanding, of systems, environmental constraints like competition, resource availability, and outsourcing, and an appreciation of things to come. All this means giving away some thing in order to get some thing. The process of exchange dictates the nature of bargaining to be undertaken.

The 1980s witnessed increased scholarly attention to the role of negotiation as one of the significant skills for managers. A large number of authors and researchers, particularly in the West, tried to provide meaning to the concept of negotiation. In one of the first published books on negotiation, Pruitt (1981) explained it as a form of decision-making in which two or more parties talk with one another in an effort to resolve their opposing interests. The demands are contradictory and the process of concession-making brings them to an agreement, which is mutually satisfying. Although negotiation has very wide application—we negotiate almost everything—it has found a special mention with reference to conflict resolution. Whether the conflict is at an international level (e.g. Palestine vs Israel, India vs Pakistan, or England vs Ireland), or at organisational level (at the time of mergers and acquisitions), or at individual level (e.g. negotiating the purchase of an item at a Sunday market), resolution of conflict requires a process of negotiation when other options have

failed to yield the desired results. It has also been studied as a method of managing organisational conflict involving interdependent parties who trade proposal for settlement (Womack, 1990). Yet another study sees it as a conflict management process, which emphasises the exchange of proposals by parties in order to reach a joint settlement (Putnam and Poole, 1987).

NEGOTIATION DESCRIBED

Most of the descriptions above basically identify the following elements in the process of negotiation.

1. People generally do not negotiate with themselves. All negotiations involve transactions between a minimum of two individuals/groups. However in some situations it could be more than two individuals/groups. For example, in India differences between labour and management are often resolved with the involvement of the Government.

2. For negotiation to take place there must exist a conflict of interest between two individuals/ parties. The two individuals/groups have different interests and when they come to negotiate they would like to find a solution that would satisfy the individual interests of both the parties.

3. The reasons why two individuals/groups opt for negotiation is because their relationship is interdependent. One depends on the other for the satisfaction of his interests, which cannot be taken care of by another individual or group. Hence the union depends on the management and the management is dependent on the workers who are represented by the unions.

4. The process of negotiation begins by presentation of an initial demand/proposal which is followed by a counter proposal by the other party. This is followed by several proposals and counter proposals. If at the time of initial proposal or demand the other party does not make a counter proposal, negotiation does not take place. Saying yes or no as opening move, or tossing a coin and sticking to it does not constitute negotiation. A process of presentation of proposal and counter proposal has to happen in order to call it a negotiation.

5. In all negotiations the concern is either for division and/or exchange of specific resources. The first is a fixed pie situation where negotiation takes place for a share of the pie. The second is simply a barter situation, where negotiation takes place as a process of give and take.

6. Very often people negotiate on behalf of another person, organisation, or even a country. They are called constituents. Often the constituents provide them the ranges within which they are to settle the deal. However, in some cases no such ranges are provided and the final deal is left to the judgment of the negotiators. In cases where the people actually negotiate on behalf of someone they have to be accountable to their constituents.

7. All negotiations do not always end up in a mutually satisfying memorandum of agreement. Sometimes the negotiators get so involved with the issues that they are not able to go beyond them. At this point of time, they may decide to involve mediation by a third party, acceptable to both the parties in negotiation. In case of a union/management dispute the Industrial

Dispute Act, 1947 makes provision for investigation and settlement of dispute by providing three mechanisms of dispute settlement—conciliation, arbitration and adjudication.

Conciliation is a process of taking all such steps as may be seen necessary to induce the parties to come to a fair and amicable settlement. It has been found to be inadequate because of the consultative role of the Conciliation Officer.

Arbitration has not been very popular because the arbitrator has no power to impose any settlement.

Adjudication is the last resort where a decision is taken which is binding on both the parties. However, this decision is subject to review by higher courts under the guarantee provided by Articles 226 and 136 of the Constitution of India (Saiyadain, 2000).

Hence we see negotiation as a way of getting what one wants by presenting proposals and counter proposals for division and/or exchange of resources in a mutually dependent relationship. In case of parties failing, it provides the possibility of a third-party intervention.

ASSUMPTIONS IN NEGOTIATION

Effective negotiation is based on following assumptions:

1. Negotiation is a process of free give and take. It has no room for threat or coercion. Any use of force violates the basic premise of negotiation which is based on two parties coming by their own free will to discuss issues that concern them.

2. While it is assumed that in negotiation proposals and counter proposals should ideally be reasonable, the process of negotiation cannot assume total reasonableness. All one can say is that negotiation provides reasonable people a reasonable opportunity to be reasonable. But to expect total reasonableness is not correct.

3. When people come to the negotiation table, they come with the belief that the other individual/group can be persuaded. If such a conviction does not exist, negotiation cannot proceed.

4. Perhaps the most important assumption has to do with the hierarchically equal status of the parties during negotiation. When union representatives and senior HRM managers sit down across the table to negotiate their structural positions in the organisation lose significance. In the organisation structure union representatives usually hold a lower level position than the HRM directors or vice presidents. But for purposes of negotiation these differences are left aside. This assumption is important because it precludes any possibility of one party throwing its weight on the other—which may amount to coercion.

5. Another important assumption has to do with the desire for fairness in the process of negotiation. Though this may sound somewhat contradictory to the assumption of reasonableness mentioned in number 2 above, but it becomes a necessary precondition for negotiation to begin and to end in a mutually satisfying agreement. Of course, the concept of fairness is relative. Therefore one may be happy with a lot less than the other, but as long as the result of negotiation is acceptable to both parties, it is perceived as fair and just.

6. Finally, it is necessary for both parties to see negotiation as more beneficial for resolving differences, compared to other methods of dispute settlements. It is assumed that the parties in conflict have assessed other alternatives and have found negotiation as a more valuable option than the others.

NEGOTIATION PROCESS

The negotiation process, to a large extent, consists of information trading. Managers are faced almost everyday with situations requiring information to take viable decisions. In some cases the information is readily available, and in others it has to be sought, perhaps for a price. One such situation may be where information itself becomes a price, leading to its trading. Information trading involves two or more persons who might hold potentially conflicting interests. However, the need for information may drive them to a trading process (Saiyadain, 1993).

Perhaps a useful example of information trading could be the one where the police needs to know something about a suspect. An unedited dialogue between a police officer and an informer is presented in Box 8.1.

Box 8.1

Information trading

Police Officer:	How was your last trip to Mumbai?
Informer:	Good morning sir, not as good as I thought it would be. The market is bad nowadays. Sometimes it is becoming difficult to even make arrangement three square meals for the family. What brings you here? I hope the hafta was not delayed.
Police Officer:	Don't talk nonsense. Don't you know me? I have full details about your activities. Where were you last night at 11.30?
Informer:	Why, I had gone to return the loan I took from my friend. Where else could I be?
Police Officer:	All right, all right. I haven't seen Johnny for a long time. What has he been doing?
Informer:	Oh, poor Johnny….He is trying very hard to earn a decent living.
Police Officer:	Nonsense again. Have you seen him lately?
Informer:	No, sir, I hardly get time. I am so busy with my family. Why don't I buy you a drink?
Police Officer:	Shut up. I like to know what was Johnny doing yesterday between 1 and 3 a.m.?
Informer:	How would I know?

(Contd.)

(Contd.)

| Police Officer: | Don't waste my time. I would have to look at your Mumbai trip carefully. |
| Informer: | Why are you bothering about such a trivial thing? I am not quite sure, but I was told that he went to see his old associate Mike Shukla. |
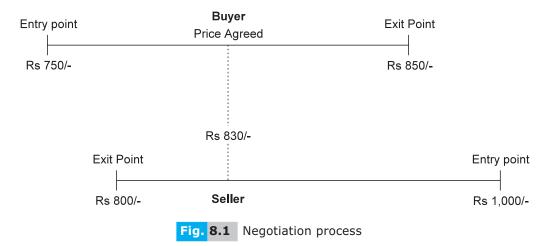
In the dialogue above there is no formal agenda, and yet both could sense what the other wants. The police officer has access to information about the informer and also the authority to deal with him. But he is willing to provide non-specific compensation in trade to get information that he needs. The informer on the other hand, knows that his interest may be hurt if he does not part with the information. He hedges, dodges, ducks, ingratiates, and gives just about enough information to keep his head above water. He has all the information but does not divulge all of it because that would certainly eliminate his utility to the police and hence jeopardize his freedom.

Regular police informers are usually not the most law-abiding citizens. They have something up their sleeves which often makes them vulnerable to police questioning. They are useful to the police because they have under-world connections. And it is this connection that gives them the privilege to be involved in uncertain activities on the one hand, and provide functional but limited information to the police on the other.

While information trading is the process to achieve a mutually satisfying outcome, by and large the negotiation process moves between entry and exit points. Let us assume that you wish to buy a pair of shoes from a shop where prices can be negotiated. After some negotiation with the shopkeeper you agree to pay a certain price for the shoe. Let us put this process in a graphic form for a typical buyer-seller situation (see Fig. 8.1).

The seller opens his price by quoting Rs 1000 for the pair of shoes. Obviously the buyer cannot pay this so he quotes his opening proposal as Rs 750. The opening prices quoted by both buyer and

Fig. 8.1   Negotiation process

seller are called the *Entry Points*. The difference between the entry points is called the *Negotiation Range*. All negotiation has to take place between Rs 750/- and Rs 1000/-. Having quoted their opening prices, the parties cannot change it upward (for seller) or downward (for buyer).

Though this information is not available to each other, but both buyer and seller have a final price in mind below which (seller) or above which (buyer) they cannot go. This could be because of several reasons—profit margin for the seller and capacity to pay for the buyer. The final price in the minds of the parties are called the *Exit Points*. Any proposal below or above the exit points would stop the process of negotiation. The settlement must take place within the final prices. Hence the difference between Exit Points is called the *Settlement Range.*

Let us assume that after a number of proposals and counter proposals the buyer and seller agree to a price of Rs 830/- for the pair of shoes. A settlement has taken place, which is acceptable to both parties. It is acceptable to both parties because both the parties are saving some money. The buyer was willing to pay Rs 850/- (*Exit Point*), while seller was willing to sell the shoes for Rs 800/- (*Exit Point*). The price agreed gives both of them some saving. Hence the difference between exit point and the price agreed is called the *Negotiation Surplus*. It is the difference between what they were willing to pay/ask and what they actually agreed to pay/ask.

CHARACTERISTICS OF AN EFFECTIVE NEGOTIATOR

While anyone can negotiate, given the dynamics involved in negotiations it requires a certain kind of personality to effectively negotiate. A large number of studies in the West have tried to find out the characteristics of effective negotiators (Rubin and Brown, 1975, Hermann and Kogan, 1977). A study by Harnett, Cummings and Homner (1973) showed that high risk takers conceded more rapidly than low risk takers amongst European managers.

Christie and Geis (1970) reviewed 50 labouratory studies on Machiavellianism and found that highly Machiavellian (manipulative) people get better results in negotiations under face-to-face conditions, when there is freedom to respond, and when decisions have serious consequences.

Another review of 26 studies dealing with personality characteristics and negotiation behaviour by Hermann and Nathan (1977) found 8 characteristics that influenced cooperative behaviour. For example, more anxious, more authoritarian, low risk avoiders, and more suspicious negotiators were found to be less cooperative in negotiation. Raiffa (1982) collected data from senior Lending Officers in US banks and found that preparation and planning, knowledge of subject matter, and ability to think clearly were the traits of effective negotiators.

In yet another study, Williams (1983) classified attorneys into cooperative and aggressive. Each one of them was further classified as effective, average, and ineffective. Effective aggressive attorneys were found to be dominating, forceful, attacking, rigid, and uncooperative. They used threat, stretched facts, studied their opponents, and planned their strategies. Hence many of them had to go to court instead of sitting through a negotiation.

In their study Dahl and Kienast (1990) randomly assigned 114 respondents to either competitive or cooperative situations. They were also randomly assigned the role of person one or person two for

negotiation. They were given three issues to negotiate (fringe benefits, working conditions, and compensation). Cooperative situation was induced through the use of a win-win situation while competition was generated by creating a win-lose situation. In other words, agreement on issues either resulted in both getting high scores (cooperation) or one getting a high and the other a low score (competition). Two measures were used—a total joint score for the dyad on the first two issues, and the other was distance from the *pareto optima* (a bargaining solution from which no additional joint gain is possible). The results show that on the first measure, the competitive group earned more points than the cooperative group. As far as the second measure is concerned the group with competitive pay-off negotiated a settlement closure to the *pareto optima* curve. The cooperative group engaged in more information sharing than the competitive group. However, there was no difference between them when it came to accuracy of the information.

Most of the studies and conclusions described above are based either on labouratory studies or impressions of people on what makes a successful negotiator. Very few have actually investigated what goes on in a face-to-face actual negotiation situation. Rackham (1978) conducted a series of studies to compare the behaviour of effective and average negotiators at the planning and actual negotiation stages. First he identified 48 effective negotiators. They were rated effective by both sides in previous negotiations, had track records of significant success, and had low implementation failures. They were engaged to negotiate with average negotiators in 102 separate negotiating sessions.

As far as the planning stage was concerned, successful negotiators as compared to average negotiators generated a larger number of options for action, spent more time on long term implications of the issues, had greater plans, for ranges rather than a fixed point and focused greater attention on areas of common ground. When it came to actual face-to-face negotiations, they used less number of irritating words and phrases, made fewer counter proposals, used testing more frequently, understanding and summarizing, and asked more questions.

Druckman (1977) summarized the profile of an effective negotiator when he said, "The skilful negotiator is a competent manager of information, a sensitive analysist of others' revealed intentions, a canny tactician and a person who can prevent unpredictable events."

Sebenius (2001) suggests following six habits of merely effective negotiators. These are mistakes that keep the negotiators from solving the problems.

1. *Negotiating the other side's problem:* Since the other side says yes for its own reasons and not yours, agreement requires understanding and addressing your counterpart's problem to solve your problem.

2. *Letting price bulldoze other interests:* Exclusive attention to price turns a potentially cooperative deal into an adversarial one.

3. *Letting promotion drive out interest:* Negotiation involves 3 elements—issues, position, and interest. In negotiation, interests vary and through joint problem—solving opposing interests can meet. However, people drive out interest because they focus more on position.

4. *Searching too hard for a common ground:* Recognition of differences can lead to better solutions than finding common grounds.

5. *Neglecting BATNA:* BATNA (Best Alternative to a Negotiated Agreement) defines a zone of possible agreement and determine its location.

6. Feeling to correct for skewed vision (selective perception).

GAME PLAN

Negotiation requires preparation, hard work, and the ability and willingness to foresee the response of the adversary. Hence, before one gets into actual negotiation one has to prepare a game plan—a negotiation plan that consists of three stages. These are *pre-negotiation planning, during negotiation behaviour and post-negotiation understanding*.

Pre-negotiation Planning

This is the most important stage of negotiation. The success or failure of negotiation depends on how well the homework has been done before one is in a face-to-face actual negotiation situation. Pre negotiation planning requires consideration of the following factors:

1. *Know thyself:* Perhaps one of the most significant factors has to do with the knowledge about one's own personality and predispositions. Some people are good in bargaining while others get confused and irritated more easily. As a result they either give away some very useful information or block the process of negotiation. Evidence shows that people who have lesser tolerance for ambiguity tend to be losers in negotiation. Weingart et al (1988) found high interpersonal orientation as the most significant characteristic in making negotiation effective. It involves sensitivity to the needs of others, power balance and the requirements of the immediate situation.

2. *Know thy adversary:* Knowing, one's self is not enough. It is also necessary to do a background check on the individual/party one is going to negotiate with, particularly if it is a first-time interaction. By and large it has been seen that parties belonging to the same background (ethnic, religious, caste, etc.) and subscribing to the same ideology (political or otherwise) tend to cooperate with each other. Early evidence has suggested that women tend to be more conciliatory than men (Wall, 1976). However, some recent evidence suggests that it is not the gender per se but rather masculine and feminine tendencies, irrespective of biological gender, that make the difference. Using a sample of 64 MBA students with minimum 2 years of work experience, role play in a negotiation situation was simulated. The feminine-oriented were found to be less deceiving than the masculine-oriented (Green and Gilkey, 1986). In addition to personality and gender differences, there is enough evidence to suggest that cultural differences do make a difference in the negotiating styles of individuals (see the section on Cross Cultural Negotiation)

3. *Specify your goals and objectives:* Before walking into a face-to-face negotiation, it is imperative to be clear as to what are your immediate and long-term objectives in the negotiation. An understanding of these helps in planning the negotiation strategy. In case

there are a number of issues on which negotiation has to take place (as it happen in union-management negotiation), it is absolutely necessary to *prioritize* your objectives. Which of the several objectives is most important to you, followed by the next most important, and so on. Not only this, it is also necessary to identify those issues which one would be willing to *trade off* with the options provided by the other party. In other words, which of the several issues one is willing to give up if some favourable option is provided. Sometimes it is also necessary to combine various issues into a single *package* instead of dealing with them one by one. The package may have greater cumulative value than each single item.

4. *Develop arguments/alternatives:*   Negotiation is not possible if there is a fixed point argument. It involves a range within which the individuals/parties in negotiation have to bargain. Hence before going into actual negotiation, it is necessary to decide the entry and exit points. There is nothing like getting a deal at one's exit point because that generally does not happen. Hence it is necessary to decide what is it that one would *like to get*, what would be a *tolerable limit* without losing much, and finally what is the *absolute minimum/ maximum* one would finally like to have to receive a negotiation surplus. These are different points in the range defined by the entry and exit points. Just walking into a negotiation without these considerations may put one in a surprise situation, getting out from which may not only be difficult but often impossible.

5. *Agenda/procedures:*   Perhaps one of the most important factors in pre negotiation planning has to do with agenda, site selection, physical arrangement, and time availability. The *Agenda* for negotiation tends to set the tone for negotiation. These are the issues/items on which negotiation has to take place. An agenda must be prepared in consultation with the individual/party involved in the negotiation and should be made known to them before the actual negotiation takes place. *Site selection* also plays a significant role in the process of negotiation. Most negotiations usually take place at a neutral place. Negotiations taking place at either individual/party's office/city/country may provide the individual/party in negotiation the home advantage by way of socio-moral support, access to additional help, and control on infrastructural facilities. Alternatively, it adds to the disadvantage of the other individual/party. It is like a cricket match on home ground where the local public provides moral support to the home team and discourages the winning attempts of the other team. *Physical arrangements* like seating arrangement at the venue, availability of secretarial assistance, or even timely availability of food and refreshments can make a difference in the process and outcome of negotiation. If well-arranged, they can facilitate negotiation or may cause irritation if details are not taken care of. Seating arrangement which is based on face-to-face interaction provides access to body language. Perhaps the most important factor in negotiation is *time.* Some negotiations can go on for an unlimited period and yet may result in no solution as is happening in the international scenario. Hence if results are wanted, a time frame for negotiation should be identified. By and large, it has been found that when the period of negotiation is fixed, decisions are taken usually towards the end of the closing period of time.

During Negotiation Behaviour

Having done the necessary preparation and homework now the time has come to sit face-to-face in actual negotiation. For as long as the negotiation lasts a number of behaviour patterns have to be observed. They are the opening move, negotiation dance, and influence mechanism.

1. *Opening Move:* If the parties in negotiation are meeting for the first time, the opening move becomes very important. It decides the nature of rapport that would be established and subsequently influence the pattern of negotiation. Generally, one should, after saying hello and introductions, talk about neutral topics such as the weather or some topics of general common interest. The basic idea of the opening dialogue is to put the other individual/party at ease and to help in settling down.

   Once the individual/parties are settled, the process of negotiation begins. The initial offer made in the process tends to set the tone of subsequent negotiation behaviour. Too conservative or too liberal an offer can prolong the process of negotiation because in both cases the individuals/parties keep on asking for more liberal offers to maximise one's gain and conservative offers take too long to reach the limits of expectation. This creates what is called *lock-in effect*. It refers either to the nature of proposals being received or counter proposals bang made. Nature here refers to the size of the proposal and the expectation that all future proposals will follow the profile of the initial and/or subsequent offers.

2. *Negotiation Dance:* This is based on two elements—frequency of proposals and size of proposals. Frequency refers to the number of times proposals are made and size refers to the quantity/value of the proposals. These two together make the negotiation dance (the sequence of proposals/counter proposals). The combination of these two can result in many different patterns of negotiation. For example:

   (a) An individual/party can make several small concessions followed by one big concession at the closing stage.

   (b) Alternatively, an individual/party can make an initial large concession followed by several small concessions.

   (c) They can make uniform concessions throughout where size remains the same but the frequency is large.

   The frequency of offers and their size determine the nature of the outcome. For example, Weingart et.al. (1988) found that negotiation with a high frequency of offers and counter offers reduces the possibility of an integrative outcome. Such a process does not provide time to take a perspective approach or exchange information.

   However it has been noticed that as the time for closing the deal approaches, the frequency of concessions increases. This is called *monotone decrease*.

   A negotiation dance also deals with *last-clear-chance offer*, a tendency to reach the maximum limit and then to say 'take it or leave it'. This seems to be a common behaviour pattern when a negotiation has lasted for a long time and individual/parties involved have become exhausted and tired. However in this situation if the last chance offer is accepted

then one can sign an agreement. But if the last-clear-chance offer is not accepted and negotiation comes to end, then the individual/party that makes last chance offer tends to lose. The reason is that the individual/party which has made the offer has been able to bring the adversary to a position closer to its own, but this benefit is lost if the negotiation does not lead to an agreement.

3. *Influence Mechanisms:*   Although negotiation is supposed to be fair and reasonable, still individuals/parties often use mechanisms of influence to get the agreement in their favour. They may use following power system to get a favourable deal.

 (a) *Referent Power:* dropping names of influential people or identifying with them during the negotiation to suggest that their relationship with these people should be taken into account in the negotiation settlement.

 (b) *Expert Power:* using their expertise on the issues or using jargon unfamiliar to other individual/party, thereby indicating that they know more about the issue and hence their point of view is the best.

Additionally they may either offer non-specified benefits to make them agree to their proposal or threaten the other individual/party should it disagree to their proposals. However, it should be noted that the other individual/party could be equally capable to use the same rewards and threats and may respond to threat with greater threat and reward with better reward. Or it may simply ignore the rewards and threats and walk away from negotiation, denying the benefits accrued so far. The benefits here are the concessions made so far.

Post-negotiation Understanding

People often think that once an agreement is reached, the act of negotiation is completed. However, the fact is that negotiation helps in finding a solution to the conflict. Once the solution has been found, it has to be implemented. The solution is only the beginning, it has to be seen that negotiation reaches its logical conclusion by being implemented. Therefore post negotiation understanding requires a blue print to put the agreements in action. Hence, the following agenda has to be discussed, negotiated, and agreed upon.

1. *Implementation Plan*:   Agreeing on an issue in negotiation leads to putting the agreement into an action plan. The exact nature of the plan must be sorted out during the negotiation to reduce any future misunderstanding. It should include the course of action, resource generation and resource utilisation, a time table and indices for monitoring, and evaluation of the success of the course of action taken. If such an agreement is not made then chances are while implementing that the agreements arrived at in negotiation the need may arise to go back to the negotiation table.

2. *Role responsibilities:*   In addition to the blueprint suggested above, it is also imperative to delineate the exact roles that the individual/parties in negotiation, or their representatives, would be performing. Such an attempt helps in allocating responsibilities, authority, and accountability. It also saves time and energy by avoiding unnecessary duplication of efforts and streamlines the need for coordination between the two individuals/parties in negotiation.

3. ***Review teams:*** To monitor the progress of the implementation plan, the individuals/parties should also agree on setting up joint implementation review teams. These individuals/parties should ensure adequate information sharing, provide timely feedback, make midcourse correction, and by and large make sure that progress is timely and as planned.

KINDS OF NEGOTIATION

In the description and assumptions of negotiation, it was stated that negotiation should be based on fair and reasonable exchange of information to create a mutually satisfying outcome. This may or may not happen in an actual face-to-face negotiation situation. By and large, negotiation has been classified into two broad categories—Distributive and Integrative negotiation.

Distributive Negotiation

Distributive negotiation takes place when the resources are fixed and limited (fixed-pie situation) and each individual/party wants to get a larger share for itself. Therefore distributive negotiation becomes essentially a competitive, a win-loose situation, where the gains of one individual/party is at the loss of the other. It is a competition to get the maximum for one's self. The competitive negotiator views the negotiating world as one controlled by an egocentric self-interest. Reasons are limited and the distribution of these reasons should be distributive in nature (Sherman and Asherman, 2001). Distributive negotiations are lengthy and typically involve deceptive arguments and few concessions. Negotiators mark their true intents and needs by exaggerating emotions and demands and by exhibiting conflicting verbal and non-verbal cues. In this kind of negotiation though the goals and objectives of individuals/parties are diametrically opposed, the relationship is still interdependent. However, the focus is on pushing one's entry point closer to the exit point. Hence the concern is with the subjective utility of the outcome, and the cost of delay in reaching a settlement or terminating the process of negotiation is very high. Distributive bargaining generally takes place in case of a one time-relationship. Some of the tactics used in distributive bargaining are described below.

  (a) *Bluffing*: It refers to the making of a false statement of position, a promise, or threat which the individual/party has no intention to carry out. The negotiators use "linguistic behaviour" such as disclaimer, hedging, omissions, and vague language to project an image of strength (Lewicki and Litterer, 1985). For example, while negotiating the price of an item in a particular shop we often tend to say that another shop is selling the same item much cheaper, although we may have never gone to the other shop.

  (b) *Delays:* For reaching favourable settlements discussions are often deliberately prolonged to put time pressure on the other individual/party. This becomes particularly effective if there is a time limit within which the other individual/party has to make the deal.

  (c) *"Snow Job":* Refers to putting pressure on the other individual/party by presenting a long list of issues to be discussed, most of which may not have any significance for the individual/party presenting them. This is more true in union–management negotiations where the unions

charter of demands runs into several pages. The idea is to "blind" the other individual/party as it happens when it snows.

(d) *Temper tantrums*:   These are often used to show one's anger, frustration, or dissatisfaction either with the progress of negotiation or on the nature of the counter proposals. This is just a show to make the other individual/party uncomfortable and agree on a proposal favourable to angry individual/party.

(e) *"Nibble"*:   This basically refers to wearing down the adversary to reach an agreement on an issue after hard and prolonged bargaining. When the adversary is about to agree, he/she is asked for some small favour before the final agreement is signed. To buy a pair of shoes, the buyer argues forcefully for a long time in order to reduce the price, and when the seller is ready to sell the buyer asks him/her to throw in an extra pair of laces for the shoes.

(f) *Limited authority*:   It is used to push a particular proposal and emphasising that this proposal is within the authority of the bargainer. For anything more than that the bargainer has to check with higher ups which would delay and/or change the outcome. It is usually practiced if the individual/party is representing a client or a constituent.

In distributive bargaining one's gain is the most important issue. The tactics used can be irrational, emotional, or even unethical. Lewicki and Litterer (1985) give three reasons why people behave unethically.

(i) Profit motive, to get more than the other

(ii) A sense of competition, to win is most important at any cost.

(iii) Concern for justice, to be "fair" from one's own point of view.

Unethical behaviour is usually rationalised—when questioned—by saying "it was unavoidable". The results justify the means used.

Integrative Negotiation

Unlike in distributive negotiation, the focus in integrative negotiation is to agree on a mutually satisfying outcome, and hence by design it becomes a win-win kind of negotiation. Just like distributive negotiation, here also the resources may be limited and the individual/parties may come with an option contrary to the other's, but there is a willingness to generate other options and agree on them to create a mutually utilitarian outcome. The gain of one individual/party is not at the cost of the other's. There is a mutuality of understanding and an attempt to satisfy the concerns of each other.

Bazerman (1990) suggests that to be able to achieve integration in negotiation the negotiators need to safeguard against the following pitfalls:

(a) There is no fixed pie. It could be expanded and/or utilised to the maximum advantage of all parties.

(b) The process of negotiation can become non-rational. The focus may shift from issues to position, ego, face saving.

(c) Over-confidence in one's own position may lead to neglecting the needs of other people.

Integrative bargaining is difficult to achieve for various reasons. If the history of past relationship has not been very harmonious and if the parties have still to bargain with each other because of uncontrollable circumstances, it becomes difficult to find integrative solutions. Most of the time is spent on pointing out the problems and losses because of poor relationship in the past. Second, in all negotiations there is always an element of distributives win-lose situation. No one would like to be a loser and hence one must try and get as much as possible from the negotiation situation. Hence often in negotiation compromise is made. It leads to both parties making sacrifices. Compromise takes place because the parties want to avoid conflict or extended negotiation. The parties feel that the cost of conflict or extended negotiations is larger than the gains to be had from it (Whetten and Cameron, 1991).

Irrespective of these reasons, there still is a possibility to agree on solutions that provide satisfaction to both individuals/parties. Some of the strategies used to achieve integration in bargaining are described below (Lewicki and Litterer, 1985).

 (i) *Bridging:*   Refers to inventing new, mutually acceptable solutions by integrating individually-held proposals. An example often quoted is that of husband and wife both getting one-week holiday from their jobs, where the husband is interested in spending his holidays in the mountain close to nature, while the wife is interested in an active social life, parties and a beach to swim and relax. One alternative could be to spend half the week in one location and the other half in the other. But this is a compromise where for half the holidays one of the spouses has to forego his/her preference. Bridging would suggest to find a location (perhaps a resort) that has elements of both preferences.

 (ii) *Non specific compensation*:   It is to be provided to "pay off" the other. However this is only possible if the pay off is something that is valuable to the other individual/party. Relevant compensation is offered to offset the loss of not getting one's preferences fulfiled. This is slightly difficult because the individual/party has to decide which of the two options is desirable. Hence the "pay off" proposal has to be better than or superior to the original proposal.

(iii) *Logrolling:*   This suggests that parties must establish more than one issue in a conflict; at least one of them of greater significance to each of the individuals/parties. Negotiation can then proceed by "trading off" the issues in such a way that each individual/party reaches an agreement on its top priority issue.

(iv) *Expanding Pie*:   This refers to increasing resources because limited resources can and often do result in a conflict situation (see distributive bargaining) . In the example of husband and wife getting one week's vacation, they could make it a two week vacation to get maximum satisfaction on their preference. Enlarging the vacation period is expanding the pie.

Win-win options are not immediately visible. At the same time they are not obscure either. All it requires is a deliberate attempt on the part of individuals/parties to spend time and energy to search for them. Hence integrative bargaining requires location and adoption of options of joint utility.

By and large it has been found that there is no exclusive distributive or integrative negotiation. It moves from distributive to integrative and vice-versa. In a study, Allen et al (1990) collected data

from published research studies on negotiations. Twenty nine studies with 34 relevant experiments were identified. The criteria used was that it had to be an experimental investigation with sufficient information for the calculation of a size effect. They should have compared hard-line and soft-line, and negotiation situations must have been competitive leading to gain/loss. Three coding schemes were developed—the first coding category judged whether the study compared hard versus soft timer, second category coded the actual contents of negotiation, and the third category coded the consistency in assessing whether the experiment offered the respondents a reward based on successful agreement and the settlement level of the contract. These coding categories were developed with the help of judges.

The results of the study were converted to the correlation of coefficient. The correlations were weighted by sample size and then averaged. The results of this meta-analysis support the hard-liner bargaining strategy as the most effective means of maximizing individual pay off in a zero sum context. No differences were found in the type of reward offered. Some differences were however observed between a commercial contract negotiation and the *prisoner's dilemma* scenario. The implication is that when negotiations move from the distributive to the integrative orientation, they may get a severely decreased pay off.

CROSS-CULTURAL NEGOTIATION

To a large extent, the process and contents of negotiation are influenced by the cultural context. The way the Japanese negotiate is very different from the way Americans do. The increase in international business operations (globalisation) has led to intense interest in international business transactions. Given the socio-cultural, political, and economic diversity, the styles of negotiations have varied tremendously. Hence, an understanding of the cultural background of the negotiators becomes very useful in understanding and developing the game plan.

In an attempt to understand the dynamics of international business, Pathak and Habib (1996) developed a model, highlighting the effect of environmental and immediate contexts on negotiation. The environmental context included legal and political pluralism, economic condition, bureaucracy, instability, and socio-cultural differences. These were beyond the control of the parties in negotiations. Yet their understanding goes a long way in arriving at a mutually satisfying agreement. On the other hand, there is an immediate context over which the parties in negotiation have control. It consisted of relative bargaining power, the level of conflict, the relationship between negotiators, the desired outcome of negotiation, and the immediate stake holders. These have an impact on the negotiation process in all kinds of international negotiations. Similarly, in case of long-term relationship in international negotiation some interactive variables play a very significant role. Sharland (2001) collected data from 139 respondents. He examined six negotiation process activities (technical assistance, working alone, working quickly, meeting with other departments, meeting with customers, and senior management involvement) and their influence on past, present, and future relationship evaluation. His results show that cases of past and present relationship evaluation were significantly enhanced when conducting negotiation on its own or with technical assistance from other departments. However, as far as future relationship evaluation was concerned, involving customers and senior management played a significant role.

Weiss (1993) defines international business negotiation as the "deliberate interaction of two or more social units, originating from different nations that are attempting to define or redefine their interdependence in a business matter."

In an extensive essay on the nuances of negotiating overseas, Burt (1984) presented the following profiles of negotiators from four different countries.

British negotiators may appear polite and reserved but they could be tough and ruthless when required. They value free time, status, and convention of the workplace and view profit as a dirty word. They do not "play games".

The *Germans* are averse to risk and seek more compromises. They are slow to reach decisions. They accommodate to logic and thoroughness and are very face-conscious. They do not play in negotiations and are serious and honest.

The French are not motivated by competition. They are friendly, humorous, and sardonic. They are hard to impress. They are inner orientated and base their behaviour on feelings, preferences, and expectations. Because of centralised decision-making, it takes them longer to reach decisions. They are difficult to negotiate with. They often do not accept facts. Being secretive, it is often difficult to get information from them. Emotionalism and theatrics are rather common tactics employed by them.

The *Japanese* are polite, and more concerned with the well-being of their country and organisation than their self. Saving face is more important. They are also very cautious. They are good in concealing emotions and get very uncomfortable when others lose control. They ask a lot of questions. Decisions are made by consensus. They are not uncomfortable to silence.

In a study on *Chinese* negotiators, Xingping Shi (2001) administered a questionnaire dealing with negotiation behaviourals to 477 Chinese managers who had experience of negotiation with Western business partners. His results, based on factor analysis, revealed following five factor structures amongst the Chinese negotiators.

1. *Social Harmony:* It refers to the nature of interpersonal interactions combined with a system of social regulation in which social actors behave intentionally to achieve popular balance. Negotiation decisions were dictated by social norms and ties that determine the expectations and rules of social exchange.

2. *Face and Etiquette:* Face concerns with one's dignity, credibility, respect, status, and prestige. Etiquette, on the other hand, refers to social rituals, and attending ceremonies and giving gifts. Process of negotiation was influenced by face-saving and social etiquettes.

3. *Political Pervasiveness:* Adoption of the communist political ideology for national honour and interest dominated the negotiation and bargaining.

4. *Economic Conditions:* The prevailing economic condition, currency devaluation, and foreign exchange control strongly influenced their bargaining power.

5. *Constituents' Shadow:* The power to negotiate was found to be determined by the relationship with the municipal, regional, state bureau, party organ, cadre, trade corporation and banks, and other state enterprises. The negotiation teams represented these interests and negotiation decisions were based on balancing the interests of network members.

Graham's (1985) study on cultural differences in negotiation suggested that *Brazilians* made larger initial concessions, gave more commands and used "NO" much more frequently. They

interrupted more frequently and tended to talk simultaneously. *Americans* were found to make a more moderate initial offer and larger concessions than the Japanese. They used more aggressive strategies. The Japanese showed longer silent pauses, used questions to elicit more information rather than demanding because of the implied obligation to answer questions.

As far as Indian negotiators are concerned, Duggal (2001) suggested the following nines dos and don'ts in negotiation.

1. Try to avoid making the first move, but if you have no option be prepared to make it
2. Do not open on the most contentious issues
3. Do open high but credibly
4. Do not settle the minor issues early
5. Do trade concessions, specially those that have leverage
6. Use common ground
7. Plan your opening statement on a variety of issues
8. Make the movement conditional or reciprocate movement from the other party, at least on the other issues which are being discussed
9. Ensure that the opening statements bring forth a message of strength and not of weakness.

While the process of negotiation require preparation, planning, and patience, it may also be a source of irritation, frustration, and dissatisfaction. In any case it can be considered a way of getting what one wants from others in the process of decision-making. Fisher and Ury (1983), suggest that negotiation should be based on merit as against traditional negotiation. Based on the Harvard Negotiation Project, they suggest four basic principles for negotiation or negotiation based on merit.

1. Separate people from problem
2. Focus on interest and not on position
3. Debate on a variety of possibilities before taking a decision
4. Insist that results be based on some objective criteria

Review Questions

1. What are some of the assumptions in negotiation?
2. What kind of preparatory work in required to be done before the actual face-to-face negotiation?
3. What are some of the dirty tricks people use in distributive negotiation?
4. What attempts lead to a win-win situation?
5. What differences do you see in the negotiating styles of people from various cultures?
6. Do the negotiation exercise on salary increase given on the next page. After understanding it reflect upon your strategy, your strengths and weakness, and the process of negotiation. Share this with other colleagues and seek their comments and suggestions.

Negotiation Exercise*

The negotiation exercise requires two persons to play the roles of employer and employee. The success in negotiation would be judged in terms of the amount of raise and other terms and conditions agreed upon between the employer and the employee. The objective of the employee would be to get as favourable a deal as possible and the objective of employer would be to provide a deal which does not disturb the existing remuneration packages for the staff in the same position given their experience and age. Read the roles carefully; devise a strategy for managing the negotiation before you actually start the negotiation.

Employee

You are young and have acquired MBA qualifications from a leading school of management. Immediately after graduation you joined Modern Tool Manufacturers as Assistant Junior Manager, Marketing Division. After having worked for two years as Assistant Junior Manager you were promoted to your current important position during a moment of crisis when the previous unit head left suddenly. You have handled the situation so well that after a few months, the word "Acting" was removed from your title, and you were confirmed in your new role as unit head.

When you were promoted, you had asked for a raise, but your boss had countered: "Let's see how this works out. After all, you are pretty young and inexperienced for the job. I don't have any doubts about you handling the job, but I would like to wait. If you are able to handle it, we'll take care of you."

It has now been three years since the promotion. Although you have been receiving raises every year, they have been of nominal nature. You have still not received the one big jump that would put you in the same financial bracket as the older, more experienced unit heads, though their responsibilities are the same as yours. You currently get an yearly salary of Rs 6 lakh.

In the past you have made a few tries to obtain the pay raise, but you were still somewhat in awe of the position that you held given your age. Your boss is a skilled negotiator and each time you have asked for a raise, demanding big money, your boss has maneuvered the conversation around so that you become very thankful for any small raise and equally thankful that your request has not been held against you.

This was the status on the day before Diwali when the company distributed bonus to everyone on the payroll. As they were passing out the envelops, you realised that there was none for you. After talking with another manager about this mistake, you learned that according to a new policy this year, employees above the supervision position would not be paid bonus.

This change in policy has irritated you and you have finally decided to negotiate for the "big money." It's about time you got financially even with the rest of the unit heads who earn Rs 1.5 to 2 lakh per year more than you do. You are on your way to see your boss. You are going to be tough this time and not let anything wear you down.

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*Adapted from *Lewicki, R.J. and Litterer, J.A.* (1985) Negotiation: Homewood Illinois: Irwin: Modified to suit Indian situation.

Take a few minutes to review these facts and then devise a strategy to approach your boss for the raise.

Employer

You are the Vice President of Marketing at Modern Tool Manufacturers. During the time of a crisis three years ago, you have promoted a member of your department to the position of unit head, discounting the young age and inexperience because the previous department head left suddenly and you were desperate. In time, the word "Acting" had been removed from the title, and the subject of a raise had come up. You had said, "Let's see how this works out. After all, you are pretty young and inexperienced for this job. I don't have any doubts about you handling the job, but I would like to wait. If you are able to handle it, we'll take care of you."

Since then you have had several negotiations with this person about making up the difference between his salary and that of the other unit heads. This employee is the lowest paid unit head at that level, and earns between Rs 1.5 and 2 lakh less than the average salary of a unit head. Every time that salary negotiation with him has come up, you have used your skill to play on the awe that this employee still holds for the good turn of fate, as the argument to justify the giving of a lower raise. It's almost been a game with you. Every time you negotiate, you are able to bring down any grandiose demands to make up the financial difference.

The employee is an excellent worker and you have no intention of firing this good employee; in fact, in higher levels of management, this individual has been described as a "rising star". If this unit head is persistent with respect to the initial demand for a raise, you would probably give in eventually. For some reason, you feel it is necessary for the raise to be wrangled out of you.

On the day before Diwali the staff received their bonus as usual, but not the employees above supervisory level (they used to receive bonus too, but there was a policy change this year and it was decided that they would be compensated for their efforts through a salary change). You realise this discontent amongst the managerial personnel. This particular unit head has fixed an appointment and is on his way to discuss the salary increase with you.

Take a few minutes to review these facts and devise a strategy for managing the discussion with this employee about a pay raise.

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MANAGEMENT OF CHANGE

S Ramnarayan and CV Madhavi

INTRODUCTION
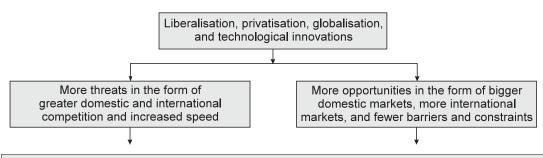
Change represents a challenge to individuals, organisations, communities, and societies at all times. Nearly 2,500 years ago, the Greek philosopher Heraclitus wrote, "you cannot step into the same river twice" because the river continuously flows and changes. In life, nothing ever remains static. Nations, organisations, families, and individuals all encounter different challenges from time to time and their responses determine whether they continue to survive and prosper or meet the fate of the dinosaur. Change is an on-going process; it never ceases to occur. Regardless of how successful we have been with changes yesterday and today, there would always be fresh challenges of change tomorrow. That's why people say that the only constant in our lives is change.

As shown in Fig. 9.1, there are certain environmental forces driving the need for change. These include: liberalisation, privatisation, globalisation, and technological innovations. Liberalisation has opened the market resulting, for example, in a large number of multinational companies entering into the domestic markets either on their own or through joint ventures. The world markets have witnessed a number of mergers and alliances, changing the face of the business. Further, the privatisation of organisations in a variety of sectors is under way to make these organisations more efficient and market-responsive.

Another major environmental force is globalization, which has brought with it new market opportunities and new market threats. Customer needs and preferences and technology changes are making it extremely difficult to make fairly accurate long term forecasts. The environmental forces provide greater opportunities for growth and diversification, but also create more threats for the firm's survival. The organisations have to adapt to the changing environment, create internal capability to exploit new opportunities, and establish high performance standards in terms of cost, quality, technology, and customer orientation. The ability to adapt to changed circumstances is the essence of competitive advantage.

Organisational change is a fact of life. It is widely recognised that the effectiveness of an organisation depends upon its ability to establish and maintain 'a good fit' between itself and its

Fig. **9.1** Forces driving the need for change

changing environment. In an environment characterised by swift pace of change, organisations recognise that their survival depends upon excelling in the management of change. A variety of conditions and factors, both internal and external, stimulate and facilitate organisational change. The failure to recognise and deal with change leads to three common errors: (1) believing yesterday's solutions will solve today's problems; (2) assuming present trends will continue; and (3) neglecting the opportunities of future change. Such errors end up proving very costly to organisational effectiveness.

WHAT IS CHANGE

For centuries, philosophers have struggled with different notions and views of change. The focus of contemporary management scholars on constant change owes a large debt to Heraclitus, who lived around 500 BC. He said, "everything is born in strife and is in constant flux and whatever lives, lives by destroying something else" (Wagner, 1995). Though the practice of management is as old as humanity, its formal establishment as an academic subject is a fairly recent one (Carr et al, 1996). Even more recent—dating back to the 1940s—is the emergence of 'Change Management' as a subject of enquiry.

According to the Chambers dictionary, change means, to alter, or make different, to make or to pass from one state to another, to exchange. In their writings, Chattopadhyay and Pareek (1982)

describe organisational change as a relatively enduring alteration of the present state of an organisation or its components and their differentiated and integrated functions in totality and partially, in order to obtain greater viability in the context of the present and anticipated future environment. To Khandwalla (1982), organisational change means significant alteration in any one or more of the tasks, techniques, structure and people of the organisation.

Kilmann (1988) and his associates have given a more comprehensive description. They have identified the following ten features of positive organisational change.

1. It is a response to environmental and technological change.
2. It provides a new model of the organisation for the future by creating a new vision.
3. It is based on dissatisfaction with the old and belief in the new.
4. It is a qualitatively different way of perceiving, thinking and behaving, that better fits the emerging environment.
5. It represents system-wide change.
6. It is backed by the top management leadership.
7. It is an ongoing process to meet specific objectives.
8. It is orchestrated by internal or external experts.
9. It represents the leading edge of knowledge about organisational change.
10. It generates more open communication and feedback throughout the organisation.

CHARACTERISTICS OF CHANGE

According to Costley and Todd (1983) there are three special features of change that are of vital importance.

1. *Rate of change or the speed with which the change takes place:* Change does not occur at the same rate for all things or set of conditions. With the development of microprocessors and personal computers, the rate of change in many industries such as banking and telecommunications has gone up dramatically.

2. *Direction of change*: This term is used to define the way present conditions will alter future events. Would people favour large departmental stores or the smaller neighbourhood shops, what would be the preferred options for investing the savings and what choices of courses/specialisations would students opt for? Such questions raise issues of direction of change. The need to predict the course of change accurately is as vital as forecasting how rapidly it will grow.

3. *Diffusion of change*: The term diffusion means to spread out. Diffusion of change is frequently called the 'Domino Effect'. For example, a change in procurement procedure in a company may result in changes in several other departments such as accounting, receiving, inspection, and material control. It is virtually impossible to change any part of an organisation without affecting to some degree some or all of the other parts.

KINDS OF CHANGE

Change can be of various kinds. It can take the shape of structural and cyclical kind or it could be planned and unplanned.

1. *Structural change:* It is a considerable quantitative rise or decline, which results in a change in essential quality. It is non-reversible; and so requires permanent adjustment. Essential quality changes took place, for example in the speed of communication, which increased only slightly as messages went from human runners to those transmitted by messengers on horseback. But the telegraph, telephone, radio, TV, cable network, Internet, and the World Wide Web brought in a dramatic alteration. These changes are non-reversible. What has changed has undergone a permanent transformation and attained a fundamentally new state. However, there is no going back to the old state. Structural change requires a permanent adjustment. Not to respond to change is to be out of step, to fall behind, to be at a growing disadvantage, and thus to do less well.

2. *Cyclical changes:* These are changes in a certain measure or condition from a level or state to which it is likely to return later. Over a time period, cyclical changes follow a pattern in their fluctuation, returning regularly to the prior state. They require only temporary adjustment. Perhaps, fashion industry is a good example. It has seen thin ties to broad ties to thin ties several times. Since cyclical changes have a shorter duration, it is inappropriate to make permanent or irreversible decisions as a response to cyclical changes.

3. *Unplanned change:* Situations or conditions that are imposed on the organisation, are often unforeseen. Responsiveness to unplanned change requires tremendous flexibility and adaptability on the part of organisations.

4. *Planned change:* It can be defined as a conscious, deliberate and usually collaborative effort to improve the operations of a system. It involves some kind of organised effort and deliberate decision to alter the organisation. Planned change, therefore involves inventing a future, and creating conditions and resources for realising that future.

Organisations are open systems that are dependent on their environment. As the environment does not stand still, organisations must develop mechanisms to facilitate planned change (Robbins, 1983). The concepts of "planned change" and "managed change", commonly used in the literature, refer to changes that are deliberately shaped by members of the organisation. Throughout the large and expanding body of literature on change in business organisations, there is a consensus that planned organisational change is the most effective means by which change can be effected. The objective of planned change is to keep the organisations current and viable.

UNDERSTANDING ORGANISATIONAL CHANGE

Organisations go through two types of change. One is slow, incremental, *continuous* change, and the other is rapid, radical, *discontinuous* change. Any type of organisational change involves elements of both continuity and discontinuity. Continuous changes are relatively calm periods of evolution. On the other hand, discontinuous changes involve upheavals in response to or in anticipation of critical environmental changes, such as abrupt changes in legal, political, or technological

conditions. The business context in India following liberalisation is a significant discontinuity. Discontinuous changes demand new strategies, structures, and processes. They involve much higher levels of risk and uncertainty. Nilakant and Ramnarayan (1998) present an example of how Agriculture Finance Corporation, Zimbabwe (see Box 9.1) changed its strategy to suit the new realities.

Box 9.1

Agricultural Finance Corporation Zimbabwe

Before Zimbabwe became independent in 1980, Agricultural Finance Corporation, Zimbabwe (AFC) was a small organisation catering to the needs of less than 3,000 white commercial farmers. Prior to 1979, AFC did not lend to black farmers because only the whites held land under title. In the words of an AFC manager: 'AFC executives and AFC clients were all part of a small elite network; they played golf together during the weekends and settled most issues on the golf course.'

The environment for AFC changed sharply when Zimbabwe achieved independence. For the new government, the agricultural sector was of strategic importance because it made a substantial contribution to the nation's GNP and employed the largest number of people. Ensuring equity for the black farmers scattered all over the country and bringing them rapidly into the mainstream were national priorities and, therefore, there was a total transformation in the nature of accountability demanded by the larger environment. The focus of the Corporation could no longer remain restricted to servicing the 3,000 commercial farmers. The new mandate was to play a developmental role to cater to the needs of the 500,000 farmers who were operating largely at a subsistence level. While the performance expectations from the Corporation registered a sharp upswing, the supply of trained managers in the country registered an equally sharp downturn with the exodus of expatriate managers after Zimbabwe's independence. All these amounted to a major upheaval for the organisation.

AFC planned a number of strategic changes to manage this discontinuous change in the environment. It developed an appropriate policy framework, increased the number of rural branches, decentralised decision-making to provincial levels, initiated business planning, introduced computers and management information and control systems. In addition, certain new concepts like group lending were introduced to deal with the problem of very small loans. In group lending, money was given to groups of farmers rather than to individual farmers to keep the operating expenses and the arrears in check. Plans were also formulated to start accepting deposits from the general public so that the organisation could raise resources on its own for expanding the operations.

These strategic changes had to be backed by changes in the organisational structures and processes. New work methods were developed for assessing loan applications, monitoring progress, effectively decentralising day-to-day decisions to branch personnel, and so on. The company developed partnerships and linkages with other agencies such as marketing boards and extension services to perform a developmental role. To introduce the group-lending concept, the company needed to develop an understanding of what holds a group of farmers together, and what incentives should be offered to promote the group-lending concept. These meant dramatic changes in the functioning of the organisation.

Nadler (1988) presents a typology of organisational change, that is based on two dimensions of change, (a) scope of change—incremental or strategic and (b) positioning of change in relation to key external events—reactive or anticipatory. Figure 9.2 presents the four types of organisational change.

	Incremental changes	Strategic changes
Anticipatory	Tuning	Reorientation
Reactive	Adaptation	Re-creation

Fig. 9.2   Types of organisational changes

Tuning refers to incremental changes made in anticipation of future events. These changes are not done in response to any immediate need or problem but are aimed at finding ways to increase efficiency. *Adaptation* involves making incremental changes as a reaction to external events, which have already taken place that make it necessary for organisation to respond. *Reorientation* is the strategic change in anticipation of external events. These changes involve fundamental redirection, but carried out in a planned way to enhance the competitive position of the company in the emerging scenario. *Re-creation* involves strategic changes necessitated by external events, usually threats. This change is a radical departure from the past practices and may include shifts in senior leadership, strategy, and culture. Nadler (1988) describes re-creating as 'frame breaking'.

Strategic changes are more intense than incremental changes and reactive changes are more intense than anticipatory changes. An additional factor in thinking about changes involves the characteristics of the organisation being changed. Organisations become more difficult to change as they increase in their complexity (size and diversity). A major challenge is how to manage the re-orientations in very complex organisations. Organisations in a competitive environment must face and cope with rapid changes by re-conceptualising strategy, sharing the responsibility for strategy more broadly within the firm, and focusing on organisational capabilities as the real source of competitive advantage.

Nilakant and Ramnarayan (1998) quote the example of Ashima Syntex (see Box 9.2) to show how it adjusted to changing situations.

Box 9.2

Ashima Syntex

In 1982, Ashima Syntex started with texturising polyester yarn. In 1985, it expanded its capacity by another 50 per cent. By 1987, it started sizing of yarn, and followed it up with a draw-testing unit. Ashima had the latest technology and prided itself on its quality. As sizing was a very profitable operation, it attracted a number of entrepreneurs, which led to the mushrooming of indigenous sizing plants. Though these plants could not compete in terms of quality, they found rather

(Contd.)

Contd.

innovative (though illegal) ways of operating without paying electricity charges and sales tax. In 1994, when Ashima made an analysis of the business environment, it confronted the reality of the presence of a large number of units with predominantly trading orientation to the business, problem of credit realisation, and a likely downturn in the market. The company, therefore, decided to close down its sising operation. By 1996, the company had discontinued its texturising and draw-testing operations. It decided to concentrate exclusively on cotton textiles, and this move worked out extremely well for the company.

BEHAVIOURAL REACTIONS TO CHANGE

An individual's attitude towards change is shaped by certain factors. These factors influence the thinking processes, and so individuals tend to perceive situations in a certain way, and this in turn motivates them to behave in a particular manner. It is, therefore, important to identify these reactions and apply relevant managerial strategies to facilitate the change process.

Figure 9.3 presents the key forces acting on the organisational member, and shaping their behaviour pattern. These factors are briefly discussed below.
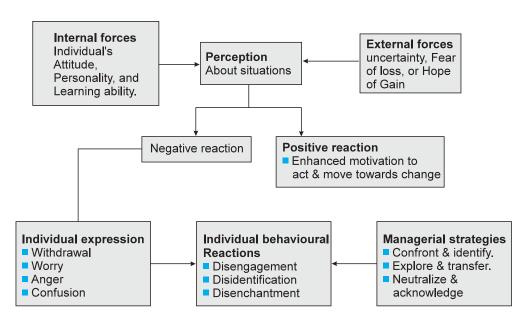
Fig. 9.3 Forces influencing individual behavioural reactions

Internal forces constitute an individual's attitude, personality, and learning ability. For some individuals the need for consistency and stability are high, and therefore a level of uncertainty develops a negative attitude as it disturbs their state of mind. Personality is a combination of psychological traits, and different people react to a similar set of external cues in different ways. If individuals have been exposed to a variety of situations, they develop the ability to grasp and adapt to novel situations. Their superior learning ability has a positive influence on their response to change. The *external forces* can create uncertainty for organisational members. Some members may experience a fear of loss, while others may perceive an opportunity for challenge and growth. *Perception* is a process by which individuals organise and interpret their sensory impressions in order to give a meaning to their experiences. The internal and external forces are perceived differently by different individuals. While some may have positive reactions, others may respond by withdrawing, showing worry, anger, and confusion. These may lead to the following negative reactions to change (Woodward and Buchholz, 1987).

1. *Disengagement:*   It is a psychological withdrawal from change. Its symptoms are loss of initiative and interest in the job; doing nothing and hoping for the best; lack of drive and commitment; physically present but mentally absent; and doing only the minimum to get the job done. A change agent has to *identify and confront* disengagement behaviour. The strategy would be to help the individuals to air their feelings and surface their concerns. By doing so, management can get the clarity and commitment back.

2. *Disidentification:*   This causes the individual to worry and feel vulnerable. Its symptoms are that individuals begin to live in the past, they fall back on the old ways of doing things, and feel their identity has been threatened by change. When faced with disidentification, the change agent can *explore and transfer* all the possibilities of having the same positive experience in the new situation. Individuals need to be helped to let go of old ways, and experience positive reactions to new ways of performing their jobs.

3. *Disenchantment:*   It is an expression of negativity or anger. The usual symptoms are confusion, denial of change, a feeling that the best has been lost, leading to building coalitions and destructive behaviours like bad mouthing, backstabbing, sabotage, and spreading rumours. A change agent has to *acknowledge and neutralise* disenchantment behaviour. The first step is to bring these individuals from their highly negative, emotionally charged state to a more neutral state. The essence lies in allowing the individuals to let off the necessary steam so that they can come to terms with their anger. Additionally, the organisation needs to acknowledge anger as normal, and should not hold anything against the concerned organisational members.

4. *Disorientation:*   It is a state of confusion. Symptoms of disorientation are being unsure of their feelings, and seeking excessive details about work. When faced with disorientation, the change agent has to *explain and plan* by explaining the need for change. This enables the individuals to know where they would fit in the larger scheme of things. Once the individual gets a feel of the situation, a series of steps can be planned to help the individual adjust to the new situation, and work on priority areas.
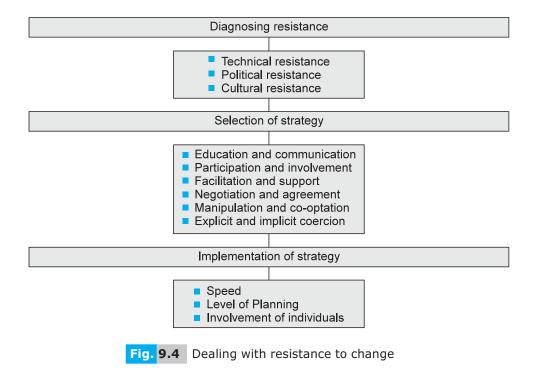
Managements should be able to diagnose these four behavioural reactions to change, as they are major threats to a change programme. The guiding principle is "no single universal strategy is applicable to all reactions". It is essential to recognise each reaction and to apply the relevant strategy.

RESISTANCE TO CHANGE

Changes meet with varying degrees of resistance. It is necessary to understand what factors create resistance and how they can be effectively dealt with. Few organisational change efforts tend to be complete failures, but few tend to be entirely successful either. Most efforts encounter problems; they often take longer than expected or desired, they sometimes take a toll on people's morale, and they often cost a great deal in terms of managerial time and emotional upheaval. Some organisations do not even try to initiate needed changes because the managers involved are afraid that they are simply incapable of successfully implementing them.

Figure 9.4 presents the major aspects in dealing with resistance to change.

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┌─────────────────────────────────────────────────────────────┐
│                   Diagnosing resistance                      │
└─────────────────────────────────────────────────────────────┘
                ┌──────────────────────────────┐
                │  ■ Technical resistance       │
                │  ■ Political resistance        │
                │  ■ Cultural resistance         │
                └──────────────────────────────┘
┌─────────────────────────────────────────────────────────────┐
│                   Selection of strategy                      │
└─────────────────────────────────────────────────────────────┘
                ┌──────────────────────────────┐
                │  ■ Education and communication │
                │  ■ Participation and involvement│
                │  ■ Facilitation and support     │
                │  ■ Negotiation and agreement    │
                │  ■ Manipulation and co-optation │
                │  ■ Explicit and implicit coercion│
                └──────────────────────────────┘
┌─────────────────────────────────────────────────────────────┐
│                 Implementation of strategy                   │
└─────────────────────────────────────────────────────────────┘
                ┌──────────────────────────────┐
                │  ■ Speed                       │
                │  ■ Level of Planning            │
                │  ■ Involvement of individuals   │
                └──────────────────────────────┘
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Fig. 9.4 Dealing with resistance to change

Diagnosing Resistance

Organisational change efforts often run into human resistance. Every change, no matter how innocuous or even beneficial it may seem on the surface, costs somebody something (Fisher, 1995).

Even changes that appear to be positive and rational involve loss and uncertainty, and some emotional turmoil. Nevertheless, individuals or groups can react very differently to change—from passively resisting it, to aggressively trying to undermine it, to sincerely embracing it.

A large part of the explanation to resistance lies in the organisational members. These people resist change as a response to real and imagined threats to their self-interest. The more investment one has in the status quo, greater is the threat of change. A threat need not be real to create resistance; it can be a perceived threat. Misunderstanding due to lack of information or inaccurate information, lack of trust in what management says, and different assessments of the same set of data can lead to resistance. In fact resistance to change is often strongest among those in power. To predict what form their resistance might take, it is necessary for managers to be aware of the forms of resistance. Tichy and Sherman (1993) have categorised resistance into three types: technical, political, and cultural.

1. *Technical resistance* includes the more rational reasons for resisting change, such as: *Habit and inertia*: Individuals used to old ways of doing things, don't feel comfortable with new approaches. *Lack of understanding*: People may not understand the implications of change and perceive that it might cost them much more than they will gain. *Difficulty in learning new skills*: Individuals are required to develop new skills and behaviour requiring people to change too much, too quickly. Even when managers intellectually understand the need for change, they are emotionally unable to make the transition. *Sunk Costs*: Individuals have invested time, attention, and energy in learning certain ways of doing things. These have to change, they may also fear that what may work today may not be tomorrow's way of doing things leaving them confused and resistant.

2. *Political resistance* arises as a response to the disruption of the existing power structure and coalitions. Other common reasons for this type of resistance are: *Parochial self-interest*: This happens when individuals think they will lose something of value as a result of change. The focus is on their own best interests and not of the total organisation. The political behaviour can take several forms depending upon the situation (opposing camps may publicly fight things out, going underground, and undermining others' efforts in subtle ways). *Different assessments among individuals and those initiating the change*: The individuals affected by change see more costs than benefits resulting from the change, not only for themselves but for their company as well, than the managers who may feel a growing need for change. It is necessary to explore the concerns raised, and try to incorporate those in making decisions about the change programme. *Resource allocation*: Doing more with less makes the normal practice of resource allocation tougher. Competition for scarce organisational resource leads to political resistance to change efforts.

3. *Cultural resistance* results from individuals having mindsets and perspectives built up over the years. Common types include: entrenched cultural mindsets, large gap between the desired and the existing mindset, selective perception (reality perceived differently), and fear of letting go (old ways are predictable).

Selection of Strategy

Kotter and Schlesinger (1979) suggest the following strategies for dealing with resistance to change.

1. *Education and communication*: One of the most common ways of overcoming resistance is to communicate and educate people about change beforehand. The education process can involve one-to-one discussions, presentations to groups, or memos and reports. However, success of this strategy requires a good relationship between initiators and resistors, and the credibility/trust that change initiators enjoy in the eyes of resistors.

2. *Participation and involvement*: Participation leads to commitment. If the initiators involve the potential resistor in the design and implementation of the change, they can often forestall resistance. However, unless managed properly participation may lead to poor solutions and enormous time consumption particularly when the change has to be made immediately.

3. *Facilitation and support:* Another way that managers can deal with potential resistance is by being supportive. It includes providing training in new skills, and emotional support. However, this approach can be time consuming and may still fail.

4. *Negotiation and agreement*: Another way of dealing with resistance is to offer negotiated incentives to active or potential resistors. However, one of the dangers in negotiations may be that it may create an impression that all aspects of the change programme are open to negotiation.

5. *Manipulation and co-optation*: In some situations, managers also resort to covert attempts to manipulate by selective use of information and the conscious structuring of events. One common form of manipulation is co-opting or involving resistors by offering them a desirable role in the change programme. Co-option does not mean seeking advice but only endorsement. However, if people co-opted feel that they are being lied to, they may respond very negatively.

6. *Explicit and implicit coercion*: Sometimes, managers are required to deal with resistance coercively. Here they essentially force people to accept change by explicitly or implicitly threatening them. However, using coercion is a risky process because people strongly resent forced change.

Implementation of Strategy

In bringing about change, managers explicitly or implicitly make strategic choices regarding the speed of the effort, the amount of planning, and the involvement of others. The strategic options available for implementation may be thought of as existing on a continuum as depicted in Fig. 9.5.

At one end of the continuum, the change strategy calls for a very rapid implementation, with a clear plan of action and little involvement of others. At the other end of the continuum, the strategy would call for a much slower change process, a less clearly-defined plan, and involvement on the part of many people other than the change initiator in determining the parameters of the change. Where should a change effort be on the above strategic continuum? The answer to this question depends on following four factors:

1. *The amount and kind of resistance that is anticipated*: All factors being equal, the greater the anticipated resistance, the more difficult it would be simply to overwhelm it and
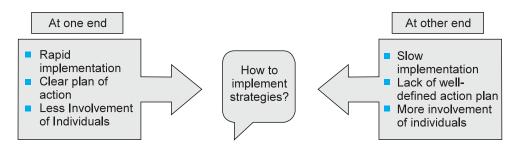
Fig. 9.5 Continuum of options for change implementation

implement change. The manager will, therefore, need to move towards the slower end of the continuum to find ways to reduce resistance.

2. *The position of the initiator and the resistors, especially with regard to power*:   The less influential the initiator is with respect to others, the more the initiating manager must move to the slower end of the continuum.

3. *Location of expertise*:   It is important to consider who has the relevant data for designing the change and who has the energy for implementing it. The more the initiators anticipate that they will need information and commitment from others to help design and implement the change, the more they must move to the slower end. Gaining useful information and commitment requires time and the involvement of others.

4. *Stakes involved*:   The greater the risk potential and threats to organisational performance and survival if the present situation is not changed, the more one must move to the rapid end of the continuum.

Organisational change efforts that ignore these factors inevitably run into problems. Forcing change on people can have just too many negative side effects over both the short and long term. A change initiator must invest time and attention to developing a shared need for change and mobilising people. A manager can improve his/her chance of success in an organisational change effort by:

(a) Carefully identifying the current situation, problems, and the factors that have led to these problems.

(b) Analysing the factors relevant for producing the needed change.

(c) Selecting a change strategy based on an analysis of the factors listed above, and making thoughtful choices with regard to the speed of change, the amount of planning, and the degree of involvement of others.

(d) Monitoring the implementation process, and making appropriate mid-course corrections.

As seen above, there are broadly two approaches in implementing change—participative approach and directive approach. The rationale behind these approaches is summarised in Fig. 9.6.

Just as continuity and discontinuity are integral parts of any change, participation and coercion are also implicit in any change programme. An appropriate mix of participation and compulsion is
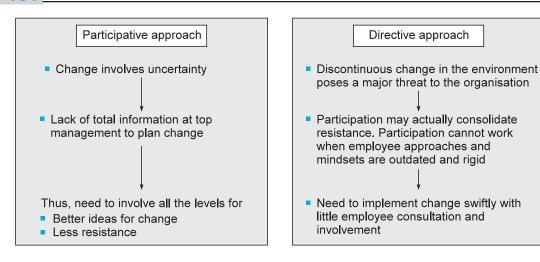
Fig. 9.6 Participative and Directive approaches

needed in a change program in articulating new ideas and in managing resistance. No organisational change is ever completely participative or completely coercive. One example of the mix strategy is found in the RPG Group (see Box 9.3 below). (Nilakant and Ramanarayan, 1998)

Box 9.3

Human Resource Policy at RPG Group

RPG Group has succeeded in taking over several declining units and turning them around and making the units profitable. Mr. Aroon Joshi, President (Human Resources) outlines the elements of the group's approach in the following words. "There are certain basic elements to our approach when we take over firms which are declining: (a) we put in good, carefully chosen people in these businesses who would be able to push productivity; (b) we give them the clear objective of making the company work; (c) we put in participative problem-solving within the company for generating both the ideas and commitment to implement those ideas; (d) we give a great deal of freedom to the company management; and (e) we back them fully in doing what they believe is best for the company. These simple fundamentals lead to magical spurt in performance and profits."

ORGANISATION DEVELOPMENT

Change in organisations is a social process, and not merely an analytical one. The field of Organisation Development (OD) has evolved a number of approaches to create organic conditions that lead to employee participation in decisions and freedom to initiate ideas to improve organisational processes. Thus OD is a systematic process to planned change. It involves following four stages:

Diagnosis   : Establishing the current situation in the organisation

Unfreezing   : Getting people ready to accept change

Intervention : Introducing change

Freezing   : Making sure that change sustains for a long period of time.
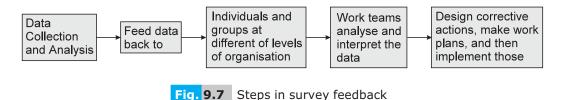
A variety of OD methods have been developed for facilitating change through using these stages in India (Ramnarayan et al, 1998).

1. *Action Research*: Action research involves systematically collecting data on relevant problems, analysing and feeding the data back to the organisation, and helping the organisation to take action to address the problems. It attempts to tap the capabilities of the employees with the dual purpose of contributing to successful change efforts as well as fulfil employee needs for greater involvement. The approach seeks to empower the concerned organisational members so that they may become self-reflective practitioners rather than mere spectators in the process of organisational change. When people become self-reflective practitioners, not only would meaningful solutions emerge, but more important, they will develop the abilities to diagnose and solve future problems.

2. *Process Consultation*: Process consultation is an OD method that helps managers and employees improve the processes that are used in organisations. The processes include: communication, conflict resolution, decision making, group interaction, and leadership. One of the distinct features of the process consultation approach is that an external or internal consultant is used. The consultant helps the employees to help themselves. For instance, in team building activity, a work team is brought together to discuss conflicts, goals, processes of communication and decision-making, creativity and leadership. The team then plans to overcome problems and improve results. Schein (1969) who has pioneered the process consultation approach has identified four types of interventions that process consultants often employ in working with groups.

  (a) Agenda-setting interventions are aimed at making the group aware of the internal processes by which it makes decisions and solves problems.

  (b) Data feedback interventions diagnose the interpersonal processes in a group, and give feedback to enable group members to improve processes.

  (c) Counselling is required during or after a feedback session to ensure that behaviours are suitably modified.

  (d) Structural interventions involve suggestions on how work should be allocated, committees organised, or group norms enforced.

3. *Training workshops and conferences*: Training has become an important OD tool in the change process. Training programs are used not only to generate ideas, develop collaboration among employees, enhance skills, but also for the development of new roles, systems, procedures, and work methods. Top management's involvement in training programmes provides the context for defining a clear framework of the company strategy. Training workshops and conferences represent an important first step in the organisational change process as they have the potential to achieve the following objectives:

(a) Raise the consciousness of participants.

(b) Bring awareness of the gaps between reality and ideals.

(c) Provide a common platform to articulate shared problems and difficulties.

(d) Generate ideas for change.

(e) Create greater awareness of change.

Training must be followed up with appropriate management actions and initiatives to make the desired change in reality.

4. *Survey Feeback:*   Survey feedback is an OD method whereby employee attitudes are surveyed using a questionnaire. As shown in Fig. 9.7, data are then analysed, feedback to employees, and follow up actions are planned to improve the functioning of the organisation and ease change attempt.

Fig. 9.7   Steps in survey feedback

For survey feedback to be effective, the following guidelines are important to follow:

(a) Employees must be assured that their responses to the questionnaire will be confidential and anonymous. Unless this assurance is given, feedback may not be honest.

(b) Feedback should be reported in a group format.

(c) The work group must accept the data as valid.

(d) The purpose of survey has to be disclosed to the employees.

(e) Effective follow up on the survey results is important. Without appropriate follow-up actions, employees may not take the survey process seriously the next time any such survey is undertaken. Nilakant and Ramnarayan (1998) quote the following example of Ballarpur Industries which used survey feedback to improve effectiveness (see Box 9.4 below).

Box 9.4

Climate Survey at BILT

After initiating a number of changes in the organisation, Ballarpur Industries Limited (BILT) undertook a climate survey in 1995. The survey covered 1390 management staff spread across 19 sites. The survey covered a number of dimensions such as quality focus, customer orientation, structure, innovation and risk taking, communication, decision-making, team work, performance measurement, work environment, and innovation.

The survey produced positive scores on dimensions in which employee expectations were met and negative scores on dimensions in which expectations were not met. For example, the scores were very positive in the area of cost consciousness, customer focus, quality focus, and so on. But, the scores were negative in the area of communication, personaldevelopment, team work, and so on.

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> BILT organised workshops to address the above issues. In-house facilitators were trained to organise these workshops. 68 workshops with 12 participants each were organised covering about 70% of the participants in the survey. These workshops focused on causes and solutions to these problems. Detailed action plans were worked out and were later implemented.

5. *Team Building*:   This intervention is designed to improve the effectiveness of a work group. It usually begins with a diagnostic process through which team members identify their problems and develop actions to resolve those problems. The OD practitioner serves as a facilitator, and the work is done by team members themselves. Team building develops mutual respect among team members and learning to effectively use mutual interdependence. The whole emphasis is on achievement of the team goal. Team building uses a variety of techniques such as presenting participants with outdoor experience and involving unfamiliar physical challenges, which help them explore decision-making and leadership issues.

6. *Role negotiations*:   Role negotiation is a technique whereby individuals meet and clarify their mutual expectations, and negotiate how these can be best met in reciprocal relationship. This helps the process of working together.

ROLE OF LEADERSHIP AND CHANGE AGENTS

Change by definition, requires creating a new system. It demands the role of leadership to initiate, direct, and control change in terms of direction and speed. If the CEO gives the change programme top priority, and allocates to it a great deal of time and attention, change will succeed. By the same token, if the CEO offers only lip service to change programme, changes just won't happen (Reynierse, 1994). The role of leadership, especially at the top is probably the most critical element in a major organisational change effort. This role cannot be delegated. The top management should lead by example for the success of a change effort.

Kotter (1995) describes eight steps which leaders have to follow in leading change:

(a) Establishing a sense of urgency

(b) Forming a powerful guiding coalition

(c) Creating a vision

(d) Communicating vision

(e) Empowering others to act on the vision

(f) Planning for and creating short term wins or successes

(g) Consolidating improvements and producing still more change

(h) Institutionalising new approaches by developing means to ensure leadership, development, and succession.

While strong leadership is necessary it cannot itself sustain a large-scale change. Management of change in large organisations is too large an undertaking, for one leader at the top, however

competent or committed he may be. It needs the support and involvement of large number of change agents who believe in the cause, and are willing to provide leadership and put in the effort, with patience, determination, and tenacity.

An effective change programme requires the change agent to have a skilled and orderly approach. The change agent should exhibit traits of common sense, hard work, and systematic goal-oriented approach. Sheperd (1983) provides a set of following guidelines for a change agent.

1. **Tune up the internal drive:**   A change agent needs to get the "whole being" involved to effectively champion the change process. A change agent should also be able to keep his own mood, motivation, and self-confidence high during the change process. He should be able to seek and support new ways to work, keep moving and trying new ideas, and find opportunities in change rather than excuses for avoiding them. This point is further illustrated in the following example of Infosys (see Box 9.5).

Box 9.5

Change Agent at Infosys

In its formative years, the team of professionals at Infosys wanted to import an MV 8000 computer system but lacked the necessary resources. In spite of several obstacles, they persuaded the Karnataka State Industrial Development Corporation to sanction a loan of Rs 8.5 million for the purchase of the computer, placed an order for the computer, and started to scout around for a place to install the system. They came to know that MICO Industries in Bangalore was looking for a new system for in-house development Mr. Narayana Murthy, CEO, approached the management of MICO and convinced them about the suitability of the MV 8000 system. Infosys agreed to provide 400 hours of computer time per month during the day shift to MICO for a sum of Rs 0.33 million per month. In addition, MICO agreed to pay Infosys Rs 2.5 million for system development work. Murthy enrolled the support of Patni Computer Systems (a company that he had worked for earlier) for this venture.

However, all these arrangements were seriously threatened when the US Department of Commerce refused to give an export license for the shipment of the MV 8000 system. MICO began to grow impatient and there was also a likelihood of increased customs duty in the forthcoming budget. Narayana Murthy's persistence and 'can do' spirit were put to test. He rushed to the United States, pleaded the Company's case with the State Department and the Department of Commerce and managed to import the system just a day before the budget was presented.

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2. **Develop relations of mutual trust and confidence:**   A change agent works with a number of people. It requires interactions that build a mutual relationship of trust and respect between members and the change agent. Fear of failure would be minimised when members feel that the change agent knows the system, and approaches the initiative with competence and care. The credibility of the change agent gives them confidence to move ahead with plans.

3. **Develop a systematic and thoughtful approach to problem solving**:   Change is a process of building strength through a series of actions. It involves: (a) Setting a clear goal that is practical, measurable, timely, and acceptable to the key stakeholders. (b) A goal needs to be broken down into a set of objectives and specific responsibilities. (c) The change programme requires concerned organisational members to accept the change and feel committed to it. (d) It is important to have some initial success experience to build enthusiasm for the change programme which could be done if changes that are likely to encounter less resistance are initiated first.

4. **Ensure constructive conflict management**:   For a large change programme, partners are indispensable for success. People differ in terms of objectives, background, training, and professional language. To achieve the desired end, a change programme needs to build agreements that vitalize all the stakeholders. Conflicts are inevitable. Reaching agreements in conflict situations is not only logical but also an emotional experience. The focus should be to make things better, not bitter.

5. **Learning by doing**:   As change involves uncertainty, there can be no sure formula for success. Experimentation and risk-taking are inevitable. But it is important that the change agent is thoughtful and self-reflective to learn continuously from experience. A change agent has to be a reflective practitioner.

6. **Develop a good sense of timing**:   Effective change agents learn to be sensitive to "potential of the moment", and introduce key elements of the change at the right time. This requires spontaneity; it cannot be planned. One is more likely to capture the moment when the system is most ready to change, and relevant experiences are readily available. The point is well demonstrated in the following example of Malaysian Carpet Factory (see Box 9.6 below) (Ramnarayan, 1996).

Box 9.6

Averting Crisis at Malaysian Carpet Factory

Even as the sinking company was barely getting out of its most serious troubles, the union decided to call a strike. Zainal Wahid, the CEO received the news that the workers were planning to stop work from the following day and start holding demonstrations.

As the workers were planning to leave for the day, Zainal Wahid decided on the spur of the moment to talk to them. He said, "I understand that you are planning to go on strike and hold demonstrations. When you squat outside the factory gate tomorrow, there will be people from the press who will come and photograph you. Your pictures will appear in the newspapers. They will ask you questions and blow up the issue. But our bankers will also read about our problems. They already think that ours is a dying company and when you go on strike, they will reject our proposal for funds. If that happens, the company will close down. Of course, you will continue to hold demonstrations, but now no press people will come to take your photographs and write what you say. I have another job at the head office and so I will lose nothing. But I am not so sure if all of you can find another job when the company closes down."

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The response of the workers to Wahid's impromptu addressing was electric. "I found that the workers were listening to what I was saying," said Wahid. "I knew I had established contact with the group. I looked directly into the eyes of a worker who was listening intently. I asked him, "Tell me, do you want to go on strike tomorrow?' He avoided my eyes. But I didn't let go and said, 'You cannot avoid my question. It is far too important for your and the company's future. Do you want to go on strike?' There was silence for a while and then slowly he said 'No'. Then I moved to another person and repeated my question. Again the answer was 'No'. A third person, a fourth person, and soon ripples of a new sentiment were getting generated. By then, I knew that the crisis had been averted." In the words of a factory worker, "The boss told us that we should not kill the goose that lays golden eggs. The workers decided against the strike."

To bring about effective and sustainable change, the change agent requires assembling a team of change agents. The team may consist of both internal and external members. There is also a need to create a new vision so that the organisation is prepared to commit to change in terms of alignment of new structures, resource generation, and structural designs to suit the new expectations. Once the road blocks to change are reduced or removed, change can become a way of life in the organisation.

Review Questions

1. What are some of the characteristics of change?
2. How do employees react to change?
3. What forces determine resistance to change?
4. How can change be more effective?
5. Briefly describe the stages in organisation development.
6. Read case Managing Change at S.P Engineering Works. Analyse what process was followed to bring about effective change.

Managing Change at S.P. Engineering Works

Part I

As technical Manager at S. P. Engineering works, one of my major responsibilities was modernisation of plant and machinery.

S.P. Engineering Works was set up somewhere around 1962–63 as a forge shop to cater to the requirements of forgings for the automotive industry, the major customers being companies such as TELCO, Ashok Leyland, Mahindra & Mahindra, Bajaj Tempo, ans so on. The traditional equipment for the manufacture of forgings has been a drop hammer. S. P. Engineering Works set up the facility with nine drop hammers in the range of 25,000 lbs to 2,000 lbs. All these were imported from America as second-hand equipment. Alongwith the forging hammers, the other major equipment required are suitable furnaces for heating the raw steel billet material. The furnaces, too, were bought somewhere around 1968. Quite clearly both these pieces of equipment were already old, based on old technology, and required modernisation.

The forging furnaces were identified as the major equipment to be replaced. Since these furnaces were all based on rather primitive technology, the fuel consumption was prohibitively high. It was, therefore, decided to do away with the old furnaces completely and install totally new state-of-the-art furnaces instead.

It is important here to highlight the systematic way by which the problem itself was first identified and subsequent actions then taken.

Detailed fuel consumption readings were taken for all the furnaces; hence, the fuel consumption per ton of material heated was known. While the furnaces were running during regular production, readings were taken for fuel consumption, material heated with various types of jobs, and loading of the furnaces to determine the current situation of fuel consumption in the plant. The total fuel consumption per year was in the region of Rs 60 million for a turnover of Rs 600 million at that point of time (1981–82), that is, almost 10 per cent of the turnover.

To begin with, I was deputed to see the Exhibition of Forging Furnaces and Heat Treatment Equipment held at the International Exhibition Centre in Birmingham. This exhibition is held every two years. I also attended a seminar, which was running concurrently at the exhibition, on subjects such as heating equipment, heat treatment technology, and the like. I was therefore able to discuss at first-hand and apprise myself of all the latest heating equipment being used in the forging industry. I interacted with various specialist firms in England, visiting their works as well as the forging shops where these furnaces had been installed. From these forge shops, I obtained information regarding the working of these furnaces. I also obtained quotations from the suppliers of forging furnaces required by us along with guaranteed fuel consumption parameters. In the process, I gathered information regarding the latest technology on burners, insulation materials like ceramic fiber, recuperators to pre-heat the incoming air used for combustion. With these latest features, fuel consumption parameters were almost one-third of what we were currently consuming at S. P. Engineering Works.

On my return, I contacted the specialist furnace manufacturers in India. These companies have collaborations with specialist furnace suppliers in France, England, and Germany. I apprised them of the discussions I have had with the furnace manufacturers in England, and then obtained quotations from those Indian manufacturers who committed to nearly the same kind of fuel consumption figures as had been indicated to me by the manufacturers of furnaces in England. A detailed, nearly 100-page report was prepared for the Management wherein the current status of furnaces, new proposals, requirement of investment, time period of execution, and cost benefit analysis were clearly spelt out. It was highlighted that fuel consumption could almost be halved and for an investment of Rs 35 to 40 million, the payback period worked out to a little more than a year and a half.

Subsequently, of course, detailed layouts for the installation of these furnaces in the plant were made. The most important factor to consider was that all new furnaces were to be installed in the running shop without disturbing the current production. Therefore, new furnaces were to be installed and tried out at production. One-by-one all old furnaces were removed from the shop. From the date of first action the whole exercise took two years. I would like to report that not only was the fuel consumption reduced as expected, but higher capacity furnaces were put at the same locations which contributed significantly to raising the level of productivity along with cutting cost of fuel at S.P. Engineering Works.

I think that having proceeded in a very systematic manner with full analysis, understanding and therefore conviction of all the people involved, including the top and operating management, it was possible to make a success of this assignment.

Part II

In the same breath, let me present a second, and equally ambitious, exercise on which we embarked, which did not produce the result we had desired.

As I had mentioned earlier, S.P. Engineering works was set up for making forgings with drop hammers. This was an old technology equipment and has now been replaced elsewhere largely by forging presses, which offer a number of advantages including far higher levels of productivity, and reduced material consumption.

I had been very keen that slowly we too switched over to manufacture of forgings on forging presses at S.P. Engineering Works. Consequently I initiated a proposal for setting up a forging press. The investment was in the region of Rs 40 million. The proposal was prepared, discussed with top management and, in principle, approval was obtained to go ahead. Consequently, I interacted with various forging press manufacturers in England, Germany, and Japan. I also visited many forging plants in Europe to see these forging presses in operation, including a plant of Bofors in Sweden, which at the point of time had the most modern fully-automated forging line for front axle beams for trucks. I invited quotations from various suppliers and finally negotiated, along with the General Manager, for a forging press to be supplied by a company in West Germany.

The press was ordered and work proceeded on its manufacture in West Germany. However, there was some hesitation on the part of both the top and operating management. For a brief period, S.P. Engineering Works passed through a lean phase. A few months before the press was expected to be

ready, there were hushed indications that S.P. Engineering Works should not opt for this kind of investment. All the same, the work progressed well and the press was ready for our inspection and I was to visit the press manufacturer in West Germany. Just before my departure I was told that we should cancel the order for this press and not go ahead with bringing it to S.P. Engineering Works. After inspecting and taking trials on four special forgings, I told the supplier that we wanted to cancel the order.

You can imagine the kind of reaction which the supplier had. It was indeed disheartening for me too to see my company giving up such a golden opportunity. I was totally convinced that the future lay in forging presses. All the same, the order was cancelled. I think I was bit lucky in being able to negotiate a decent penalty for S.P. Engineering Works. According to international standards manufacturers can demand payment of penalty up to 25 per cent, whereas I think I managed to get my company out of the deal with a penalty of somewhere in the region of Rs 2.5 million. I was able to achieve this low penalty by being able to place an order with the manufacturer for another type of press for making armament shells. I am glad to report that the second venture went through quite well and the second press has been duly installed at S.P. Engineering Works and is giving considerable diversified business to the company.

However, I consider that I failed in my objective, which was to set up a modern forging press at S.P. Engineering Works. As I have stated earlier, it was successfully carried out till the last moment. But my objective to upgrade our capability with a modern forging press did not materialise.

I think that unlike the case of forging furnaces, I was not able to sell the idea of a forging press as well to my operating colleagues. At the time of placing the order the top management accepted the proposal; but perhaps not with a strong conviction. I failed to do the detailed analysis and spell out the benefits to the company in terms of additional business as I had done in the case of forging furnaces. There were many opponents who were neither convinced nor committed to the new investment and the proposal could not be carried through finally.

Source: Ramnarayan and Ram Mohan Rao (1996)

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10

TEAM MANAGEMENT

Archana Shukla and R Srinivasan

INTRODUCTION

In environments that are relatively stable, the tasks are defined and processes are clearly identified and routinized. This kind of organising (routinized tasks and processes) ensures that the uncertainty is minimised to a large extent, and events and responses are reasonably predicted. Therefore, today, the emphasis is on building specialised skills and competencies in individuals handling a particular task, and interaction among people is mainly for information sharing and control. Thus, coordination is done vertically, rather than horizontally. As environments become more and more dynamic, fast-changing, and marked with higher levels of complexity, organisations need to develop capabilities to respond to these environments. In order to cope with this uncertainty and complexity, it is imperative that decisions are not taken by a "few generalists", but by involving broad-based "specialists" related to that issue. For example, in the pharmaceutical industry, new drug discovery process (or for that matter, any product development) involves interdependence and close, continuous interaction among a number of functions/departments including research and development, process chemistry, chemical engineering, manufacturing, and even marketing. It is to be emphasised that inputs from all of such functions are necessary even before the R and D department conceptualises the project.

In organisations, people typically do not work as individuals. They are also inter-dependent on each other (including their superiors, subordinates, peers, customers, vendors, other stakeholders, etc.) for their work. This *interdependence* arises because they need resources, information, control and facilitation, cooperation, and collaboration in achieving the organisational objectives. They may perform individual tasks, but the outcome is always related to their unit, department, function, or organisation.

As markets mature, information about competing products and services are easily available to the customers, forcing organisations to shift from a production-focus to customer-focus. This would mean the organisation shifts from the business of "producing a product/delivering a service" to the business of "adding value to customers". Organising around functional departments has led to the departments becoming functional silos, and developing a narrow segmented perspective, rather than

having a holistic view of the environment/organisation, at the cost of customer service/satisfaction. Rather than serving the customer/organisation's super ordinate goals, these functional departments have the danger of pursuing their independent goals that may or may not be in alignment with the organisation strategy. This has necessitated organisations to form cross-functional teams to respond to such complex issues. Cross-functional teams leverage on the *variety* and *complimentarity* in the individual team members to the team objectives. These cross-functional teams can be either project-centric, customer-centric, or product/service-centric depending on the industry context. The over-dependence on hierarchy as a mode of control, coordination, information dissemination, and decision-making diminishes and it reinforces horisontal and lateral coordination, apart from vertical coordination. Following two reasons further reinforce the need for cross-functional teams.

1. The maturity of markets has significantly reduced the product life cycles in most industries. This means that corporations need to introduce new products/services in the market more frequently, on a regular basis. Reducing the time-to-market, faster sensing of opportunities/threats in the environment, and providing equal emphasis on product as well as process innovation, are some of the imperatives in industries with shortening product life-cycles.

2. The growth and maturity of Information and Communication Technologies is driving the pace of change much faster in the modern business environment. This has reduced distances, and is forcing organisations to expand their horizons beyond the domestic national boundaries. The increase of geographic spread has forced many companies to globalise (either through entering new markets, or competing with MNC players on their own home turf). Therefore, global standards of performance are expected of corporations, not just in product/service quality, but in all respects—including best managerial practices, internal organising, corporate governance, and so on. In order to create and sustain globally competitive performance, organisations need to concurrently focus on becoming more and more efficient, maximise their effectiveness, and continuously innovate.

In response to the above imperatives (efficiency, effectiveness, and innovation), new forms of coordination like, matrix structures, project organisations, virtual organisations, network organisations, and hypertext organisations have evolved. These organisations need more autonomy and decentralisation at one end, and higher coordination/integrating mechanisms at the other. One common integration mechanism is the creation of teams within these organisations.

WHAT IS TEAM

A team is a small number of people with complementary skills who are committed to a common purpose, set of performance goals, and approach for which they hold themselves mutually accountable (Katzenbach and Smith, 1983).

This definition differentiates between teams and working groups in three ways.

1. Members should be driven by a common purpose, should have shared understanding of the performance measures (operational definitions of the team purpose that are easily measurable) for the team, and are guided by a common approach to achieve the team purpose;

2. Members should possess complementary skills; and

3. All members should be mutually accountable to the common purpose, goals, and approach.

A team is a purposeful entity, created to achieve a collective output that is meaningful for the members and the organisation alike. Therefore, every team should articulate a common purpose, that is, what does the team exist for? Common purpose provides team members direction and energy, and generates commitment from them. The purpose needs to be further broken down into measurable terms for assessing the team performance and output. Also, a team should choose and clearly specify the approach by which the team is going to work, for achieving the desired outcome.

In order to perform the team tasks, individual team members should possess technical skills, interpersonal skills, and problem solving skills.

Technical skills include conceptual/functional skills (knowledge) that the individual requires to solve a particular problem/ issue, (eg., knowledge of a particular programming language like C++, and writing a code is essential for a software development team).

Handling interpersonal conflicts and differences, to motivate individuals in the team to perform, giving feedback to colleagues/team members, communication with team members, etc. are some of the *interpersonal skills* required to work in a team.

Apart from technical and interpersonal skills, one also needs to understand the context in which the team is working, the ability to define a problem, isolate the issue from the symptoms, generate alternatives, develop criteria to evaluate the alternatives, and choosing the best option. All these skills are known as *problem solving skills*. An effective team should have a right mix of all these skills.

In a team, work is done by individuals, whereas outcome is always achieved by the team. Therefore, every team member shares three levels of accountability—for his/her "individual" performance, for the performance of other members, and "mutual" to the "team" collective output. Doing one's own job is not good enough to produce team output; one needs to see how his/ her job is contributing to the team purpose. Also, it is expected that every team member is also concerned about every other team members' performance, without which the team cannot achieve its desired level of output.

DIFFERENCE BETWEEN GROUPS AND TEAMS

All teams are groups, but all groups are not teams. Groups also can exist around social interactions/ affiliations. For example, people who travel together in the same suburban train everyday might interact with each other, but are not bound by a common purpose. Therefore, they might at best be called a group.

Interdependence among team members is a significant feature of teams. Any single team member is not sufficient to accomplish the team task. Every single member of the team is dependent on others to perform his/her role in the team, and hence to complete the task. The interdependence in teams arises out of the complementary capabilities that team members possess. This set of capabilities that is present in the team members, added to the common purpose for which these capabilities would be

used to, make the team output greater than the sum of all these capabilities put together. In other words, *synergy* occurs when people with a set of complementary capabilities are interdependent on each other for a common purpose. Groups take responsibility for the individual output, whereas teams take responsibility for the collective output. In order to achieve the common purpose, team members should extend their willing cooperation, and make mutual adjustments. The complementary capabilities of team members can be visualised as pieces in a jigsaw puzzle— individually they convey no meaning; collected they still do not project a clear picture; the meaning comes out clearly only when they are placed in their respective positions.

Specifically, the differences between working groups and teams are described in Table 10.1 (Katzenbach and Smith, 1993).

Table 10.1   Differences between Working Groups and Teams

Working groups	*Teams*
Strong, clearly focused leader	Shared leadership goals
Individual accountability	Individual and mutual accountability
The group's purpose is the same as the broader organisational mission	Specific team purpose that the team itself delivers
Individual work products	Collective work products
Runs efficient meetings	Encourages open-ended discussions, and active problem solving meetings

TYPES OF TEAMS

Mankin, Cohen, and Bikson (1996) have described several types of teams in organisations.

1. **Work teams** are relatively permanent teams in organisations that are liable to produce output in the form of products or services. Membership in these teams is well defined and stable. These teams typically have a long-term mandate, and are easily identifiable in a given context.

2. **Project and Development teams** are teams that are constructed out of members with different functional specialisations/technical expertise, for a specific purpose/ time period. Some examples of project teams are product development teams, or cross-functional teams that are set up to implement a particular system. Membership here is diverse and of a shorter duration. Once the project is completed, these teams are typically disbanded.

3. **Parallel teams** are teams where members are drawn from the regular organisational structure, but work in parallel (in addition to their primary responsibility) on a specific issue. One of the most common examples of parallel teams is a task force that is created to resolve a specific problem like solving a production glitch. Parallel teams are also formed when specific problems arise that cannot be handled within the existing organisational structure. The basic difference between project and parallel teams is that in project teams, members

are involved in that particular project full-time, whereas in parallel teams, members may meet regularly, but it is in addition to their regular work. They are typically short-term, and members work on these assignments in addition to their regular responsibilities in a typical organisational structure. As project teams, parallel teams also get disbanded once the issue is resolved.

4. **Management teams** are high-level teams that typically integrate different work units and provide direction, resources, and manage interdependence across these work units. They can be in the form of steering committees that initiate and monitor the performance of a business unit/project. For instance, corporate planning as a function in group companies perform the role of a management team, where they integrate the strategic plans of each of the different strategic business units and allocate resources. Membership in these teams is relatively permanent, and is typically role-specific.

5. **Virtual teams** are teams that work across space, time, and organisational boundaries with links strengthened by webs of communication technologies (Lipnack and Stamps, 1997). Unlike traditional teams where members from the same organisation in the same location meet face-to-face, virtual team members interact through web-based technologies. An important feature of virtual teams is that they cut across organisational boundaries. For example, an international research team that is working on a common project may be called a virtual team.

6. **Global teams** are teams comprising of members from different countries, with their multi-cultural differences (Distephano and Maznevski, 2000).

In a given context, one might find glimpses of all types of teams within a single organisation because, the common thread in all the types of teams are (1) common agenda, (2) complementary skills/interdependence, and (3) willing cooperation.

TEAM DEVELOPMENT

The progression of teams over a period of time has been the subject of observation by several researchers. Some of the theories have focused on the various stages which the team goes through, some have focused on how the teams complete a project/ product development, while others have focused on the cyclical processes that occur in the team. Some of these theories are briefly presented below:

Stage theories—Development Perspective

A number of theories are included in this category. For example Tuckman and Jensen (1977) have elaborated the following five stages of development in teams.

1. Typically teams begin with the *forming stage*, where members are beginning to associate themselves with the team. In this stage, the team lacks a clear vision, purpose, structure, or even norms of behaviour. Members' behaviour is tentative, and they are formal and polite with each other. Members often feel restrained as they are not adequately acquainted with

other team members. As interaction in the teams begins, interpersonal conflicts surface among team members. These conflicts typically arise out of confusion about the goal/issues at hand and the differences between team members' assumptions, and the style and manner of communication between them. Individuality of members is questioned, power struggle to control the flow of discussion begins, the agenda for the group is thrown open, the methodology of problem solving/procedure adopted by the group to resolve the issue at hand, and the like are discussed. The group generates a lot of ideas and alternatives in this stage.

2. This second stage is called the *storming stage*. In this stage, members realise the complexity of the problem, and therefore might become defensive and might get polarized into sub-groups.

3. Soon, the members realise the need for setting up a structure and procedure for the task execution. The methodology for task execution gets evolved, and the members define and agree to a common set of performance standards. Norms of behaviour and the code of conduct are established. During this stage, called the *norming stage*, team members form relationships with other colleagues, and the team clearly defines the specific expectations from individual members in terms of both actions and behaviours. These norms are clearly stated, and accepted, and thereafter the team uses these for its subsequent interactions. The team develops an identity for itself, group cohesion develops, and conflicts are reduced.

4. The fourth stage of group development is the *performing stage*. At this stage, the team is set to perform the task at hand. It's structure is fully in place, members clearly understand each other, and the expectations of what the group requires from individuals are clearly stated. The norms of behaviour and the relationships built among group members facilitate constructive, healthy interactions within the team. The team begins to focus on the task at hand during this stage through synergistic, collective decision-making and cooperation.

5. For teams that are relatively permanent in an organisational context, performing stage is the last stage. But for other temporary groups like committees, workforces, and the like, after the performing stage, the team gets into *adjourning stage*. In this stage, it does not possess the kind of energy demonstrated in the performance stage. The emphasis is on documenting the decisions taken, action points, or such kind of activities that do not require high energy levels. The team dissolves during this stage.

In another stage theory of team development Schutz (1958), says that every team, irrespective of its composition/function goes through three stages—inclusion, control, and affection. In the beginning or *inclusion stage*, members are not interested as much in identifying and resolving the problem at hand, but they are more interested in asserting their position as *bona fide* team members. This happens because of their need for inclusion. Need for inclusion is the individual's need to be part of the team.

Once the team resolves issues related to inclusion needs, the next dominating phase in it's development is the *control stage*. In this stage, the members are interested in understanding the issues/problem at hand, and distribution of roles, responsibilities, power, and control of individual team members. Each member in the team tries to understand one's own role, his/her responsibilities

and the parameters on which his/her performance is to be measured. Real decision making begins at this stage. The third stage in the development is the *affection stage*. After having resolved the issues of inclusion and control, the team becomes energised; and issues relating to power and control have been resolved; and maximum energy of team members is expended on appreciating interdependence on each other. This stage is characterised by expressions of feelings and emotions—both positive and negative—in the form of agreements/disagreements, emotional outbursts, anger/support, and so on.

The occurrence of three stages are not to be seen as sequential, rather they occur in a cyclical fashion. Any stage might occur at any point of time in the group's existence, as they are not discreet. Multiple stages might be demonstrated in parallel and the teams may go through various cycles of inclusion-control-affection stages.

Project-based Team Development Theories

All the stage theories of team development focus on the group process—the interaction between members, interpersonal issues, conflict resolution, control issues, and so on, that are primarily internal to the team. When teams are situated in an organisational context, where specific projects/product development tasks are handled by teams, their functioning is not only influenced by their internal factors, but also by the external factors—task mapping, understanding customer expectations, managing resources, environment, and so forth.

McIntyre and Salas (1995) have focused on the skills of team members while trying to complete the project. In the early stage the team focuses on role clarification; in the second stage the team emphasises on coordinated skills development; and in the final stage the team manages variety and multiplicity. For instance, in a typical software development firm, projects are handled in modules. In the initial stage, which is called the specification stage, the project manager assigns specific roles to team members, splits the project into modules, and sets up reporting relationships for monitoring and evaluation in relation to the overall project requirements of the client/customer. In the second stage, the team members work in their specific modules, and internal coordination within the module is done by the module leaders (typically called technical leaders). In the final stage, different modules are integrated into a final team output, in the form of a product.

McGrath (1990) on the other hand, has focused on the four basic functions in a project team—*inception*, *problem solving*, *conflict resolution*, and *execution*. During inception, the team selects and accepts its goals, and therefore the focus is on planning activities and collaborating. Problem solving involves defining and modularizing the problem. This operationalisation leads to conflicts, and the team focuses on resolving these conflicts. At the end, the execution stage involves coordinated implementation of the team plan. McGrath maintains that all teams need not go through all these stages in the same sequence. Experienced, familiar teams can handle simple tasks with just inception and execution. For complex problems teams have to invest substantial time in problem-solving and conflict resolution.

New product development tasks are similar to projects in a lot of ways. Ancona and Caldwell (1990) have proposed a model that is based on the various *processes* involved in the new product development cycle. During the first stage, creation, the team is formed, the context of the team is

understood (the product specifications, design, etc.), gathering relevant information from the environment, establishing links with specific units within the organisation, and developing new ideas through brainstorming. During the *development* stage, the team's focus is on building specific technical skills of the team. Motivating team members and coordination of the team is emphasised, and a prototype is created. The final stage, *diffusion*, focuses on marketing the efforts of the team as the product goes into commercial production.

Equilibrium Models of Team Development

Stage theories of group development assume that all teams go through the same progression of stages. Whereas some theories have observed that all teams need not follow the same sequence of stages—some might skip stages; some of them could get stuck in specific stages; and some may go through these various stages in repeated cycles. Bales (1966) has proposed an equilibrium model, that is based on the premise that group members strive to maintain a balance between task oriented actions, and emotionally expressive behaviours. The group is concerned about both task completion, and maintaining relationships among the team members. The team addresses these two concerns as and when they arise, in sequence, in cycles, or even simultaneously at any stage. Another recurring phase model is the *punctuated equilibrium* model proposed by Gersick (1988). Under this model, the team performance happens in short bursts, interspersed by long periods of inactivity/lethargy. During these slumber periods, the team and its members are busy proving their points of view, building relationships with each other, resolving conflicts, and so forth.

The understanding of the various models of team development provides a team member/team leader/project manager with insights on how to manage the entire process of team-working (beginning from the initial stages to dissolution) by anticipating likely (constructive/destructive) behaviours of the members, identifying where the teams can get stuck, and being proactive in efficiently managing that process.

GROUP DYNAMICS IN TEAM WORK

Group dynamics refers to the way people work in small groups. Working together poses a serious challenge to the team and the team members, because there are many factors that surface as members begin to interact as a team. These factors impact the behavioural patterns and feelings of the individual team members, leading to internal power dynamics, giving rise to interpersonal conflicts, and so on. If the team members and the team leader (if any) are well equipped to handle the group dynamics, it can enhance the productivity and effectiveness of the team significantly. On the other hand, if team dynamics are not understood and handled adequately at the right time in the right manner, it can have a negative impact on the team functioning. For instance, as the team begins to function, there might be differences of opinions regarding the issues, task at hand, and the methodology of approaching the task/problem. These differences need to be resolved, understanding the perspective of the dissenters, and leveraged for the benefit of the team, with the help of setting norms/criteria/ standards of performance. It is also dysfunctional to suppress the expression of

dissent—the team might lose out on valuable ideas/options, thereby leading to withdrawal of the team member(s) and lack of commitment.

The following group dynamic factors play a significant role in team effectiveness.

Norms

These are acceptable standards of behaviour within a group that are shared by the group's members. Norms determine what team members ought to do, and what not. Norms can be formal or informal, and explicit or implicit. Norms provide a sense of belonging to the group, developing team bonding, and making members' behaviour more predictable by creating a common set of expectations. Norms serve as the reference point for all the members to relate to the group, and other members, and therefore avoiding deviance. Norms help in binding the group together by creating a distinctive identity for the team, with respect to others. Norms can be of various types—*behavioural norms* (for example, everyone in the team allows the other person to complete her/his point of view without interrupting); *resource allocation norms* (for example, pattern of assigning responsibility/jobs in the team); *performance related norms* (for example, every Friday afternoon, the team will review the progress of the task); are some common norms. In order to leverage the variety and diversity in the team, norms are important. By setting norms, and clearly articulating/expressing them, the decision-making process and the team activity remain within the defined parameters of performance norms. Continuous reference to norms facilitates coordination of the team. On the other hand, excessive enforcement of norms forces members to conform, and not express their individual views/ feelings, at the cost of the team performance. In the absence of norms, the team might not be able to control/streamline the behaviours, activities, and performance of the members effectively.

Cohesiveness

It refers to the degree and extent of interpersonal bonds in a team. DuBrin (1984) defines a cohesive group as … "one in which the members possess a feeling of closeness (literally adhering to each other) that shows up in their attitudes, performance, and behaviours." It can be caused by feelings of belonging, social identification, interpersonal attraction or commitment to the group's task (Levi, 2001). The most important factor is interdependence among the team members in performing the team task. The more the interdependence, and more frequent the interaction among members, the more likely it is that the group would become more cohesive (Guzzo and Dickson, 1996). Since the team members are diverse in terms of various perspectives, personalities, status, roles, cohesiveness facilitates their working together by appreciating each other, and fostering better understanding among the team members. Cohesiveness encourages team members to provide emotional support (showing concern for each other), informational support (providing necessary and timely information required to each other), task support (helping others with performing their task), and belongingness to each other (Forsyth, 1999).

Too much cohesiveness hinders the group process as members shy away from expressing their true feelings and emotions due to the fear that relationships might get spoilt. The focus of the team shifts from doing the task and achieving the outcome, to maintaining relationships among team

members. Even though there might be variety in the team, it cannot leverage on this variety due to group cohesiveness. This might lead to absence of challenge, or total immediate acceptance by the team members.

Team Energy

The term "team energy" refers to the extent to which the members of the team are able to relate to the team goals effectively and meaningfully. A team with high energy levels might lead to higher productivity if channelised properly and not allowed to be dissipated into meaningless activities that do not take the team towards the goal (LaFasto and Larson, 2002). High energy teams that are not coordinated properly will have a tendency falling into the *activity trap.* Activity trap occurs when the team spends an inordinate amount of time and energy in doing certain activities without explicitly or implicitly relating it to the team's agenda/output. On the other hand, teams with low energy will have low commitment of the members towards the team goal. Therefore, it is imperative to build and channelise the team energy in such a fashion that the team is able to extract the maximum contribution from each of the members.

Roles to be Played

In order to facilitate team functioning, there are several roles that need to be played by the team members. Many researchers have identified various formal and informal roles that are required to be performed in the team. For example Belbin (1981) has identified the following informal roles that members are expected to perform in their teams.

(a) *Shaper:* challenging, dynamic, thrives on pressure; has drive and courage to overcome obstacles but prone to provocation; offends people's feelings.

(b) *Plant:* creative, imaginative, unorthodox, solves difficult problems but ignores incidentals; too preoccupied to communicate effectively.

(c) *Monitor-evaluator:* Sober, strategic and discerning; sees all options; judges accurately but lacks drive and ability to inspire others.

(d) *Implementer:* disciplined, reliable, conservative and efficient; turns ideas into practical actions but somewhat inflexible; slow to respond to new possibilities.

(e) *Team worker:* Co-operative, mild, perceptive and diplomatic; listens, builds, averts friction but indecisive in crunch situations.

(f) *Coordinator:* mature, confident, a good chairperson, clarifies goals, promotes decision making, delegates well but can often be seen as manipulative; offloads personal work.

(g) *Completer-finisher:* Painstaking, conscientious, anxious; searches out errors and omissions; delivers on time but inclined to worry unduly; reluctant to delegate.

(h) *Resource investigator:* Extrovert, enthusiastic, communicative; explores opportunities; develops contacts but over-optimistic; loses interest once initial enthusiasm has passed.

(i) *Specialist:* single-minded, self starting, dedicated; provides knowledge and skills in rare supply but contributes only on a narrow front; dwells on technicalities.

Benne and Sheats (1948) have enlisted the task and social behaviours that occur during group interactions (see Box 10.1).

Box 10.1

Task and Social Behaviours

Behaviour	*Function*
Task Related roles	
Initiator	Recommends novel ideas about the problem at hand, new ways to approach the problem, or possible solutions not yet considered
Information seeker	Emphasises "getting the facts" by calling for background information from others
Opinion seeker	Asks for more qualitative types of data, such as attitudes, values, and feelings
Information giver	Provides data for forming decisions, including facts that derive from expertise
Opinion giver	Provides opinions, values, and feelings
Elaborator	Gives additional information—examples, rephrasing, applications about points made by others
Coordinator	Shows the relevance of each idea and its relationship to the overall problem
Orienter	Re-focuses discussion on the topic whenever necessary
Evaluator/ critic	Appraises the quality of the group's effort in terms of logic, practicality, or method
Energizer	Stimulates the group to continue working when the discussion flags
Procedural technician	Cares for operational details such as the materials, machinery, and so on
Recorder	Provides a secretarial function
Socio-emotional roles	
Encourager	Rewards others through agreement, warmth, and praise
Harmonizer	Mediates conflicts among group members
Compromiser	Shifts her/ his own position on an issue in order to reduce conflict in the group
Gatekeeper & Expediter	Smooths communication by setting up procedures and ensuring equal participation from members
Standard setter	Expresses or calls for discussion of standards for evaluating quality of the group process
Group observer & commentator	Informally points out the positive and negative aspects of the group's dynamics and calls for change, if necessary
Follower	Accepts the ideas offered by others, and serves as an audience for the group

According to Parker (1996), following four roles are played by team members—contributor, collaborator, communicator, and challenger.

1. **Contributors** are members who are primarily concerned about the completion of the task. They help the team in setting high standards, and insist on high-quality output. They bring information/resources into the team and freely share it with the rest of the team members.

2. **Collaborators** are team players who focus on the team agenda and the overall purpose of the team. They help the team in understanding the organisational context in which the team is embedded. They help in analysing and operationalising the long-term goals and specific tasks to be performed by the team. They also regularly remind the team about the need to review the goals and action plans.

3. **Communicators** are empathetic team members whose main focus is on the process of team working. They encourage other team members to participate in the team discussions and decision-making, listen attentively, step in to resolve conflicts among the team members, and strive to build consensus.

4. **Challengers** are team members who constantly ask "why" and "how" in the team. These members are candid and open, can question the leader, are not influenced by majority/conventional wisdom, and often question the team goals/methods/ethics. They push the team to take calculated risks.

Apart from these, the important role is that of a ***coordinator.*** Coordinators are team members who mediate between two opposite points of view; do moderation whenever the group is stuck, either by paraphrasing what has happened so far, or by highlighting the core issue causing the stand-off; periodically summarise what has transpired in the discussion and synthesise and present the key issues; seeing the perspective of all the team members; related/unrelated issues; and identifying the emerging patterns of the debate. This is a very useful role in breaking deadlocks in the team functioning. Coordinators also play the role of time-keeping and remind the group about the time spent by the group/team doing various activities. Coordinators are also people who periodically monitor the progress of the team, and constantly remind the team of the extent of task accomplishment. They are also concerned about "gatekeeping"—ensuring that the team activity is within the defined team norms and parameters. This summary and other such reminders create the necessary urgency in team members about the progress of their task.

All these roles are critical to be performed in order to manage the team output effectively. It is to be noted they are not to be seen as fixed responsibilities of specific, designated individuals in the team, rather they are shared responsibilities of all team members. Whenever the team needs a particular role to be played, it is expected that any team member would perform that role accordingly. These roles may be played by different team members interchangeably. Also one member can play more than one role as and when the need arises. This sharing of responsibility can minimise the effects of factors like defensive behaviours, lack of challenge in the team, groupthink, and so on, that are likely to hinder the decision-making process in teams.

DECISION-MAKING IN TEAMS

There are a number of factors that might hinder the process of decision making in teams. Pareek, et al (1981) have identified following factors affecting decision making by consensus.

1. *Dominating style of vocal member:* This dominating style of a few members may force others to either take a confrontationist attitude or withdraw from the process. This will reduce the level and quality of participation in the team.

2. *Defensive Behaviour:* Either as a response to over-domination or a lack of interest in the group agenda/ task can lead to withdrawal by some members. This withdrawal can be physical (temporary absence from team discussions), psychological (they are physically present but not attentive), or non-commital (they might be listening, but neither concur nor differ). These withdrawn members might have very valuable/pertinent ideas to contribute, but they do not share it with the rest of the team, and therefore, the team does not benefit out of their insight. Silence is a big misnomer for any team decision-making process—it does not necessarily mean acceptance.

3. *Quick acceptance of issues:* Whenever there is a tendency among the team members to make quick decisions, it might create a lot of confusion in some members, as team members might not have fully understood the rationale behind the decision, even though they might buy the decision. Therefore, the quality of the team's decisions will suffer as these decisions are based on very few options.

4. *Showing majority:* Is a major factor that teams need to avoid. Whenever any issue is discussed/debated in a team, if there is a tendency to count hands in favour or against a particular viewpoint, then the team can get into a majority-minority syndrome, leading to withdrawal/lack of commitment of team members. Members who are not fully confident of their ideas will not take a clear position, for fear of being relegated to the minority.

5. *Lack of challenge/confrontation:* Conflicts are inevitable in any team discussion. But sometimes teams may not be interested in resolving the conflicts, and might try to appease/ accommodate people and their views in the name of cohesiveness. Members do not want to spoil their relationship with other team members, and therefore, do not come out openly against them, even though they dissent in their hearts. This will lead to the team not having adequate variety in ideas, and generating very few options and criteria.

6. *Appeasement:* If the members have not fully bought-in the team agenda, and/or are driven by their individual ideas/vested interests in the team, it results in mutual appeasement to get their ideas/interests through, at the cost of the team's common agenda.

7. *Clique formation:* It is often observed that over a period of time, teams have a tendency to break into sub-groups/cliques/coalitions. This is very detrimental to the team's decision-making process, as there is a danger of sub-groups having their own issues of discussion, with little or no information-sharing with the rest of the team members. This may lead to a net information loss for the team as a whole, as these sub-groups might sometimes discuss an issue, resolve the problem, and not communicate it to the rest of the team members.

There are two more factors that contribute significantly to the team decision-making process. These are Groupthink and Social Loafing.

1. *Groupthink:*   One of the most critical factors affecting the team decision-making process is the phenomenon known as groupthink. This is a term coined by Janis (1972), using historical instances like the Cuban missile crisis of the 1960's to demonstrate how decision-making can go wrong in teams. The CIA's plans to invade Cuba and overthrow Fidel Castro from power, were approved by the mandarins of the White House, including the President John F. Kennedy, without much thought, leading to a lot of embarrassment to the US Government. A deep probing into how this decision was taken revealed symptoms of groupthink. Groupthink occurs due to excessive cohesiveness in team members, leading to a need to maintain good relationships with team members, rather than reaching a good quality decision. Janis (1982) describes the symptoms of groupthink as follows.

1. There is the illusion of invulnerability. There is excessive optimism and risk taking.
2. There are rationalisations by the members of the group to discount warnings.
3. There is an unquestioned belief in the group's inherent mortality. The group ignores questionable, ethical, or moral issues or stances.
4. Those who oppose the group are stereotyped as evil, weak, or stupid.
5. There is direct pressure on any member who questions the stereotypes. Loyal members don't question the direction in which the group seems to be heading.
6. There is self-censorship of any deviation from the apparent group consensus.
7. There is the illusion of unanimity. Silence is interpreted as consent.
8. There are self-appointed mind-guards who protect the group from adverse information.

In other words, the team starts behaving as one single mind, governed by an implicit assumption of unanimity. This leads to quick acceptance of the ideas generated and proposed. The group also lacks receptivity to information that is contrary to their dominant assumptions, and is therefore not received, accepted, and considered. Feedback is often externalised and rejected on their face value, and therefore, not confronted with. In this environment, any dissenter might be discounted as a rebel, snubbed, and labeled as a deviant. Challenge is not welcomed, and therefore, members do not explore options beyond what is proposed or decided.

2. *Social Loafing:*   It is a motivational issue in the team, often leading to shirking and free-riding by some members. It is seen when members reduce their level of effort while working collectively in a team, rather than working individually, because they believe that they will receive their team rewards regardless of their low individual contribution (Sweeney, 1973). Social loafing might happen when the team task is not challenging enough, the task is not meaningful to the team members, the task does not actually require a team effort, or when the team members are not adequately rewarded for their team effort or individual contributions. If social loafing is prevalent in the team, it demotivates other members, resulting in a "sucker effect" where good performing team members reduce their efforts because they do not want others to take advantage of them (Johnson and Johnson, 1997). Therefore, the team does not achieve whatever it is capable of achieving while working together.

ISSUES IN TEAM PROBLEM-SOLVING

Problem solving in teams is a very critical and inevitable process in today's organisational context. When the team begins the problem-solving process, all the team members might not have the same understanding/appreciation of the context, and the problem at hand. Therefore it is important to describe the context (why are we doing what we are doing?), state the problem (what are we doing?), and clarify the assumptions and expectations (how are we supposed to do what we are doing?).

The next step is to clearly define the agenda/problem. In doing this, we might need to modularise the problem into smaller parts, operationalise the problem into clearly understandable and measurable terms, and set clear objectives for each of these modules. These objectives will give rise to clear criteria that will be used for evaluating the options in front of the team. In a lot of cases, the team might be faced with multiple objectives and criteria. Therefore, it is necessary to prioritise these objectives and criteria in relation to the team agenda.

The next major activity in the team problem-solving process is to generate as many options as possible. The more diverse the team, the better will be the generation of options. Having listed these options, the team has to evaluate them based on each of the criteria developed earlier, and choose the best alternative. The various steps in problem-solving in teams are outlined in the Box 10.2 below.

Box 10.2

Team Problem-solving

- Analyse the situation
- Define the agenda/objectives
- Evolve criteria for evaluating the options
- Prioritize criteria
- Generate options
- Evaluate options with the criteria
- Choose the best option

In every step of the problem solving-process, teams will have to handle variety. This variety is inevitable since members have different assumptions, past experiences, skill sets, functional orientations, personal dispositions, and so on. Due to this diversity, members may not agree to the agenda/criteria/options immediately. This will open a lot of debate over issues, generate controversies, and give rise to interpersonal conflict. This can also lead to polarisation, and sub-group formation within teams. One way to deal with this diversity is to ask open-ended questions like "why the member is differing/not agreeing to the issue?" and trying to understand what his/her underlying assumptions are. In order to proceed as a team, the team needs to evolve a common set of assumptions for the team to relate to, rather than living with individual sets of assumptions. A

common set of assumptions provides the team with a platform for operationalising the agenda, evolving common criteria for evaluation (rejecting or selection) of options, and common measures for performance monitoring and assessment.

TEAM COMPOSITION

In constituting a team, a right mix of technical, interpersonal, and decision-making skills are needed. Therefore, identifying the proper mix of team members is a daunting task. Diversity in team members is a double-edged sword—on one hand, it adds to the quality of decision-making by generating a lot of options, and providing richness in data/resources/experience/perspectives (Clark and Fujimoto, 1991). On the other hand, diversity can also generate too many divergent views with no scope for convergence, lead the team into interpersonal conflicts, and may lead to members taking stands/positions. In order to solve these problems, Cohen and Levinthal (1990) propose an optimum level of diversity in the team, whereas Earley and Mosakowski (2000) have found that both highly homogenous or heterogeneous groups have performed better than those with optimum variety.

In order to manage the diversity, it is imperative that the team manages the key processes (like conflict management, interpersonal communication, encouraging participation by playing the various roles, etc.) efficiently. An important point to note is that the diversity in the team is dependent on the context. For instance, a product development team might require team members from different functions working together, like R and D, engineering design, production, marketing, finance, and so on. On the other hand, a sales team composition may be homogenous because of the similarity in the skills required and activities performed. Variety in team members does not arise solely out of the members' functional orientations, but is also a result of their past experiences, assumptions, personality/trait differences, and so forth.

TEAM SIZE

Another issue that frequently surfaces in team management is "What is the optimum size of the team?" There is no simple answer to this—if too less a number of people (two or three people) constitute the team, then the purpose of creating a team is defeated, because it does not provide the required diversity and complementarity. On the other hand, too many people in a team (twenty five or more), becomes a crowd and too much of divergence may lead to too much conflict. Large teams may also suffer from lack of proper coordination and monitoring, and therefore, may not achieve synergy. Ideally a team should not have less than 5–6, and not more than 10–12 members, to facilitate effective coordination and monitoring.

However, there is no thumb rule for determining the optimum number of members in a team. The complexity/nature of the task and the context in which the task is being performed will determine the size of the team. In some cases, the team size is given by the organisational context. For instance, in software development, project teams can have as many as 90 members working for a particular product/customer. In such cases, coordination happens by dividing the project into smaller modules. The project manager plays the role of a coordinator/facilitator and integrator of the various modules.

He/she manages the interdependence, complementarities, and overlaps across the different modules, and finally integrates them into a product/service for the customer.

MANAGING TEAM PERFORMANCE

Understanding and managing team dynamics alone will not ensure the desirable performance of the team. In order to manage the performance of the team effectively, the team members need to do a mapping of their goals, roles, and resources.

1. *Specify and articulate the purpose of the team's existence/formation* by clearly identifying the customers (internal and external), and their expectations, in terms of products, services, and information.

2. *Define the team agenda* in terms of what is the team supposed to do—in terms of activities and the expected output. If the agenda is not already assigned to the team, then the team needs to evolve its own agenda, based on the analysis of the customers' expectations.

3. *Operationalise the agenda* in clear measurable terms as quickly as possible in the team process. Clear parameters (both qualitative and quantitative) of team performance have to be evolved along with a specific time frame. If this stage is bypassed, the danger is that the team might have to spend a lot of time in resolving these individual assumptions, which might be in conflict with the common assumptions of the team. This difference might affect the team output, as everyone in the team might not have understood the same meaning of the team task. For instance, "quality" might be a word that is commonly used but very differently understood by different members. Unless in a given context, quality is clearly operationalised in terms of observable/measurable norms/standards, it is difficult to communicate the same meaning to all the team members. Thus operational definition and its communication will ensure that quality of the team output can be measured, assessed, and controlled.

4. *Map the activities* that each team member needs to perform, in order to complete the team task. This mapping will specify the activities, their expected outcomes, and the time frame within which they should be completed. These activities could be either performed by the individual independently or with the help of other team members. It is also possible that the same activity could be performed by more than one team member. In other words, the interdependence could either be sequential (one member's input comes as an output from another member) or simultaneous (more than one member contribute doing an activity).

5. *Map the team resources* by analysing what resources are required to perform the team task, what resources are available, and which members within the team needs it. The analysis of the resources might also require managing the interdependence of the team with other people in the organisation who are outside the team. Managing the scarce and critical resources should ideally be the priority of the team.

6. *Evolve clear parameters for evaluating* the team performance. Assess the performance on (i) goal achievement, (ii) on-time project completion, (iii) impact of the project results on the organisation, and (iv) the team process. The parameters should be both qualitative and quantitative. Typically a team performance is measured in terms of quality-quantity and

cost-time-quality trade-offs, in meeting the customers' expectations of products/services/information (as specified in 1 above).

7. *Specify individual measures of performance* within the team. Since individuals in the team do the work, and the team achieves the results, it is important that both team and individual-level performance measures are designed. Derive the individual measures of performance from the mapping of individual activities (as described in 4 above).

CHALLENGES IN TEAM PERFORMANCE

The primary challenge in institutionalising team-working in organisations arises from inappropriate systems of rewarding team performance. It is often seen that organisations either reward the entire team for good performance equally, or selected individuals are rewarded for team performance, without equity. This creates feelings of inequity, dissatisfaction, competition and jealousy, and therefore leading to shirking/withdrawal from the team. An equitable system of rewarding the individuals in the team, for both the team output, and his/her contribution to the team will foster and reinforce team bonding and cohesiveness. Another challenge in institutionalising team work in organisations is in creating a culture of sharing and openness.

There are distinct advantages of managing (mapping, assessing, and rewarding) team performance (Zigon, 1998).

- It provides adequate information for decision-making to the top management of the organisation on the teams' needs, their performance, and other support.
- It helps in the efficient deployment of scarce and critical resources among the team members, and across various teams.
- Because of the transparency in ensuring equity of rewarding team performance, it fosters and reinforces team cohesiveness.
- It allows for effective performance appraisal of teams and team members.
- It helps in defining hard-to-measure jobs, for example, the scientists of the R and D department.

Review Questions

1. Define a team. Identify its main features, and differentiate it from a group.
2. What are group norms? How do they affect the performance of teams?
3. What are the various roles that are expected to be played by team members?
4. When does groupthink occur in the team? What are the ways of handling it?
5. How does variety/diversity affect problem-solving in teams?
6. Is it necessary to measure team performance? Justify.
7. A team-building exercise is presented. The students under the guidance of the teacher can do this exercise to get a first hand experience of team management.

Team-building Experiential Exercise

Bid and Build Bridges

Game Objectives

1. Building a team orientation
2. To sensitize the participants about the dynamics of the team
3. To help them appreciate the roles that need to be played in the team

Resources Required

Waste cardboard sheets, gunny bags, wooden planks, flat metal plates, newspapers, packing materials, thermacool sheets, etc.

Time Required

2 hours including briefing, game, and debriefing after the game.

Things to be Arranged Before the Game Begins

1. Arrange for a common room for briefing, and separate locations (syndicate rooms) where teams will sit and plan the team activity.
2. Ensure that members from different teams are not allowed to interact with each other during the game.
3. Arrange the lots of the materials for auction in a separate room; ensure that there are sufficient lots of materials for teams to plan their walk.
4. Choose an outdoor location, and fix the destination for all the teams to reach there.

Briefing Before the Game

Divide the class into multiple teams of 10–12 members each.

Announce to the class:

The game will be played in multiple phases. All the teams have to reach a specified destination as fast as possible. The team that reaches there first will be considered the winner. The conditions is this, that the team members will stick together as a team; not creating gaps while walking; the team will construct a bridge with the material bought by them in the auction, and walk only on that material—not touch the ground with any part of their body; the team members will not speak to each other while walking; and team members will only walk forward, and not backwards. In the course of walking, the team will also dismantle the bridge—no material or part of it should be left behind by the team.

Describe the phases of the game to all the team members (common briefing).

Phase 1: Resource inspection phase

The teams will select two delegates each who will inspect the distance to be travelled, and the material available in the lots. During this phase, the inspectors will not be allowed to speak and discuss anything with each other. However, they can note down the details in a notepad. This phase will last for five minutes.

Phase 2: Bid preparation

The inspectors go back to their teams who collectively plan for the bidding of the material. The teams have Rs 100 each as initial working capital for purchasing the lots. They also select one bidder from among themselves. This phase will last for fifteen minutes.

Phase 3: Bidding

The oral bidding of the lots begins with the auctioneer announcing the base price. If any team is bidding for a lot of items, the initial bid amount should be at least as much as the base price. The other team member can bid for the same lot, provided his bid is at least Re 1 more than the price quoted. Once the bidding phase is over, no more resources can be procured from anywhere.

Phase 4: Plan the walk

In this phase, the bidders will go back to their respective teams with the materials bought. The team members will not be allowed to talk to each other during the final phase. However, they may develop a code/sign language for communication with each other. The teams have five minutes to plan the walk.

Phase 5: Walk the plan

In this phase, the teams actually walk the distance. Every member of the team has to cover the distance, the entire bridge is to be dismantled with no material being left behind, and the team has to have a positive balance (in rupees). The first team to achieve this will win the game. The winning team will get Rs 50 as reward.

   The teams get penalty points while walking (in Phase 5) for:
   1. Talking–Rs 5 per word spoken
   2. Touching the floor—Rs 10 each time

Role of the Observer

It is advisable to appoint one observer for each team when the teams are working separately, doing their planning, etc. If possible, the whole process can be video recorded for accuracy and assistance in debriefing.

Debrief them on

   1. The way the teams defined the agenda
   2. The problem-solving approach adopted by the teams
   3. The planning of resources
   4. The stages of team development

5. The participation of various members in the planning
6. The various roles played by different members
7. How the group handled conflict/disagreements
8. The support provided, if any, in the team
9. The role of norms
10. How the team handled the success/failure, after the game was over

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INTER-GROUP RELATIONS: COOPERATION, COMPETITION, AND CONFLICT

Mirza S Saiyadain

INTRODUCTION

Organisations consist of a large variety of groups that may differ functionally, hierarchically, or in terms of their expertise. Their effectiveness is judged in terms of how well they have been able to coordinate their efforts to achieve the goals of the organisations. However, this is not such a simple phenomenon. When groups interact with each other, they either network with other groups on a cooperative basis or create problems and put unnecessary demands on others in a conflict situation. The focus of this chapter is on inter-group behaviour basically on cooperation, competition, and conflict. Before going any further it may be useful to understand the nature and dynamics of a group to get the perspective clear.

WHAT IS A GROUP

There are various approaches to describe a group. For our purpose, we describe a group by suggesting that it exists if two or more people define themselves as members and if this existence is recognised by at least one other person or a group. Such a description of group entails the following:

1. For a group to be formed, face-to-face interaction may not be necessary. On the other hand, a physical collection of people does not qualify it to become a group unless there is a synergy of motives and objectives. Such synergy can also happen from a distance which seems to be more true today given such electronic facilites as video conference, e-mail, fax, and telecommunication.

2. Even though members of a group may not come face to face, their role, responsibilities, and accountability must be clearly spelt out. Such an attempt would bring order in the group and members would know whom to approach for what.

3. As members of the group, people must show a high degree of convergence with the group goals. It requires absence of very high variability in their attitudes and behaviour. As a member of a group, individual preferences and predispositions have to take a back seat.

4. Finally, existence of a group must be recognised by another individual or group. Groups do not exist in isolation. As part of the larger socio-cultural fabric, they need social sanctions from others.

Groups can be formal or informal, small or large, and short or long-lived. They may come into existence to contribute positively to an issue, resist a particular ideology or even destroy another group. The reasons for development and dynamics of group may vary from one group to another group and in the same group, from time to time.

INTER-GROUP BEHAVIOUR

When groups with different objectives and ideologies interact with each other, they either co-operate, compete, or get into a conflict situation. The following factors influence inter-group relations.

1. *Task Structure:*   This is one of the major factors in inter-group relations. Task could be highly structured like an assembly line operation or could be very low in terms of certainty as in research and development. What is important to realise is that groups which work on unstructured tasks face problems which require them to seek support from other groups.

2. *Interdependence:*   Groups may work independently, but more often than not they require combined efforts to contribute to the overall goals of the organisation. For example, product development in an organisation may require cooperative efforts on the part of the R and D, marketing, manufacturing, and finance departments. Thompson (1967) identified three kinds of interdependence—*pooled interdependence* (refers to combined output), *sequential interdependence* (one group depends on the other for its input—it is a one-way dependence), and *reciprocal interdependence* (where groups freely exchange their input and output).

3. *Goals:*   While each group may have its unique goal, it often perceives the goals of other groups as compatible, particularly in reciprocal interdependency. Under such circumstances transparency, open communication, trust, and concern for the goals of other groups give rise to conditions of mutual reinforcement. On the other hand, goal conflict may lead to a situation of reverse effects leading a win-win situation to become win-lose situation.

4. *Substitutability:*   An important factor in inter-group relations is the degree to which the group can obtain services from alternative sources. In a choice situation, the services offered or the attractiveness of the service group gets weaker. In other words, the lower the substitutability of services provided by the group the greater the power it has over other groups.

5. *Time Availability:*   Time requirements do play a significant role in inter-group relations. Under time constraints, groups tend to look for support from other groups particularly if they themselves cannot achieve their targets within the deadline. Perhaps sub-contracting under time pressure or dividing the task to be performed between various groups are good examples of this.

To achieve the overall objectives of the organisation a number of groups work together. Sometimes they cooperate, sometimes they compete, and sometimes they are in conflict with each other. Cooperation, competition, and conflict are three of the consequences of groups being brought together. However, the conditions that lead to them may vary significantly.

Conditions for Cooperation

Cooperation refers to working together for goals mutually subscribed and accepted by different groups. Following conditions lead to cooperative behaviour.

   (a) Perhaps the most important condition that leads to cooperative behaviour is mutual interdependence for achieving the goals of the organisation. One group cannot achieve it by itself therefore it depends on other group for help, provided the other group accept the same goal. This interdependence leads to cooperative behaviour.

   (b) However, for the two groups to be able to achieve the same goal, liberal information-sharing is a necessary precondition. One group having all the information and not sharing it with the other may change cooperative behaviour into either a competitive or conflict situation.

   (c) Cooperation also takes place because one group realises that the other group has the competence and willingness to contribute to the achievement of the common goal. Groups in difficulty look for those that can meaningfully put their resources in a cooperative endeavour to achieve common goals.

Conditions for Competition

Competition takes place when one group wants a larger share of the fixed resources as compared to the other. It basically refers to a win-lose situation, where the loss of one group is the gain for the other. Some of the major consequences of competition for members are an expectation of high degree of conformity from members, jealousy and animosity to the other group, withholding the information from other groups and believing in hearsay and rumors. Conditions under which groups compete are numerous and often contradictory. However the important ones are presented below:

   (a) Perhaps the most important condition for competition is the goals of the group which may drive them to compete for the same resources. Competition takes place either to acquire all the resources or a larger part of them. Yearly budget allocation in organisations is perhaps a good example of this. Each department comes up with numerable justifications for geting the larger share of the resources.

   (b) There is a realisation on the part of the group that the other groups have equal power and an equal degree of maneuverability to get the same resources. Since resources are equally significant to both the groups, each one tries to make the acquiring of the resources difficult for the other.

   (c) Competition takes place if groups feel that they have a chance to get what they want. In a situation where a group feels that it has no possibility of attaining its goals, their energies are directed to more profitable outcomes.

Conditions for Conflict

Lack of cooperation may lead to competition amongst the groups. Conflict is an extreme form of competition where the group's survival depends on the successful achievement of its goals. The following characterises a typical conflict situation.

(a) In conflict situations, the atmosphere is emotionally charged. Logic and reason usually give way to extreme feelings leading to a complete disregard for issues, and a major concern for the positions taken by the group.

(b) As a result of an emotionally-charged atmosphere the communication channels are blocked, and any movement toward compromise or cooperation is rejected. The group insists that member show high degree of conformity and do not do or say anything which is contrary to the position that the group has taken.

(c) Conflict may also arise because of misperceptions, narrow interests, parochial feelings, and selfish motives. The groups in conflict may not be able to see the harmful effects of these feelings and may do everything possible to perpetuate the state of the conflict.

Although cooperation, competition, and conflict are three independent forms of inter-group behaviour, they seem to be different points on a scale of inter-group relationships. Groups can move from cooperation to competition to conflict and vice versa, depending on the changing circumstances. One significant example of this comes from the Realistic Group Conflict Theory proposed by Sherif (1967). According to him "The basic thesis of Realistic Group Conflict Theory is that inter-group hostility is produced by the existence of conflicting goals (i.e. Competition) and reduced by the existence of mutually desired superordinate goals attained by, and only through inter-group cooperation." Sherif reached this conclusion based on a series of experiments during a summer camp, known as the *Robber Cave Experiments*.

During a summer camp, boys were allowed to move freely and make friends. Then they were divided into two groups making sure that two-third of their best friends were in the other group. During this phase they engaged themselves in various interdependent activities. It was observed that they divided tasks among themselves, took different responsibilities, developed certain norms of behaviour, and assumed roles of leadership. This happened in both groups independent of each other. In the third phase of the research, the two groups were brought together and were introduced to competitive activities. It was noticed that the groups indulged in name-calling and hostile behaviour against the other group. The question faced by the researcher now was how to resolve the conflict between the two groups.

Several methods were tried out. Such attempts as sharing a common dining table, leaders' meetings, and listening to the same sermon together did not seem to bear any fruit. The conflict persisted and the feelings became stronger. Finally, when the superordinate goals were introduced, they were able to resolve the conflict through cooperative efforts. Superordinate goals refer to the tasks and activities that required the coordinated efforts of both the groups and were equally important to both. They are called superordinate because they are over and above the individual goals of specific groups. Examples of these goals in this particular case were the following:

(a) The truck that used to bring their lunch broke down and had to be pushed with a strength equal to the members of both the groups.

(b) A movie which both the groups wanted to see could only be had on a very high rental, which was pooled by members of both the groups.

(c) Leakage in the water supply line which, if not repaired immediately would mean no water to the camp members for the next 24 hours, and so on.

These examples suggest two dimensions of superordinate goals. First, the goal should have some degree of attractiveness to the members of both groups. Second, the group should realise that the goal cannot be achieved without the combined efforts of both teams. The second dimension implies a perception on the part of groups that the goal is sharable. In other words, both groups can share the benefit of the attainment of the goals, while fully realising that the other group has the power and capability to help or hinder in the attainment of the goal.

The tasks were manipulated in such a way that successful completion required the combined resources of both the groups. When a number of such activities and tasks were introduced, it was observed that slowly and gradually the inter-group hostility dissipated and an environment of cordiality prevailed.

MANAGING INTER-GROUP RELATIONS

Since inter-group relations can be of utmost significance in terms of the overall health of an organisation, it is necessary to search for ways and means to manage them. Most of the literature on inter-group behaviour has identified the following four methods to deal with it. However, it should be noted that these are broad-based techniques that in one form or other could be applied to cooperation, competition, and conflict. As far as conflict is concerned some very specific methods have been developed, tested, and tried out. These are discussed under the section *Strategies of Conflict Resolution*.

1. **Structural attempts:** Perhaps the most simple and least expensive method for managing inter-group relations is to very specifically and clearly define the structural requirements of rules and regulations, responsibilities, authority, accountability, and hierarchy. Rules and regulations define the procedures for various activities. If strictly followed they ensure parity, commonality of treatment, and justice. Responsibility, authority, and accountability define the expectations from all individuals in the organisation, provide them with infrastructural support to fulfil responsibilities and make them answerable for these expectations. Hierarchy shows the line of command, legitimises reward and punishment, and provides avenues for appeal. Structural requirements minimise the need for inter-group behaviour. Any interaction that takes place between the groups follows the formal norms built into the structural requirements. In reality though, groups rarely follow the guideline, leading to problems in inter-group relations. More often than not structural requirements are used to seek compliance or punish individual when things do not happen the way they should.

2. **Assignment based teams:** Such an attempt requires making teams for short durations and activity-bound. This can take the form of taskforce, project team, or matrix structures. A taskforce is a temporary group that is given a delimited problem to solve. Members are drawn from various departments/units based on their expertise of the task at hand. The understanding is that the group will dissolve once the task in completed. Project teams are groupings of personnel across departments/units to carry out a portion of the regular work of an organisation. Members are released from their regular duties for a period of time in order to contribute to this effort. The project team would have a leader to perform the leadership

role. The hallmark of matrix structures is its multiple command structure where both vertical and lateral channels of command operate simultaneously. Such principles as unity of command and span of control play no role here because each member is a professional and carries the characteristic of non-substitutability. Once people are drawn from different departments/units, the interest of the group is the common concern leading to very little room for competition or conflict.

3. **Member Exchange:**   This method to some extent follows the system of rotation where, to avoid possibilities of competition or conflict, members of required qualifications are exchanged between the groups. The representatives of the group get an opportunity to get a firsthand view of the values, systems, and situations of the group to which they are allocated. As a result they are not only in a better position to empathise, but are provided with a more realistic picture of their group. In another way to facilitate this process, a large number of organisations are sponsoring their employees for training programmes in cross-functional areas. A marketing executive attending a course on finance for non-finance executives seems to be the mode today.

4. **Linking Roles:**   These are specialised positions in which people facilitate communication and problem-solving between groups. By and large, such persons are from within the organisations and do not necessarily come from the groups under consideration. However it would not be too unrealistic to say that sometimes the linking role can be provided by an outsider, a consultant who provides the facility for conciliation. The choice of person may depend on the seriousness of the issue. By and large outside consultants seem to carry more weight than a person from within the organisation.

STRATEGIES OF CONFLICT RESOLUTION

Based on the earlier work of Blake and Mouton (1964) a single framework or model for conflict resolution was developed by Rahim (1983). The model proposes two dimensions—degree of concern for other group and degree of concern for one's own group. Both dimensions having high and low anchors provide a fourfold classification of the strategies of conflict resolution. In addition it also highlights a half-way-through strategy. The model is presented in Fig. 11.1.
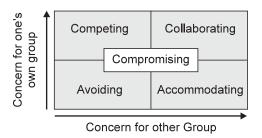
Fig. 11.1   Conflict Resolution Model

1. **Competing:** When concern for one's own group is high but concern for the other group is low, the competing strategy should be ideal for conflict resolution. However, it should be used
   (a) when quick, decisive action is needed
   (b) when important but unpopular action is needed
   (c) when issues are vital and the group knows it is right
   (d) to protect one's group against those who may take advantage of the non-competitive behaviour of your group

2. **Avoiding:** This strategy is useful when your group's concern as well as the concern of the other group can be neglected. This strategy should be used
   (a) when issues are trivial or of passing importance
   (b) when the potential for damage of confrontation outweighs its resolution
   (c) to let the group cool down
   (d) when the other group can handle conflict more effectively than your group

3. **Collaborating:** When concerns of both the groups are of high significance, collaborating can be a useful strategy for resolving conflict. However it should be used
   (a) to find integrative solutions to important concerns
   (b) to gain commitment by building consensus
   (c) to work through hard feelings, and emotional blocks that interfere in a meaningful relationship
   (d) to understand the views of the other group

4. **Accommodating:** When one's own group's concerns are not significant but the other groups concerns are given weightage, accommodating is the best strategy. However it should be used
   (a) when your group knows it is wrong
   (b) when issues are far more important to the other group than to yours.

5. **Compromising:** Compromising is the best strategy when solutions partially satisfy the concerns of both the groups. However it should be used
   (a) when goals are of moderate importance
   (b) when a temporary solution to a complex issue is sought
   (c) when there is time pressure and a solution must be found quickly

INDIAN RESEARCH ON CONFLICT MANAGEMENT

A large number of studies in the Indian context are available, that have focused mainly on two aspects of conflict management-strategies for conflict resolutions, and the factors effecting the choice of these strategies.

In a two-part study, Sayeed (1993) collected data from sets of 101 and 157 managers representing a wide variety of industries. The objective was to explore the preferred style of conflict management strategies. The results showed that managers preferred using confronting, toning down, and following rules and regulations, in that order, as the most effective strategies to manage conflict. In another study Sharma and Samantare (1995) collected data on 50 managers of a computer manufacturing organisation. The purpose was to examine the choice of strategy for leading to a high degree of effectiveness. Their results showed that managers used a variety of techniques to manage conflict for achieving a high degree of task effectiveness. While the most preferred style was toning down, they also chose accommodation, compromise, consulting, and dependence on rules to manage conflict.

This conclusion may be true if everything else remains the same. However an in-depth analysis of the literature suggests that non-confrontational strategies are dependent on the work climate of the organisation, leadership style, and the level at which conflict arises. Bhawan (1999), based on the data collected on 225 male executives, found that when the organisational climate was power-oriented, managers used the avoiding style. However when the climate was characterised by achievement orientation, integration was the most preferred strategy of conflict resolution. Sayeed (1990) examined the effect of leadership style on conflict resolution. Based on data collected on 79 middle-level managers, he found that the reciprocal conflict management style was most preferred by managers with a participative, nurturant and task-oriented leadership style. On the other hand, an authoritative style of conflict management was the hallmark of bureaucratic and authoritarian leaders.

Finally, the position of managers showed variations in their conflict resolution strategies. Junior managers used a humanistic orientation, middle managers used organisationally-focused beliefs, and senior managers preferred work ethics and a confrontational method of conflict management. In an attempt to identify more variables that influence the choice of a conflict management style, Samiullah et al (1997) found no significant effect of job tenure, nature of business, or ownership of business on conflict resolution strategies.

There is some evidence to suggest that in addition to the standard styles of managing conflict, Indian managers may also used different strategies to manage conflict. In one of the studies, Singh–Sengupta (1998) suggested that the sample of 60 first line managers believed that forming the teamwork would lead to reduction in conflict and increase in productivity. The acceptance of superordinate goals by the members was the greatest determinant in conflict avoidance. In the same way, Mishra et al (1999) concluded that 107 middle and top level executives adopted flexibility as a paradigm to manage conflict. The emergence of paradigm was attributed to a host of organisational, environmental, and personal factors.

The studies on Indian managers suggest the following:

1. It seems that given a choice most Indian managers would chose non-confrontational strategy for conflict resolution.

2. The nature of conflict management strategies, to some extent, are determined by personal and organisational driven factors.

3. The Indian managers are capable of developing situationally relevant strategies.

Review Questions

1. What conditions lead to cooperation in the organisations?
2. What are the differences between competition and conflict situations in an organisation?
3. What lessons are learned from the results of Robber Cave Studies?
4. What are the predominant styles of conflict resolution of Indian managers and what may explain this?
5. What can be concluded from the studies on Indian managers?
6. Fill out the Conflict Resolution Questionnaire. Transfer your scores on the answer key to see which strategy of conflict resolution you tend to follow (highest total). Compare your score with the norms given at the end of this chapter.

Conflict Resolution Questionnaire

Use the following rating system to show your agreement with each of the following 30 statements. Select the number that denotes the option you are closest in agreement with and write that number in the blank space given on the left hand side of each statement.

0 = Not at all agree
1 = Mildly agree
2 = Moderately agree
3 = Strongly agree
4 = Extremely agree

_____	1	Issues must be investigated with others to find mutually acceptable solutions.
_____	2	It is better to satisfy the needs of others
_____	3	Conflict with other should be kept with one's self.
_____	4	Ideas must be integrated with those of others to arrive at a joint decision.
_____	5	To get some one should give some.
_____	6	To satisfy mutual expectations one should work with others to find solutions to problems.
_____	7	Open differences with others should not be openly discussed.
_____	8	It is better to hold on to one's solutions to a problem.
_____	9	To resolve an impasse, one should find a middle course.
_____	10	One should use one's influence to get his/her ideas accepted.
_____	11	One should accommodate the wishes of others.
_____	12	To solve a problem together, accurate information should be exchanged.
_____	13	It is better to provide help to others to make decision in their favour.
_____	14	Concessions to others should be generally allowed.
_____	15	To emphasise the merits of one's position one's case should be argued with others.
_____	16	To reach a compromise, differences with others should be de-emphasised.
_____	17	In order to break the deadlock, a middle ground should be proposed.
_____	18	It is better to negotiate to reach a compromise decision.
_____	19	One should try to stay away from disagreements with others.
_____	20	It is better to depend on one's expertise to make decision in one's favour.
_____	21	Suggestions by others should be respected.
_____	22	To make a compromise, "give and take" should be used.
_____	23	If one believes in one's side of the issues, it should be formally pursued.
_____	24	To resolve issues in the best possible way, all concerns should be brought in the open.
_____	25	Others' expectations should be satisfied.
_____	26	To win in competition, one should use one's power.
_____	27	To avoid hard feelings, disagreements with others should be kept to one's self.
_____	28	Unpleasant exchanges with others should be avoided.

	29	Arguments with others should be avoided.
	30	To be able to understand the problem properly, one should work with others.

ANSWER KEY

Collaborating	1	_____	Accommodating	2	_____
	4	_____		11	_____
	6	_____		13	_____
	12	_____		14	_____
	24	_____		21	_____
	30	_____		25	_____
Total		_____	Total		_____

Competing	8	_____	Avoiding	3	_____
	10	_____		7	_____
	15	_____		19	_____
	20	_____		27	_____
	23	_____		28	_____
	26	_____		29	_____
Total		_____	Total		_____

Compromising	5	_____
	9	_____
	16	_____
	17	_____
	18	_____
	22	_____
Total		_____

Average Scores

	USA Sample		Indian Sample	
	Male	Female	Male	Female
Competing	14	13	13	10
Collaborating	18	20	18	18
Compromising	16	17	16	17
Avoiding	11	11	13	14
Accommodating	13	13	14	14

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12

ORGANISATIONAL STRESS AND ITS MANAGEMENT

Dinyar M Pestonjee and Prabhat K Mishra

INTRODUCTION

The origin of the concept of stress predates antiquity. Derived from the Latin word 'stringere', stress was popularly used in the seventeenth century to mean hardship, strain, adversity, or affliction. It was used in the eighteenth and nineteenth centuries to denote force, pressure, strain, or strong efforts with reference to an object or person.

Modern world is a world of stress, right from the time of birth till death an individual is invariably exposed to various stressful situations. Hence stress is a subject which is hard to avoid. The term is discussed not only in our everyday conversation but has become enough of a public issue to attract widespread media attention. Different people have different views about it as stress can be experienced from a variety of sources. The businessman views stress as frustration or emotional tension; the air traffic controller sees it as a problem of alertness and concentration; and the biochemist thinks of it as a purely chemical event.

WHAT IS STRESS

Different disciplines and different professionals have viewed it differently. Agarwala et al (1979) believed that the confusion in definition is primarily due to the fact that the same term is used variously by scholars of different disciplines. Thus, in physics, stress is a force which acts on a body to produce strain. In physiology, the various changes in the physiological functions in response to evocative agents denote stress (rather than strain). In psychology, stress refers to a particular kind of state of the organisation resulting from some interaction between him/her and the environment.

Mason (1975) reviewed literature on stress and concluded that there was much confusion and a lack of consensus regarding its definition. The term stress has been approached in at least four different ways.

1. As the stimulus or external force acting on the organism;
2. As the response or changes in the physiological function;

3. As the interaction between an external force and its resistance

4. As a comprehensive phenomenon encompassing all the three above.

One of the most commonly accepted view of stress is provided by Selye (1956). He called it "General Adaptation Syndrome (GAS)" which has been widely held as a comprehensive model to explain the stress phenomenon. Selye defines stress as "an adoptive response to the external situation that results in physical, psychological, and/or behavioural deviation for organisational participants." He has suggested a three-stage model and states that when an organism is confronted with a threat, the general physiological response occurs in three stages:

1. *Alarm Reaction:*   The first stage consists of an initial "shock phase" in which resistance is lowered, and a "counter-shock phase" in which defence mechanisms become active. Alarm reaction is characterised by autonomous excitability, adrenalin discharge, increased heart rate, muscle tone, and gastro-intestinal ulceration. Depending on the nature and intensity of the threat and the condition of the organism, the periods of stress may vary and severity of symptoms may differ from 'mild invigoration' to 'disease of adaptation'.

2. *Stage of Resistance:*   Maximum adaptation occurs during this stage. The bodily signs characteristics of the alarm reaction disappear. Resistance increases to levels above normal. If the stress persists, or the defensive reaction proves ineffective, the organism deteriorates to the next stage.

3. *Stage of Exhaustion:*   When the adaptation energy is exhausted, signs of alarm reaction reappear and the resistance level begins to decline irreversibly. This results in the collapse of the organism. A diagrammatic view of these stages is shown is Fig. 12.1.
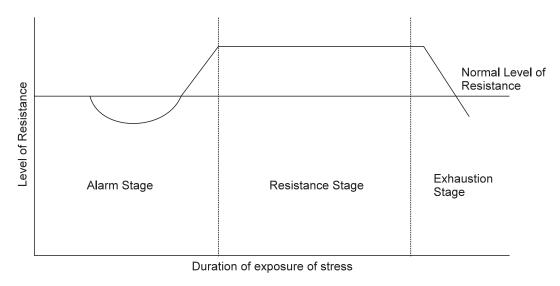
Fig. 12.1   General Adaptation Syndrome

Selye's pioneering work in the field of stress is invaluable. His basic contribution lies in suggesting that stress is an adaptive response which an individual experiences in the face of a known or unknown threat. His theory, however, contains four fundamental errors that make it inadequate.

1. A major shortcoming of this theory, according to Pestonjee (1987), is that it is based on researches carried out on infra-human subjects. In such experiments, the stressors are usually physical or environmental, whereas the human organism is not always confronted by such stressors.

2. Selye's work on stress depends on the existence of a non-specific physiological response. But, it has been noted by researchers that there are certain stimuli, for example, exercise and fasting, which do not produce non-specific response and hence, the General Adaptation Syndrome (GAS) does not hold true.

3. Intra-psychic or social (interpersonal/interactional) factors emerge as major stressors in human beings. These have not been given their due place in this approach.

4. Finally, the reactions of infra-human subjects are more direct, perceptible and hence easily measurable. This is not true of human subjects as their responses are always mediated through several layers of cultural and social filters.

In a variation of this approach, stress is used to refer to the highly energised psycho-physiological state when an organism is faced with a situation that threatens or places unusual physical or psychological demands on it. The two extremes of this highly energised state are: Hyperstress, where there is over-activation or heavy demands in terms of time or responsibilities; and Hypostress, in which the individual suffers from lack of activation, characterised by lassitude and boredom.

MEASUREMENT OF STRESS

While in the West a number of instruments have been developed to measure stress, in the context of India two measures have been developed by Indian researchers and have been extensively used in research on stress in India. They are briefly discussed below:

Organisational Role Stress

Developed by Pareek (1983) this instrument is based on one of the key concepts to understand the integration of the individual with an organisation, that is, the role assigned to him/her within the overall structure of the organisation. It is through this role that the individual interacts and gets integrated with the system. An organisation can be defined as system of roles, where role has been defined by the expectations various significant persons, including himself/herself, have from that position.

The definition of role indicates that there are inherent problems in the performance of a role and, therefore, stress is unavoidable. The concept of role, and the related concepts of 'role space' and 'role set' have a built-in potential for conflict and stress (Pareek, 1999). From the point of view of an individual, two role systems are important: role space and role set.

(a) *Role Space:* Each individual occupies and plays several roles simultaneously. A person can be a son, a father, an executive, a member of a club, and so on, at the same time. All these roles constitute role space. In the centre of the role space is the self. Role space, thus, can be defined as "the dynamic interrelationship between the self and the various roles an individual occupies."

(b) *Role Set:* The individual's role in the organisation is defined by the expectations of other significant roles, and those of the individuals himself/herself. Thus the role set is "the pattern of relationship between the role being considered and other roles."

The Organisation Role Stress Scale consists of 50 items measuring ten different types of organisational role stresses.* These role stresses are as follows:

(a) *Inter-Role Distance (IRD):* It is experienced when there is a conflict between organisational and non-organisational roles.

(b) *Role Stagnation (RS):*   It is the feeling of being stuck in the same role.

(c) *Role Expectation Conflict (REC):* Stress is generated by expectations of different significant persons, such as, superiors, subordinates and peers, about the same role; and the role occupant's ambivalence as to whom to please.

(d) *Role Erosion (RE):* Here stress is the function of the role occupant's feeling that some functions which should properly belong to his/her role are transferred to/or performed by some other role.

(e) *Role Overload (RO):* When the role occupant feels that there are too many expectations from his/her role

(f) *Role Isolation (RI):* Stress refers to the psychological distance between the occupant's role and other roles in the same role set.

(g) *Personal Inadequacy (PI):* It arises when the role occupant feels that he/she does not have the necessary skills and training for effectively performing the functions expected from his/her role.

(h) *Self-Role Distance (SRD):* When the role the person occupies goes against his/her self-concept.

(i) *Role Ambiguity (RA):* It refers to the lack of clarity about the expectations of the role.

(j) *Resource Inadequacy (RIn):* Stress is evident when the role occupant feels that he/she is not provided with adequate resources for performing the functions expected from his/her role.

Occupational Stress Index

Another instrument to measure stress is the 'Occupational Stress Index' which was constructed and standardised by Srivastava and Singh (1981). This instrument consists of 46 items covering all the relevant components of job life which might cause stress in one way or another. The twelve occupational stresses, as measured by this scale are:

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*ORS Scale is given at the end of this chapter.

1. Role overload
2. Role ambiguity
3. Role conflict
4. Group and political pressures
5. Responsibility for persons
6. Under participation
7. Powerlessness
8. Poor peer relations
9. Intrinsic improvement
10. Low status
11. Strenuous working conditions
12. Unprofitability.

SOURCES OF STRESS

It has been said that stress results from a misfit between environmental demands and personal adequacies to meet these demands. However, management of stress is not possible unless the individual is aware of the specific sources of stress. Stress can emanate from a variety of sources. Pestonjee (1987) contended that one must view the sources of the stress in the light of the social system to which he belongs. There are two such systems: the primary system such as family and religion , regional and linguistic groups; and the secondary system such as neighbourhood, schools, colleges, technical institutes, and work organisations. As the functional requirements and role expectations from both these systems differ, the demands made on the individual in one system have their effects on his/her performance in the other. Moreover, sources from one system can also be invested in the other system to take care of the problem arising in it.

Pestonjee (1983) has identified three important sectors of life in which stress originates. These are: (a) *job and organisation,* (b) *social sector,* and (c) *intra psychic sector*. The first, namely, job and organisation, refers to the totality of the work environment (task, atmosphere, colleagues, compensations, policies, etc.). The social sector refers to the social/cultural context of one's life. It may include religion, caste, language, dress, and other such factors. The intra psychic sector encompasses those things which are intimate and personal like temperament, values, abilities, and health. It is contended that stresses can originate in any of these three sectors or in combinations thereof.

Stress can result either from work and organisation-related factors or individual personality related factors. A number of causes under these broad categories are discussed below:

Factors in Work/Organisation

Stress in an organisation has been defined in terms of misfit between a person's skills and abilities and the demand of his/her job, or misfit between person's needs not being fulfilled by his/her job environment. Cooper and Marshall (1976) are of the view that organisational stress basically means environmental factors or stressors such as work overload, role conflict, role ambiguity, and poor working conditions associated with a particular job. Regardless of how one's job may compare to another in terms of stress, it is helpful to recognise that every job has potential stress agents. Cooper et al (1988) have identified following six major sources of stress at work. It may be mentioned here that although common to all jobs, these sources vary in the degree to which they are found to be causally linked to stress in each job.

(a) *Factors intrinsic to the job:* These are related to poor working conditions, shift work, long hours, travel, risk and danger, poor technology, work underload and overload. In a study Rajeshwari (1992) collected data from 34 officers and 79 clerks working in five nationalised banks. Her results revealed structural rigidity and poor physical working conditions as sources of stress. Yet in another study on 220 police personnel, Suresh and Anantharaman (2001) found that round-the-clock duty, lack of time to spend with family, and political pressure from outside the department were related with most stressful situations.

(b) *Role in the organisation:* When a person's role in an organisation is clearly defined and understood, and when expectations placed upon the individual are also clear and non-conflicting, stress can be kept to a minimum. Ivancevich and Matteson (1980) have identified three critical factors—role ambiguity, role conflict, and the degree of responsibility for others—as major sources of stress. In a study on 150 junior management officers in banks, Chand and Sethi (1997) found significant positive relationship between job-related strain and role overload and role conflict. Factors such as role ambiguity, under-participation and responsibility also predicted role stress though not significantly.

(c) *Relationship at work:* The working relationship which one has with people working in the same organisation can also be a major source of stress. Selye (1974) suggested that learning to live with other people is one of the most stressful aspects of life. There are three critical relationships at work—those with superiors, those with subordinates, and those with colleagues—which can produce stress.

(d) *Career development:* A host of issues such as job security, fear of job loss, obsolescence or retirement, and numerous performance appraisals can create pressure and strain. In addition, the frustration of having reached one's career ceiling, or having been over-promoted can also induce a lot of stress.

(e) *Organisational structure and climate:* Just being part of an organisation can present threats to a person's sense of freedom and autonomy. It seems that the position in the organisation has something to do with stress. However the research evidence is inclusive. Some studies have found that position in the organisation does make a difference in job stress. For example, Roy (1997) conducted a study on 23 junior and 30 senior scientists. His results revealed that the junior scientists experienced greater occupational stress than their senior counterparts. Similarly, a study by Vijayalaxmi and Meti (2000) found that non-executive employees experienced significantly higher occupational stress than executives on such dimensions as role conflict, political pressure, poor peer relations and job responsibility. Yet there is one study which shows that the level of stress experienced does not vary by position (Pattanayak, 2000). Executives and supervisors irrespective of the shift did not show significant differences in their job stress.

(f) *Nature of Profession:* The research evidence suggests that certain kinds of professions/ occupations cause greater stress than others. For example Singh (1993) found technocrats to experience greater stress in their job when compared to non-technocrats. Railway guards felt more stress in their job than railway motorman (Barnes, 1992a). In another study Barnes (1992b) found that bus drivers experienced greater stress in their profession as compared to

bus conductors. In a study of the comparative degree of stress amongst professionals Mishra et al (2001) collected data from 144 doctors and 82 nurses drawn from various hospitals. Their results show that nurses experience greater stress in their job as compared to doctors.

Predispositional Factors

The degree of stress experienced seems to vary with the personality and predispositional factors. Some individuals experience greater stress than others. Pandey (1998) wanted to study the personality predisposition and its impact on the experience of stress. He collected data from 450 employees of BHEL (150 senior managers, 150 junior managers and 150 supervisors). They filled out an Eysenki Personality Questionnaire and an Organisational Role Stress Questionnaire. His results showed that psychoticism-reality, neuroticism-stability dimensions of personality were found to be associated with higher levels of stress. On the other hand extroversion-introversion was negatively correlated with perceived organisational stress.

There is also some evidence to suggest that gender and age differences also contribute to differences in the experiences of stress. Singh and Sehgal (1995) colleted data on 172 respondents. Their results show that though male and female do not differ an various dimensions of stress, male respondents showed greater somatic problems while female respondents were characterised by greater anxiety. However Aditya and Sen (1993) did find that men suffer greater stress than women.

As far as age is concerned, it seems that younger employees by and large experience more work stress than their older counterparts. One explanation for this could be the difference in role ambiguity. Role ambiguity is usually higher at younger age than at later stage in life. Mishra et al (2001) collected data on 39 young and 23 old doctors as well as 50 young and 32 old nurses. Their results show that while older doctors and nurses experienced more role stagnation they found their jobs less stressful. On the other hand, young doctors and nurses felt greater personal inadequacy and hence experienced greater stress at work.

Some other evidence suggests that a number of personality predispositional factors interact to create varying degrees of stress. For example marketing managers who were high on neuroticism and extraversion reported greater organisational role stress than their stable introverted counterparts (Sharma, 1988). Similarly doctors with external locus of control reported higher organisational stress than the internal (Kumar, 1988).

SYMPTOMS OF STRESS

While humanity has suffered from various kinds of disease in its history, stress has been called the most debilitating medical and social problem of the present century (Nuernberger, 1990). Stress is unique in the category of diseases. It underlies such diverse conditions as psychosomatic disease, heart diseases, and can be a major contributor to disturbances in one's emotional, social, and family life. It inhibits creativity and personal effectiveness and exhibits itself in a general dissatisfaction, so obvious in our day-to-day lives. Symptoms of stress can be classified in following three broad categories.

Psychosomatic

The word psychosomatic consist of two words—psyche (mind) and soma (body), suggesting thereby that though the symptoms are bodily (physical) the causes are mental. There is general agreement that a high percentage of diseases afflicting mankind are psychosomatic and that their primary causes are our thoughts, attitudes, and beliefs. When we speak of psychosomatic symptoms, we basically mean that the major source of the disease lies in one's emotional, mental or perceptual, and behavioural habits. Brown (1977) pointed out that these symptoms occur when internal processes are involved, and area consequence of a very complex interaction of psychological, constitutional or genetic, and environmental factors. The pattern will be unique for each individual. For example, one person may suppress anger and eventually develop the mental dysfunction of depression, another may suppress anger and eventually develop migraine headaches. However, even though the development of the specific psychosomatic symptom is unique to each individual, the underlying principles are the same. Emotional stress leads to physiological stress and this results in an eventual breakdown (symptom) of the target organ system.

There are many examples of psychosomatic diseases which are directly related to stress. They include ulcers, cancer, bronchial asthma, common colds, headaches, chest pains, specific colons, and constipation. Many physical illness/disorders such as coronary heart disease, hypertension, gastrointestinal disorders (e.g., Peptic ulcer and irritable bowel syndrome), skin problems (e.g., eczema and acne), and cancer are said to be associated with stress (Matteson and Ivancevich, 1987). It is still not known why one organ system is affected by stress and not another. Certainly genetic factors, diet, and conditioned learning are all involved, but the key lies in one's mental structures. In other words, it can be said that stress is at the root of all psychosomatic diseases regardless of the organ system involved.

Bhamgara's (1985) study revealed a number of physical complaints which can be emotionally induced in whole or in part. These complaints, along with percentage of people reporting them are presented in Table 12.1.

Table 12.1	Percentage of people reporting psychosomatic complaints	
	Complaints	*Percent*
	Pain in the back of the neck	75
	Ulcer-like stomach ache	50
	Gall-stone-like pain	50
	Dizziness	80
	Skin rash	30
	Flatulence	90
	Headaches	80
	Constipation	70
	Fatigue	90

Stress affects an individual in a variety of ways like narrowing the span of attention, bringing about certain cognitive deficiencies, inducing helplessness and irritability, affecting performance and physical and psychological health, and so on. The relationship between stress and its effects is complex (Palsane and Ram, 1999). An inverted 'U' type relationship with performance indicates temporary improvement before deterioration begins. Chronic stress has cumulative costs and this is most common in relation to physical and mental health.

Psychological

Stress manifests itself in the form of many psychological problems. For example, researchers have found that stress is associated with anxiety, depression, hopelessness, anger, and helplessness. It has also been reported that stressed people are more likely to be psychologically distressed than those who are not (Dua, 1990, 1994). They have a short tolerance level and slight provocation can cause extreme anxiety, depression, or anger. Studies on employees show that those who suffer from occupational stress generally tend to have low psychological commitment to the organisation. For example, Chatterjee (1992) conducted a study on 300 technical personnel at the middle level of management in the heavy engineering industry. On the basis of their score on self efficacy they were divided into the high and low efficacy categories. When their occupational stress score was compared, high efficacy employees experienced greater occupational stress than their low efficacy counterparts.

Yet in another study, Singh and Singh (1992) asked 400 middle-level managers of Bokaro Steel Plant to fill out role stress and job anxiety questionnaires. Their result showed that high anxiety employees showed positive relationship with role stress. In 100 coronary heart patients, Sehgal (2000) found that such patients experienced greater anger, anxiety, and hostility.

Behavioural

Yet a third category of symptoms is purely behavioural which is easily observable. High degree of stress may make people adopt to such behavioural symptoms as gluttony, obesity, or opposite of this could be not feeling hungry or the sight of food turning them off. Other behavioural symptoms could be sleepiness, excessive smoking, and drinking. In organisational settings behavioural symptoms show themselves in absenteeism and turnover, and general listlessness on the job. A recent survey based on the compilation of data from various sources show that 1 in 4 Indian executives suffer from obesity and 44 per cent of middle-level executives report that job stress drives them to high level of alcohol consumption (Babani, 2002).

A number of studies have shown that role stress often leads to a negative reaction towards organisations and job. Jagdish (1987) collected data from 400 first-level technical supervisors from various units of mechanical and electrical departments of the Diesel Locomotive Works. His results showed that supervisors perceived occupational stress emerging from various dimensions of their job particularly management. In a more recent study Biswas (1998) studied the relationship between lifestyle stressors and organisational effectiveness. He collected data from 160 managers, 47

supervisors, and 50 workers of public sector organisations. His results showed that the stress caused by performance, threat, and frustration led to low degree of organisational commitment. However this seemed to be more pronounced amongst the workers as compared to supervisors and managers.

Individuals weakened by chronic stress are far more susceptible to other illnesses and terminal conditions because their immune systems are weakened when their metabolism is in a constantly stressed state. The most common symptom of stress is that people do not feel well and no medical reason can be found by medical practitioners. In short, the negative effects of stress can be highly visible such as absenteeism, smoking, alcohol abuse, and so on, but also less visible in the form of bad decision-making, negative internal politics, reduced creativity, and apathy. Dastur (1986) followed the medical check up of 4,000 Indian executives over a period of 10 years. His results are presented in Table 12.2.

Table 12.2	**Findings of periodic check-ups of 4,000 senior Indian executives (regd: 38–58 years period: 1973–84)**	
Findings	*Percent*	*Remarks*
Emotional stress and anxiety	50	
Overweight	40	10 to 30 kg above normal
High blood pressure	20	Systolic above 140; Diastolic 90
Heart attacks and strokes	2	Heart attacks 1.5%, Strokes 0.5%
Raised serum uric acid	18.5	Between 5.6 and 6.5 mg/100ml
Stomach and intestines		
• Functional	20	
• Organic	8	Dysentery 5% Ulcer 2 % Rest 1%
Urogenital		
• Sexual	40	
• Infection	6	Premature ejaculation, impotence
• Urinary Crystals	15	
• Kidney stone	10	
Liver		
• Infections hepatitis	6	Jaundice
• Amoebic hepatitis	3	Unexplained low fever, pain in the lower side of chest, nausea, and loss of appetite
Lungs		
• Chronic	5	Asthma, chronic bronchitis, and emphysema
• Virus pneumonitis	1	
Eyes		
• Errors of refraction	30	
• Cataract (Independent)	0.25	Corrected by glasses 75% were diabetic

Stress is an inevitable part of human life but, contrary to popular belief, it can also have positive effects. Present day researchers and practitioners visualise the phenomenon of stress in a new

perspective. It needs to be noted that stress is not always bad. It is, in fact, a basic ingredient of life. Our system is equipped with certain innate "stress alarms" that allow people to function effectively in many situations. Without stress there would not be constructive or creative activity. Misra and Varma (1999) contended that what we need is to reduce the amount of negative stress (Distress), and enjoy and appreciate positive stress (eustress). Pestonjee (1987), also noted that it is natural and healthy to maintain optimal levels of stress to achieve success and higher productivity. However, when left unchecked and unmanaged, stress can create problems in performance and affect the health and well-being of the organism.

COPING STRATEGIES

Individuals and organisations cannot remain in a continuous state of tension. Some people develop a deliberate and conscious strategy to deal with stress, while others leave the stress to take care of itself. The word 'coping' has two connotations in stress literature. It has been used to denote the way of dealing with stress, or the effort to master conditions of harm, threat, or challenge when a routine or automatic response is not readily available (Lazarus, 1974).

The most comprehensive approach to coping has been developed by Lazarus (1966) and his associates (Folkman, 1984) over a number of years. It utilises the transactional framework in which person and environment are seen in terms of a continuous ongoing relationship of actions which are reciprocal in nature. They have argued that appraisal and coping processes mediate this transactional relationship. Appraisal is considered as the cognitive process through which an event is evaluated in terms of its relevance to his/her well-being. Coping responses are made after the appraisal of the stress episode. Also, appraisal and coping continuously affect and influence each other. Coping is cognititve and behavioural effort made to master, tolerate or reduce external demands and conflicts. Coping, according to them, serves two main purposes: modification of the source of the stress (*problem-focused coping*) and the control of stressful emotions (*emotion-focused coping*). These forms of coping were found in more than 95 per cent of the stressful encounters reported by middle-aged men and women and college students (Folkman & Lazarus, 1980).

Coping may either take the form of avoiding the situation (reactive strategy or dysfunctional style) or confronting and approaching the problem (proactive strategy or functional style). The first category consists of persons who decide to suffer from, accept, or deny the stress experienced , or put the blame on somebody (self or others) for being in that stressful situation. These are passive or avoidance strategies and are dysfunctional styles of coping with stress situations. The second category consists of persons facing the realities of stress consciously, and taking some action to solve the problems themselves or with the help of other people. These are active approaches and are functional styles of dealing with stressful situations (Pareek, 1983a). The above classification does not suggest that people use either one kind of coping process or other exclusively. Rather, it is common knowledge that different persons employ combinations of different strategies to deal with the same kind of stress. These strategies vary from person to person and in the same person from time to time. Irrespective of the various points mentioned above there are two sources to effectively manage stress through planned efforts. These are organisational and individual.

What Can An Organisation Do

Stresses in job life can be conveniently managed, to a large extent, at different stages of their operation through various organisational interventions. Pestonjee (1999) has suggested a number of proactive intervention which an organisation can adopt. Some of these interventions are:

1. *Undertaking Stress Audit:* When an organisation decides to have a scientific look at the status of mental-cum-physical health of its backbone group (executives), the exercise is called a stress audit. It involves an attempt on the part of the organisation to study, explore, and control various types of stresses which the individual executives experience by virtue of their organisational membership.

   Stress audit is a four-stage HRD/OD intervention which can be utilised by organisations to overcome over ailing stresses (Pestonjee and Muncherji, 1999). Stress audit is carried out in four phases:

   Phase 1: Carrying out an exploration on 'Stress Tolerance Limit' (STL) with the help of psychometric instruments in terms of anxiety proneness, depression proneness, state/trait anger, dominant motive/need profile and so on.

   Phase II: Identifying the dominant organisational role stress dimensions by measuring the Role Efficacy Index (REI) for the executives (Pareek, 1993).

   Phase III: Collecting qualitative data on stress variables and their effects on individual health and performance through structured interviews.

   Phase IV: Remedial measures for implementing suitable modifications and changes in activities and practices. This might also entail slight restructuring of the organisation.

2. *Use Scientific Inputs:* Dissemination of information on how to face stressors within the organisation and outside is useful. One may derive immense benefits from knowledge of the fundamentals of stress response, dietetics, exercises, and meditation.

3. *Check with Company Doctors:* Doctors can act as a valuable resource to the members of their organisations when it comes to coping with identified stresses. They also have valuable information about interpersonal and organisational conflicts.

4. *Spread the Message:* The importance of regular habits of work, leisure, proper diet, exercise, and mental peace should be emphasised at the organisational level.

Agarwal (1984) attempted to highlight the applicability of the *job characteristics* approach in the management of organisational stress. He suggested that organisational stresses can best be managed by creating a fit between a person and his/her work environment. This congruence can be attained by linking the individual to the job characteristics, for high internal motivation, high quality performance, high worker satisfaction, and low absenteeism and turnover.

Pareek (1993, 1999) has proposed the concept of role efficacy and advocated that if organisations assist individuals in defining their roles and if individuals are willing to share their concerns through strategies proactively, confrontation, developing helping relationship and creativity, then it may be

possible to reduce role-shared stresses. This is so as a result of an individual's movement from a reactive, role-taking behaviour to a proactive, role-making behaviour. There is enough evidence to show that role efficacy is negatively and significantly related with role stress and that role efficacy seems to help in overcoming the experience of role stress (Sayeed, 1985).

What Can An Individual Do

When individuals experience stress, they adopt ways of dealing with it as they cannot remain in a continual state of tension. Kumar (1989) identified four steps which the executives should take to develop the requisite skills for management of stress:

   (a) Experiencing stress
   (b) Identification of possible strategies to resolve stress
   (c) Selecting and executing a strategy
   (d) Trying out a new strategy in case the first one proves ineffective

   Another important study of coping stress by executives has been reported by Singh (1990). This study employed a measure of coping strategy involving focus factors, namely, active problem solving, non-directional work approach, constructive deferred problem solving, and information seeking. He found that the high-level executives who experienced lesser stress and strain, utilised better coping strategies, and enjoyed more positive outcomes.

   Batlivala (1990) compared the stressors experienced by Indian executives at the organisational and personal levels vis-à-vis their American counterparts. The executives identified 19 stressors at the organisational and 15 at the personal level. Results indicated that the Indian executives experienced more personal stressors than their American counterparts. The typical coping strategies adopted by the Indian executives included: 1. critical analysis and recognition of problems, 2. yoga, 3. practicing good management, 4. sex, 5. if under-rewarded, slow down and work in proportion to reward, 6. improve self-image, 7. unwinding and going on vacation, 8. overvalue outcome of others, 9. overvalue your inputs, 10. maintain better family relationships, 11. use scientific methods, 12. be decisive, 13. acquire alternative interests or start other business, 14. avoid confrontation, 15. trust in yourself, 16. acquire more qualifications, 17. use better communication, 18. if over-rewarded, increase output, 19. change the person with whom you are comparing, 20. undervaluing input of others, 21. resign. Batlivala concluded that there is no one best stress reducing technique and each person learns from his/her own personal experience how to transform stress into an asset.

   Pareek (1993) distinguished between effective and ineffective coping strategies. The effective management of stress involves directing stress for productive purposes, preparing role occupants to understand their strengths and usual styles, and equipping them to develop approach strategies for coping with stress. Table 12.3 summarises the functional and dysfunctional strategies for the ten organisational role stresses (Pareek 1993).
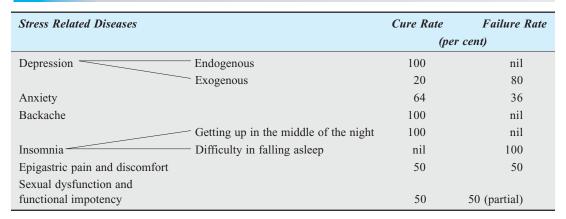
Table 12.3   Coping strategies for role stresses

Role Stresses	Dysfunctional Strategies	Functional Strategies
Self-role distance	Role rejection, self-rejection	Role integration
Inter-role distance	Role partition, role elimination	Role negotiation
	Role fixation	
Role stagnation	Role boundness	Role transition
Role isolation	Role prescription	Role linkage
Role ambiguity	Role taking	Role clarification
Role expectation conflict	Role reduction	Role making
Role overload	Role visibility	Role slimming
Role erosion	Role atrophy	Role development/enrichment
Resource inadequacy	Role shrinkage	Resource generation
Personal inadequacy		Role linkage

At the individual level, there are basically two methods of coping with stress (a) drug therapy, and (b) non-drug method. In today's world where one is always faced with a multitude of problem and tensions, it is not advisable to use drugs continuously to cope with the stress-related ailments like headaches, backaches, and so on. The non-drug methods of coping are advantageous and safer. Some non-drug methods which an individual can undertake to cope with stress are:

1. *Exercise:*   Physical exercise is necessary to keep the body healthy, both physically and mentally, and is the antidote for stress. Emotional strength is a by-product of regular exercise, and self-confidence is a natural consequence. Exercise helps counter nervous tension and anxiety by providing an outlet for pent-up feelings of aggression and hostility. One of the best exercises is walking. The survey by Babani (2002) shows that two out of three Indian executives say that they find it difficult to exercise regularly due to long working hours.

2. *Yoga:*   Yoga means the union or fusion of *jiwatma* and *paramatam*. It involves various *asanas* or body postures and breathing exercises. Among these, *sarvasana* or the corpse pose is the best. It brings not only mental calm and relief from stress but better health, more vigour, and a more alert mind.

3. *Acupuncture:*   The common manifestations of distress are depression, anxiety, cardiovascular accidents, insomnia, sexual dysfunction, allergies, and so forth. Acupuncture helps in tranquillising and psychic elation and allows one to relax. Besides being a drugless, safe, simple, economical, and yet an effective therapy with hardly any side effects, acupuncture has demonstrated by its clinical success that it is effective in coping with stress. Batlivala's (1990) results are presented in Table 12.4.

| Table 12.4 | Results of acupuncture in stress related diseases | | |

Stress Related Diseases		Cure Rate	Failure Rate
			(per cent)
Depression	Endogenous	100	nil
	Exogenous	20	80
Anxiety		64	36
Backache		100	nil
	Getting up in the middle of the night	100	nil
Insomnia	Difficulty in falling asleep	nil	100
Epigastric pain and discomfort		50	50
Sexual dysfunction and functional impotency		50	50 (partial)

4. *Meditation:* Meditation is of far greater importance than medication for whatever afflicts mankind today. Meditation is a practical, systematic method which allows one (1) to understand himself/herself at different levels of being, (2) to understand his/her environment completely, (3) to eliminate and prevent inner conflicts, (4) to obtain a tranquil and peaceful mind. Dua (1983) examined the various techniques of meditation and concluded that most meditation procedures included the following elements:

   (a) Sitting or lying down in a comfortable position, quietly and calmly, and preferably with eyes closed
   (b) Repatriation of a prayer, word, or sound
   (c) Breathing control or breathing exercises
   (d) Removal of all distractions and all thoughts

   Dua (1998) also compared the effectiveness of various meditational procedures and observed that the practice of meditation (a) reduces many maladaptive behaviours, (b) increases emotional and physical health, and psychological well-being, (c) reduces the frequency of thoughts, (d) reduces substance abuse, and (e) generally improves the quality of life. Gowda et al (2000) in their study of engineers and managers found that engineers used spiritual-related strategy and managers used physical activity-related techniques to cope with organisational stress.

5. *Biofeedback:* Biofeedback method is now being used for training patients in the act of relaxation and thereby treating various psychosomatic disorders like hypertension, tension headaches, migraine headaches, backache, and depression. Sophisticated biofeedback instruments have been developed that constantly inform the user about changes that are characteristic of stress within his/her own body, such as the intensity of tension in muscles, the temperature of the skin, heart rate, blood pressure and so on. Dixit et al (1994) conducted a study to examine the effect of biofeedback techniques on the management of essential

hypertension. A group of 48 mild to moderate hypertensive adults were evaluated for electro-physiological changes following biofeedback technique. Findings revealed that meditation played a significant role in regulating blood pressure, as indicated by the electrophysiological parameters.

6. *Recreation:* Recreation provides an opportunity to let oneself go, become uninhibited, thus reducing tension and stress. There are various forms of recreation like music and entertainment, painting, fishing, hunting, gardening, dancing, among others. These recreational pursuits are important to the prevention of the damaging effects of stress (Husain, 1999).

Thus, on the whole, it can be said that a wide variety of specific techniques and strategies (both organisational and individual) have been proposed to deal with stress, however it is very difficult to suggest a comprehensive or universally applicable approach as each individual and work environment will call for different solutions. Further, some of the primary factors which mediate the experience of stress are very difficult to change. These include an individual's personality, inherited characteristics and past history, the quality of interpersonal support inherent in his or her environment, and the nature of the organisation in which he or she works. Each of these, depending on its make-up, can either increase or decrease the impact of stress on an individual.

Review Questions

1. What do you understand by the term organisational stress?
2. What are some of the sources of stress?
3. Describe some symptoms of occupational stress.
4. Describe a few organisational strategies to manage stress.
5. What can an individual do to manage stress?
6. Complete the organisational role stress scale to identify your overall level of stress as well as specific role-related stresses.

Organisational Role Stress Scale

People have different feelings about their roles. Statements describing some such feelings are given below. Read each statement and indicate in the left hand side space how often do you have the feeling expressed in the statement in relation to your role in your organisation.

Use the following scheme to indicate your feeling. If you find that the category to be used in answering does not adequately indicate your own feelings, use the one which is closest to the way you feel. Do not leave any item unanswered.

> 0 = if you never or rarely feel this way
>
> 1 = if you occasionally (a few times) feel this way
>
> 2 = if you sometimes feel this way
>
> 3 = if you frequently feel this way
>
> 4 = if you very frequently or always feel this way.

_____	1	My role tends to interfere with my family life.
_____	2	I am afraid I am not learning enough in my present role for taking up higher responsibility.
_____	3	I am not able to satisy the conflicting demands of various people over me.
_____	4	My role has recently been reduced in importance.
_____	5	My workload is too heavy.
_____	6	Other role occupants do not give enough attention and time to my role.
_____	7	I do not have adequate knowledge to handle the responsibilities in my role.
_____	8	I have to do things in my role that are against my better judgment.
_____	9	I am not clear on the scope and responsibilities of my role (job).
_____	10	I do not get the information needed to carry out responsibilities assigned to me.
_____	11	I have various other interests (social, religious, etc.,) which remain neglected because I do not get time to attend to these.
_____	12	I am too preoccupied with my present role responsibility to be able to prepare for taking higher responsibility.
_____	13	I am not able to satisfy the conflicting demands of the various peer level people and my juniors.
_____	14	Many functions of what would be a part of my role have been assigned to some other role.
_____	15	The amount of work I have to do interferes with the quality I want to maintain.
_____	16	There is not enough interaction between my role and other roles.
_____	17	I wish I had more skills to handle the responsibilities of my role.
_____	18	I am not able to use my training and expertise in my role.
_____	19	I do not know what the people I work with expect of me.

_____	20	I do not get enough resources to be effective in my role.
_____	21	My role does not allow me to have enough time with my family.
_____	22	I do not have time and opportunities to prepare myself for the future challenges of my role.
_____	23	I am not able to satisfy the demands of clients and others, since these are conflicting with one another.
_____	24	I would like to take more responsibility than I am handling at present
_____	25	I have been given too much responsibility.
_____	26	I wish there was more consultation between my role and other roles
_____	27	I have not had pertinent training for my role.
_____	28	The work I do in the organisation is not related to my interests.
_____	29	Several aspects of my role are vague and unclear.
_____	30	I do not have enough people to work with me in my role.
_____	31	My organisational responsibilities interfere with my extra-organisational roles.
_____	32	There is very little scope for personal growth in my role.
_____	33	The expectations of my seniors conflict with those of my juniors.
_____	34	I can do much more than what I have been assigned.
_____	35	There is a need to reduce some parts of my role.
_____	36	There is no evidence of involvement of several roles (including my role) in joint problem solving or collaboration in planning action.
_____	37	I wish I had prepared myself well for my role.
_____	38	If I had full freedom to define my role I would be doing some things different from what I do now.
_____	39	My role has not been defined clearly and in detail.
_____	40	I am rather worried that I lack the necessary facilities needed in my role.
_____	41	My family and friends complain that I do not spend time with them due to heavy demands of my work role.
_____	42	I feel stagnant in my role.
_____	43	I am bothered with the contradictory expectations different people have from my role.
_____	44	I wish I had been given more challenging task to do.
_____	45	I feel overburdened in my role.
_____	46	Even when I take initiative for discussions or help, there is not much response from the other roles.
_____	47	I need more training and preparation to be effective in my work role.
_____	48	I experience conflict between my values and what I have to do in my role.
_____	49	I am not clear as to what are the priorities in my role.
_____	50	I wish I had more financial resources for the work assigned to me.

Source: Pareek (1993). Reproduced with permission

Answer Sheet for ORS Scale

Transfer your answers to 50 questions in the table below:

1. ___	11. ___	21. ___	31. ___	41. ___	___	___	IRD	1
2. ___	12. ___	22. ___	32. ___	42. ___	___	___	RS	2
3. ___	13. ___	23. ___	33. ___	43. ___	___	___	REC	3
4. ___	14. ___	24. ___	34. ___	44. ___	___	___	RE	4
5. ___	15. ___	25. ___	35. ___	45. ___	___	___	RO	5
6. ___	16. ___	26. ___	36. ___	46. ___	___	___	RI	6
7. ___	17. ___	27. ___	37. ___	47. ___	___	___	PI	7
8. ___	18. ___	28. ___	38. ___	48. ___	___	___	SRD	8
9. ___	19. ___	29. ___	39. ___	49. ___	___	___	RA	9
10. ___	20. ___	30. ___	40. ___	50. ___	___	___	Rin	10

The answer sheet can be used for scoring. The total scores on each of role stressors range from 0 to 20. You can also add all the scores on 10 stressors to get an overall score. By and large, the higher the scores on any of the 10 stressors or on overall total, the greater the possibility of experiencing high stress.

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13

ORGANISATIONAL CULTURE

Radha R Sharma

INTRODUCTION

Culture is the conventionalised behaviour of the society and affects most of the actions of the individual without one's conscious thoughts. Organisational culture is actually a subset of the culture of a society. Schein (1985) describes societal culture as assumptions, beliefs, and values that are common among the people in a specific geographical region. They are helpful in developing the identity of their community and are used by them to respond to changing environment. Assumptions are ignored by people as these are taken for granted whereas beliefs indicate peoples' feelings about the way things happen or get done. Assumptions and beliefs find manifestation in various forms like physical artifacts, institutions, social systems, and also in the behaviour of members of a society. Values signify people's preferences. Gradually when values are taken for granted they turn into beliefs and assumptions.

These components of culture have a well-defined linkage with each other which binds a culture and makes change in any one of the components difficult. However, change in any one of these components causes chain reactions amongst others. Their interrelationship is presented in Figure 13.1.

Culture is a very powerful force at the workplace, which is consciously and deliberately cultivated and is passed on to the incoming employees. It reflects the true nature and personality of an organisation.

There are various myths about organisational culture. Some of them are presented here along with the counter arguments.

1. **Organisational culture is same as organisational climate:** In management literature there is often ambiguity about the two concepts—organisational culture and organisational climate. As explained earlier, organisational culture is a macro phenomenon which refers to the patterns of beliefs, assumptions, values, and behaviours reflecting commonality in people working together. However, organisational climate is a micro phenomenon and reflects how employees in an organisation feel about the characteristics and quality of culture like morale, goodwill, employee relations, job satisfaction, commitment at the organisational, departmental or unit level. It refers to
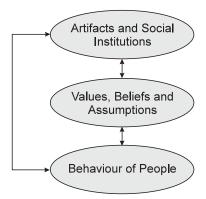
Fig. 13.1 Relationship among components of culture

the psychological environment in which behaviour of organisational members occurs. It is a relatively persistent set of perceptions held by organisational members about the organisational culture. Another viewpoint about climate is that various variables get subsumed under the concept of climate, whereas culture has unique indicators like symbols, rites, myths, and stories.

2. **Culture is same as 'groupthink':**   Since culture refers to shared assumptions and beliefs, it is likely to cause confusion. Groupthink refers to group members hiding any differences in how they feel and think and behave in a certain way. The phenomenon of groupthink is mostly used in a face-to-face situation when dealing with small groups. Culture, on the other hand, is a much larger phenomenon characterised by historical myths, symbols, beliefs, and artifacts.

3. **Culture is same as organisation:**   Culture is a result of sustained interaction among people in organisations and exists commonly in thoughts, feelings, and behaviour of people. Organisations on the other hand, consist of a set of expectations and a system of reward and punishment sustained by rules, regulations, and norms of behaviour.

4. **Culture is a social structure:**   Social structures in various collectivities exhibit tangible and specific ways in which people relate to one another overtly. However, culture operates on a system of unseen, abstract, and emotionally loaded forms which guide organisational members to deal with their physical and social needs.

CULTURE: CONCEPTUAL FRAMEWORK

Culture has been defined differently by various scholars. According to Kroeber and Kluckholn (1952) culture consists of patterns, explicit and implicit, of and for behaviour acquired, and transmitted by symbols, constituting the distinctive achievement of human groups, including their embodiment in artifacts. The essential core of culture consists of traditional (i.e., historically derived and selected) ideas and especially their attached values. Culture systems may, on the one hand, be considered as products of action, and as conditioning elements of future action.

In the words of Hofstede (1980) culture is, "The collective programming of the mind which distinguishes the members of one human group from another… the interactive aggregate of common characteristics that influences a human group's response to its environment." Anthropologist Symington (1983) has defined culture as, "...that complex whole which includes knowledge, belief, art, law, morals, customs and any capabilities and habits acquired by a man as a member of society."

The Indian perspective of culture given by Sinha (2000) suggests that "Culture consists of totality of assumptions, beliefs, values, social systems and institutions, physical artifacts and behaviour of people, reflecting their desire to maintain continuity as well as to adapt to external demands."

What these descriptions suggest is a set of value systems that are equally shared by all the members. They take a long time to evolve and are sustained over a long period of time. They form a common core which binds people together.

Work culture, on the other hand, is a totality of various levels of interaction among organisational and organismic factors centring around concern for work. The organisational factors (boundaries, goals, objectives, technology, managerial practices, material and human resources, and the constraints) and organismic factors (skills, knowledge, needs, and expectations) interact among themselves at various levels. Over a period of time they develop roles, norms and values focusing work and is called work culture.

NATURE OF ORGANISATIONAL CULTURE

The culture of an organisation may reflect in various forms adopted by the organisation. These could be:

- The physical infrastructure
- Routine behaviour, language, ceremonies
- Gender equality, equity in payment
- Dominant values such as quality, efficiency and so on
- Philosophy that guides the organisation's policies towards its employees and customers like 'customer first' and 'customer is king', and the manner in which employees deal with customers.

Individually none of these connote organisational culture, however, together, they reflect organisational culture. Although organisational culture has common properties, it is found that large organisations have a dominant culture and a number of sub-cultures. The core values shared by the majority of the organisational members constitute the dominant culture. Therefore, whenever one refers to the culture of an organisation one actually talks about the dominant culture. Sub-cultures within an organisation are a set of shared understandings among members of one group/ department/geographic operations. For example, the finance department of an organisation may have a sub-culture which is unique to this department vis-à-vis other departments. This means that this department will not only have the core values of the organisation's dominant culture but also some unique values. If an organisation does not have a dominant culture and is comprised only of various sub-cultures, its effectiveness would be difficult to judge and there will be no consistency

of behaviour among departments. Hence, the aspect of *common or shared understanding* is an essential component of organisational culture. Also, organisational culture exists at various levels.

LEVELS OF ORGANISATIONAL CULTURE

One comes across a number of elements in the organisation which depict its culture. Organisational culture can be viewed at three levels based on manifestations of the culture in tangible and intangible forms. Figure 13.2 identifies these levels.
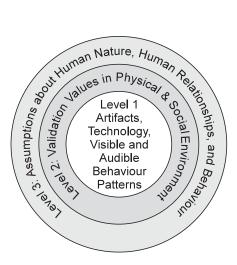
Fig. 13.2   Levels of organisational culture

1. *At Level One* the organisational culture can be observed in the form of physical objects, technology and other visible forms of behaviour like ceremonies and rituals. Though the culture would be visible in various forms, it would be only at the superficial level. For example, people may interact with one another but what the underlying feelings are or whether there is understanding among them would require probing.

2. *At Level Two* there is greater awareness and internalisation of cultural values. People in the organisation try solutions of a problem in ways which have been tried and tested earlier. If the group is successful there will be shared perception of that 'success', leading to cognitive changes turning perceptions into values and beliefs.

3. *Level Three* represents a process of conversion. When the group repeatedly observes that the method that was tried earlier works most of the time, it becomes the 'preferred solution' and gets converted into underlying assumptions or dominant value orientation. The conversion process has both advantages and disadvantages. The advantages are that the dominant value

orientation guides behaviour, however at the same time it may influence objective and rational thinking.

These three levels range on a scale of superficial to deeply embedded. As cultural symbols get converted to shared assumptions, they move from a superficial level to a real internationalised level as shown in Figure 13.3.

The deeply embedded level consists of current traditions, customs, and the ways of doing things based on prior success. The culture of quality, competitiveness, customer satisfactions, and leadership at WIPRO and NIIT are examples of internalised levels of organisational culture.
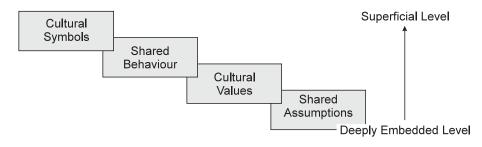
Fig. 13.3 Levels of organisational culture

PATTERNS OF ORGANISATIONAL CULTURE

Organisational culture can vary in a number of ways. It is these variances that differentiate one organisation from the others. Some of the bases of the differentiation are presented below:

1. **Strong vs weak culture:** Organisational culture can be labelled as strong or weak based on sharedness of the core values among organisational members and the degree of commitment the members have to these core values. The higher the sharedness and commitment, the stronger the culture. A strong culture increases the possibility of behaviour consistency amongst its members, while a weak culture opens avenues for each one of the members showing concerns unique to themselves.

2. **Soft vs hard culture:** Soft work culture can emerge in an organisation where the organisation pursues multiple and conflicting goals. In a soft culture the employees choose to pursue a few objectives which serve personal or sectional interests rather than focusing on organisational interests. A typical example of soft culture can be found in a number of public sector organisations in India where the management feels constrained to take action against employees to maintain high productivity. The culture is welfare oriented; people are held accountable for their mistakes but are not rewarded for good performance. Consequently, the employees consider work to be less important than personal and social obligations. Sinha (1990) has presented a case study of a public sector fertilizer company which was established in an industrially backward rural area to promote employment generation and industrial activity. Under pressure from local communities and the government, the company succumbed to overstaffing, converting mechanised operations into

manual operations, payment of overtime, and poor discipline. This resulted in huge financial losses (up to 60 percent of the capital) to the company.

3. **Formal vs informal culture:**   The work culture of an organisation, to a large extent, is influenced by the formal components of organisational culture. Roles, responsibilities, accountability, rules and regulations are components of formal culture. They set the expectations that the organisation has from every member and indicates the consequences if these expectations are not fulfilled. Table 13.1 presents some of the components of formal culture and their implication for organisations.

Table 13.1   Formal components of organisational culture

	Component	Description	Effect on Organisational Culture
1.	Mission/Vision	The milestones to be reached	Could be unrealistic
2.	Policies	Statements designed to be guidelines to behavioural decision	Policies, if not drafted properly can provide leeway
3.	Procedures	Methods providing specific guidelines	Can facilitate or create obstacles in smooth functioning
4.	Rules	Specific instructions for performing a task	Rules could be a means or an end in themselves
5.	State of Organisational Development	Organisation at young, growing, maturing, or mature stage of development	State of organisational development has direct impact on work culture

Informal culture on the other hand has tangible and intangible, specific and non-specific manifestations of shared values, beliefs, and assumptions. This part of organisational culture comprising of artifacts, symbols, ceremonies, rites, and stories is highlighted in almost all the definitions of organisational culture. An example of organisational culture at NIIT is presented below:

Box 13.1

Organisational Culture at NIIT

NIIT was founded in 1981 by two IIT, Delhi graduates, Rajendra S Pawar and Vijay K Thadani with a vision of meeting basic requirements for IT talent in a world moving into an information based economy. They had anticipations about the unpreparedness of Indian society to cope with the forthcoming information age and adopted the mission "bringing people and computers together, successfully". Initially, NIIT delivered IT training to a broad spectrum of people—from students seeking a career in computers to IT professionals requiring advanced skills; from managers giving their careers an edge, to school children using computers as a learning tool. NIIT's innovative offerings demonstrated the company's ability to constantly renew itself to anticipate future

(Contd.)

(Contd.)

technology trends. From a computer training institute, NIIT has emerged as a global IT solutions corporation offering knowledge solutions along with developing software solutions. Headquartered in New Delhi, India, NIIT operates through 100% subsidiaries in the US, Asia Pacific, Europe, and Japan and has operations in about 40 countries.

Its mission keeps pace with the developments in the field of IT and is evolved through organisation-wide discussions which helps develop commitment among employees. The organisation operates with the help of task teams designed for specific customer requirements for a specific period to carry out the work. Team culture and openness are emphasised a great deal. NIIT's corporate culture focuses on values such as quality, creativity, and customer satisfaction. The quality culture of NIIT has been the result of the sustained efforts of its management—perpetuated through induction, socialisation, reinforcement, innovation, and concern for internal and external customers. The quality culture is ingrained at NIIT in such a way that the priority is to prevent mistakes rather than rectifiy them. Also, quality efforts are backed by results, which are rewarded.

Employees are treated as intellectual capital and are looked after well. The happy and committed employees ensure customer satisfaction and this has got them wide acceptance across the globe. It has got well designed mechanisms for monitoring the quality for its products, services and or software processes. Most of NIIT's businesses have ISO 9000 certification. The work culture at NIIT has gone through all the stages of culture development like symbols, behaviour, organisational values, attitudes, and shared assumptions, and probably this is the reason it has been able to sustain it .

TYPOLOGY OF ORGANISATIONAL CULTURE

Harrison (1972) and Handy (1991) have given the following four *typologies* of organisational culture.

1. **Power Culture:**   Power culture can be observed in small organisations and large conglomerates where there is centralised power. In this culture 'results' are the basis of assessment of effectiveness, sometimes to the satisfaction of the central authority figure. In this culture ends justify the means. There are both positive and negative aspects of this culture. On the positive side, the culture can help an organisation become strong, dynamic, and fast to respond to external demands. On the flip side, it often leads to staff dissatisfaction, dependence on the ability and decision-making of the centralised power figure, dysfunctional conflict, and power lobbying. Only those members succeed who have a political bent of mind, power orientation and manipulativeness, and low need for security. Personal equation with the centre and control over resources make people powerful and influential.

2. **Role Culture:**   Based on logic and rationality, this culture is often referred to as bureaucracy. Appointment is done on the basis of the ability of the persons to carry out the functions satisfactorily. There is security for employees and career progressions are predictable. Coordination, however, takes place at the top. Departments are assigned specific functional roles and their work is governed by authority, structure, and a set of procedures. The departments follow certain mechanisms and

rules for decision-making and resolving conflicts. There are both merits and demerits of this culture. In role culture, importance is given to consistency, predictability, and stability, consequently such a culture contributes to creation of stable environments. But the drawback is that it makes adaptation to change difficult. Also, innovations, new ways of solving problems, and product and process innovations are discouraged. Such a culture is slow to respond to competitive pressures. However, some private sector organisations like IBM, TISCO, and public sector undertakings and banks have responded to globalisation pressures and have resorted to voluntary retirement schemes, decentralisation, disinvestment, and downsising,

3. **Task (Project Team) Culture:**   Task culture is a small team culture which exists in organisations in the form of network organisation or project-oriented matrix organisation. In this culture, power and authority are distributed to the right people at the appropriate level and the focus is on performance and results to be achieved. There is empowerment for decision-making with regard to the task. The team is formed on the basis of capability rather than seniority or status. The work in such a culture involves ambiguity and high risk; and organisational control is through resource allocation, project budget, target setting, and monitoring. Most of the staff in such a culture are specialists or technical people. The group works on synergy and harnesses members' expertise in the form of creativity and efficiency for optimum utilisation of resources to complete the task efficiently. There is synchronisation of personal and organisational goals.

4. **Person Culture:**   As the name indicates, the individual is the focal point, and examples of this culture could be found in voluntary groups like workers' cooperatives and residents' associations where a number of individuals decide to form a group to do their own thing. The culture exists only for the people concerned and the group does not have any super-ordinate goals. There may be an office back-up in the form of a secretary. This culture is probably the only form of organisation acceptable to some voluntary groups. The nature of power is consent which is derived from expertise and personal influence.

FUNCTIONS OF ORGANISATIONAL CULTURE

Culture is like a genetic code of an organisation and is significant from various perspectives. Indian organisations have evolved by being culturally embedded. There are organisations founded by Tata, Godrej, and others who have promoted and maintained a typical kind of culture over the decades. There are other organisations, which have evolved from being culturally embedded through being market driven. The organisations belonging to this category are Wipro, Ranbaxy, Sundaram Fastners, and NIIT who have used organisational culture for business growth, market capitalisation, and market leadership. It is observed that small organisations draw on organisational culture and achieve competitive advantage in a niche market. One can find an example of this in Southwest Airlines in the US which provided cheap air transportation for a number of years. However, big firms like IBM and Sony have penetrated the world market through various business strategies and culture of effective managerial practices. Thus organisational culture performs the following *functions*:

1. **Culture supplements rational management:** Creation of an appropriate work culture is a time-consuming process. Therefore, organisation culture cannot suddenly change the behaviour of people in an organisation. A number of management tools are used to channelise the behaviour of people in a desired way. No change can be effectively brought about without involving people. Culture communicates to people through symbols, values, physical settings, and language, and thereby supplementing the rational management tools such as technology and structure.

2. **Culture facilitates induction and socialisation:** Induction is a process through which new entrants to an origination are socialised and indoctrinated in the expectations of the organisation, it's cultural norms, and undefined conduct. The newcomer imbibes the culture of the organisation which may involve changing his/her attitudes and beliefs to achieving an internalised commitment to the organisation. Different organisations follow different practices for induction. Gillette India has a system of online induction which enables an IT-savvy newcomer to pick and choose the areas where he/she needs more detailed information. Bureaucratic organisations, however, spend considerable time explaining rules and procedures during induction as following rules is one of the major requirements of such organisations. Central government organisations in India have a one-year probation training-cum-induction involving cultural training. On the other hand, younger and entrepreneurial organisations are less formal in their induction process. Here, the established senior members share with the newcomers stories of heroes, founders, and charismatic team leaders with vision.

3. **Culture promotes code of conduct:** A strong culture in an organisation explicitly communicates accepted modes of behaviour so that people are conscious that certain behaviours are expected and others would never be visible. The presence of a strong culture would be evident where members share a set of beliefs, values, and assumptions which would influence their behaviour in an invisible way. Where culture has been fully assimilated by people they persistently indulge in a typical behaviour in a spontaneous way. Promotion of the culture of quality can help achieve good business results. Rohmetra (2000) conducted a study of cultural diversity and ethical behaviour. She collected data from 30 managers of Dogra culture and 35 manages of Laddakhi culture. Her results showed that the Dogra managers had highest consistency between what they believe and what they do at work, while the situation was the reverse for Laddakhi managers.

4. **Subcultures contribute to organisational diversity:** Sub-cultures, and sub-systems of values and assumptions which may be based on departmentalisation, activity centers, or geographical locations, provide meaning to the interests of localised, specific groups of people within the macro organisation. Sub-cultures can affect the organisation in many ways: (i) they may perpetuate and strengthen the existing culture; (ii) they may promote something very different from those existing; (iii) they may promote a totally opposite sub-culture (beliefs and values) or counter culture when in a difficult situation.

Care needs to be exercised when promoting a counter culture as it may be detrimental to the larger organisational interest.

RESEARCH ON ORGANISATIONAL CULTURE

A frequently asked question which has acquired great significance with shrinking global distances is 'do people organise and work differently from culture to culture?' A number of studies have been conducted to answer these and other questions relating to cultural differences across countries.

Researches undertaken in various countries have 'revealed culturally based differences in people's values, attitudes, and behaviours. McGregor (1960) has given example of this in his 'Theory X' and 'Theory Y' which are based on a manager's assumptions about employee' behaviour. Theory X managers do not trust their subordinates and introduce tight control systems, which lead to employees' irresponsible behaviour. On the other hand, Theory Y managers trust the employees, give more autonomy to their subordinates for overall goals and tasks without exercising close supervision or tight control. In such a situation employees find that management trusts them and they give their best to their work. On seeing the employees' performance such managers develop a more favourable attitude toward employees. Similar results have been obtained in Canada and India (Adler, 1986).

Ouchi (1981) in his book on 'Theory Z' highlighted the cultural differences between American and Japanese cultures. American organisational culture has specialised in career paths, fast growth, individualised decision-making, individualised responsibility, explicit control, and concern for work relationship with employees. On the contrary, Japanese organisational culture is characterised by slow promotions, generalised career paths and job rotation across areas, group decision-making, high degree of trust, collective responsibility, and concern for work as well as social aspects of employees.

Hall (1976) has highlighted differences between high-context and low-context cultures. People belonging to high-context cultures depend heavily on the external situation and environment, and use non-verbal clues for exchanging and interpreting communications. He has cited examples of languages such as Arabic, Japanese, and Chinese where an indirect style of communication is valued. However, in low-context cultures, external environment has low importance, explicit, direct and "blunt" communication is valued and non-verbal clues are ignored.

Hofstede (1980) in his study of culture in forty countries, which was later extended to sixty found significant cultural differences in work-related attitudes. One lakh sixty thousand employees from an American multinational corporation (IBM) served as the sample. The study revealed significant differences in the attitudes and behaviours of the workforce and managerial staff belonging to different countries, and these differences persisted over a period of time. Culture is linked to a *collective programming* of the minds of one group as distinct from other groups. He identified the following four primary dimensions on which employees and managers differed across cultures.

1. **Individualism/Collectivism:** Individualism is marked by people focusing on themselves and to some extent, on their families. Collectivism distinguishes between in-group (comprising relatives, caste, and organisation) and other groups. There are nations like the United States with an individualistic culture and Japan where the will of the group determines members' beliefs and behaviours.

2. **Power Distance Orientation:** This dimension refers to superior-subordinate relationship. The superior is inclined to increase the inequality of power between himself and his subordinates, and

the subordinates will endeavour to decrease that power distance. High power distance countries found by him are Philippines, Venezuela, and India.

3. **Uncertainty Avoidance:**   Hofstede points at that different cultures react differently and have varying levels of tolerance to uncertainty. Based on his study he has classified countries having high uncertainty avoidance such as Japan and Greece, and low uncertainty avoidance countries such, as the United States, Canada, and New Zealand.

4. **Masculinity/Femininity:**   Masculinity has been defined as the extent to which the dominant values in society emphasise relationships among people, concern for others, and overall quality of life. Japan and Australia were found to be highly masculine, the Scandinavian countries as most feminine, and the United States as slightly masculine.

Sondergaard (1994) has reviewed 61 researches replicating Hofstede's method and has reported that the four above-mentioned dimensions have been "largely confirmed". Trompenaar (1996), based on his research on 8841 informants from business organisations in 43 countries, has confirmed two dimensions—individualism/collectivism and power distance—which had been identified by Hofstede.

A number of studies have been done to study the relationship between firm size and organisational effectiveness and culture. Large firms promote inertia and complacency (Hannand and Freeman, 1984), resistance to adaptation (Aldrich and Auster, 1986), and aversion to risk (Hitt et al, 1990). Connell (2001) studied the influence of firm size on organisational culture and employee morale in six Australian workplaces and found that the organisation size affected a number of variables. Small firms were found to have a positive culture, high employee morale, consultative management style, and organisational effectiveness.

In the Indian context, a study conducted by Sinha (1990) and his colleagues is of great significance. They studied 28 medium size organisations from the public and private sectors in Bihar. The study revealed that in a soft work culture, work values are displaced by non-work values and thereby the organisation becomes ineffective. On the contrary in private organisations the work remains the prime concern of all the stakeholders. However, the centrality of work in private organisations is based on vested interests, lacking ethics and concern for others. Assumptions, beliefs, and values of owners, managers, supervisors, and workers showed significant variations. Owners believed in profit maximisations at any cost, managers and supervisors subscribed to the owners' beliefs, and workers felt that hard work was important, but also felt that the owners must play the role of *mai-baba* (parents).

Virmani and Guptan (1991) have reported anomalies between the Western managerial systems, structures, and principles of management adopted by most of the public sector organisations in India and the traditional values and life styles of Indians. Neither could the organisations function the way these were envisaged to do, nor could the people adjust to the demands of the western type of organisations.

A study of Organisation Culture and Climate at ONGC undertaken by Sharma (2000) reveals that the organisation has a dominant technocratic culture and soft sub-culture in a number of business groups (now called asset based structures). The work culture as perceived by a sample of 260 executives representing various functions from all over India has been summarised in Table 13.2.

Table 13.2	Perception of work culture by ONGC executives

Dominant technocratic culture	*Soft sub-culture*
High technical know how	Emphasis on adherence to procedures rather than achievements Paucity of latest technology
Strong infrastructure	Many hierarchical levels Lack of cost consciousness Lack of accountability
Availability of seismic & geological data base	Gap in plan and implementation
Communication network	Undesirable union/pressure group activities
Monopolistic presence	Lack of work ethics
Potential for diversification	Promotion on seniority rather than performance
Potential for onshore & offshore consultancy	Lack of job enrichment
Highly skilled and trained manpower	Aging workforce
Loyal workforce	Lack of empowerment
Long and rich experience in oil exploration	Lengthy process, long lead time for material procurement Unequal workload
Research and Development facilities	Lack of coordination

In addition to culture, a study on organisational climate was also undertaken by Sharma (2000) on a representative sample of 85 middle-level managers representing various functions from the entire country. The study sought their responses on 16 parameters of climate—Orientation, Quality of work life, Leadership, Management of Change, Empowerment, Problem-solving and decision-making, Conflict management, Creativity and innovation, Communication, Image, Customer service, Role efficacy, Goal setting, appraisal and counselling, Career planning, Training and reward. The study yielded an average to fair climate on all 16 variables of the organisations' climate. Comparatively low scores were obtained on such parameters as management of change, communication, corporate image, empowerment, creativity and innovation, career planning, reward and customer service.

As organisational climate affects organisational culture, the authorities of ONGC initiated steps for the creation of an appropriate work culture for competitive advantage through training and human resource development. It had undergone a major restructuring exercise about 2 years ago with the help of an international consultant and had introduced organisational transformation project (OTP) in the Neelam offshore field and the Western onshore region. As expected, the response was slow and there was covert resistance and fear among employees in the organisation. Officers from some other regions exhibited jealousy against those who, due to the project, came into the limelight. The new chairman, Mr. Subir Raha, has taken drastic steps for bringing about stuctural and cultural changes ever, since 2001. The board has been overhauled, the portfolios of directors have been changed, and business managers have been redesignated as Asset Managers. The project has been

renamed as Corporate Rejuvination Campaign to infuse life and dynamism. The restructuring has been done with rationality which has resulted in reducing the levels of decision-making.

ORGANISATION CULTURE AND EFFECTIVENESS

Does a certain pattern of culture lead to more effective performance? This question has interested a number of researchers and they have tried to identify the cultural components that lead to high productivity and satisfaction. Srivastava (2001) collected data on 150 executives from 6 private sector organisations through structured interviews. Using average as a cut off point, 4 and 2 organisations were classified as having strong and weak cultures respectively. Organisations with a strong culture as compared to those with a weak culture showed better sales, reserves, and profit after tax for the last three years.

In another study, Tripathi et al (2000) collected data on 200 middle-level executives from 10 public and private sector organisations. They filled up questionnaires for measuring organisational culture and organisational commitment. Their results show that a participative organisational culture correlated significantly with organisational involvement, while a manipulative organisational culture resulted more in loyalty with individuals. Sectoral differences in the cultures of public and private organisations also make a difference. They differed in terms of collaboration, creativity, adoptability, code of conduct, customer care, cultural nurturing, role clarity, and unity in diversity. Private sector managers scored significantly higher on these dimensions as compared to their counter parts in the public sector (Koteswara Rao and Srinivasan, 2001).

ORGANISATION CULTURE AND NATIONAL CULTURE

Organisation culture is receiving considerable attention from researchers and managers alike who consider it to be a socialising influence and creator of organisational climate. They assume that organisational culture can override national culture and in a multinational organisation, people belonging to different cultures can assimilate. The findings of Hofstede (1980) of a multinational organisation operating in forty countries proves that only 50 percent of the difference in employees' attitudes and behaviour can be explained by the national culture of the employees, but its contribution in explaining their behaviour is much more than their organisational role, race, gender or age.

Laurent (1983) conducted research on organisational culture in a multinational corporation which had subsidiaries in 10 countries. He repeated his study to find out if employees working for the same multinational corporation would have greater similarities than their colleagues employed domestically (nationally). He found that employees belonging to one culture not only maintained their cultural differences but also enhanced them. Interestingly, differences among managers of ten different countries working in the same multinational corporation were higher than those of managers belonging to ten different countries and working in their native countries. In order to validate his results, Laurent replicated his research in two more multinational corporations operating in the same nine Western European countries and the United States. The results obtained

were the same as in the earlier study. His results show that organisational culture does not diminish the influence of national culture, rather it accentuates the differences in national culture when people belonging to different nationalities work in one organisation. Hofstede et al (1990) in their study of 20 different organisations in Denmark and Netherlands found that organisational culture explains the considerable variance in the values held by the employees.

EMERGING TRENDS IN ORGANISATIONAL CULTURE

Cultural diversity is a part of organisational life. In the present business environment it cannot be ignored. The question arises 'how to manage it?' When a manager focuses attention on cultural differences, it causes problems as it is often confused with evaluation of a culture. Judging organisational members, clients, and others based on cultural differences can result in offensive, inappropriate, ethnocentric, sexist, or racist attitude and behaviour. But if the cultural differences are recognised with a view to managing them, it would minimise the problems and maximise the advantages of cultural diversity. Culture diversity can be managed effectively by developing synergy among members to function as teams. This can be done by forming groups with members of diverse cultures and providing them with structured learning experience and adequate training. Some of the *emerging trends* in recent times are discussed below.

Business Process Reengineering and Organisational Culture

A number of companies during the 1990s have gone through a process called 'business process reengineering' (BPR), to dramatically improve their efficiency, performance, and customers satisfaction. According to Hammer and Champy (1993) who have popularized this concept, "reengineering is the fundamental rethinking and radical redesign of business process to achieve dramatic improvements in critical, contemporary measures of performance such as cost, quality, service and speed." Thus BPR involves changing policies, control systems and technologies, business practices along with a creative destruction of old ways of thinking and operating. Many organisations use McKinsey's organisational model where BPR impacts six out of the seven dimensions for organisational changes as explained in Figure 13.4.
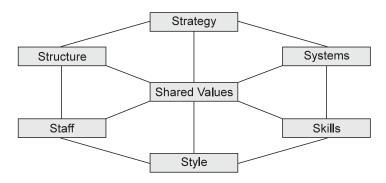
Fig. 13.4 McKinsey's seven S diagram (Henley, 1991).

As explained above, BPR in an organisation would involve changing the system, structure, quality and quantity of staff, the competencies required by the organisation in the changed scenario, the values and beliefs prevalent in the organisation, and the attitudes and behaviour of people from the managerial to the worker level. Organisations during the last decade have been going through rapid change and the trend is likely to continue in the next decade. Organisational culture will continue to form the bedrock of organisational change through BPR if the change is to be sustained.

ISO 9000 and Organisational Culture

ISO 9000 represents a model of quality assurance which includes a series of documented standards to:

- Document procedures for undertaking a task that affects a product or quality of service
- Perform the work according to laid down procedures
- Maintain a record of activities as evidence for compliance
- Compare the performance/achievement with the plan/target to see deficiency and shortfall, if any

Fairbairn (2002) describes ISO 9000 as an 'adaptable system' which incorporates the benefits of exercising the necessary controls as companies grow. Using the Johnson and Scholes (1993) model he describes how culture as a 'web of interlinking entities' influences cultural paradigm of an organisation.
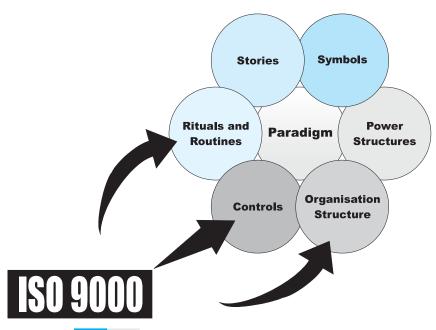
Fig. 13.5 Cultural Web Impact (Fairbairm. 2002)

In the above model, quality control systems are likely to affect rituals and routines, organisational structure, and the controls which are likely to impact the overall paradigm of an organisation.

In the future ISO 9000 is expected to have a greater culture fit in organisations with 'Role Culture' and 'Task Culture'. A number of organisations in the private sector in India such as Wipro, Infosys, and Ranbaxy have already moved to role culture and task culture, and are able to implement quality systems for better efficiency, customer service, and organisational performance, are examples of role culture. The trend is likely to continue as in competitive business environment. Quality will be a decisive factor for competitive edge.

Review Questions

1. What is the nature of information on organisation culture and what are its components?
2. What are the different kinds of organisational culture?
3. What are the functions of work culture?
4. Briefly describe the dimensions of organisational culture as stipulated by Hofstede.
5. What are some of the emerging tends in organisational culture?
6. To make an assessment of your organisation culture, complete the organisational culture survey given on the next page.

Organisational Culture Survey

Read each statement given below and indicate, in column P, to what extent the statement is true of your organisation. Use the following key:

Write *5*   if the statement represents your organisation very well.

Write *4*   if the statement is fairly true of your organisation.

Write *3*   if you are not sure whether it is true or not.

Write *2*   if it represents very little of your organisation.

Write *1*   if it is not true of your organisation at all.

Now, go back to the statements and indicate in column D how much is desirable for your organisation. Use the following key:

Write *5*   if you think this is very highly desirable.

Write *4*   if you think this is highly desirable.

Write *3*   if you are not sure whether this is desirable

Write *2*   if you think this is not desirable for your organisation.

Write *1*   if your think this is very undesirable.

You may either respond first for column P and then for column D; or you may respond to both together for each statement.

D	P		
		1.	Most members of this organisation feel helpless in relation to vital matters.
		2.	People feel free to have and express opinions and ideas that are different from their bosses.
		3.	Rules are applied uniformly here, without any consideration to special circumstances in special cases.
		4.	In this organisation every department/group is concerned only about itself.
		5.	This organisation can be described as a fire-fighting organisation, dealing with the issues as they emerge.
		6.	Great value is given here to good relationship and loyalty to the organisation.
		7.	Attempts are made here to resolve conflicts without loss of face by a party involved in the conflict.
		8.	People feel comfortable in groups of their own affinity.
		9.	Managers generally spend more time on their jobs, even at the cost of personal needs.
		10.	Competitiveness and smartness are highly valued here.
		11.	Seniors exercise their authority in most matters and which is accepted by their juniors.

_____	_____	12.	Employees feel they can influence many important issues here.
_____	_____	13.	All matters are worked out meticulously, including course of action, and deviations are not liked.
_____	_____	14.	Although rules are worked out in detail, these are applied according to the background of a case.
_____	_____	15.	People care for the total organisation and not only about their own groups or teams.
_____	_____	16.	Importance is given to long-term planning and working for the future.
_____	_____	17.	Maintaining harmony is highly valued here.
_____	_____	18.	Confrontation and frank communication are generally avoided here.
_____	_____	19.	Leaders here nurture and protect the interests of those who belong to them.
_____	_____	20.	Managers care a great deal about their personal time and do not like business to intrude on it.
_____	_____	21.	Importance is given to compassion and caring.
_____	_____	22.	Hierarchical relationships are seen as necessary for running the organisation.
_____	_____	23.	There is a general feeling of indifference among employees because they feel that they cannot influence critical matters here.
_____	_____	24.	Different ways of solving problems are encouraged here.
_____	_____	25.	Decisions are objective and clear-cut, and are out influenced by the context.
_____	_____	26.	Generally, everyone here is mainly concerned about one's own affairs.
_____	_____	27.	People do not have time to think of future needs; they are too busy completing their assigned tasks.
_____	_____	28.	People here are more individualistic; they complete assigned tasks for which they expect to be compensated.
_____	_____	29.	Pleasant behaviour is preferred here to telling an unpleasant truth.
_____	_____	30.	People here are treated according to their working assignments and not on the basis of kinship, cast, language, etc.
_____	_____	31.	Work responsibility here is given more importance than demands of the family.
_____	_____	32.	Nurturing and helping subordinates is encouraged here.
_____	_____	33.	Achievement and competence are more important than hierarchical status.

Given below are three sets of statements. Rank-order, in column P, the four items in each set (write 4 for the statement that is most characteristic of your organisation and 1 for the statement that is least characteristic). Then rank-order them for their desirability under column D (4 for most desirable and 1 for least desirable of the four).

	D	P		
34.	_____	_____	a.	Learning from seniors
	_____	_____	b.	Self-discipline
	_____	_____	c.	Assertive behaviour
	_____	_____	d.	Team building
35.	_____	_____	a.	Getting work done
	_____	_____	b.	Hard work and perseverance
	_____	_____	c.	Spontaneity
	_____	_____	d.	Developing systems
36.	_____	_____	a.	Long-term planning
	_____	_____	b.	Effective communication
	_____	_____	c.	Getting the task done
	_____	_____	d.	Maintaining discipline

This instrument assesses the profile of organisational culture. Fifteen aspects of culture are assessed. For each aspect there are 3 items the numbers of which are given in the following table.

Reverse the scores of items marked with star (i.e. 5 becomes 1; 4 becomes 2 and so on).

You can get an idea of the nature of organisational culture and its desirability by adding separately your scores for P (to what extent it is true for your organisation) and D (how much it is desirable for your organisation) respectively for each of the aspects.

Your scores should not be less than 3 or more than 15 for each of the aspects.

	Aspect	*Items*		
1.	Internal	1*	12,	23*
2.	Ambiguity tolerant	2,	13*,	24
3.	Context sensitive	3*,	14,	25*
4.	Narcissistic (–)	4*,	15,	26*
5.	Future-oriented	5*,	16,	27*
6.	Individualistic	6*.	17*,	28

7.	Inner directed	7*,	18*,	29*
8.	Universal	8*,	19*,	30
9.	Role bound	9*,	20*,	31
10.	Androgynous	10*,	21,	32
11.	Power parity	11*,	22*,	33
12.	Expressive	34a,	35d,	36c
13.	Conserving	34b,	35c,	36a
14.	Assertive	34c,	35b,	36d
15.	Expanding	34d,	35a,	36b

Source: Pareek (1998) reproduced with permission.

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14

ORGANISATION STRUCTURE AND DESIGN

Mirza S Saiyadain

INTRODUCTION

Organisations are described as systems developed to achieve some goals. How do these organisations coordinate and control the activities of their employees to achieve their goals? The answer to this question is tied to the concept of organisation structure. Structures are means to attain the goals of an organisation. Perhaps one way to appreciate the concept of organisation structure would be to examine the structure of a modern building with its beams and columns, size and dimensions. Buildings are designed according to the activities and movements of its occupants. Thus a church building is different from a college building because the activities in these two vary and so do the movements of the people who use these buildings.

Organisation structure by analogy can be defined as networks of formally sanctioned and relatively durable relationship between individual and work group, between individual and machine, and between individual and organisational arrangements. They define patterns of control and coordination, authority, and workflow and communication that influence the activities of its employees. Robbins (1990) recognises the need for "formally coordinating the interaction patterns of organisation members."

While a large number of relationship patterns are involved in the concept of structure perhaps one word that signifies its value is coordination. Structures are developed to coordinate the working relationship of individual employees in the organisation. They are the mechanisms to deal with external and internal uncertainties.

The most common method of depicting an organisation structure is the organisation chart. An organisation chart is a graphic representation of an organisation's positions, or units and their reporting relationships. The horizontal lines denote peer status (relationship with equal status), while vertical lines depict reporting relationship, formal channels, and authority. They also outline formal channels of communication and workflow. Organisation structures are not fixed positions but dynamic changing patterns of coordination and relationship. Structure may change according to the changing size of the organisation, technology, customer, product and services. Hence structures change from organisation to organisation and in the same organisation from time to time. An example of an organisation structure (partial) of FIBCOM India Ltd. is presented in Figure 14.1.

FUNCTIONS OF STRUCTURE

While structures are seen as tools of coordination, more specifically they perform the following functions:
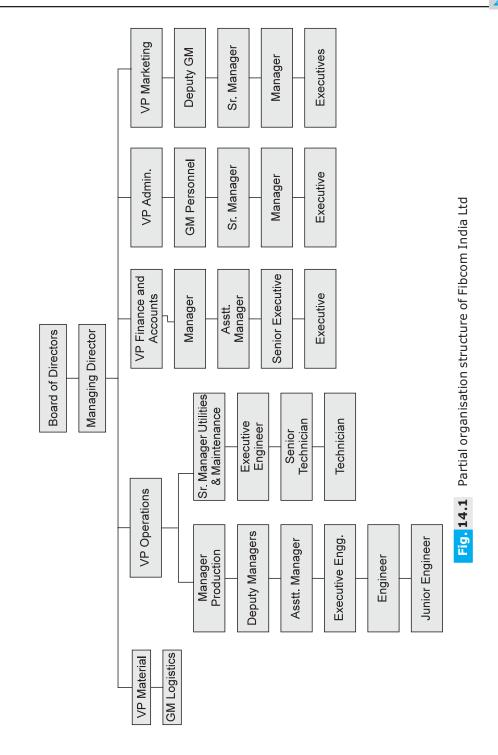
1. *Allocate responsibilities:*   Perhaps one reasonable way to examine this could be to study the charts of responsibility that are usually available with each organisation. These charts with their horizontal and vertical lines indicate who is supposed to do what in the organisation. Allocation of responsibility is perhaps the most significant aspect of coordination. It avoids duplication of efforts and hence unnecessary wastage of resources. There is sufficient evidence to suggest that lack of role clarity may lead to confusion and lack of commitment on the part of employees. Srilatha and Hari gopal (1985) collected data from 156 middle and lower level executives from two public and one private sector organisations. Their results revealed that the combined sample of 156 executives showed a negative relationship between role conflict, professional growth, and span of control. For a private sector manager, role conflict and role ambiguity led to low satisfaction with working conditions, colleagues, and supervision. Absence of clearly-defined role responsibilities create confusion in organisations (see Box 14.1).

Box 14.1

Absence of clearly-defined role responsibilities create confusion

This is a story about 4 people. Everybody, Somebody, Nobody, and Anybody. There was an important job to be done and Everybody was asked to do it. Everybody was sure that Somebody would do it. Anybody could have done but Nobody did it. Somebody got angry about that because it was Everybody's job. Everybody thought Anybody could do it but Nobody realised that Everybody would not do it. It ended up that Everybody blamed Somebody who would not do it. Everybody blamed Somebody when actually Nobody asked Anybody.

2. *Designates reporting relationship:*   Structures also help in identifying who should report to whom. In the chart in Figure 14.1 the vertical lines indicate who is answerable to whom. For coordination to be effective, monitoring by the immediate supervisor is required because it ensures that individuals do what they are supposed to do.

3. *Legitimizes authority to reward and punish:*   Once responsibilities are allocated and reporting relationships are clearly defined, the supervisor gets the requisite authority to punish for incompetent or insufficient completion of task or to reward a performance that is either consistent with or better than expected. These mechanisms serve to motivate employees so that they can align their actions with the expectations of the organisation.

4. *Ensure smooth flow of communications:*   Given the above three functions, structures help in undistorted understanding of instructions and other communications related to task performance. Smooth flow of communication is one of the major requirements for effective functioning of an organisation.

Fig. 14.1 Partial organisation structure of Fibcom India Ltd

5. *Mechanisms to deal with external and internal uncertainties:* Organisation structures provide organisation this mechanism by enabling organisations to undertake a wide variety of activities. Therefore such systems as divisions of labour, delegation, authority, and so on, become necessary provisions for effective functioning.

Lack of clearly defined structures may lead to a great degree of confusion and cost to the organisation. Structural deficiencies may create the following problems in an organisation.

1. *Motivation and morale:* If the allocation of responsibilities is not well-defined and if rewards and punishments are not legitimised, different supervisors may use their own judgements creating problems of morale and motivation. One direct consequence of structural deficiency could be lack of uniformity in reward and punishment for the same mistake or performance. Employees may feel that their treatment is based on the whims and fancy of supervisors rather than accepted norms of justice.

2. *Delay in decision-making:* Decision-making centres which are clearly earmarked because of structuring may become blurred in the absence of a well-defined structure. Employees may not take decisions and accept responsibility of the consequences of these decisions because information inflow is not smooth and accountability centres are not clearly defined.

3. In the absence of clearly defined structures, organisation may *miss newer opportunities* and may suffer because of lack of coordination. The organisation may become ineffective in responding to challenges. Lack of coordination may also inhibit innovation and creativity so necessary for the survival of the organisation particularly in the face of a competitive environment.

While all organisations have clearly defined structures, in reality most organisations charts only represent a theoretical possibility. On a day-to-day basis such channels are violated, ignored, and sidetracked to get the work done quickly without much red tape. This happens in all organisations. However when things do not go according to expection, organisations charts become the basis for accountability, punishment, and reprimands. In a classical study, Dalton (1959) studies the formal structures of organisations. He worked as an employee in the organisation and kept a detailed account of the day-to-day transactions between and amongst employees at various levels. His results show that the formal structures, though clearly defined, are hardly followed in real day-to-day activities. Not only this, perception of the organisation structure also influences the level of involvement of the employees. In a study of 100 clerical staff from two public sector undertakings, Bhardwaj and Mishra (1996) collected data on the perception of organisation climate and job involvement. Their results showed that clerks who perceived the organisation structure more mechanistic than organic, had a lower score on job involvement.

KIND OF STRUCTURES
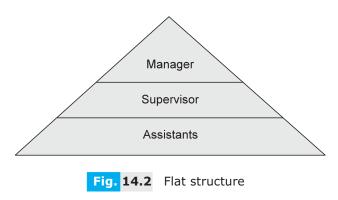
Though structures can be categorised by many criteria (e.g. nomenclature, technology and industry etc), by and large structures can be of two kinds—*Tall* and *Flat*. They are identified by the hierarchical levels in an organisation relative to its total population. As population increases levels also increase. However levels do not increase in proportion to the population of the organisation. In

the following paragraphs an attempt is made to highlight some of the characteristics of these two kind of structures.

Flat Structure

This type of structure is characterised by a few responsibility centres in a smaller number of hierarchies. The number of positions are few as seen in the following diagram (Fig. 14.2). There is one CEO followed by a few Managers, a little more Supervisors, and their assistants. As one goes down the hierarchy the number of employees increases. Such a structure has the following *characteristics*:

Fig. 14.2   Flat structure

1. *The focus in flat structures is on end responsibilities*. What happens at the end of the day is more important than efforts. The results are important because flat organisations are usually small in employee size, resource availability, and survival depends on the end product. Role boundaries and responsibilities are not strictly followed and perhaps are not rigidly defined.

2. *Because ladders are few, growth possibilities are limited*. Perhaps at best a person can get one or two promotions because the avenues of growth are limited. However, in most cases growth is based on merit and ability and willingness of an individual to contribute to the larger cause of the organisation.

3. Average employees may have relatively greater flexibility in the performance of their tasks particularly because end results are more important. They experience less control and greater freedom which may extend to increasing or shortening the man hours, fewer rules and procedures and limited bureaucracy.

4. *There is a degree of informality in the organisation*. Being small in size each employees has more knowledge of the personalities and profiles of other employees. They may experience a family-like atmosphere and interpersonal relations are usually on first-names basis. It has often been observed that employees in flat organisations tend to develop extra role relationships and also spend time with colleagues and their families beyond office hours. "We" feeling and cohesiveness is high.

5. *Because of the focus on results in a flat organisation, decision-making is by and large decentralised*. Each individual is given authority to make some decisions on his/her own. As a result buck-passing is almost not-existent and the absence of one employee does not usually hinder the flow of work.

6. *When structures are relatively flat the number of subordinates that a superior can supervise may be larger*. Hence the span of control is usually large. One supervisor might have to look after the activities of a large number of employees and hence may not get much time for his own activities or provide sufficient guidance to his subordinates.

Tall Structure

Most organisations start as flat structures. Ford Motor Company started in a garage. However, as they become large in terms of number of employees, quantum of business, or any other environmental factor, they add more ladders to their structure. (See Figure 14.3). A typical tall organisation would look as follows: it has many hierarchies and as it becomes taller the number of openings at the top decreases giving it a pyramidal shape.
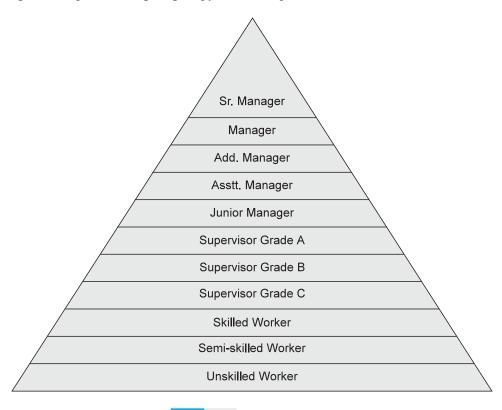
Fig. 14.3 Tall structure

Tall structures have following characteristics:

1. *Due to the existence of many levels, tall structures provide greater opportunities for upward movement*; so much so that an individual employee feels that he/she is not working in a dead-end position. Growth prospects in tall organisations are usually tied to seniority in terms of time spent in a position.

2. *As the structure is tall, there are possibilities of overlap in jobs*. Hence supervisor grade A may be doing same job as supervisor grade B. However, by moving up in the organisation, the responsibility level increases and some of the benefits also increase. Low job differentiation may result in conflict and confusion resulting in buck-passing and wastage of scarce resources of the organisation.

3. *Because of possible job overlaps management practice may require closer control and more intense coordination of the employees.* Monitoring the day-to-day performance and ensuring that overlap does not become a cause for concern becomes the major responsibility of supervisors.

4. *The larger the number of hierarchies the greater the possibility of interdependence of functions*. Hence the output of one employee may become the input for the next. Because of the sequential nature of jobs often the missing chain may delay action, implementation, or even decision-making in the organisation.

5. *In tall structures, the number of subordinates that a superior can supervise may not be vary large*. Since the span of control is small, the supervisor may be able to provide greater guidance and time to each and every subordinate. An organisation, tall or flat, is relative to its span of control. Tall structures have a small span of control while flat structures have a large span of control. A trade-off can take place between the level and span of control. Increase in one may bring about a decrease in the other.

6. *The taller the structure the greater the need to formalise systems and procedures, rules and regulations*. In effect tall structures by necessity become very bureaucratic in nature. Such a system may not lead to a satisfying work environment. In a study on 120 respondents, 40 each from upper, middle and lower levels of organisations, Jha et al (1994) collected data on bureaucratic orientation and organisational role stress. The results showed that upper level employees identified themselves with bureaucratic orientation and experienced greater role stress as compared to middle and lower level employees.

VARIABLES IN STRUCTURE

Structures are created to predetermine, regulate, and control behaviour of the employees in the organisation. Since structures are means to attain organisational goals, it is imperative that activities are designed to achieve goals as planned so that compliance to these expectations are not only regulated but deviations from them are controlled. To be able to achieve these ends, some principles (variables) play a significant role in structuring the organisation. Some of these variables are discussed here.

Formalisation

Perhaps the most important structural variable is formalisation. It refers to the extent to which rules, policies, procedures, norms, and traditions standardise the behaviour of the employees in the organisation. Haynes (1959) proposes the following assumptions which form the basis for advocating formalisation in organisations:

1. Employees are unable to see their relationship with their positions without thorough guidance and planning.
2. Employees are reluctant to assume responsibility unless given a definite task.
3. Aggressive employees tend to tresspass the domain of other employees.
4. Employees prefer the security of well-defined as against vaguely defined tasks.
5. Clearly defined tasks make it easier to identify criteria for evaluation.
6. Parity and justice are more certain if the organisation is designed on a less personal and more objective basis.

Formalisation may be viewed as an attempt to make the behaviour of employees more predictable by standardising it. This attempt not only includes formal rules, procedures, and policies but also norms and tradition. These are mechanisms of control and coordination to regulate behaviour. All these mechanisms of regulating behaviour vary on a scale of restrictive- flexible dimension. Of all of them, rules are more restrictive. They specify or prohibit action. Procedures are relatively less restrictive because they involve a series of steps to achieve a given purpose. Next in line are policies, which are general statements. Norms are expectations, usually unwritten, which like traditions have been followed for a long time and no one has questioned them. As one moves from rules to traditions the need to formalise increases because exercise of individual freedom can be detrimental to the productivity of an employee. Perhaps the following examples may make the understanding of these mechanism little bit easier. These are not strictly discrete control mechanisms. They often overlap, and over time some traditions and norms may become policies or even rules.

Rule : Office begins to function at 9.00 am.

Procedure : Follow steps ABC then check with supervisor.

Policy: Provide equal opportunity in employment.

Norm: Male employees are expected to shave before coming to work.

Tradition: The older employees are promoted first.

It is important to remember that these regulatory mechanisms are subject to the following:

(a) Over time some of these systems become obsolete and must be dropped or changed.
(b) As organisations grow the number of such mechanisms also grow.
(c) Managers chose mechanisms according to their own belief of human nature. Some may use them more strictly while others may not.

Formalisation signifies following :

(a) The greater the formalisation, the lesser the need for supervision because formal systems are themselves regulatory in nature.
(b) They specify the need to clearly define them, thus avoiding possibilities of interpretation.

(c) Mechanisms help make the jobs independent of individuals.

(d) They are easy to form and implement at lower levels. In fact they are inversely related to the level because jobs at lower levels are more answerable to restrictions.

(e) They also vary from activity to activity. Routine and monotonous activities can easily be regulated as compared to creative activities as in an R and D department.

(f) They provide a basis for correction in behaviour, means to justify, and rewards and punishment.

(g) They are absolutely necessary in coordinating the activities of various departments, divisions and units.

Differentiation

Differentiation refers to the degree of differences that exist in various activities of the organisation. These differences could be in the actual rules that the employee performs, or these could be differences in the orientation and approach followed by various units within the organisation. (See section on departmentalisation). The differences can take two forms—horisontal and vertical differentiation because of their very locations in the organisation. Horizontal differentiation refers to two jobs being different while horizontal level remains the same (i.e. two clerks performing their different roles). On the other hand, vertical differentiation as the name suggests refers to two jobs being different from each other because they happen to be at two different hierarchical levels in the organisation (i.e. senior clerk doing a different job compared to a junior clerk).

To be able to achieve the goals of the organisation a large number of activities have to be performed. These activities differ in terms of nature and quantum. Role differences basically suggest that one job in an organisation is different from another job. Roles are based on the job descriptions which are referred to as statements of intent. A job description based on job analysis defines the responsibilities expected from an individual. At the same time it forms the basis for job specifications (abilities and qualifications needed to perform the job). Job descriptions are means to achieve effective utilisation of organisational resources. They serve in the following ways:

1. *Job descriptions are means to differentiate one activity from another in an organisation*. Ideally speaking, two job holders are not supposed to perform the same activities. Hence job descriptions restrict the possibilities of the overlap of role responsibilities. This is necessary because overlapping entails cost both in terms of time and resource utilisation which is dysfunctional from the point of view of the organisation.

2. *Different job descriptions require employees with different training, background, educational qualifications and other experience*. An engineering degree may be useful for a production job but not so much for a Human Resource Management (HRM) job. Similarly, a supervisor in the accounts department may require a background in finance while a supervisor in the HRM department requires a background in behavioural sciences.

3. *Job descriptions are not fixed points*. The job explained to a supervisor in the production department may change because of the introduction of new technology, change in the size of the organisation, or any other reason. At one point of time knowledge of information technology was not required, but today it is almost a must in all types of jobs.

4. *A complete job description is not always possible to provide*. In fact it becomes less and less specific as one goes up in the hierarchy of an organisation. At lower levels in the organisations where jobs are more or less routine and repetitive, a more complete job description may be possible. However, at higher levels in the organisation the responsibilities are identified on broad terms like Key Result Areas (KRA).

5. *There is a school of thought that suggests that even though it may be possible to describe a job fully, it is not desirable to do so*. Because once the job is fully defined the employee will do only so much and refuse to go beyond the boundaries of the job described to him. Hence the believers in this school suggest that jobs should be loosely defined so that employees could be asked to do other activities as well.

6. *Job descriptions provide a basis for evaluating the performance of the employees*. They identify criteria for rewarding or punishing the employee based on their compliance to or deviation from the prescription of what they are supposed to do.

DEPARTMENTALISATION

Another form of differentiation can be in terms of departments, limits, and divisions. It can be generally called as departmentalisation referring to grouping of individuals and/or functions by units of activities. Departmentalisation maintains that activities should be grouped so as to combine homogenous or related activities within the same organisational unit. Homogeneity may be based on similarity of purpose, place, activity, or even climate. Hence departmentalisation can take following four forms:

Departmentalisation by Function

Almost all organisations have some clearly well-defined functions. Traditional functions are marketing, production, finance and accounts, HRM, and R and D, and within each of these there could be many more. For example the production function may include engineering manufacturing and after sales service. However, each one of them serves an important function in the organisation by providing organisation access to specialised personal. A typical departmentalisation of function chart would look as in Figure 14.4. Grouping of the individuals by function has the following *characteristics*:
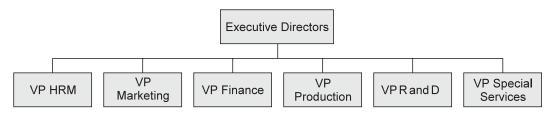
Fig. 14.4   Departmentalisation by function

1. It defines the territory within which the individuals have to perform their responsibilities. Jurisdictions are clearly defined and trespassing or interference is strictly prohibited. Hence a finance person cannot and does not interfere in the activities of marketing, production, or HRM and vice versa.

2. Because of the fact that limits are clearly outlined and roles are highly differentiated , supervision becomes easy. All employees in a given function have a more or less similar kind of background and training. They are easily managed by the superiors in terms of coordination and control. Each functional area develops its own guidelines (in additions to the overall) and compliance to these guidelines help in coordinating their activities.

3. Since employees have specialised knowledge in their functions and can attend training programmes, seminars, and conferences in their specialised areas, they can bring back updated knowledge and information to the organisation. This in turn helps the organisation to rejuvenate itself and stay updated and current.

4. The expectations in each functional area lead the employees to develop a culture and predisposition unique to that functional area. Thus a degree of flashiness and aggressiveness in marketing, a degree of conservativeness in finance and accounts, and adjustability and flexibility in HRM functions are generally accepted. Sometimes they also develop a language of their own.

Departmentalisation by Place

Another form of differentiation is departmentalisation by place or by geographic distribution. It is also called *special differentiation*. In this case the same organisation may have its units at different geographic locations. For example, Steel Authority of India (SAIL) has its plants in various places (Rourkela to Salem). Similarly Oil and Natural Gas Commission (ONGC) has its plants located in the far east of the country (i.e. Assam) as well as in the extreme west (i.e. Baroda). In all such cases while policy decisions are taken by the corporate office, their implementation is left to the local units. The sales operations of Hindustan Lever Limited (HLL) are spread the over metropolis cities and are shown in the chart below (See Figure 14.5).

Fig. 14.5 Departmentalisation by place

Departmentalisation of place has the following *characteristics*:

1. Departmentalisation by place brings the output and services of the organisation as close to the customer as possible. Customer proximity provides with ease the product and services of

the organisation to the end users. Perhaps the best example is that of banks that open their branches all over the country just to be as close to customers as possible.

2. Departmentalisation by place also reduces the cost of input of material. Very often organisations open their units as close as possible to the vendors and suppliers. It helps in cutting down the cost of transportation of input and supply. The best example of this is the sugar mills which are located as close to the region where sugar cane is grown.

3. By the same token departmentalisation by place also reduces the cost of marketing the products and services. If one has to promote the unit to a local area, word of mouth, fliers, or simple announcements in the mail box may be enough instead of putting expensive advertisements in the electronic or print media.

4. By locating a unit in a particular geographic location, local and situational realities are taken into consideration. Banking in rural areas requires a different kind of approach as against banking in urban/cosmopolitan areas. In large cities banking is taken for granted. In rural areas the bank managers have to win the confidence of rural folks before they hand over their hard-earned money to a stranger.

5. However, because of geographic dispersion sometimes control by the head office of these units becomes a problem. Such units often overlook or ignore the head office instructions because they believe that people in head office have no idea of local realities. Not only this, some times the goals of those who are managing the unit become more important than the corporate goals. Hence they may develop the tendency to build empires.

6. Since the units belong to the same organisation and each one of these units has to contribute to the corporate exchequer, they often compete with each other to get the maximum resources from the corporate office. At the same time they often compete amongst themselves to get the prima dona status in the eyes of corporate bosses.

7. Also, because of geographic dispersion, inter-place mobility of the staff becomes a problem for the organisation. Employees in one geographic location sometimes resist any move to be transfered to another geographic location because they get rooted in their present place. In fact for the banking sector in India employees below the level of assistant branch manager cannot be transferred to another branch in another city. This has been agreed upon with the bank employee unions.

8. If the unit becomes large, very often functional positions have to be created in each unit, which by necessity duplicates the efforts and increases the cost to the corporate office.

Departmentalisation by Product/Services

An organisation may be a single product/service organisation or may be a multi product/service organisation. In fact as an organisation becomes large they tend to get into many products. Such is the case of large business houses in India (e.g. Tatas, Reliance, Modi, etc.). For example, the Tatas have a variety of product/services under their umbrella. They are in steel, printing and publishing, hospitality, consultancy, and so on. Each one of them represents differentiation by products and services. In fact differentiation by products and services makes economic sense because the losses in

one product/service can be made up by the gain in another product/service. Hindustan Lever Limited is India's largest packaged mass consumption products company. It has about 41,000 employees including about 1550 managers and is producing providing a variety of products and services as shown in Figure 14.5.
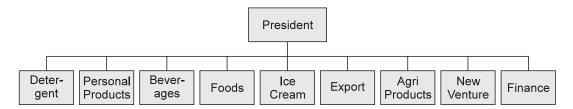
Fig. 14.5   Departmentalisation by product/services

Whether these products/services are under one roof or geographically dispersed, in both cases they exhibit the following *characteristics*:

1. Perhaps the most significant *characteristic* of departmentalisation by products/services is the case in coordinating the activities within the unit. Since all activities are directed to achieve the same goal, the efforts of all the employees can easily be regulated. Communication flow, reporting relationships, and other activities function smoothly.

2. However such units are often expected to be profit centres, this itself puts pressure on the units as a whole to pool their efforts to get the best results. Such single-mindedness leads to high morale and motivation and can often became a source of identity and satisfaction. Heads of each unit are motivated to show better performance and to be in the good books of the corporate office.

3. Since each unit is expected to perform better than average, very often units compete with each other to show that they are better managed than others. While such competitions are healthy, sometimes the corporate office has to put its foot down because unnecessary competition between and amongst the units may hurt the overall goal of the organisation.

4. Like departmentalisation by place, here also it may be necessary to set up all the functional areas and employ a large number of employees, often at the cost of high expenses. Since most units would have functional offices it may not only duplicate the efforts but may often take actions contradictory to each other. Such a situation by itself may not be problematic. But from the point of view of the head office it may become difficult to explain variations in policy and/or implementations to the outside world and the stakeholders.

5. One of the risks of departmentalisation by products/services may be the act of empire-building by one of the units. This may be because of the significance of its products/Services to the consumers. The unit may take special pride and may hold the corporate office to ransom.

Departmentalisation by Matrix

Sometimes it may be necessary for an organisation to undertake an assignment or a project of disciplinary nature. The project may be of limited duration but may require pulling out professionals from various functional areas and/or units to successfully complete the task. Such a grouping refers to a matrix organisation. (See Figure 14.6).

The dotted lines in Figure 14.6 show the temporary relationship that evolves when people are pulled out from their parent department to work on a project/assignment.
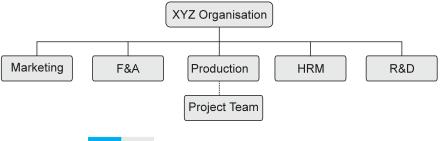
Fig. 14.6 Departmentalisation of matrix

The departmentalisation by Matrix has the following characteristics:

1. Matrix organisation is for a short duration. It is not a long term durable grouping and survives only for the duration of the project.

2. However it has a potential to become a division in the long term. For example, an organisation may like to find out how feasible it is to go in for another kind of business. It collects a team from various functional areas and units to undertake a feasibility study. If the team finds that it is profitable to start the new business, the same team may take the responsibilities of the heads of the various functions of the new business by virtue of the fact that they had explored it initially.

3. In matrix organisation professionals are chosen to represents various talents and at the end of the project they return back to their parent departments. However, since working in a special project is prestigious and if the new project becomes a division there are prospects of growth. Professionals compete amongst themselves to get to be chosen for the project. This often entails accepting those who may not be best fit for the job.

4. Since matrix organisation is a grouping of professionals from various departments with the provision of their going back to their parent department at the end of the project, sometimes they fail to accept the new identity and continue to work for the interest of the parent department. This may often result in developing a profile of the project not so much based on facts and data but on the potential interests of its consultants.

5. However, the fact that professionals from a particular department have worked on a project adds value to them. This in turn can be beneficial to the department as the take-home

knowledge may open opportunities hitherto unthought of. The specialised knowledge provides benefits to the department.

REPORTING RELATIONSHIP

One very significant variable in a structure is who reports to whom. Organisations are made up of a number of people. These people are placed in the organisation in a hierarchical fashion, where the relationships are of the nature of superior-subordinate. To smoothly coordinate the functions of the organisation, superiors have to monitor the activities of the subordinates. He has to see that the tasks are completed as per expectations and deviations are handled in such a way as to ensure that they do not occur gain. Hence all subordinates must report to one superior to ensure compliance to the expected. In an organisation all employees play the dual role of a superior and subordinate because they all are reporting to someone and some other persons are reporting to them. The only exception to this rule are employees at the bottom of the structure where no one reports to them, and the one at the top of the structure who does not report to any one in the organisation though he may be answerable to the stakeholders. Reporting relationship assures accountability and the consequences therein by regulating the span of control and the unity of command.

Span of Control

Span of control refers to the number of subordinates a supervisor can direct. A wide span of control would mean a larger number of employees reporting to the superior while a narrow span of control would mean a few reporting to him. It is suggested that since managers do not have much time for supervision the span should be as narrow as possible. Such a point of view is based on the assumption that an arithmetic increase in employees is accompanied by an exponential increase in the relationships a manager has to manage. For example, if a manager has 3 subordinates the number of relationship are six (3 with each of the subordinates and 3 among the subordinates). However with an increase in the number of subordinates to four the relationships become 10. There is no fixed formula for the ideal span of control. The number of people reporting to the superior is influenced by a number of factors. Some of these *factors* are listed below:

1. *Width of structure:* Tall structures with many levels usually tend to have a narrow span of control as against flat structures. Because of various levels in the structure, it is not possible to put many employees under the supervision of a single superior. An attempt to do this may in fact change the shape of the tall structure.

2. *Nature of Job:* Span of control, to a large extent is also influenced by the nature of job. A large number of employees doing more or less similar kind of jobs can be put under the supervision of one superior, as this would not put too much demand on his time for supervision.

3. *Size of Organisation:* Large size (in terms of number of employees) is associated with structural differentiation, and differentiation in turn creates the pressure to increase the size of administrative components. This happens because differentiation increases the

heterogeneity of work among sub-units. As a result of heterogeneity of work, more superiors are needed to coordinate the job of a few. Hence with increasing size of the organisation the span of control becomes narrow.

4. *Nature of technology:*   Span of control is also influenced by the nature of technology. In mass production technology, as in an assembly line, the span of control can be relatively large because employees are doing the same task repeatedly over and over again. Since the task itself is not complex it does not require too much time of supervisors to monitor. This is not the case in unit technology where an employee performs a series of often complicated tasks requiring close supervision and more time.

5. *Physical Dispersion:*   Units and employees that are physically spread out cannot be controlled by a few administrative units. Geographic dispersion requires many administrative heads and have a narrow span of control. Operations under a single roof can be managed by a large span of control requiring a few administrative units.

6. *Managerial practice:*   The nature of managerial practices also influences the span of control. Administrative practices based on the principle of delegation may narrow the span of control. On the other hand centralisation may increase the span of control. These points are discussed elsewhere.

Unity of Command

Another principle of reporting of relationship is called unity of command. It specifies that no organisational participant should receive orders from more than one superior. That having more than one superior giving instructions to a subordinate may not only contradict each other but confuse the receiver of the instruction, leading to loss in productivity and increase in cost.

Unity of command is different from span of control in many respects.

1. In unity of command we are looking at a flow of relationship from bottom to top. Each employee must report to a single supervisor. In span of control the reporting relationship is from top to bottom where one supervisor can coordinate the activities of many subordinates.

2. Unity of command by definition demands a one-to-one relationship while a span of control refers to a one-to-many relationship. In the first case it is one supervisor and one subordinate, in case of the latter it is one supervisor to many subordinates.

3. Unity of command, by necessity, has to be (though not always true) in the same functional field because a supervisor in one functional area can supervise the function of a subordinate much better if the subordinate happens to be in the same area. Such a logic may not always apply in case of span of control because a supervisor may have to coordinate the activities of many subordinates often representing a variety of areas and activities.

4. In unity of command the supervisor and the subordinate may be geographically spaced out and yet the former can coordinate the activities of the latter. In case of span of control physical proximity becomes necessary to monitor the activities and to make mid-course corrections.

Unity of command provides following *benefits* to the organisation:

    (a) It reduces the possibilities of confusion created by many supervisors giving contradictory instructions to the subordinates.

    (b) It improves the efficiency of the organisation because instructions come quickly with minimum loss of time.

    (c) It saves cost and wastage of scarce resources of the organisation by eliminating duplication of activities or experimenting with different instructions from different supervisors.

    (d) Communication flow is smooth and evaluation by one supervisor minimises the possibility of getting contradictory evaluations.

    (e) It also creates a special bond between supervisor and subordinate, which in turn helps in making better predictions about behaviour and ease in control.

CONTROL MECHANISMS

If structures are the means to achieve the grade of the organisation an attempt has to be made to control deviation from the expected. However, these controls have to "legal" and within the stipulation of the contract of employment. How organisations institutionalise control, to a large extent, is buried in the concept of authority. Authority as visualised is the ability of an individual to seek compliance to the legitimate instructions of the superior (Weber, 1968). According to Robbins (1990), authority refers to the "formal rights inherent in a managerial position to give orders and expect the orders to be obeyed."

Fayol (1949) in his class work provides 14 organising principles of which one is "authority". According to him managers need to be able to give orders. Authority gives them this right. Authority, however, goes with responsibility. Whenever authority is exercised, responsibility arises. To be effective, a manager's authority must be equal to his responsibility. Weber (1968) distinguished three *types* of authority.

Traditional Authority:	Resting on an established belief in the sanctity of social traditions and the legitimacy of those exercising authority under them.
Rational Legal Authority:	Resting on a belief in the "legality" of the pattern of non-matrix rules and the right of those elevated to authority under such rules to issue commands.
Charismatic authority:	Resting on devotion to the specific and exceptional sanctity, heroism or exemplary character.

According to Weber (1968) each of these authorities is associated with a distinct type of administrative structure. Thus, traditional authority gives rise to a feudalistic structure, rational-legal authority forms the basis for a permanent administrative structure, and charismatic authority gives rise to an individual possessing uncommon gifts of spirit and mind (e.g. Hitler, Gandhi, Mao).

These interpretations of the concept of authority as control mechanisms give rise to the following *characteristics* of authority:

1. Authorisations reside in the position and are independent of the individuals occupying the position.

2. The nature of authority as indicated by Weber determines the kind of structures and administrative systems.

3. The degree of authority-driven instructions vary in proportion to the positioning of authority. Authority increases with increasing levels in the organisation and hence the area and scope of authority expands with increasing levels.

4. Barnard (1938) suggests that it is a "fiction that authority comes down from above." He notes many situations where a leader claims authority but fails to get compliance, because authority depends ultimately on its validation from the responses of those subject to it.

5. Authority is also called legitimate power. Legitimacy arises from the acceptance of those directly affected by it as appropriate to obtain norms and beliefs. Authority in this case comes by authorisation. This characteristic of authority may sound somewhat contrary to Barnard's interpretation of authority discussed above.

6. Authority also provides a formal appeal system to the employees. In case of conflict or dispute between two employees under the same supervisor, the supervisor plays the role of mediator and authorises a judgement, acceptable to the parties in conflict. This authority is an acceptable way of resolving conflict.

7. By and large, it is believed that there is a significant positive correlation between the authority (person's position in a hierarchy) and the degree of technical competence . However this may not always be true. Many top-level managers do not have the same technical expertise as their juniors.

DECISION PROCESS

A decision is a choice of alternative. The choice is guided by the principle of return on investment. In other words, an organisation's decision-making process has to ensure that the chosen alternative is such that it maximises the return on minimum investment and organisation is able to meet its goals with limited resource utilisation . Three processes are discussed below that help organisations to arrive at decisions. The important consideration for all three is that the decision process is often more important than the outcome of the decision.

Centralisation

Centralisation as a method of taking decisions refers to the extent to which decision-making authority is concentrated at a single point in the organisation. However, the common usage of the term is seen very differently. By and large, centralisation is seen as the degree to which decision-making has been pushed to the higher levels in the organisation. All problems flow upwards and senior managers are required to choose an action plan that becomes the basis of subsequent decisions. Centralised decision-making refers to the concentration of power at the higher levels in the organisation. The centralisation process of decision-making however shows the following *features*:

1. Since top management personnel are more aware of the internal and external forces, strengths and weakness, and threats and opportunities in their business they are more likely to make a decision which is in the best interest of the organisation.

2. As most decisions are centralised at the top levels in the organisation a greater uniformity in decision-making is possible.

3. Since decisions are critical to the very health of the organisation, it is better that they are taken by people who have the background, qualification, and necessary understanding of the consequences of these decisions.

4. However, a centralised process of decision-making may overload the top management and it may end up not only taking critical strategic decisions but also trivial decisions which may not require their kind of background and expertise. Hence such trivial decision may put unnecessary burden on the costly time of the top management.

5. By the same token, the top management, because of overloading, may take time in taking decisions that may turn out to be costly because of the delay in the decision-making itself.

Centralised decision-making has *advantages* under certain circumstances.

(a) There is some evidence to suggest that size of the organisation has a direct influence on the decision processes in the organisation. The conventional view would suggest that the larger the size of the organisation the greater the need to centralise decision-making. However, empirical evidence shows results contrary to this view. Blau and Schoenherr (1971) found that the organisation size was negatively correlated with several indicators of centralisation . They explain this unexpected result by suggesting that centralisation may have been perceived as a control mechanism restricting individuals' attempts at discretion.

(b) Using the almost classical networks of communication as developed by Bavelas (1951), researchers found that the chain and wheel networks of communication showed superiority in organisations where centralised decision-making was done. It was found that transmitting information to a central place was a lot more economical than dissenninating it to every one in the organisation. The chain and wheel network as against circle or all channels networks have an in-built single, centralised location.

(c) Greater technical complexity inhibits centralised decision-making. When jobs are routine, standardised, and repetitive which are characteristics of mass technology, centralised decision-making seems more efficient.

(d) Centralised decision-making is also influenced by the overall attitude of the management. Managers who are not sure of the competence of their subordinates, are unable to delegate and take all decisions themselves rather than delegate.

(e) As decision-making is centralised, organisations tend to depend heavily on rules and regulations, systems, and standard operating procedures to control and coordinate the activities of their subordinates. Resources are centralised and resource allocation is also centralised. While it gives them a sense of power and control, it also inhibits the organisation's ability to respond to the challenges.

Decentralisation

Yet another way to take decisions is by the process of decentralisation. It implies a low concentration of decision-making at the higher levels. When decision processes are pushed down to the lower levels where the decision makers are closest to action, we opt for a decentralised system of decision-making. In this respect decentralisation is the obverse of centralisation. Decentralisation is a structural proposition which includes the authority to take decisions and responsibilities of the consequences of these decisions.

The decentralised process of decision-making provides following *advantages* to the organisation:

1. Since decisions are taken where the action is, decisions can be taken quickly and timely. In centralised decision-making the information flows upward, it is processed, and then decisions are taken. Because of bureaucratic processes the time taken in upward flow of information and downward flow of decisions may expand and organisations may not be able to respond to the opportunity or challenges. Decentralised decision-making provides answers for dealing with problem on the spot.

2. Decentralised decision-making also depends on the nature of the job. The more horisontally and vertically specialised jobs are in an organisation, the greater the need for centralised decision-making. On the other hand if jobs become more complex, difficult to define, or less specialised either vertically or horisontally, the greater becomes the need to practice a decentralised way of decision-making.

3. It provides opportunities to develop the competence of employees to take decisions at lower levels in organisations. It is a good training ground to prepare the lower level staff to take up responsibilities when they move upwards in the organisation.

4. By pushing the process of decision-making at the lower levels, the top management is able to off-load some of its responsibilities. As a result they get more time for strategic planning, identifying growth avenues for the organisation, and develop competencies to deal with uncertainties.

5. Decentralised decision-making is also one of the useful mechanisms to motivate employees at the lower levels. By virtue of the fact that they take some decisions, they are more committed to their work and identify themselves with the organisation and its products and services more easily. A study conducted by Singh and Sinha (1989) on 250 junior and middle-level executives from 7 private and 3 public sector undertakings showed that those who perceived the organisational climate of decision-making as decentralised, liberal, and autonomous, experienced less job stress. A high degree of job stress was found to correlate with centralised, formal, and non-participative organisational climate of decision-making.

In reality however, no organisation can be fully centralised or fully decentralised. Complete centralisation or decentralisation are two hypothetical points on a scale. Organisations may tend to move from one end of the scale to the other. The location of the organisation on this continuum determines the nature of structure the organisation should adopt.

Delegation

For an activity to be performed in formal structure requires three components. These are allocation of *responsibility* which defines the nature of job to be performed. The second component is allocation of *authority* which provides for claiming the necessary support, infrastructural help, and facilities for performing the responsibilities allocated. The third and most important is *accountability,* which is the test of the outcome expected when responsibility is allocated. Usually accountability is to the immediate supervisor to whom the employee reports. Delegation is defined as the assignment of duties, responsibilities and authority to others. Persons who receive them become the 'delegates' of their supervisor.

Assigning duties and responsibilities without authority may not get the desired results. Hence authority is delegated and the person who has been assigned duties and responsibilities uses it on behalf of his/her supervisor. While delegation is an informal arrangement where managers carve out a part of their responsibilities and hand them over to their subordinates, the ultimate accountability, however, remains with the manager who has delegated. *Conditions* that lead to effective delegation are as follows:

1. A supervisor's perception of a subordinate's trustworthiness plays a significant role in delegation. Generally, supervisors delegate to those whom they trust would be able to deliver the result and keep the information provided for or found during the delegation of responsibilities as confidential.

2. Similarly, a supervisor's perception of the subordinate's competencies and relevant knowledge to take minimum risk-free decision is also significant. Responsibilities and authority are delegated to only those who are perceived to have the necessary skill to carry out the assigned task effectively. Delegated decision-making is used with followers high in readiness, and who have the experience and information needed to make the proper decision or recommendations. Is there a relationship between leadership style and the changing perception of the skills of subordinates? Gupta and Kapoor (1986) conducted a study on 128 senior executives from 16 private organisations. The respondents filled up a questionnaire on decision-making styles and skill differences. The results showed that if managers believed that their subordinates have relevant skills and abilities, they employed participative procedures of decision-making.

3. The personality of the supervisor also plays a significant role in delegation. Some supervisor's do not delegate because they fear that their position would be weakened. They may lack confidence in themselves, fearing that they are giving away something that rightfully belongs to them. They also fear that the subordinates may do a better job and earn the respect of others that should ideally come to them. Some supervisors are so perfectionist that they believe that no one can do as good a job as themselves.

4. The size of the organisation also plays a role in delegation. In small organisations there are fewer opportunities for delegation as compared to large organisations. In small organisations the role and responsibilities of individuals are so wide that they do not have time to take extra load that comes by way of delegation.

Some of the *advantages* of delegation are indicated below:

(a) It frees supervisors to perform broader and more strategic responsibilities and functions because the mundane and easy-to-carry-out activities have been delegated. It permits managers to extend their influence beyond the limits of their own personal time, energy, and knowledge.

(b) It provides subordinates with opportunities to develop new skills and competencies to perform the delegated tasks.

(c) It enriches the subordinate's job by performing duties and activities which are not part of his/her regular routine job. He/she often has to use the initiative and come up with creative ideas otherwise not possible in the regular job.

(d) It helps groom subordinates for possible promotion. The delegation helps in performing jobs of their supervisors and hence prepares the subordinates to develop competencies required for higher-level jobs.

(e) It is an attempt to empower subordinates. In fact empowerment is an extension of delegation. Empowerment gives employees freedom of decision-making within the prescribed delegated boundaries. It liberates rather than reduces the range of thought and action amongst employees.

ORGANISATION DESIGN

While structures are means to attain the organisational goals, the actual choices of the varieties of structures refers to the design aspect of organisation. Thus organisation design is the managerial activity to make choices relevant to the requirements of the goals. Perhaps one way to understand the concept of design would be to compare it with interior decoration of a house. The occupant of a house definitely needs a bed, a sofa, curtains, dining table and other such conveniences as means to make one's life comfortable. However when he/she start making choices of the quality, kind and size of bed, sofa or dining table, the colour and texture of curtains, one is getting into the design aspects of the basic structure. While making choices for furnishing or decorating one's house, one literally makes a house a home that befits the quality of life one is yearning for. Thus organisation designs refers to the choices amongst the structural variables to achieve the goals of the organisation.

Designs differ from structures in the following ways:

1. Structures provide the necessary means to achieve the goals of the organisations while designs provide the necessary and sufficient conditions to achieve the changing goals of the organisations.

2. Structures allocate responsibilities. How these responsibilities would be met are the concerns of the design.

3. Structures are concerns of an organisation, design is the choice made by individual managers. Two managers in the same organisation may choose different design options to meet the structural concerns. One may be participative, while the other may be authoritative in dealing with subordinates.

4. Structures limit the freedom to change while design provides opportunities for making choices to managers.

5. Structures guarantee parity and equality of treatments. Design, when not used judiciously, may disturb the tenets of equality. Hence structures are more mechanistic in nature while designs are oriented to humanistic concerns.

Organisation design, like its structure, is not a fixed scheme. It is a dynamic process and keeps changing within the organisation from time to time and across organisations. Managers in their collective wisdom may develop an initial design. However, changing circumstances may make it unworkable over time because of changes in operating technology, market demands, changes in goods and services, competition or even changes in goals of the organisation. As a result organisations have to be continuously redesigned to face the needs of coordination and control.

Review Questions

1. What are some of the functions of organisation structure?
2. What are some of the differences between tall and flat structures?
3. Why should organisations define role responsibilities of their employees?
4. What are some of the characteristics of departmentalisation by place?
5. What are the differences between unity of command and span of control?
6. How is decentralisation different from delegation?
7. Read the case *Rash Pharmaceuticals* carefully. What should the top management do structurally and in design to achieve the first position amongst the drug producing companies?

Rash Pharmaceuticals

Set up as a Private Limited Company in 1951, Rash Pharmaceuticals grew to occupy the second position amongst drug producing companies after Glaxo Laboratories. The company was started by two friends to manufacture ethical formulations. Over the years, it diversified into manufacturing of bulk drugs, hospital products, beauty care, pharmaceutical machinery, electronics and automobile components, diagnostic kits and high-tech genetic engineering products. Rash Pharmaceuticals is the first organisation to develop the world's first immune-diagnostic kit for the detection of filariasis. The products of Rash Pharmaceuticals are exported to many countries in Africa, the Middle East, Europe, South East, USSR and South America. It has been awarded the Basic Chemicals, Pharmaceuticals and Cosmetics Export Promotion Council's award twice for being "first" in export and being the "top" exporter for three consecutive years.

Three years after inception, Rash Pharmaceutical recorded a turnover of Rs 0.1 million, which grew to be Rs 1 million in 1961. In 1990, the company's turnover reached the mark of Rs 20 million and it expects to touch Rs 100 million by the year 2000.

The company, as on December 1990, employs 149 senior executives, 93 junior executives, 211 supervisors, 272 staff and 830 workers. In addition, it has another 2000 field staff working on about a dozen field offices all over the country. The company personnel are highly qualified with many years of formal and technical education and the employees keep themselves abreast with the latest innovations in products and technology through books and journals subscribed to by the library of Rash Pharmaceuticals. The average age of the employees is 22 years. Most of them are married and of those 30% have working spouses. On an average, the employees have about eight and a half years of working experience in Rash Pharmaceuticals. They have been in their present position for 6 years and have been promoted on an average 1.5 times during their association with the organisation.

The company's salary scales are competitive with very liberal perquisites and benefits to employees. The employees are generally very proud to be working with Rash Pharmaceuticals. Many of them have indicated both on formal and information occasions that if they have the choice, they choose Rash Pharmaceuticals rather than any other drug manufacturing organisation. The top management has also been by and large satisfied with the commitment and attitude of its employees.

The company's philosophy has always been paternalistic though some signs of changes towards professionalism are visible. These are mostly because of the sons of the promoters who, after getting higher technical education have joined company as Directors. Since its inception till today, the top management of the company has taken pride in its own efficiency, in taking quick and effective decisions under time pressure and generally being close to its employees.

Of late there have been some disturbing developments, which have caused a great deal of concern to the top management. The company has lost its second position in industry and has slid to the third position after Glaxo Laboratories and Ranbaxy. Absenteeism is on the increase and is found to be hovering around 10–11%. Employee turnover has reached 22%. In the year 1989–90, 527 employees joined Rash Pharmaceuticals. By the end of December 1990, 116 of them had left, some of them within one week of joining. Category-wise percentage of turnover is given as follows:

	Joined	*Left*	*Turnover %*
Executives	46	11	23.9
Supervisors	250	50	20.0
Workers	231	55	23.8

The management realised that their problems have nothing to do with the products and their quality as they are strictly monitored, but they seem to weave around the management of human resources. There were indications of rumblings among employees who had started showing symptoms of dissatisfaction and an attitude of "let's see what happens". The management retained the services of an outside consultant to essentially diagnose the problem areas in the management of human resources so that "corrective" actions could be initiated.

The consultant had extensive discussions with the top management, senior managers, and a section of employees. In addition, a questionnaire seeking the responses of employees on various aspects of job and related factors was also administered to 21% of the employees representing all levels from senior executives to workers.

The consultant's report identified the following areas of strengths and concern.

Strengths

- Rash Pharmaceuticals has a large percentage of employees who are highly educated. They have several years of formal education as well as professional training. These employees are also keen to keep themselves updated by reading professional journals and magasines.
- The employees, irrespective of categories, age and years of experience with Rash Pharmaceuticals, have a strong attitude towards the company. They are proud to be working with it (average = 5.4 on a six point scale) and if they start their life over again they would prefer to work with Rash Pharmaceuticals than any other pharmaceutical company (Average—4.8 on six point scale).
- The employees are particularly pleased with the realisation that Rash Pharmaceuticals provides sufficient opportunities to its employees to use their skills and abilities (average—5.09).
- The top management collects information before taking decisions which it can take quickly and often under pressure and it has the will to implement its decisions.
- Immediate supervisors have been perceived to be open to suggestions from their subordinates and have shown inclination to change if the change suggested is feasible.

Concerns

The overall favourable predisposition towards the company does not seem to be reflected in specific areas and activities.

- While there is general overall satisfaction with salary and other tangible benefits, disparity in salary structure for same level across departments have been reported to be a cause of concern for many employees.

- Most of the activities in Rash Pharmaceuticals are done on a "war footing". Though the jobs are challenging, the practice of crisis management leaves little time for social life.
- Changes are "unplanned" and the employees are neither able to cope with changes nor have any idea of the current thinking and actions of the management.
- The management is perceived to exploit its employees and is seen as tending to impose its decision on the employees.
- Supervisors feel that while they get the work done somehow, they are helpless in either rewarding or punishing their subordinates.
- The channels of communication between the top management and lower levels are not open. Neither do the lower levels get to know the thinking of top management nor the top management seem to be aware of the problems at the shop floor.
- The interactions have become very bureaucratic. For trivial information from one's counterpart from another department, one has to go through proper channels delaying access to information.
- If there are any HRM policies, the employees do not seem to be aware of them, particularly those on promotion and appraisal. In the absence of such awareness the employees have developed their own concepts of such policies and are sore because the so-called policies do not seem to benefit them.

The Directors have gone over the report of the consultants and are wondering what should be done to achieve the top position amongst drug-producing companies.

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SUBJECT INDEX

AUTHOR INDEX