Uttarakhand Open University
Haldwani

Master of Tourism and Travel Management (MTTM-24)

Organisational Behaviour and Tourism Entrepreneurship

Department of Tourism

School of Tourism, Hospitality and Hotel Management
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Department of Tourism
School of Tourism, Hospitality and Hotel Management
Uttarakhand Open University
Haldwani (Nainital), Uttarakhand 263139
Ph. No.: 05946-261122, 264232
Email Id: info@uou.ac.in

Master of Tourism and Travel Management
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Organisational Behaviour and Tourism Entrepreneurship
(MTTM-09)

Department of Tourism
School of Tourism, Hospitality and Hotel Management
Uttarakhand Open University
Haldwani (Nainital)
Board of Studies

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Head, STHHM,
Uttarakhand Open University, Haldwani

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Himgiri Zee University
Dehradun

Dr. Akhilesh Singh
Assistant Professor & Programme
Coordinator
Department of Tourism
Uttarakhand Open University, Haldwani

Prof. Sampad Kumar Swain
Head, Department of Tourism Studies
Pondicherry University, Puducherry

Dr Manoj Kumar Pandey
Assistant Professor (AC)
Department of Tourism
Uttarakhand Open University, Haldwani

Programme Coordinator

Dr Akhilesh Singh
Assistant Professor
Department of Tourism,
Uttarakhand Open University, Haldwani

Editor

Dr Akhilesh Singh
Assistant Professor
Department of Tourism,
Uttarakhand Open University, Haldwani

Unit Writers

Sr. No.	Author	Unit Number
1.	Dr. Suvidha Khanna, University of Jammu	1 to 8
2.	Dr. Sheeba Hamid, Associate Professor, Department of Tourism, Aligarh Mushlim University (AMU), Uttar Pradesh	9-17

Organizational Behaviour and Tourism Entrepreneurship (MTTM-204)

	Block -4 **Development of Tourism Entrepreneurship**	
Unit-14	Establishing Entrepreneur System: Search for Business Idea; Sources of Ideas, Idea Processing and Preparation of Business Plan	
Unit-15	Input Requirements – Money, Men, Machine, Material, Space and Time Frame	
Unit-16	Project Feasibility Research	
Unit-17	Opportunities and Environment for Development of Tourism Entrepreneurship in India.	

Unit-1
Meaning, Definition and Importance of Organizational Behavior

Structure:

1.1 Introduction
1.2 Objectives
1.3 Concept of Organisation
1.4 Organizational Theory
1.5 Organization structure
1.6 Concept of Organizational Behavior
1.7 Contributing Disciplines to the Study of Organization Behaviour
1.8 Challenges and Opportunities for OB
1.9 Summary
1.10 References
1.11 Review Questions

1.1 Introduction:

The importance of organizations has attracted the attention of a wide assortment of intellectuals leading to the emergence of a wide, important, and distinctive field of organizational study and research, known as "Organizational Behavior". The science of OB has developed by using general concepts and then altering their application to a particular situation. In an organization there is a need for harmonious relationship among people and processes, which make it up. To attain organizational efficiency and effectiveness management must understand problems involving the elements of organization like people and structure and managers need to develop their interpersonal skill. Organization behavior (OB) is a field of study that investigates the impact that individuals, group and structure have on behavior within organization. OB offers both challenges and opportunities for managers.

1.2 Objectives:

The unit will enable you to:
* Understand the meaning and definition of organization and its elements.
* Gain insights on the Organizational Structure.
* Acquire the complete knowledge of concept of organization behavior.
* Role of behavior science to study organizational behavior.
* Understand the challenges and opportunities for organization behavior.

1.3 Concept of Organisation:

Organizations have existed for as long as people have worked together. Organization is a group of people working together, cooperatively under "authority" towards achieving goals and objectives that mutually benefit the participants and the organization. Managers get things done through other people. They make decisions, allocate resources and direct the activities of others to attain goals. All managers perform the management functions like: Planning, Organizing, Directing / Leading, Controlling and Staffing. Managers do their working an organization.

Organizations have existed in some form or the other since the advent of human development. Organizations emerge and exist in the society. However for management purposes it is vital to have an understanding about organizations. Because organizational behavior and behavior of the people

working in the organization are interrelated. Organizations are groups of people who work independently towards some purpose.

Organization consists of people who interact with each other to achieve a set of goals. Hence organization can be defined as human group deliberately and consciously created for the attainment of certain goals with rational co-ordination of closely relevant- activities. The characteristics of an organization are:

- Each organization has some objectives or set of objectives.
- It is a group of people who are interrelated.
- Relationship between organization and   its members is contractual.
- In the organization there is a coordination of closely relevant acclivities of the members and all members contribute to commonly agreed goals.
- Each organization has a definite structure where in various individual are fitted.
- Every organization has some specified norms and standards of behavior.

These characteristic differentiate an organization from other social organization like family, clan, community etc. Such characteristics are important from the point of view of management. There are three kinds of work which must be performed whenever an organization comes into being viz. Division of Labour, Combination of Labour and Co-ordination.

Organization Process

The organization process is the forming of structural interpersonal relationship. In this process, the manager differentiates and integrates the activities of his organization.

Differentiation is the process of departmentalization or segmentation of activities on the basis of some homogeneity. Integration is the process of achieving unity of effort among various departments (segments or subsystems). The process of organization involves the following steps:

- Determination of organizational goals or objectives.
- Determination of task requirements to achieve the goal.
- Division of tasks in to different jobs to find out how many personnel will be needed to complete the task.
- Grouping of jobs in to departments to take advantage of specialization and efficiency.
- Selection of personnel to fill the jobs.
- Assignment of work positions to the individuals.
- Granting the authority to the people to carry out the duties of their jobs.

- Determination of superior subordinate relationship.
- Determining span of management.
- Setting up co-ordination mechanism.

1.4 ORGANIZATIONAL THEORY

To attain organizational efficiency and effectiveness management must understand problem involving the elements like people, structure and change. The theory is a systematic grouping of interrelated principles. Theory is the study of structure, functioning, and individuals within them. Organization theory contains philosophical assumptions and value orientations regarding the nature of human behavior. It provides the ground for management activities in a number of significant areas of organizations behavior. There are three types of organizational theory developed during the last hundred years.

Classical Theories

During the late 18th century certain concepts about *bureaucracy, administrative theory* and *scientific management* were developed. These concepts came to be known as the Classical Theories, which described an organization as "the structure of relationships, power, objectives, roles, activities, communications and other factors that exist when persons work together".

Classical Organization Theory presents two distinct steams: Scientific Management stream and Administrative Management stream. Scientific Management theory was primarily concerned with problems at operation level, not on managerial process, while Administrative theory viewed the organizational problems from the top level.

1) Bureaucracy: Max Weber, a German social scientist is regarded as the father of bureaucracy. The features of bureaucracy included:

- **Rules and Regulations**- These are formally fixed and specify the official duties in a given structure. The position of authority is formally distributed in order to give commands for discharging duties. Within the framework of rules, the behavior is subjected to controls.
- **Hierarchy**- A common feature among all bureaucracies, hierarchy is established by delegating power and authority. This starts from the top and goes down the ladder according to laid down procedures.
- **Recruitment**- Qualifications are prescribed for recruitment. Training is a mode for importing skills and job security is ensured in conformity with rules. The duties, responsibilities and reporting relationships are structured in a command hierarchy.

There are also opportunities for specialization and a certain amount of stability is provided through a bureaucratic organizational structure. There are certain drawbacks also in a bureaucratic structure:

- Rules and regulations are rigid. This inflexibility deters the pace of change or reacting to crisis situations.
- Functions are directed in mechanical way with no scope for human relations or emotions.
- Inordinate delays occur in decision making and implementation because of hierarchical functioning and rigid procedures.

2) Administrative Theory: Fayol was father of Administrative Management Theory. He has given fourteen principles of management.

- **Division of work**-To attain higher productivity, work must be entrusted to specialists in related fields.
- **Authority & Responsibility** -Formal authority is derived from manager's official position and responsibility is closely related to authority.
- **Unity of Command**- To reduce confusion and conflicts, each employee should receive instructions from only one superior.
- **Subordination** of individual interests to common interests is needed,
- **Remuneration –** Remuneration paid to the personnel should be fair.
- **Discipline**- It means obedience to authority, observance of the rules of services; respect for agreement, superiors; sincere efforts for completing given jobs etc.
- **Unity of Direction**-It implies one head and one plan for a group of activities having the same objectives.
- **Centralization**- It means reservation of authority at certain limited points. The management must decide the degree of centralization or decentralization of the authority on the basis of nature of circumstances.
- **Scalar chain**- It means the hierarchy of authority from the highest executive to the lowest one for the purpose of communication.
- **Order**- It is related to the arrangement of things and people.
- **Equity**- It means equality, of fair treatment and justice.
- **Stability of tenure of personnel**- Workers should be assured security of job by management
- **Initiative**- It means freedom to think out and execute a plan.
- **Esprit de corps**-It is the principle of "Unity is strength". Management should create team spirit among the employees.

3) Scientific Management: Whereas the earlier two classical theories focussed on macro structural aspects, the Scientific Management Theory emphasized upon the micro aspects.

Fredrick Winston Taylor described four principles of Scientific Management:

- Develop a science for each element of man's work which replaces the old rule-of-thumb method.
- Scientifically select and then train, teach and develop a workman.
- Management should cooperate with workers.
- Equal division of work and responsibility amongst the management and workers.

Neo-Classical Theory

The Neo-classical approach tried to improve upon the classical viewpoint by bringing in the human element. This provided a trust towards *participative management* and *democratization of organizational power structures.* It stood for more liberty for employees, a bigger role in decision making and openness in communication with managers and among themselves.

In fact this view point agreed for meeting the human requirements and raising satisfaction among the members of an organization, rather than being suspicious or doubting their capabilities. The aim here was to relax rigidity.

Neo Classical Theory offers modification in organization structure as flat structure, with decentralization of authority and existence of informal organization. The main propositions of neoclassical theory are as follows:

1. The organization in general is a social system.
2. The social environments on the job affect people and are also affected by them and not management alone.
3. In the formal organization, informal organization also exists and it affects and is affected by formal organization.
4. A conflict between organizational and individual goals often exists which increases the importance of integration between these two.
5. Man is interdependent and his behaviour can be predicted in terms of social and psychological factors.
6. Man is diversely motivated and wants to fulfill different   types of needs.
7. Man's approach is not always rational. Often he behaves irrationally in terms of the rewards which he seeks from the work.

8. Communication is necessary as it carries information to the functioning of the organization and the feelings and sentiments of the people who work in it.

9. Team-work is essential for co-operation and sound organizational functioning. This work is not automatic but has to be achieved through behavioral approach.

The Systems Approach

Under this viewpoint, an organization is viewed as a system consisting of five parts:

- inputs
- process
- output
- feedback, and
- environment

The systems approach emphasizes upon the inter-dependence of every segment of the organization which through interaction form a unitary whole.

With new technological innovations and more managerial experiences, new perspectives keep emerging for a better understanding of organizations. One should remember that the process of understanding organizations and choosing the organizational structure is an ongoing process.

1.5 ORGANIZATION STRUCTURE

Organization structure refers to the division of labour as well as patterns of coordination, communication, work flow and formal power that direct organizational activities.

In brief organization structure can be viewed as the established pattern of relationship among various components or parts of organization. Generally formal organization structure refers to the followings.

- The pattern of formal relationships and duties;
- The activities and tasks assigned to different departments and people in the organization;
- Coordination of these activities or tasks;
- The hierarchical relationships within the organizations ,and
- The policies, procedures, standards, evaluation systems etc that guide the activities and relationships of people in the organization.

Following are the advantages of organization structure:

- It acquaints everybody with the make up of a company such as its size, basis of division of activities, co-ordination etc.
- It reveals whether not the span of management is wide or narrow.
- It reveals many of the deficiencies in the organization structures such as one man might be reporting to two persons.
- It reveals whether the organization is evenly balanced.
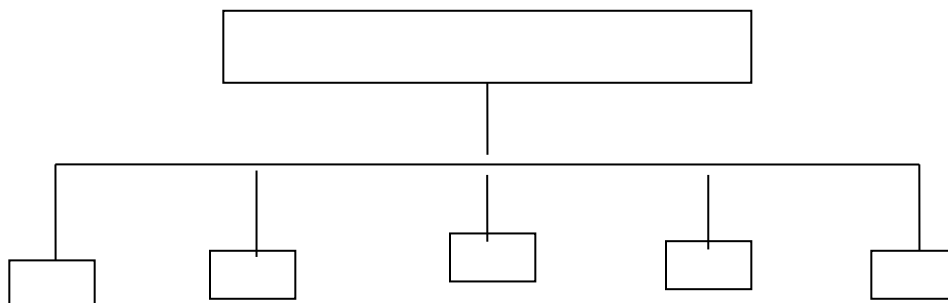
1.5.1 Elements of Organization

An organization structure defines how job task are formally divided, grouped and coordinated. There are six key elements that manager needs to address when they design their organization structure. These are: Span of Control, Work Specialization, Chain of Command, Centralization and Decentralization, Formalization and Departmentalization.

(i) Work Specialization: The work can be performed more efficiently if employees are allowed to specialize. Work Specialization or division of labour is the degree to which tasks in the organization are subdivided into separate jobs. The essence of it is that, rather than an entire job being done by an individual, it is broken down in to a number of steps and each step is being completed by a separate individual.

(ii) Chain of Command: The chain of command is an unbroken line of authority that extends from the top of the organization to the lowest echelon and explains who reports to whom. This element includes the understanding of concepts like: Authority, Unity of Command, Unity of Direction etc.

(iii) Span of Control: It refers to the number of people directly reporting to the next level in the organizational hierarchy. It tells the numbers of subordinates a manager can efficiently and effectively direct. In tall organizational structures there are narrow spans of management and with many levels between the top and lower level managers. There is a long chain of command and decision making process is slower. On the other hand flat organization structures have fewer management levels with wide span.

Fig 9.1.Flat Organisation Structure

(iv) Centralization and Decentralization: The term centralization means that formal decision making authority is held by a small group of people, typically those at the top of the organizational hierarchy. In contrast decentralization means that the lower level personnel provide more input or are actually given the discretion to make decisions. Centralization is a characteristic of small organizations. Most organizations begin with centralized structures as the founder makes most of the decisions. But as organizations grow, they diversify and their environments become more complex. Consequently larger organizations tend to decentralize.

Fig 1.2. Tall Organisation Structure

(v**) Formalization**: It is the degrees to which organizations standardize behavior through rules, procedures, formal training and related mechanism. Organization adopts several ways to formalize things. They prepare manuals, statutes, charts etc. Organization manuals and statures define relationship between various offices and describe the duties, rights and privileges of various position holders, formalization may increase efficiency, but it can also create problem as rules and procedures reduce flexibility.

(vi) Departmentalization: It is the process of dividing work of organization into various units or departments. The basis of departmentalization has general applicability and can be applied in different situations. The more commonly used basis is:

- **Functions** like Marketing, Finance, Personnel, Research & Development etc.
- **Products** like Inbound Operation, Outbound Operation, Conference & Conventions, Documentation section in a travel agency.
- **Territory** like the Regional divisions of Air India (North, South, East, West)

- **Customers**: caterings to different segments of customers like tour operator having separate departments for catering, business travelers, LTC travelers, Incentive travel.

Grouping of activities exclusively on one basis is, however, rarely possible. In modern organizations, at some stage or the other, more than one basis has to be used.
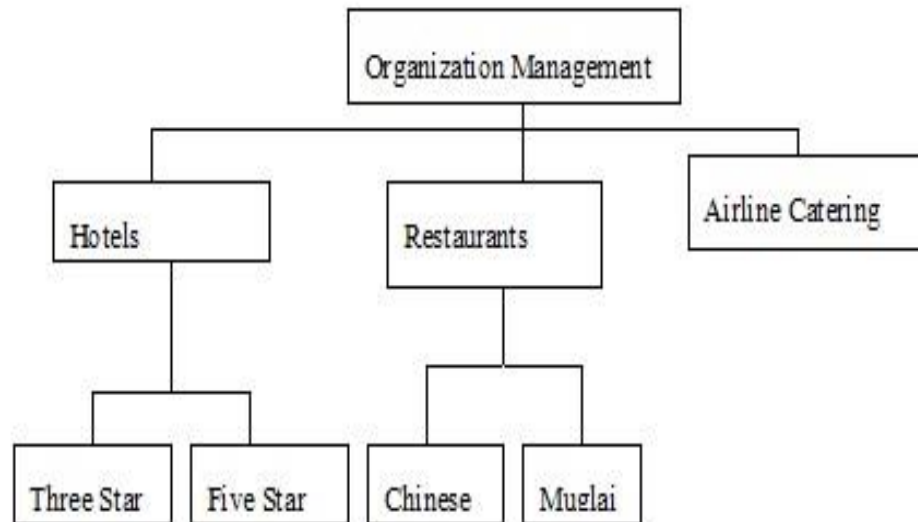
1.5.2. Common organizational structure:

We are now describing some of the more common organizational structure in use.

(i) Functional structure: It often develops in small organization. Units and subunits are created on the basis of function. A particular function and all activities connected with it are placed in same unit. Thus vertical and horizontal elaboration of every functional unit and ultimately of the whole of the structure takes place. These are organizations which have a structure based on functions like marketing, finance, production etc. Here all persons performing similar functions are placed under one functional head.

(ii) Product / Service based structures: In this category comes an organization which offers a variety of products or services and builds a structure where each service or product is a division of its own. In other words, the activities are structured according to their services or products. For example an organization in the hospitality industry may have one division of hotels, another of restaurants and another of airline catering. Each of these divisions resembles a separate business, focuses its own operations and is responsible for its own costs and profitability. Yet, each division is not a separate enterprise in the true sense because the ultimate authority and control rests with the central authority.

Fig.1.3 Product/service based structures

(iii) Spatial based structures: In the tourism industry some organizations go for division of their activities by structuring them on geographical lines, i.e. through a network of regional offices. The services are divisionalised according to customers or a regional basis.
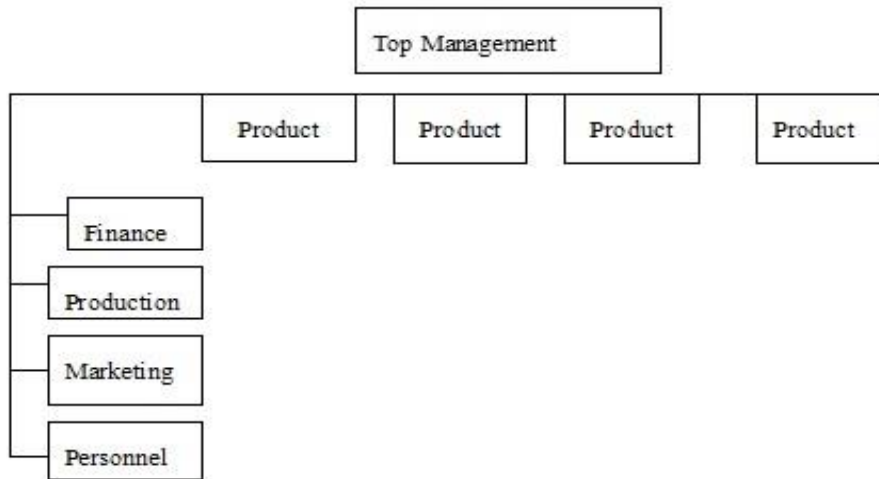
(iv) Conglomerate structures: Some organizations grow through acquiring other businesses. In such conglomerate structures, the business or companies acquired are maintained as subsidiaries. However, the autonomy of the subsidiary is determined by deciding on the nature of control, authority and line of communication between the subsidiary and the parent company.

(v) Matrix structures: In mathematics, matrix means an array of vertical columns and horizontal rows. In a matrix organization structure, the employees work under a dual authority. One line of command is functional or divisional while the second depicts a project based approach in a specialized area. This means that a person is accountable to two heads at one time. One is the usual head under whom the person works and the other, the head of the project which may be for a limited duration. Often, the matrix structure is known as a multiple command system as it is combination of product and functional organization.

It must be noted here that there is no one structure that is perfect for any organization. The efficacy of any structure adopted is proved through an evaluation of the course of its operations. However, an appropriate structure could be one that:

- enables operational efficiency for achieving organizational goals, and
- Provides such a structure where individual jobs can be adjusted at case.

Fig1.4. Matrix Structure

There are certain factors to be kept in mind while choosing a structure. These include:

1) Size of the organization
2) Objectives of the organization
3) The market and environment
4) Range, nature and scope of business
5) Technology to be adopted, etc.

1.6 CONCEPT OF ORGANIZATIONAL BEHAVIOR

Organizational Behavior (OB) is the study of what people think, feel and do in and around organization. OB is the systematic study of individual, team and structural characteristic that influence behavior within organization. It is a field of study and is a distinct area of expertise with a common body of knowledge. It studies three determinants of behavior: Individuals, Groups and Structure.

Further, OB applies the knowledge gained about individuals, groups and effect of structure on behavior in order to make organizations work more effectively. Organizational Behavior is concerned with the study of what people do in an organization and how that behavior affects the performance of the organization. And because OB is specifically concerned with employment related situations, it emphasizes behavior as related to Jobs, work absenteeism, employee turnover, productivity, human performance, and management.

Why study organizational behavior?

Study of OB is essential because every one in the work force needs to understand, predict and influence behavior (both our own and that of others)

in organizational setting. Marketing students learn marketing concepts and computer science students learn about circuitry and software code. But everyone benefits from organizational behavior knowledge to address the people issues when trying to apply marketing, computer science and other ideas.

OB knowledge helps to influence the organizational events by understanding and applying concepts in, motivation, communication, conflict, team dynamic, group structure and processes, learning, work design, attitude development, work stress and other topics.

Behavior generally is predictable, if we know how the person perceived the situation and what is important to him or her. While people's behavior may not appear to be rational to an outsider, there is reason to believe. It usually is intended to be rational and it is seen as rational by them. An observer often sees behaviors as non rational because the observer does not have access to some information and does not perceive the environment in the same way. Certainly there are differences between individuals. Placed in similar situations, all people don't act exactly alike.

Fig 9.5.Reasons for Studying Organizational Behaviour

However, there are certain fundamental consistencies underlying the behavior of all individuals that can be identified and then modified to reflect individual differences. These fundamental consistencies are very important, because they allow predictability. Since behavior is predictable, the systematic study of behavior is needed. It means to make reasonably accurate predictions or looking at relationships; attributing to causes and effect. Based on scientific procedure, by collecting data under controlled conditions and interpreting these data, conclusion is drawn on behavior.

1.7   CONTRIBUTING   DISCIPLINES   TO   THE   STUDY   OF ORGANIZATION BEHAVIOR

Organization, being composed of human beings, behavior related problems are encountered. These problems can be solved efficiently   by the application of behavior science. Behavior science is the scientific study of human behavior. It is a multidisciplinary study. The traditional predominant disciplines from which organizational behavior knowledge has developed are: Psychology, Sociology, Anthropology, Political science and Economics. Some other emerging fields like Communications, Information Systems, Marketing and Women's studies are identified from which organizational behavior knowledge is acquired. The disciplines and relevant OB topics are presented below:

Discipline	Area of study /Contribution	Unit of analysis	Out put.
Psychology	Learning, Motivation, Personality, Perception, Emotions, Training , Leadership effectiveness, Job Satisfaction, Individual Decision-making, Performance Appraisal, Attitude Measurement, Employee Selection, Work design, Work stress	Individual	Study of OB

Sociology	*Group dynamics, Work teams, Communication, Power, Conflict, Intergroup behavior *.Formal organization theory, Organizational technology, Organization change, Organizational culture	Group Organization system	Study of OB
Social Psychology	Behavioral change, Attitude change, Communication, Group processes, Group Decision making	Group	Study of OB
Anthropology	*Comparative values, Comparative attitudes, Cross-cultural analyses *Organizational culture, Organizational environment.	Group Organization system	Study of OB
Political Science	Conflict, power, Intraorganizational policies	Organization system	Study of OB

The contributions of psychology have been mainly at the individual or micro level analysis of behavior while the other four core disciplines have contributed to macro concepts such as group processes and organization.

- **Psychology:** Psychology is a science of behavior. It studies processes of human behavior, such as learning, thinking, memory, sensation, perception, emotion, feeling, and personality. Its contributions to behavioral science, as applied to managerial practices, are in the field of learning, perception, motivation, individual and group decision-making, pattern of influence and change in organization, group process, vocational choice and satisfaction, communication, and personnel selection and training. In fact there is a separate branch of industrial psychology which deals with the application of

psychological facts and principles to the problems concerning human relations, in organizations.

• **Sociology:** It specifically studies social groups, social behavior, society, customs, institutions, social class status, social mobility and prestige. It has also developed subfields of Political Sociology, Industrial Sociology, Sociology of Law, Family Sociology, Educational Sociology and Sociology of Religion. To the managerial practice, its contribution is mainly in the field of bureaucracy, role structures, social system theory, group dynamics, effect of industrialization on the social behavior, etc.

• **Anthropology:** It particularly studies civilization, forms of cultures and their impact on individuals and groups, biological features of man and evolutionary pattern, speech and relationship among languages. Anthropology contributes in understanding the cultural effects on organizational behavior, effects of value systems, norms, sentiments, cohesion, and interaction.

• **Economics** contributes in understanding the decision process, methods of allocating scarce resources in the organizations, and the impact of economic policy on organizations.

• **Political science** provides clue to conflicts in organizations, power and authority structure, and overall administrative process.

• **Role of Behavioral science:** The behavioral science offers several ides to management as to how human factor should be properly emphasized to achieve organizational objectives. This becomes more important especially because of the changing dimensions of human behavior. Behavioral science provides this opportunity by analyzing human behavior for understanding and prescribing means for shaping human behavior to a particular direction.

(i) Understanding Human Behavior: Human behavior can be understood at the individual level, interpersonal level, group level and inter group level.

• **Individual Level:** It provides for analyzing why and how an individual behaves in a particular way. Human behavior is a complex phenomenon and is affected by a large number of factors-psychological, social, and cultural, and others. Behavioral science integrates these factors to provide simplicity in understanding human behavior.

• **Interpersonal Level:** Behavioral science provides means for understanding the interpersonal relationships (Superior-Subordinate and among Peers) in the organization. Analysis of reciprocal relationship, role analysis, and transactional analysis are some of the common methods which provide such understanding.

- **Group Level:** Though people interpret any thing at their individual level, they are often modified by group pressures, which thus become a force in shaping human behavior. Hence individuals should be studied in groups. Managerial knowledge of understanding group behavior and group dynamics is very important for organizational morale and productivity.

- **Intergroup Level:** The organization is made up of many groups that develop a complex of relationships. Understanding the effect of group relationships is important for managers in today's organization. Behavioral science provides means to understand and achieve co-operative group relationships.

(ii) Controlling and Directing Behavior: After understanding the mechanism of human behavior, managers are required to control and direct the behavior so that it conforms to standards required for achieving organizational objectives. Thus managers are required to control and direct the behavior at all levels of individual interaction. For this purpose, behavioral science helps managers in many areas: use of power and sanction, leadership, communication and building organization climate conducive for better interaction.

(iii) Organizational Adaptation: In this age of environmental variability, the real job of a manager is to provide continuity in organizations because the organizations have to adapt themselves to the environmental

Changes by making suitable internal arrangements .Application of behavior Sciences helps in identifying need for change and then implementing the changes without adversely affecting the need satisfaction of organizational people.

1.8 CHALLENGES AND OPPORTUNITIES FOR OB

Responding to Globalization

Organizations are no longer constrained by national borders. Globalization means economic, social and cultural connectivity and interdependence with people in other parts of the world. Globalization influences several aspects of organizational behavior- some good, some not so good. Globalization is applauded for increasing organizational efficiency and providing a broader net to attract valuable knowledge and skills. It potentially opens up new career opportunities and provides a greater appreciation of diverse need and perspectives. But globalization also presents new challenges.

Firms also need to adjust their organizational structures and forms of communication to assist their global reach.

Globalization adds more diversity to the workforce, which affects the organizations culture and introduce new forms of values-based conflict among employees. Since organizational behavior is influenced by Globalization thus, people are paying more attention to cross-cultural differences.

Globalization has important implications for how we learn about organization behavior. Globalization affects a manager's people skills in at least two ways. First if you are a manager, you are increasingly likely to find yourself in a foreign assignment. Once there, you will have to manage a workforce that is likely to be very different in needs, aspirations, and attitudes from the ones you were used to back home. Second in your own country, you are going to find yourself working with bosses, peers, and other employees who were born and raised in different cultures.

Managing Work Force Diversity

On one side Globalization focuses on differences among people from different countries, workforce diversity addresses differences among people within given countries. Actually, workforce diversity means that organizations are becoming more heterogeneous in terms of genders, race and ethnicity. Diversity, if positively managed, can increase creativity and innovation in organizations as well as improve decision making by providing different perspectives on problems. When diversity is not managed properly, there is potential for higher turnover, more difficult communication and more inter personal conflicts.

Coping with Temporariness

Today, change is an ongoing activity for most managers. In the past, managing could be characterized by long periods of stability, interrupted occasionally by short periods of change. Managing today would be more accurately described   as long periods of ongoing change, interrupted occasionally by short periods of stability. Today's managers and employees must learn to cope with temporariness. They have to learn to live to live with flexibility, spontaneity and unpredictability.

Information Technology and OB

The Internet and other forms of information technology are changing our lives. They are connecting people around the planet and allowing small businesses in developing countries to compete in the global marketplace.

Within organizations, information technology blurs the temporal and spatial boundaries between individuals and the organizations that employ them. It redesigns jobs, reshapes the dynamics of organizational power and politics, and creates new standards for competitive advantage through knowledge management.

The study of OB provide important insights into helping you better understand a work world of continual change, how to overcome resistance to change, and how best to evolve an organizational culture that thrives on change.

1.9   SUMMARY

In this units we introduce you to the field of organization behavior, outline the main reasons why you should know more about it, describe the fundamental perspectives behind the study of organization. It has given you a detailed idea about the concept of organization, its structure and elements. You have come to know about various contributing disciplines to study the OB and their role. Organizational behavior knowledge is not only for managers and leaders. It is relevant and useful to any one who works in and around organizations.

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1.11 REVIEW QUESTIONS

Q.1. Explain the concept of Organization. Write down its characteristics important steps in the process of organizing.

Q.2. Discuss the contribution of Fayol to the theory of organization.

Q.3. Write notes on:

(a) Administrative theory

(b) Bureaucracy

(c) Scientific management

Q.4.What is the various elements of Neoclassical Organization Theory?

Q.5.Explain the following:

(i) Chain of Command

(ii) Span of Control

(iii) Centralization and Decentralization

(iv) Departmentalization

Q.6. What is Behaviour Science? What are its contributing disciplines and their area of   application?

Q.7. Discuss the role of Behaviour Sciences in Management.

Unit-2
Perception and Motivation in Organizations

Structure:

10.1   INTRODUCTION

People throughout the organization need to develop better ways to perceive the world around them and learn about the consequences of their actions. *Perception* is the process of receiving information about and making sense of the world around us. It involves deciding   which information to notice, how to categorize this information, and how to interpret it within the framework of our existing knowledge. Perceptual process is the dynamics of selecting, organizing, and interpreting external stimuli.

10.2 OBJECTIVES

After reading this unit, you should be able to:

- Outline the perceptual process.
- Explain how we perceive others.
- Describe the Attribution Theory and Attribution Errors.
- Describe how shortcuts can assist in or distort our judgement of others.
- Understand process of motivation and its nature.

- Explain various theories of motivation.

10.3 PERCEPTUAL PROCESS

Perceptual process consists of several sub processes. These are – Stimulus, Registration & Selective Attention, Interpretation, Emotions and Behavior. Perceptual process begins when environmental stimuli are received through our senses.

- **Selective Attention:** Our five senses are constantly bombarded with stimuli. Some things are noticed, but most are screened out. This process of filtering information received by our senses is called selective attention.

One influence on selective attention is the size, intensity, motion, repetition, and novelty of the target (including people). Selective attention depends more on the object and context. It is also affected by characteristics of the perceiver. We tend to remember information that is consistent with our values and attitudes and ignore information that is inconsistent with them. Selective attention is also affected by our expectations. In organizational settings, expectations prevent decision makers from seeing opportunities and competitive threats.

- **Perceptual Organization and Interpretation:** After selecting stimuli, we usually simplify and "make sense" of them. This involves organizing the information into general categories and interpreting it. We rely on perceptual grouping principles to organize people and objects into recognizable and manageable patterns or categories.

- **Emotion and Behavior:** Final stage of the perception process is the resultant behavior. A response may be overt, such as, action etc or covert, such as, change in attitude etc.

10.4. FACTORS INFLUENCING PERCEPTION

Individuals may look at the same thing, yet perceive it differently. A number of factors operate to shape and sometimes distort perception. These factors can reside in the *perceiver*, in the object or *target* being perceived, or in the context of the *situation* in which the perception is made.

- **The Perceiver:** When an individual looks at a target and attempts to interpret what he or she sees, that interpretation is heavily influenced by personal characteristics of the individual perceiver. The focus of our attention appears to be influenced by our interests. Because our individual interests differ considerably, what one person notices in a situation can differ from what others perceive.

    Objects or events that have never been experienced before are more noticeable than those that have been experienced in the past. Finally, expectations can distort your perceptions in that you will see what you expect to see. If you expect police officers to be authoritative, young people to be unambitious, you may perceive them as such regardless of their actual traits.

- **The Target:** Characteristics of the target that is being observed can affect what is perceived. Loud people are more likely to be noticed in a group than are quiet ones. So, too, are extremely attractive or unattractive individuals. Motion, sounds, size, and other attributes of a target shape the way we see it.

    Objects that are close to each other will tend to be perceived together rather than separately. As a result of physical or time proximity, we often put together objects or events that are unrelated.

    Persons, objects, or events that are similar to each other also tend to be grouped together. The greater is the similarity, the greater the probability that we will tend to perceive them as a common group.

- **The Situation:** The context in which we see objects or events is important. Elements in the surrounding environment influence our perceptions. You are more likely to notice your employees goofing off if your boss from the head office happens to be in town. Again, the situation affects your perception. The time at which an object or event is seen can influence attention, as can location, light, heat, or any number of situational factors.

10.5. PERSON PERCEPTION: MAKING JUDGMENTS ABOUT OTHERS

(a) Attribution Theory and Attribution Errors

When we observe people, we attempt to develop explanations of why they behave in certain ways. Our perception and judgment of a person's actions, therefore, will be significantly influenced by the assumptions we make about that person's internal state. Attribution theory has been proposed to

develop explanations of the ways in which we judge people differently, depending on what meaning we attribute to a given behavior. Basically, the theory suggests that when we observe an individual's behavior, we attempt to determine whether it was internally or externally caused. That determination, however, depends largely on three factors: (1) distinctiveness, (2) consensus, and (3) consistency.

Internally caused behaviors are those that are believed to be under the personal control of the individual. *Externally* caused behavior is seen as resulting from outside causes; that is, the person is seen as having been forced into the behavior by the situation. If one of your employees is late for work, you might attribute his lateness to his partying into the wee hours of the morning and then oversleeping. This would be an internal attribution. But if you attribute his arriving late to a major automobile accident that tied up traffic on the road that this employee regularly uses, then you would be making an external attribution.

Distinctiveness refers to whether an individual displays different behaviors in different situations. Is the employee who arrives late today also the source of complaints by co-workers for being a "goof-off"? What we want to know is whether this behavior is unusual. If it is, the observer is likely to give the behavior an external attribution. If this action is not unusual, it will probably be judged as internal.

If everyone who is faced with a similar situation responds in the same way, we can say the behavior shows **consensus**. Our late employee's behavior would meet this criterion if all employees who took the same route to work were also late. From an attribution perspective, if consensus is high, you would be expected to give an external attribution to the employee's tardiness, whereas if other employees who took the same route made it to work on time, your conclusion about the cause of being late would be internal.

Finally, an observer looks for consistency in a person's actions. Does the person respond the same way over time? Coming in 10 minutes late for work is not perceived in the same way for the employee for whom it is an unusual case (she hasn't been late for several months) as it is for the employee for whom it is part of a routine pattern (she is regularly late two or three times a week). The more consistent the behavior, the more the observer is inclined to attribute it to internal causes.

The findings of Attribution Theory explain that there are errors or biases that distort attributions. For instance, there is substantial evidence that when we make judgments about the behavior of other people, we have a tendency to underestimate the influence of external factors and overestimate the influence of internal or personal factors. This is called the **fundamental attribution error** and can explain why a sales manager is prone to attribute the poor performance of his/her sales agents to laziness rather than to the innovative product line introduced by a competitor. There is also a tendency for individuals to attribute their own successes to internal factors such as ability or effort while putting the blame for failure on external factors such as luck. This is called the **self-serving bias** and suggests that feedback provided to employees in performance reviews will be predictably distorted by recipients depending on whether it is positive or negative.

(b) Perceiving Others through Social Identity

The social identity process explains how we perceive ourselves and others. We party identity ourselves in terms of our membership in social groups and have an emotional attachment. For example, some one might have a social identity as an Indian, a graduate from IIM and an employee of IBM. Along with a social identity, people have personal identity-characteristics that make them unique and distinct from people in any particular group. This comparison process includes creating a homogeneous image of our own social groups and different homogeneous images of people in other groups. We also tend to assign more favourable features to our own groups and less favorable features to other groups. This perceptual process makes our social world easier to other groups. This perceptual process makes our social world easier to understand. However, it also becomes the basis for stereotyping people in organizational settings.

Frequently used shortcuts in judging others

We use a number of shortcuts when we judge others. They allow us to make accurate perceptions rapidly and provide valid data for making predictions. However, they are not foolproof. They can and do get us into trouble. An understanding of these shortcuts can be helpful toward recognizing when they can result in significant distortions.

(a) Selective Perception

Since we cannot assimilate all that we observe, we take in bits and pieces. But those bits and pieces are not chosen randomly; rather, they are selectively chosen according to our interests, background, experience, and attitudes. Selective perception allows us to "speed-read" others, but not without the risk of drawing an inaccurate picture. Because we see what we want to see, we can draw unwarranted conclusions from an ambiguous situation. If there is a rumor going around the office that the company's sales are down and that large layoffs may be coming, a routine visit by a senior executive from headquarters might be interpreted as the first step in management's identification of people to be fired, when in reality such an action may be the furthest thing from the mind of the senior executive.

(b) Halo Error / Halo Effect

When we draw a general impression about an individual on the basis of one prominent characteristic, such as intelligence, sociability, or appearance, Halo Error / Halo Effect occurs. It we meet a client who speaks in a friendly manner, we tend to infer a host of other favorable qualities about that person. If a colleague doesn't complete tasks on time, we tend to view his or her other traits unfavorably. In each case, one trait important to the perceiver forms a general impression, and this impression becomes the basis for judgments about other traits.

Halo error is most likely to occur when concrete information about the perceived target is missing or we are not sufficiently motivated to search for it. Instead, we use our general impression of the person to fill in the missing information.

Halo error would cause the supervisor to rate the tardy employee lower on all performance dimensions because the tardiness created a negative general impression of that employee. The punctual employee would tend to receive higher ratings on all performance dimensions even though his or her performance level is really the same as that of the tardy employee. Consequently, halo error distorts our judgments and can result in poor decision making.

(c) Stereotyping in Organizational settings

It is the process of assigning traits to people based on their membership in a social category. In other words, stereotypes define people by the demographic or other observable groups to which they belong. It is the shortcut way in which we judge someone on the basis of our perception of the group to which that person belongs.

Problems with stereotyping

One problem is that stereotypes do not accurately describe every person in that social category**.** For instance, research has found that people with physical disabilities are stereotyped as being quit, gentle-hearted, shy**,** insecure, dependent, and submissive. Although this may be true of some people, it is certainly not characteristic of everyone who has a physical disability.

In organizations, we frequently hear comments that represent stereotypes based on gender, age race, ethnicity, even weight: "Women won't relocate for a promotion"; "men aren't interested in child care"; "older workers can't learn new skills"; "Asian immigrants are hardworking and conscientious"; "overweight people lack discipline."   From a perceptual standpoint, if people expect to see these stereotypes, that are what they will perceive, whether they are accurate or not.

(d) Self-Fulfilling Prophecy

Self-fulfilling prophecy occurs when our expectations about another person cause that person to act in a way that is consistent with those expectations. In other words, our perceptions can influence reality. The following four steps illustrate the self-fulfilling prophecy process using the example of a supervisor and subordinate.

• **Expectations formed**- The supervisor forms expectations about the employee's future behavior and performance. These expectations are sometimes inaccurate, because first impressions are usually formed from limited information.

• **Behavior toward the employee**- The supervisor's expectations influences his or her treatment of employees. Specifically, high-expectancy employees (those expected to do well) receive more emotional support through nonverbal cues (e.g. more smiling and eye contact), more frequent and valuable feedback

and reinforcement, more challenging goals, better training, and more opportunities to demonstrate their performance.
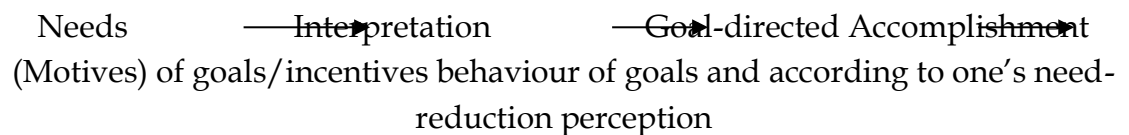
- **Effects on the employee**-The supervisor's behaviors have two effects on the employee. First, through better training and more practice opportunities, a high-expectancy employee learns more skills and knowledge than a low-expectancy employee. Second, the employee becomes more self-confident, which results in higher motivation and willingness to set more challenging goals.

- **Employee behavior and performance**- With higher motivation and better skills, high-expectancy employees are more likely to demonstrate desired behaviors and better performance. The supervisor notices this, which supports his or her original perception.

- **Employee Loyalty-** Assessment of an employee's loyalty or commitment is highly judgmental. What is perceived as loyalty by one decision maker may be seen as excessive conformity by another. An employee who questions a top-management decision may be seen as disloyal by some, yet caring and concerned by others. As a case in point, **whistleblowers** - Individuals who report unethical practices by their employer to outsiders-typically act out of loyalty to their organization but are perceived by management as troublemakers.

10.6. SPECIFIC APPLICATIONS IN ORGANISATION

Why is perception important in the study of OB? Simply because people's behavior is based on their perception of what reality is, not on reality itself? Person in organisation always judge each other. Manager appraise their employees' performances, attitude towards works etc. In many cases like Employment Interview, Performance Expectation, Performance Evaluation, Employee Effort, and Employee Loyalty the management's judgement have important consequences. The proper understanding of the concepts of Person Perception like stereotyping, whistleblowers, Halo Error / Halo Effect, Self-Fulfilling Prophecy help the individuals to improve their perception. A person understands and sensitivity to the feelings, thoughts, and situation of others helps in improving perception.

10.7 MOTIVATION: MEANING AND NATURE

Motivation is the process of channeling a person's inner drives so that he wants to accomplish the goals of the organization. Motivation is a behavioral concept by which we try to understand why people behave as they do. It concerns those dynamic processes which produce a goal-directed behaviour. A goal-directed behaviour always begins with the individual feeling certain needs (also referred to as drives or motives). These needs give an emerging thrust to the individual toward certain goals or incentives which he perceives (rightly or wrongly) as possible satisfier of his needs.   Thus one may perceive food, water and friends as the possible satisfiers of his hunger, thirst and affiliation needs and may be motivated to achieve these goals. So, what controls human behaviour and gives direction to it is not the goal or the incentive but the need. The goal which is external to the individual only provides him with the opportunity for satisfying his internal needs. We can show the motivation process by means of a diagram thus.

Needs   ⟶ Interpretation   ⟶ Goal-directed Accomplishment (Motives) of goals/incentives behaviour of goals and according to one's need-reduction perception

Nature of Motivation

The following characteristics of motivation reveal the complexities in understanding motivation:

1. Motivation is an internal feeling. It is a psychological phenomenon which is created within an individual.
2. Person in totality not in part, is motivated. Each individual in the organization is a self-contained and inseparable unit and his needs are interrelated.
3. Individuals differ in their motivation.
4. Motivations of each individual change from time to time, even though he may continue to behave in the same way.
5. Motivations are expressed differently. The ways in which needs are eventually translated into actions also vary considerably between one individual and another. The reactions of individuals to successful or unsuccessful fulfillment of needs may also differ.

6. Motivation is a complex Phenomenon. It is difficult to explain and predict the behavior of workers. The introduction of an apparently favorable motivational device may not necessarily achieve the desired ends if it brings opposing motives into play. For example, in a factory, when blue-green lighting was introduced to reduce eye strain, the output of men workers increased but that of women workers decreased. On investigation it was found that the latter disliked the change in lighting because they felt that the new type of lighting had made them look "simply ghastly".

7. Motivation is the product of anticipated values from an action and the perceived probability that these values will be achieved by the action.

    Motivation = Valence (anticipated values) x Expectancy

DETERMINANTS OF MOTIVATION

Where as in the past, money was regarded as the only cause of human behavior, today in industry there is great concern with the multi-motivational determinants of behavior. The earlier monistic approach to motivation, under which man was supposed to act only to increase his monetary rewards, has now given place to a more complete pluralistic explanation which recognizes that a man works to fulfil a variety of needs. It is now recognized that motivation is the result of inter-play among three groups of factors: (a) influences operating within the individual; (b) influences operating within the organization: and (c) influences operating the external environment, i.e., exogenous variable.

- **The Individual**- To understand what motivates employees; we must know something of their aims, needs and values. Human needs are both numerous and complex. Some of these needs are hard to describe and identify because people hide their real needs beneath an overlay of socially acceptable behavior.

- **Organizational Climate**- The climate of an organization also plays an important part in determining worker's motivation. A worker may work poorly in one organization but much better in another because of the change in the organizational climate. Some important components of organizational climate are as follows:

   1. Individual autonomy, i .e. the degree of freedom from accountability to others.

2. Position structure, i.e., the extent of direct supervision and formalization.

3. Reward orientation, i.e., the extent of incentives provided for higher effort and performance.

4. Consideration, i.e., the extent of socio-emotional support provided by others.

5. Conflict, i.e., the extent of expression of differences and blocking of each other.

6. Progressiveness and development, i.e., the scope of growth of self, other members and the organization as a whole.

7. Risk taking, i.e., the extent of freedom to experiment with new ideas.

8. Control, i.e., the degree of checks imposed on the members' behavior.

The climate of an organization is determined by a number of variables such as its leadership style, economic condition, structure, technology, characteristics of its people and so on.

• **Exogenous Variables**- A worker's life is divided into two watertight compartments, one inside the factory and the other outside of it. The two are closely bound together so that the trouble and joys of off-the-job life cannot be put aside when reporting for work in the morning, nor can factory mattes be dropped when returning home after work. Culture, customs and norms, images and attributes conferred by society on particular jobs, professions and occupations, and the worker's home life-all play a strong motivational role. An individual, for example, may find that his work has a substantial degree of respect and social acceptance accorded by society quite apart from holding a position in a particular organization.

10.8. MOTIVATION THEORIES

Since various people have been involved in finding out the answer of the questions related to what motivates people, their approaches have differed resulting into a numbered of theories concerning motivation. Though all these theories try to focus attention on the basic issue, they differ considerably. These theories concerning motivation try to provide explanations for the behavior-outcome relationship. The various theories are grouped in to three categories:

1. Theories associated with human needs- Theories given by Maslow, Herzberg,and McClelland;

2. Theories associated with basic nature of human beings- Theories given by McGregor,Urwick,and Argyris;
3. Theories associated with expectancy of individuals- Theories given by Vroom, Porter and Lawler.

Maslow's Hierarchy of Needs Theory

It's probably safe to say that the most well-known theory of motivation is Abraham Maslow's **hierarchy of needs**. He hypothesized that within every human being there exists a hierarchy of five needs. These needs are:

1. **Physiological needs**: It includes hunger, thirst, shelter, sex, and other bodily needs.
2. **Safety needs**: It includes security and protection from physical and emotional harm
3. **Social needs**: It includes affection, belongingness, acceptance, and friendship
4. **Esteem needs**: It includes internal esteem factors such as self-respect, autonomy, and achievement; and external esteem factors such as status, recognition and attention
5. **Self-actualization needs**: It is the drive to become what one is capable of becoming; includes growth, achieving one's potential, and self-fulfillment.
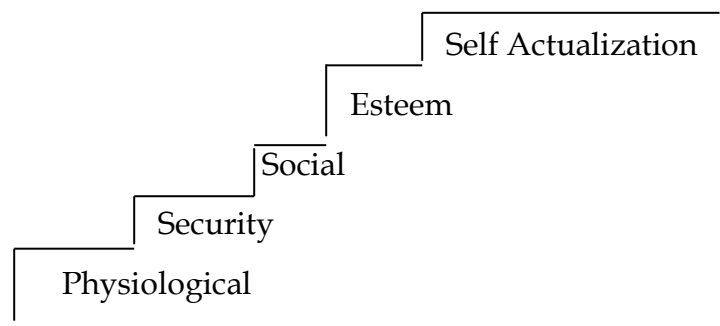

Fig. No.10.1.   Maslow's hierarchy of needs

As each of these needs becomes substantially satisfied, the next need becomes dominant. As seen in figure the individual moves up the steps of the hierarchy. From the standpoint of motivation, the theory would say that although no need is ever fully gratified, a substantially satisfied need no longer motivates. So if you want to motivate someone, according to Maslow, you need

to understand what level of the hierarchy that person is currently on and focus on satisfying those needs at or above that level.

Maslow separated the five needs into higher and lower orders. Physiological and safety needs were described as **lower- order needs** and Social, Esteem, and Self-actualization needs as **higher- order needs.** The differentiation between the two orders was made on the premise that higher-order needs are satisfied internally (within the person), whereas lower-order needs are predominantly satisfied externally (by such things as pay, union contracts and tenure). In fact, the natural conclusion to be drawn from Maslow's classification is that in times of economic plenty, almost all permanently employed workers have their lower-order needs substantially met.

Analysis of the Theory: Maslow's needs hierarchy is one of the best-known organizational behaviour theories and is still widely cited. However, scholars have mostly dismissed Maslow's theory because it is much too rigid to explain the dynamic and unstable characteristics of employee needs. Researchers have found that individual needs do not cluster neatly around the five categories described in the model. Moreover, gratification of one need level does not necessarily lead to increased motivation to satisfy the next higher need level.

Herzberg's Two-Factor Theory

The two-factor theory (sometimes also called motivation-hygiene theory) was proposed by psychologist Frederick Herzberg. In the belief that an individual's relation to work is basic and that one's attitude toward work can very well determine success or failure, Herzberg investigated the question, "What do people want from their jobs?" He asked people to describe in detail, situations in which they felt exceptionally good or bad about their jobs. According to Herzberg, the factors leading to job satisfaction are separate and distinct from those that lead to job dissatisfaction. Therefore, managers who seek to eliminate factors that can create job dissatisfaction may bring about peace but not necessarily motivation. According to Herzberg, the absence of certain job factors tends to make workers dissatisfied. However, the presence of these same factors in themselves does not produce high levels of motivation. They merely help avoid dissatisfaction and the problems it creates, such as absenteeism, turnover and grievances. Herzberg called these factors

maintenance or hygiene factors since they are necessary to maintain a reasonable level of satisfaction. He concluded that there are **ten maintenance factors**, namely:

1. Fair company policies and administration
2. A supervisor who knows the work
3. A good relationship with one's supervisor
4. A good relationship with one's peers
5. A good relationship with one's subordinates
6. A fair salary
7. Job security
8. Personal life
9. Good working conditions
10. Status

To build high levels of motivation and job satisfaction, a different set of factors is necessary. However, if these factors are not present, they do not in themselves lead to strong dissatisfaction. Herzberg called these the **Motivators or Satisfiers**. These are *six* in number:

1. Opportunity to accomplish something significant
2. Recognition for significant accomplishments
3. Chance for advancement
4. Opportunity to grow and develop on the job
5. Chance for increased responsibility
6. The job itself.

As the lists indicate, the motivators are job-centered; they relate directly to the content of the job itself. In contrast, maintenance factors relate more to the conditions and environment in which the work is done.

Herzberg's theory and Maslow's theory compared

To a certain extent, Herzberg's theory also fits in with the earlier discussion of Maslow's needs hierarchy theory. As shown in figure, the maintenance factors mainly satisfy physiological security, social and some esteem needs. The motivators are directed at some part of esteem and self-fulfillment needs.

Herzberg's model has been applied in the industry and has given several new insights. One of these insights is job enrichment. This job

enrichment applies to improvement of jobs in such a way that they have more motivators than before. This idea behind job enrichment is to keep maintenance factors constant or higher while increasing motivational factors. Job enrichment is different from job enlargement practiced earlier to make job more attractive. In job enlargement the basic idea is to change the job to become more implicated and varied so that monotony goes off, while job enrichment seeks to bring more motivators to the job by attaching more responsibility, more intrinsically satisfying work conditions and more power over the environment. Thus, Herzberg's model has solved the problems of managers who were wondering why their fancy personnel policies failed to motivate their employees adequately. However, Herzberg's model is not applied in all conditions.
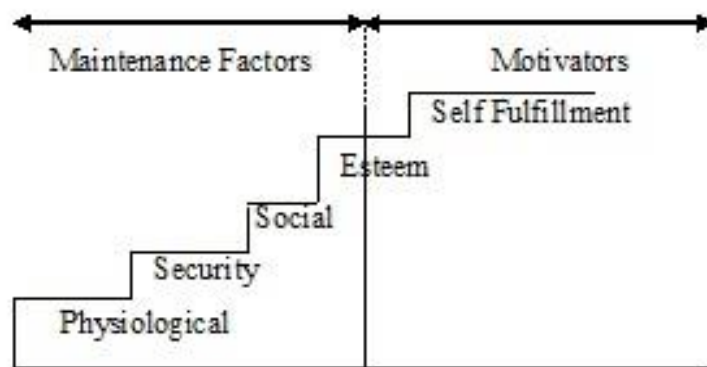

Fig.No.10.2.Herzberg's theory and Maslow's theory compared
Analysis of the Herzberg's Theory

MCCLELLAND'S THEORY OF NEEDS

McClelland's theory of needs was developed by David McClelland and his associates. The theory focuses on three needs: achievement, power, and affiliation. They are defined as follows:

- **Need for Achievement**: The drive to excel, to achieve in relation to a set of standards, to strive to succeed.
- **Need for Power**: The need to make others behave in a way that they would not have behaved otherwise.
- **Need for Affiliation**: The desire for friendly and close interpersonal relationship.

Individuals with a high need to achieve prefer job situations with personal responsibility, feedback, and an intermediate degree of risk. When these characteristics are prevalent, high achievers will be strongly motivated. The evidence consistently demonstrates, for instance, the high achievers are successful in entrepreneurial activities such as running their won business and managing a self-contained unit within a large organization.

A high need to achieve does not necessarily lead to become a good manager, especially in large organizations. People with a high achievement need are interested in how well they do personally and not in influencing others to do well.

The needs for affiliation and power tend to be closely related to managerial success. The best managers are high in their need for power and low in their need for affiliation. In fact, a high power motive may be requirement for managerial effectiveness.

THEORIES ASSOCIATED WITH BASIC NATURE OF HUMAN BEINGS

McGregor's Theory X and Theory Y:

Douglas McGregor proposed two distinct views of human beings: one basically negative, labeled **Theory X**, and the other basically positive, labeled **Theory Y**. After viewing the way in which managers dealt with employees, McGregor concluded that a manager's view of the nature of human beings is based on a certain grouping of assumptions and that he or she tends to mold his or her behaviour toward employees according to these assumptions.

Under Theory X, the four assumptions held by managers are:
1. Employees inherently dislike work and, whenever possible, will attempt to avoid it.
2. Since employees dislike work, they must be coerced, controlled, or threatened with punishment to achieve goals.
3. Employees will avoid responsibilities and seek formal direction whenever possible.
4. Most workers place security above all other factors associated with work and will display little ambition.

In contrast to these negative views about the nature of human beings, McGregor listed the four positive assumptions that he called. Theory Y:

1. Employees can view work as being as natural as rest or play.
2. People will exercise self-direction and self-control if they are committed to the objectives.
3. The average person can learn to accept, even seek, responsibility.
4. The ability to make innovative decisions is widely dispersed throughout the population and is not necessarily the sole province of those in management positions.
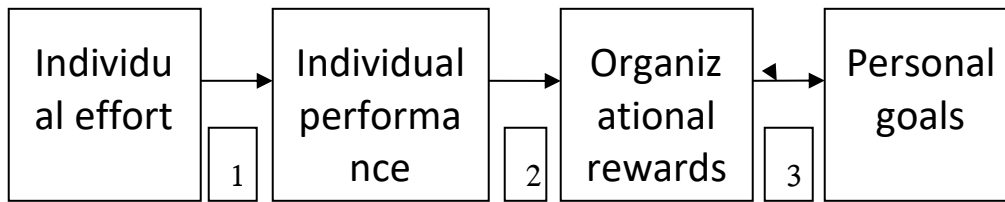
The Assumptions of Theory Y suggest a new approach in management. It emphasizes on the co-operative endeavor of management and employees. The attempt is to get maximum output with minimum amount of control and direction. Generally, no conflict is visible between organizational goals and individual goals. Thus, the attempts of employees which are in their best interests are also in the interests of organization.

Vroom's Expectancy Theory:

Currently, one of the most widely accepted explanations of motivation is Victor Vroom's expectancy theory. Although it has its critics, most of the research evidence is supportive of the theory. Expectancy theory argues that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual.

In more practical terms, expectancy theory says that an employee will be motivated to exert a high level of effort when he or she believes that effort will lead to a good performance appraisal; that a good appraisal will lead to organizational rewards such as a bonus, a salary increase, or a promotion; and that the rewards will satisfy the employee's personal goals. The theory, therefore, focuses on three relationships.

1. *Effort-performance relationship*. The probability perceived by the individual that exerting a given amount of effort will lead of performance.

2. *Performance-reward relationship*. The degree to which the individual believes that performing at a particular level will lead to the attainment of a desired outcome.

3. *Rewards-personal goals relationship*. The degree to which, organizational rewards satisfy an individual's personal goals or needs and the attractiveness of those potential rewards for the individual.

Individual effort		Individual performance		Organizational rewards		Personal goals
	1		2		3	

1. Effort-performance relationship
2. Performance-reward relationship
3. Rewards-personal goals relationship

Expectancy theory helps explain why a lot of workers aren't motivated on their jobs and merely do the minimum necessary to get by. This is evident when we look at the theory's three relationships in a little more detail. The key to expectancy theory is the understanding of an individual's goals and the linkage between effort and performance, between performance and rewards, and finally, between the rewards and individual goal satisfaction.

As a contingency model, expectancy theory recognizes that there is no universal principle for explaining everyone's motivations. Additionally, just because we understand what needs a person seeks to satisfy does not ensure that the individual perceives high performance as necessarily leading to the satisfaction of these needs.

10.9. SUMMARY

What individuals perceive from their work situation will influence their productivity. Whether or not a job is actually interesting or challenging is irrelevant. Moreover employee's needs are changing .Diverse workforce typically have diverse needs and values. These influence what organisations should and should not do to fulfill the needs. This chapter has introduced you to two fundamental activities in human behaviour in work place: perception and motivation.

In this chapter we look at the Perceptual process, Factors Influencing Perception, and Theories related to Perception and its use in making Judgments about others. In the next section we also review the key Motivation Theories to determine their relevance.

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10.11 REVIEW QUESTIONS

Q.1.Define Perception and Outline the perceptual process.

Q.2.What is Attribution Theory? Write down its implications in organizational behaviour.

Q.3. What is stereotyping? Explain with example how stereotyping can create perceptual distortion.

Q.4. Describe how shortcuts can assist in or distort our judgement of others.

Q.5. Outline the process of motivation and its nature.

Q.6.Compare and contrast Maslow's hierarchy of needs Theory with Herzberg's two-Factor Theory.

Q.7. Write down the implications of McGregor's Theory X and Theory Y for managers.

UNIT 11: PROCESS OF LEARNING IN THE STUDY OF ORGANIZATION BEHAVIOUR

Structure:

11.1 Introduction
11.2 Objectives
11.3 Conceptual Meaning of Learning
11.4 Components of Learning Process
11.5 Theories of Learning
11.6 Methods of Shaping Behavior: Learning through Reinforcement
11.7 Some Specific Organizational Application
11.8 Summary
11.9 References
11.10 Review Questions

11.1   INTRODUCTION

Learning is an important part of knowledge management and influence ability, role perceptions, and motivation of individuals. All complex behaviour is learned. If we want to explain and predict behavior, we have to understand how people learn. Because learning is a process that leads to relatively permanent change in behavior.

11.2. OBJECTIVES

After reading this unit, you should be able to:

- Understand Learning and its components.
- Explain the theories of learning.
- Distinguish between the schedules of reinforcement
- Explain the methods of shaping behavior.

- Understand the application of learning in OB.

11.3. CONCEPTUAL MEANING OF LEARNING

Learning is another important psychological process of determining human behaviour. According to the Dictionary of Psychology, learning means 'the process of acquiring the ability to respond adequately to a situation which may or may not have been previously encountered, and the favourable modification of response tendencies consequent upon previous experience. We shall never see someone "learning". We can see changes taking place but not the learning itself.

Learning is a relatively permanent change in behavior (or behavior tendency) that occurs as a result of a person's interaction with the environment. Learning occurs when the learner behaves differently. For example, we can see that you have "learned" computer skills when you operate the keyboard and windows more quickly than before. Learning occurs when interaction with the environment leads to behavior change. This means that we learn through our senses, such as through study, observation, and experience. Learning is essential for open systems thinking and knowledge management because the organization's survival and success depend on employees learning about the external environment. Learning also influences individual behaviour and performance.

First, people acquire skills and knowledge through learning opportunities, which gives them the competencies to perform tasks more effectively. Second, learning clarifies role perceptions. Employees develop a better understanding of their tasks and relative importance of work activities. Third, learning motivates employees. Employees are more motivated to perform certain tasks because they learn that their effort will result in desired performance.

Learning Explicit and Tacit Knowledge

When employees learn, they acquire both explicit and tacit knowledge. Explicit knowledge is organized and can be communicated from one person to another. The information you receive in a lecture is mainly explicit knowledge because the instructor packages and consciously transfers it to you. Explicit knowledge can be written down and given to others. Tacit knowledge is not

documented; rather it is action-oriented and known below the level of consciousness. Tacit knowledge is acquired through observation and direct experience. For example, airline pilots learn to operate commercial jets more by watching experts and practicing on flight simulators than through lectures. They acquire tacit knowledge by directly experiencing the complex interaction of behavior with the machine's response. The concept / definition of learning has four important points**:**

1. Learning involves a change in behavior. This change may be good or bad from organizational point of view. Learning generally leads to improved behavior, but people can learn unfavorable behaviors like holding prejudices, restricting their outputs.

2. The change in behavior must be relatively permanent. Temporary changes fail to represent learning. For example behavioral changes due to fatigue or temporary adaptations are not a part of learning.

3. Learning takes place when there is a change in actions. A change in an individual's thought process or attitudes, if accompanied by no change in behavior, would not be learning.

4. The practice or experience must be reinforced in order for learning to occur. If reinforcement does not accompany the practice or experience, the practice or experiences will disappear.

11.4. COMPONENTS OF LEARNING PROCESS

Various components of learning are Drive, Cue Stimuli, Response, Reinforcement, and Retention.

- **Drive:** It is any strong stimulus that impels action. Without drive learning does not take place because drive arouses an individual and keeps him ready to respond. Drives are basically of two types - primary or physiological drives and secondary or psychological drives. These two categories of drives often interact. Individuals operate under many drives at the same time. To predict behaviour, it is necessary to establish which drives are stimulating the most.

- **Cue Stimuli:** Cue stimuli are any objects existing in the environment as perceived by the individual. The idea here is to discover the conditions under which a stimulus will increase the probability of eliciting a specific response. There may be two types of stimuli so far as their results in terms of response are concerned: *generalization* and *discrimination*.

   Generalization occurs when a response is elicited by a similar but new stimulus. If two stimuli are exactly alike, they will have the same probability of evolving a specified response, but the more dissimilar the stimuli become, the lower will be the probability of evoking the same response. The principle of generalization has important implication for human learning. It makes possible stability in man's actions across the time. The individual can borrow from past learning experiences to adjust more smoothly to new learning situations. However, there are certain negative implications of generalization for learning. A person may make false conclusion because of generalization. For example, stereotyping or halo effect in perception occurs because of generalization.

   Discrimination is opposite of generalization. This is a process whereby an organism learns to emit a response to a stimulus but avoid making the same response to a similar but somewhat different stimulus. For example a supervisor can discriminate between two quality high producing workers one with low quality and other with high quality.

- **Response:** The stimulus results in responses. Responses may be in the physical form or may be in terms of attitudes, perception and other phenomena. Usually learning psychologists attempt measurement of learning in behavioral terms, that is, responses must be operationally defined and preferably physically observable.

- **Reinforcement:** Reinforcement is a fundamental condition of learning. Without reinforcement, no measurable modification of behaviour takes place. Reinforcement may be defied as environmental events affecting the probability of occurrence of responses with which they are associated.

- **Retention:** The stability of learned behaviour over time is defined as retention and the converse is forgetting. Some of the learning is retained over a period of time while other may be forgotten. Extinction is a specific form of forgetting.

11.5. THEORIES OF LEARNING

Three theories have been identified to explain the process by which we acquire patterns of behavior. These are otherwise also known as Theories of Learning. These theories are:

> *(a) Classical conditioning*
> *(b) Operant Conditioning*
> *(c) Social Learning*

(a) Classical conditioning: It is a type of conditioning in which an individual responds to some stimulus that would not ordinarily produce such a response. Essentially, learning a conditioned response involves building up an association between a conditioned stimulus and an unconditioned stimulus. Unconditioned stimulus invariably caused the individual /organism to react in a specific way. The artificial stimulus or conditioned stimulus is originally neutral. But when it is applied in combination with an unconditioned stimulus, it eventually produces a response. For example, at one manufacturing plant, every time the top executives from the head office were scheduled to make a visit, the plant management would clean up the administrative offices and wash the windows. This went on for years. Eventually, employees would turn on their best behavior and look prim and proper when-ever the windows were cleaned-even in those occasional instances when the cleaning was not paired

with the visit form the top brass. People had learned to associate the cleaning of the windows with a visit from the head office.

Classical conditioning is passive. Something happens and we react in a specific way. It is elicited in response to a specific, identifiable event. As such, it can explain simple reflexive behaviors. But most behavior-particularly the complex behavior of individual in organizations- is emitted rather then elicited. It is voluntary rather than reflexive. For example, employees choose to arrive at work on time, ask their boss for help with problems, or "goof off" When no one is watching.

(b) Operant Conditioning: Operant Conditioning is a type of conditioning in which desired voluntary behavior leads to a reward or prevents a punishment. Operant Conditioning argues that behavior is a function of its consequences. People learn to behave to get something they want or to avoid something they don't want. Operant behavior means voluntary learned behavior in contrast to reflexive or unlearned behavior. The tendency to repeat such behavior is influenced by the reinforcement or lack of reinforcement brought about by the consequences of the behavior. Reinforcement therefore strengthens a behavior and increases the likelihood that it will be repeated.

A commissioned salesperson wanting to earn a sizable income finds that doing so is contingent on generating high sales in his/her territory. Of course, the linkage can also work to teach the individual to engage in behaviors that work against the best interests of the organization. Assume that your boss tells you that if you will work overtime during the next three-week busy season, you will be compensated for it at the next performance appraisal. However, when performance appraisal time comes, you find that you are given no positive reinforcement for your overtime work. The next time your boss asks you to work overtime, what will you do? You'll probably decline! Your behavior can be explained by operant conditioning: If a behavior fails to be positively reinforced, the probability that the behavior will be repeated declines.

(c) Social Learning: Individuals can also learn by observing what happens to other people and just by being told about something, as well by direct experiences. So, for example, much of what we have learned comes from watching models-parents, teachers, peers, motion picture and television performers, bosses, and so forth. This view that individuals can learn through

both observation and direct experience has been called Social-Learning Theory. Three main elements of social learning theory are: *Behavioral Modeling; Learning Behavior Consequences; and Self-Reinforcement*

(i) **Behavioral Modeling:** People learn by observing the behaviors of a role model on the critical task, remembering the important elements of the observed behaviors, and then practicing those behaviors. Behavioral modeling works best when the model is respected and the model's actions are followed by favorable consequences. For instance, recently hired college graduates should learn by watching a previously hired college graduate who successfully performs the task. Behavioral modeling is a valuable form of learning because tacit knowledge and skills are mainly acquired from others in this way. It is difficult to document or verbally explain how a master baker kneads dough better than someone less qualified. Instead, we must observe these subtle actions to develop a more precise mental model of the required behaviors and the expected responses. Behavioral modeling also guides role perceptions. Leaders model the behavior that they expect from others, for example.

Behavioral Modeling and Self-Efficacy - Behavioral modeling increases self efficacy because people gain more self-confidence after seeing someone else do it than if they are simply told what to do. This is particularly true when observers identify with the model, such as someone who is similar in age, experience, gender, and related features. You might experience this when working in a student support group. You form a "can-do" attitude when another student similar to you describes how he or she was able to perform well in a course that you are now taking. You learn not only what has to be done, but that others like you have been successful at this challenge.

(ii) **Learning Behavior Consequences:** A second element of social learning theory says that we learn the consequences of behavior in ways other than through direct experience. In particular, we learn by logically thinking through the consequences of our actions and by observing the consequences that other people experience following their behavior. On the first point, we often anticipate desirable or adverse consequences through logic. We expect either positive reinforcement or negative reinforcement after completing an assigned task and either punishment or extinction after performing the job poorly because it is a logical conclusion based on ethical values. We also learn to anticipate consequences by observing the experiences of other people.

Consider the employee who observes a co-worker receiving a stern warning for working in an unsafe manner. This event would reduce the observer's likelihood of engaging in unsafe behaviors because he or she has learned to anticipate a similar reprimand following those behaviors.

(iii) Self-Reinforcement: The final element of social learning theory is self-reinforcement**.** Self-reinforcement occurs whenever an employee has control over a reinforcer but doesn't "take" the reinforcer until completing a self-set goal. For example, you might be thinking about taking a break while reading after finishing the rest of the chapter and not before. You could take a break right now, but you don't use this privilege until you have achieved your goal of reading complete chapter. The work break is a form of positive reinforcement that is self-induced. You use the work break to reinforce completion of a task. Self-reinforcement has become increasingly important because employees are given more control over their working lives and are less dependent on supervisors to dole out positive reinforcement and punishment.

11.6. METHODS OF SHAPING BEHAVIOR: LEARNING THROUGH REINFORCEMENT

Learning takes place on the job as well as prior to it. Hence managers are usually concerned with how they can teach employees to behave in ways that give the most benefit to the organisation. This shaping of behavior can be done by systematically reinforcing each successive step that moves an individual closer to the desired response. There are four ways in which we can shape behavior or do behavior modification. These are through *positive reinforcement, negative reinforcement, punishment, and extinction*.

• *Positive reinforcement*- Positive reinforcement occurs when the introduction of a consequence increases or maintains the frequency or future probability of a behavior. Receiving a bonus after successfully completing an important project usually creates positive reinforcement because it typically increases the probability that you use those behaviors in the future.

• *Negative reinforcement*- Negative reinforcement occurs when the removal or avoidance of a consequence increases or maintains the frequency or future probability of a behavior. Supervisors apply negative reinforcement when they stop criticizing employees whose substandard performance has improved. When the criticism is withheld, employees are more likely to repeat behaviors

that improved their performance. Negative reinforcement is sometimes called avoidance learning because employees engage in the desired behaviors to avoid unpleasant consequences (such as being criticized by your supervisor or being fired from your job.)

- *Punishment-* Punishment occurs when a consequence decreases the frequency or future probability or a behavior. It may occur by the supervisor's introducing an unpleasant consequence or removing a pleasant consequence. An example of the former would be where an employee is threatened with a demotion or discharge after treating a client badly. The latter form of punishment would occur when a salesperson must give up a cherished parking spot to another employee who has higher sales performance for the month.

- *Extinction-* Extinction occurs when the target behavior decreases because no consequence follows it. For example, if an employee makes practical jokes that are potentially dangerous or costly, this behavior might be extinguished by discouraging others from praising the employee when he or she engages in these panks. Behaviour that is no longer reinforced tends to disappear; it becomes extinct. In this respect, extinction is a do-nothing strategy.

In most situations, positive reinforcement should follow desired behaviors and extinction (do nothing) should follow undesirable behaviors. This is because there are fewer adverse consequences when applying these contingencies compared with punishment and negative reinforcement. However some form of punishment (dismissal, suspension, demotion, etc.) may be necessary for extreme behaviors, such as deliberately hurting a co-worker or stealing inventory. Indeed, research suggests that, under certain conditions, punishment maintains a sense of equity. However, punishment and negative reinforcement should be applied cautiously because they generate negative emotions and attitudes toward the punisher (e.g., supervisor) and organization.

Administering Reinforcement

As it has been established that reinforcement is necessary for learning, a manager must administer it in such a say that it has its maximum effects. If reinforcement is administered properly, it will increase the strength of desired organizational behaviour and the probability of its being repeated. Following aspects must be taken into account in administering the reinforcement.

1. Selection of Reinforcement
2. Contingent Designing of Reinforcement
3. Reinforcement Scheduling

Schedules of Reinforcement

Along with the types of consequences, behavior modification identifies the schedule that should be followed to maximize the reinforcement effect. In fact, there is some evidence that scheduling the reinforcement affects learning more than the size of the reinforcement. The two major types of reinforcement schedules are **continuous** and **intermittent**. A **continuous** reinforcement schedule reinforces the desired behavior each and every time it is demonstrated. For example, let us take the case of someone who has historically had trouble arriving at work in time. Every time he is not tardy his manager might compliment him on his desirable behavior.

In an **intermittent** schedule, on the other hand, not every instance of the desirable behavior is reinforced, but reinforcement is given often enough to make the behavior worth repeating. An intermittent reinforcement can be of a **ratio** or **interval** type. Reinforcement can also be classified as **fixed** or **variable**. Intermittent techniques for administering rewards can, therefore, be placed into **four categories**.

When rewards are spaced at uniform time intervals, the reinforcement schedule is of the **fixed-interval** type. The critical variable is time, and it is held constant. This is the predominant schedule for most salaried workers in North America, when you get your paycheck on a weekly, semimonthly, monthly, or other predetermined time basis, you are rewarded on a fixed-interval reinforcement schedule.

If rewards are distributed in time so that reinforcements are unpredictable, the schedule is of the **variable-interval** type. A series of randomly timed unannounced visits to a company office by the corporate audit staff is an example of a variable-interval schedule.

In a **fixed-ratio** schedule, after a fixed or constant number of responses are given, a reward is initiated. For example, a piece-rate incentive plan is a fixed-ratio schedule; the employee receives a reward based on the number of work pieces generated. When the reward varies relative to the behavior of the individual, he or she is said to be reinforced on a **variable-ratio** schedule.

Salespeople on commission are examples of individuals on such a reinforcement schedule. The reward then is variable in relation to the number of calls the salesperson makes.

Reinforcement Schedules and Behavior- Continuous reinforcement schedules can lead to early satiation, and under this schedule behavior tends to weaken rapidly when reinforcers are withheld. However, continuous reinforcers are appropriate for newly emitted, unstable, or low-frequency responses. In contrast, intermittent reinforcers preclude early satiation because they don't follow every response. They are appropriate for stable or high-frequency responses.

In general, variable schedules tend to lead to higher performance than fixed schedules. For example, most employees in organizations are paid on fixed-interval schedules. But such a schedule does not clearly link performance and rewards. The reward is given for time spent on the job rather than for a specific response (performance).

In contrast, variable-interval schedules generate high rates of response and more stable and consistent behavior because of a high correlation between performance and reward and because of the uncertainty involved-the employee tends to be more alert since there is a surprise factor.

11.7 SOME SPECIFIC ORGANIZATIONAL APPLICATION

• **Using Lotteries to Reduce Absenteeism-** Management can use learning theory to design programs to reduce absenteeism. For example, an organization has used a lottery to reward its employees for attendance. But only employees who have not missed a day of work during the previous six months are eligible. This lottery follows a variable-ratio schedule. A good attendance record increases an employee's probability of winning. Yet having perfect attendance is no assurance that an employee will be rewarded. Consistent with the research on reinforcement schedules, management credits the lottery with significantly reducing the company's absence rate.

• **Well Pay vs. Sick Pay-** Most organizations provide their salaried employees with paid sick leave as part of the employee's fringe benefit program. The reality is that sick leave programs reinforce the wrong behavior-absence from work. Organizations should reward attendance, not absence. It

should reward an employee who has stayed healthy and have not file medical claims by paying them.

- **Employee Discipline-** Disciplining employees for undesirable behaviors only tells them what not to do. It doesn't tell them what alternative behaviors are preferred. Managers are reinforced for using discipline because it produces an immediate change in the employee's behavior.

- **Developing Training Programs-** Most organizations have some type of systematic training program. Knowledge of learning helps to improve the effectiveness of their training programs. Social-learning theory offers such a guide. It tells us that training should offer a model to grab the trainee's attention; provide motivational properties; help the trainee to file away what he or she has learned for later use; provide opportunities to practice new behaviors; offer positive rewards for accomplishments; and, if the training has taken place off the job, allow the trainee some opportunity to transfer what he or she has learned to the job.

- **Creating Mentoring Programs-** A successful mentoring program can be built on modeling concepts from social learning theory. Mentors are role models. Top managers who are concerned with developing employees who will fit into the organization and with preparing young managerial talent for grater responsibilities should give careful attention to who takes on mentoring roles. The creating of formal mentoring programs-in which Individuals are officially assigned a mentor-allows senior executives to manage the process and increases the likelihood that protégés will be molded the way top management desires.

- **Self Management-** Organizational applications of learning concepts are not restricted to managing the behavior of others. These concepts can also be used to allow individuals to manage their won behavior and in so doing, reduce the need for managerial control. This is called self-management.

11.8. SUMMARY

This chapter has looked at the individual variable-Learning. Learning is mainly cognitive (thinking) process, but is influenced by and has an influence on human behavior. In this chapter we define learning, explain learning process, present three popular learning theories, and describe how managers

can facilitate employee learning through reinforcement and influence behaviour by reinforcement schedules.

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11.10. REVIEW QUESTIONS

Q.1. Define Learning and write down the component of Learning Process.

Q.2. Explain the following:
   (a) Classical conditioning
   (b)Operant Conditioning

Q.3. What is Social Learning Theory? Discuss.

Q.4. Describe the different Schedules of Reinforcement.

Q.5. Write down the four ways of shaping behavior through learning process.

UNIT 12: ORGANIZATIONAL COMMUNICATIONS: MEANING, TYPES, FORMS AND NETWORKS

Structure:

12.1   INTRODUCTION

The whirling global scenario in modern time has put tremendous pressure on Organizations' to keep pace with the technological advancement and Organizational communication for its continuous growth and development. Communication has undoubtedly plays an important role to keep Organizational informative and in continuous touch with interdepartmental personnel and various other business partners. Though Organizational Communication is a specialized branch of general communication, there is no basic difference between the two. The process is the same and so are the principles that regulate them. The difference lies in their application to situations. Whereas general communication plays many roles in the world at large, Organizational communication is specifically concerned with business activities, which are well-defined.

Business activities are of two types, internal and external. Among the internal activities are: maintaining and improving the morale of employees, giving orders to workers, prescribing methods and procedures, announcing policies and organizational changes, and keeping the management informed. The external activities relate to selling and obtaining goods and services, reporting to the government and the shareholders on the financial condition and business operations, and creating a favourable climate for conducting business. Every activity, internal or external, leads to some result.

Therefore the main purpose of every communication in business is to obtain some result that is, to secure an action by the receiver. The sender expects him to do something on receiving the message- write a cheque, place an order, approve an action, send some information, etc. To achieve this drawing attention, arousing interest or creating desire, developing conviction, and inducing action organizational communication should be effective. The main features that lend Organizational communication a distinct identity are as follows:

1. It is characterized by certain formal elements such as commercial and technical vocabulary, the use of graphic and audio-visual aids and conventional formats.
2. It deals with various commercial and industrial subjects.
3. It is impartial and objective as extreme care is taken to convey information accurately and concisely.
4. It has comparatively a high concentration of certain complex writing techniques and procedures.

To sum up, we may define organizational communication as the use of effective language for conveying a commercial or industrial message to achieve a predetermined aims and objectives.

12.2 OBJECTIVES

The unit will enable you to:

- Understand the nature of basic communication in an organization.
- Gain insights on the Organizational Communication Process.
- Acquire the complete knowledge of communication forms and networks.

12.3   MEANING OF ORGANIZATIONAL COMMUNICATION

Communication means an exchange of ideas, opinions, information and understanding between two or more persons. It is derived from the Latin word "*Communis*" which means common.

According to Keith Davis, "Communication is the process of passing information and understanding from one person to another".

According to Newman and Summer, it is an exchange of facts, ideas, opinions or emotions by two or more persons.

Allen Louis defines it as the sum of all the things one person does when he wants to create understanding in the minds of another.

Simply stated, communication means the process of passing information and understanding from one person to another. A proper understanding of information is one very important aspect of communication. If the information is not understood by the receiver in the same meaning in which its sender wants him to understand it, the very purpose of communication is defeated. This may result in confusion, chaos and organizational inefficiency, leading to non-fulfillment of business goals. It means that it is an exchange of ideas, facts, opinions, or emotions between two or more persons to create common ground of understanding. In short, communication is not merely transmission of information from one person to another but also correct interpretation and understanding of the information. It is not to get something *off the mind* of the person transmitting it, but to get something *into the mind* and actions of the person receiving it. Fig.4.1 exhibit the organizational communication model.
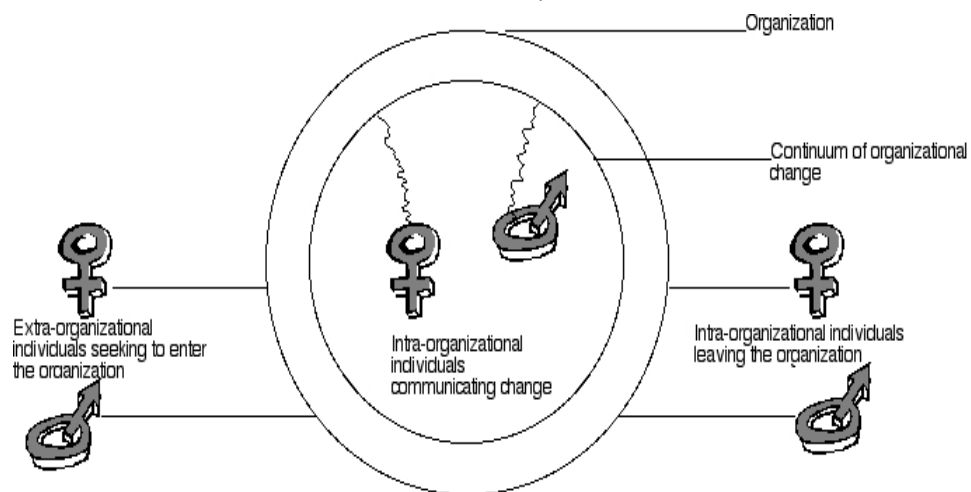
Fig. 12.1: Organizational Communication Model

IMPORTANCE OF COMMUNICATION

The classicists ignored the importance of communication, for they believed that a business unit was only a technical and formal structure. However, after the thirties, as a result of the Hawthorne experiments, it was realized for the first time that every organization structure is a social system involving the interactions of people working at different levels and proper communication among them is necessary for achieving the goals of the organization. It is the basis to an organization's existence from the birth of the organization on through its continuing life. When communication stops, organized action comes to an end automatically.

PURPOSES OF COMMUNICATION

Some important purposes which communication serves are mentioned as under:

1. Communication is needed to enable employees to perform their functions effectively and efficiently.
2. Communication is needed in the *recruitment* process to persuade potential employees of the merits of working for the enterprise.
3. Communication is needed in the area of *orientation* to make people acquainted with peers, superiors and with company's rules and regulations.

4. Communication is needed to acquaint the subordinates with the *evaluation* of their contribution to enterprise activity.
5. Communication is needed to *teach employees about personal safety* on the job.
6. Communication is of vital importance in *projecting the image* of an enterprise in the society.
7. Communication helps the manager in his *decision making process.*
8. Communication helps in achieving *coordination.* In a large organization, working on the basis of division of labour and specialization, there is need for coordination among its component parts.
9. Communication promotes *cooperation and industrial* peace. Most of the disputes in an enterprise take place because of either lack of communication or improper communication.
10. Communication increases *managerial efficiency.* It is said that the world of modern management is the world of communication and the success of a manager in the performance of his duties depends on his ability to communicate.

In summary, it can be outlined that purposed of communication are:

1. To provide the attitudes necessary for motivation, cooperation and job satisfaction (i.e., willingness to work); and

2. To provide the information and understanding necessary for group effort (i.e., the skill to work).

12.4   GROWTH AND PRINCIPLES OF EFFECTIVE COMMUNICATION

Communication is a science as old as mankind. Right from the time of inception, man felt the need to communicate. Initially he made use of signs and symbols to transmit his message. Later on, it was replaced by words and languages. It was in the early 40's and 50's that communication as an inter-disciplinary subject began to gain ground. For example, in Anthropology the study of body gesture in different culture came under the scrutiny of Anthropologists. The Physiology of speech and speech pathology at this time focused interest on oral presentation, interpretation, voice, diction and debate. The success of manager depends on how well he communicates. Therefore, Communication is the most vital management tool.

Principles of Effective Communication

The management, in order to have effective communication, should keep the following principles of communication in mind:
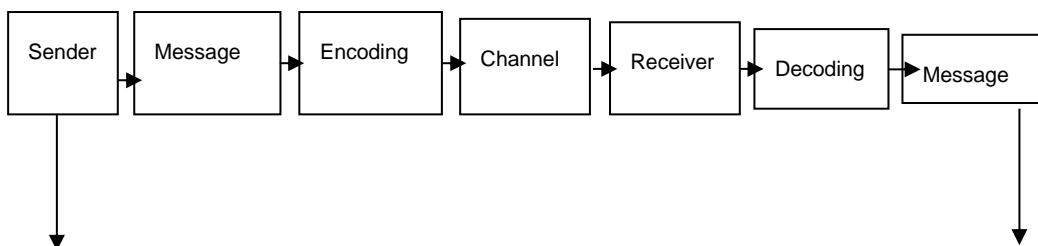
1. The manager who wants to communicate must clear in his mind about the objectives of his communication. He should know what he wants to communicate. As W.H. Whyte has remarked, "the great enemy of communication is the illusion of it." Many executive mistake the form of communication for its matter and pay too much attention to media and devices and too little to purpose and context.

2. Communication should be adequate and complete in all respects. If all the necessary information has not be supplied, people make assumptions about the missing information.

3. The communication should be in easily understandable language.

4. The medium of communication must be carefully selected. The medium to be selected depends on the subject matter, urgency of communication, situation etc.

5. Messages should not be mutually conflicting and should be in line with the overall objectives and policies of the concern.

6. There should be follow up of communication to know whether or not the receiver has understood the message correctly and to know his reaction. Feedback is necessary to ensure understanding.

7. There is also a need for the right climate in the organization. There should be a good superior-subordinate relationship characterized by openness and trust so that everybody may feel free to communicate and to make suggestions on his own.

8. The communicator should not act in any way which contradicts his message. A communicator is judged not only by what he says but also by what he does. Actions speak louder than words. Hence, the action of the communicator should be in line with the message conveyed.

9. Every executive should realize that the grapevine is a powerful channel in an organization. Generally, it is better to use the grapevine than to try to fight it.

There should be provision for adequate training facilities to the executives for improving their skills in report-writing, effective speaking, lecturing, interviewing and listening.

12.5 PROCESS OF ORGANIZATIONAL COMMUNICATION

Communication is a word of Latin origin; it means sharing-sharing of information or intelligence. The most common medium of communication is language. While speaking we often resort to physical gestures. We wave our hands, shrug our shoulders, smile and nod to reinforce what we say. Besides, there are several other means of communication available to us. We use non-linguistic symbols such as traffic lights, road signs, railway signals to convey information relating to the movement of vehicles and trains. We also use telegraphic code for quick transmission of message and secret codes for communicating defence and other highly confidential information. For communication all these codes are valid in their special frames or reference and it is related to linguistic communication. Whether formal or informal, the basic communication process is still the same. It involves six steps of ideation, encoding, transmission, receiving, decoding and acting.

Communication is a process, the main components of which are *sender, message, channel, receiver* and *response.* Communication starts in the mind of the sender. Sender is the person who conveys the message (the subject matter of communication. The sender translates the message into words, symbols or some other form. This is known as encoding of message. The encoded message once developed is transmitted through some media which is known as the communication channel. It may be spoken or written. Or, it may be communicated non-verbally by a smile, a nod or a shrug of the shoulder. Once, transmitted, the message is received and the receiver attaches meaning to it (decoding). The person who receives the message is known as the receiver. The receiver sends his response to the sender of the message. Such response is known as *feedback.* Without feedback, the sender cannot be certain if the message was received and the proper meaning attached to it. With feedback, any distortion in meaning can be corrected by another communication. Thus, communication is a circular process. Exhibit 1.2 shows these components and their relationships.

Sender	Message	Encoding	Channel	Receiver	Decoding	Message

Feedback

Fig 12.2: Communication Process with feedback

The first thing to note is that in every communication situation there are two parties, a *sender* and a *receiver,* who interact within a common frame of reference. Without a common background, purpose and interest there can be no effective communication.

An important factor in the communication process is the existence of cooperation between the sender and the receiver. If you speak to a person who is totally lost in his thoughts or use a language he does not understand, no communication will take place.

Communication, in fact, is a social function and each community develops a common medium for the purpose. The medium may consist of a language or code- a set of symbols which stand for certain ideas, feelings, notions, things, etc.

To encode a *message,* relevant symbols are selected and arranged into a pattern to convey meaning.

The choice of the *channel* and the type of symbols is determined by the situation. When addressing a conference of research workers a scientist uses technical language. He speaks distinctly and makes suitable gestures to drive home his points. On the other hand, when he talks to his wife and children he uses simple everyday language and speaks in an informal manner.

When the sender transmits a message, he expects a *response.* The response may be immediate or deferred, favourable or unfavourable. He may, for instance, send a letter of congratulations to a friend on his success in an examination and receive an immediate reply. On another occasion, an application for leave may not be granted. But for this reason it has not ceased to be a communication, only it has not produced the desired response.

The sender is naturally interested in knowing how his message has been received. The observation of the receiver's response is called *feedback.* Immediate feedback is possible only in face to face interaction or telephonic conversation. Such communication has one significant advantage. The sender can promptly adjust the tenor of his communication. But oral communication by its very nature is ephemeral.

For many of our needs we resort to written communication. Though in written communication there is no immediate feedback, yet it has other virtues which more than compensate for this shortcoming. It gives you better control over what you wish to say.

You can edit, review and revise as often as you like. You can reproduce, multiply, store or retrieve it to suit your needs. Further, it is convenient in as much as you can write at leisure and the reader can handle it at his own convenience.

Now let us take a specific situation to illustrate the communication process. Suppose as a shopkeeper you have to place an order for a bulk quantity of Lux soap. You write a letter (message) and send it by post (channel), to a wholesaler, and he dispatches the requisite quantity of soap (response) to you. On receipt you examine the soaps (feedback) to assure yourself that it is the same which you had ordered.

But all communication situations are not like the one described above. In many cases the message fails to produce the desired response because of a *semantic gap* between the sender and the receiver. The failure occurs because the sender may not be clear about his objective or he may use inappropriate language to convey his ideas. It also occurs if the receiver is not able to understand and interpret the message properly. Therefore, a great deal of importance is attached to acquiring skills of communication in all spheres of life.

12.6   TYPES OF ORGANIZATIONAL COMMUNICATION

Each business house is concerned with two types of communication: external and internal: Externally, it has to communicate with other business houses, banks, press, government offices, customers and general public. Internal communication consists in transmitting information within the organization. Internal communication may again be of two types: *formal or official and informal.*

FORMAL COMMUNICATION

Much of the communication in an organization is what we call formal communication. Formal communication flows along prescribed channels which all members desirous of communicating with one another are obliged to follow. It flows in formally established channels and is concerned with

work-related matters. All orders, instructions and decisions are communicated to the subordinates through this channel. Formal communication flows in four directions. Downward, upward, laterally between the departments and between the organization (Horizontal communication) and external environment as shown in Fig. 1.3.
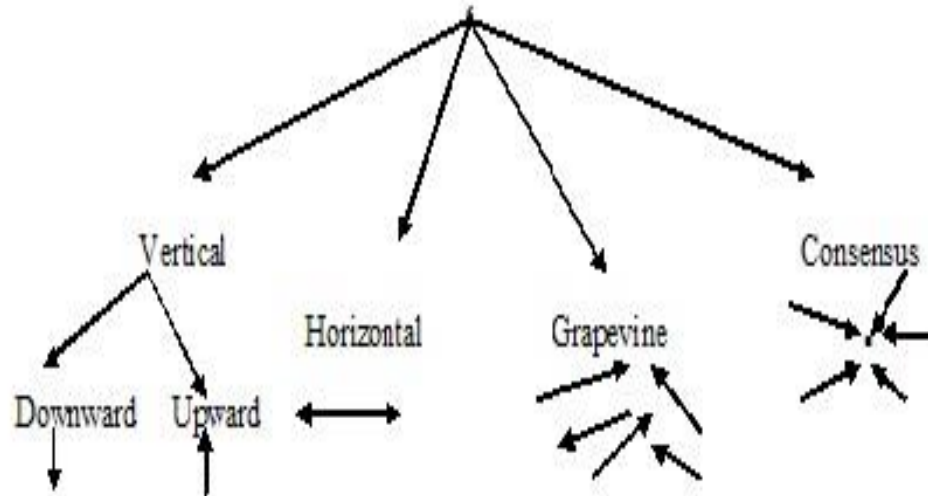

Fig. 12.3: Forms of Formal Communication

DOWNWARD COMMUNICATION:

Communications which flow from superiors to the subordinates are known as downward communications. The Managing Director communicating with the departmental heads, a manager giving a directive to an assistant manager or a supervisor, a foreman instructing a worker, are all engaged in the process of downward communication. Orders, individual instructions, policy statements, job-sheets, circulars, etc., fall under downward communication. These communications are the medium through which the superior *directs* the efforts of his subordinates, *defines* the goals of the organization and the sub-group, *tells* the subordinates what is expected of them, what resources are available, how well they are doing, etc; and *administers* reward and punishment. There can be several media of downward communication such as written orders, posters and bulletin boards, company periodicals and hand-books, information racks, loud-speakers, grapevine, annual reports, group meetings and the labour union. Of all these, orders are the most important. It is eminently suited to an organization in which the line of authority runs distinctly downwards, with each rank clearly below another,

to which it is directly related. It gives specific directives about the job being entrusted to a subordinate and to explain policies and organizational procedures.

UPWARD COMMUNICATIONS

If the managers have to transmit information down the line of authority, they have also to receive information continuously emanating from levels below them. Communication which flows from the subordinates to superiors is known as upward communications. These communications generally act as a feedback. They enable the management to know how far downward communications have been understood and carried out. They also help the management to know the grievances or suggestions of the subordinates and the way in which the management is seen by the subordinates. It provides with necessary feedback to management and act as a kind of lubricant in greater harmony and cohesion.

HORIZONTAL COMMUNICATIONS

These are also known as lateral or cross-wise communications. Communication between departments or people on the same level in the managerial hierarchy of an organization may be termed as horizontal communication. They refer to communications among the subordinates who are working on the same level of the organization. Such communications help coordinate the activities of different departments. It is the most frequently used channel of communication. The production foreman and the maintenance foreman communicate directly without going through their managers. Workers communicating with other workers, clerks exchanging information with one another and supervisor holding a coffee-break session to discuss some organizational problems are all engaged in this type of communication.

In this way, lateral communications avoids the much slower procedure of directing communications through a common superior. Face-to-face exchange of views or a brief conservation over the telephone is very convenient for horizontal communication.

Horizontal communication is extremely important for promoting understanding and coordination among various departments. Not much imagination is needed to visualized the embarrassing situations that lack of coordination might create for the organization.

EXTERNAL COMMUNICATIONS

These are communications with external agencies, like current and potential customers, government departments, competitors, trade unions, financial institutions, raw material suppliers, etc. These communications aim at building the company's image and influencing policies and decisions in company's favour.

INFORMAL COMMUNICATION

In addition to the formal channels of communication, there exists in every organization an informal channel, often called as the grapevine, that does not arise out of the organizational needs, but that is, nevertheless, an integral part of its communication system.

Keith Davis rightly points out that the grapevine is more a product of the situation that it is of the person. Certain situations like insecurity of services, uncertainty over promotion, special increments to a particular employee, certain innovations in the organization likely to affect the job prospects of the employees are sure to activate the leader of the grapevine so that very soon all kinds of rumours have spread in the organization.

Rumours that are all the time spreading in any organization follow the grapevine. This structure less network of informal communication flourishes in all organizations because communication is a natural human tendency.

People who know each other in the organization talk together informally. One thing they have in common is the organization they work for, so they talk about the happenings in the organization.

The grapevine carries two types of information: work-related and people-related. Employees want to know what is going on in the organization. When they are not kept informed through formal channels, they seek information from the grapevine. Likewise, they are curious about the people they work with.

The grapevine carries the type of personal information not generally communicated through formal channels.

For example, a manager cannot announce his bad mood officially to his subordinates. The best way to do this would be to put this information on the grapevine so that it reaches the subordinates informally.

Grapevine acts as a kind of safety valve for the pent-up emotions of the subordinates and it may even raise the morale of workers.

Some Characteristics of a Grapevine

1. Grapevine information is mostly oral. But it can be written also, as in the case of two employees working in two branches of a company exchanging information through e-mail.
2. Although the general impression is that the grapevine operates like a long chain in which 'A' tells 'B', 'B' tells 'C', 'C' tells 'D' and so on, but research shows that it follows a cluster chain, which means that 'A', instead of telling one person, tells 3 or 4 persons each. In other words, only a few in the grapevine spread the information.
3. Research on grapevine accuracy shows that out of the total communication bits; well over three-fourths are accurate. But the inaccurate bits, though a small in proportion are more devastating in effect.
4. A grapevine is more a product of the situation that it is of the person. For example, one can find grapevine humming with activity during periods of excitement and insecurity, such as during a threat of a lay-off.
5. A grapevine has remarkable speed. Its fast speed makes it quite difficult for the management to stop rumours or to significant news in time to prevent rumour formation.
6. A grapevine helps management in interpreting its policies to the workers and communicating their reactions and feelings to the management.

How the grapevine operates

Professor Keith Davis, who has done some research on the nature of grapevine or the informal channel of communication, classifies it into four basic types: single strand, gossip, probability, and cluster. The single strand chain involves the passing of information through a long line of persons to the ultimate recipient. 'A' tells 'B', who tells 'C', who tells 'D', and so on, till the information has reached most of the concerned persons.   In the gossip chain, 'A' actively seeks and tells everyone. The probability chain is a random process in which 'A' transmits the information to others in accordance with the laws of probability and then others tell to others in similar fashion. This chain may also be called random.

In the cluster chain, 'A' tells a selected person who may in turn relay the information to other selected individuals. Most of the informal communication follows this chain as shown in fig 1.4.

GOSSIP

SINGLE STRAND   PROBABILITY   CLUSTER

Fig12.4 Transmission of information along the grapevine

- **Control of Rumour:** Researchers have shown that rumour is a product of *interest* and *ambiguity* in a situation. If a person has no interest in a situation, he has no cause to spread rumour about it. Similarly if, there is no ambiguity in a situation, a person has no cause for spreading rumours. Hence, a manager can prevent rumour by not allowing these two causes to develop.

12.7   FORMS OF ORGANIZATIONAL COMMUNICATION

Broadly speaking, there can be three forms of communication: oral, written and non-verbal.

Oral Communication

In oral or verbal communication, information is given directly, either face to face or through a telephone or intercom system. Generally, in meetings, lectures, interviews, conferences, etc. the communication is oral. Some of the merits or oral communications are:

- It is a time and money saving device.
- As there is an element of personal touch, it is comparatively more effective.
- Doubts can be clarified on the spot and the communication can be understood easily.
- Important points may be emphasized through body language.
- The effects of communication can be easily measured.
- It provides for greater flexibility.

Oral communication, however, suffers from certain limitations. These are:

- It is not useful where the parties are very far from each other, even beyond telephonic range.
- It is not suitable for lengthy communications.
- There is no permanent record of communication.
- Sometimes, oral communication is not taken seriously by the receiver.
- If the communicator is poor in vocal expression, oral communications are likely to be misunderstood and misinterpreted.

Written Communication

Written communication, which is always is black and white can take the form of a report, statement, circular, note, manual, handbook, letter, memo, etc. Some of the merits of written communication are as follows:

- It is suitable for lengthy communications.
- If the parties are far from each other, even beyond telephonic range, written communication is the only way out.
- It can be kept as a permanent record and at times be referred to as evidence.

- There are fewer chances of missing out a point,
- Written communication serves as a solid base for taking action against a subordinate who disobeys it.

 Some of the disadvantages of written communication are as follows:

- There is a greater chance of the communication being misunderstood.
- It is very time consuming.
- There is no scope for face to face discussion.
- It is difficult to maintain secrecy about the matter communicated.
- It suffers from a lack of flexibility.
- Poorly written messages followed by numerous clarifications both written and oral, may lead to a lot of confusion.

Non-Verbal Communication

All of us constantly send clues about our feelings- not by what we say, but by what we do. *This is called non-verbal communication.* Much non-verbal communication is expressed through the body- the facial expression, posture, gestures, etc. A number of non-verbal clues play an important role in oral communication. When we meet a stranger with whom we have to interact we form our first impressions about him by observing his physical characteristics, his body movements, his facial expression, and the way he is dressed. Though these first impression may not be accurate, they are important as they influence our understanding of what he says, and thus affect our reaction to it. We would like to emphasize that non-verbal communication is no substitute for verbal communication: it merely supplements and reinforces what we say. There are, however, occasions when non-verbal clues may believe verbal communication.

For example, a tiny, shabbily dressed person may create a poor first impression but he may later prove to an engaging interlocutor. Buts such instances are not many.

12.8   NETWORKS OF ORGANIZATIONAL COMMUNICATION

An organization's effectiveness depends upon the performance of numerous small groups which function and interact within the overall organizational system. Since the activities of these small groups depend to a great extent upon their information flow, communication networks or the
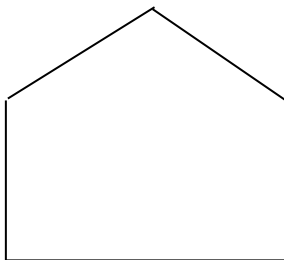
arrangement of interconnecting lines is one area in which the groups may be made more efficient.

All communication networks possess some basic characteristics which differentiate them from each other. These are as follows:
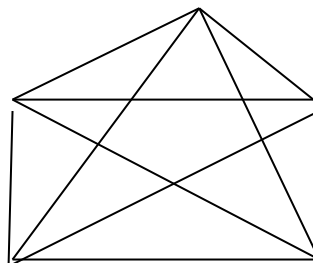
1.   Size of Network: The size of network is measured in terms of the number of employees it interconnects. Some communication networks are very big, others are small. In general, the larger the loop, the greater are the problems of communication. However, large loops with several interconnecting communication links have been found to be more effective where problems are more complex and ambiguous.

2. Extent of Modification Taking Place in the Message: In some communication networks the same original message flows through all the stages without modification but in some others a change in the message occurs as it passes through different links.

3.   Feedback or Closure: Communication networks also differ from each other in the way in which their communication cycles close. In some networks the cycle closes as the receiver of the message acknowledges its receipt and accepts it. But in some others the cycle does not close because the receiver does not accept the message but attempts to alter it.

4.   Communication Pattern: Communication networks also differ from each other in the extent to which they are centralized or decentralized.

Four major types of small-group communication networks are shown in Fig. 1.5. These are the Circle, Free (Decentralized) Circle, Wheel and Chain networks. Each black circle represents an individual in a working group, and the solid line connects the individual with the other members of the group he or she normally interacts with in performing a task.

Circle   **Free or Decentralized Circle**

Wheel or Star   **Chain**
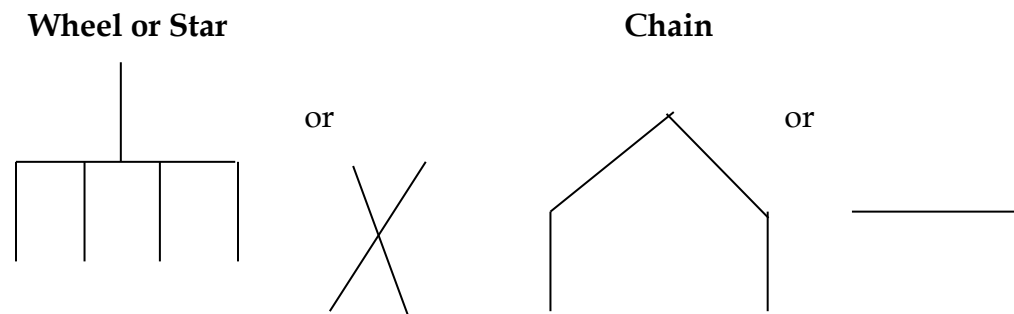
or   or

Fig. 12.5: Communication Networks

- **Single Chain:** A single chain communication network exists between a superior and his subordinate. Since there may be a number of levels in an organization, each individual within those levels is both superior as well as subordinates, except the person at the top or bottom. Often we find such a communication network in bureaucratic organization.
- **Wheel:** In wheel network, all subordinates under one superior communicate through him only as he is the hub of the wheel. They are not allowed to communicate among themselves. Thus, there is no horizontal communication. In this network, problem of coordination is the main drawback.
- **Circle:** In circular network, the communication moves in a circle. Each person can communicate with his adjoining two persons. In this network, communication flow is slow.
- **Free or Decentralized:** In this network, each person can communicate with others freely. In this network, communication flow is fast but problem of coordination exists. This is followed in free-form organization or in task force.

Early classical studies of simple communication networks carried out by Bavelas and Barrett in laboratory conditions have shown that each network causes different levels of morale, speed and accuracy as shown in Table 1.1. It will be seen from this table that the wheel and chain networks give the best job performance but they also have the lowest morale and show less flexibility to changes. In a circle or free network, since every one in the group is free to utilized whatever channels to communication he desires, most of the group's time is spent in discussion and useless debates and very little work is

accomplished. But the morale in such groups is high because each person's device is appreciated and carefully evaluated.

Table 12.1: Performance of the Circle, Chain and Wheel Communication Networks

	Circle	**Chain**	**Wheel**
Speed of performance	Slow	Fast	Very fast
Accuracy	Poor	Good	Good
Flexibility to Change	Very fast	Slow	Slow
Emergence of leadership	None	Marked	Very pronounced
Morale	Very good	Poor	Very Poor

On the other hand, experiments by M.E. Shaw, using more complex problems have shown that the circle is faster and makes fewer mistakes than the wheel. The reason for this seems to lie in the fact that when the task is complex, individual s may refuse to accept the dictates of the central person without sufficient information. This forces the central person to handle more and more messages. In consequence, the speed of performance is slowed down. This in not so in circle network.

12.9   BARRIERS TO ORGANIZATIONAL COMMUNICATION

There is no such thing as perfect communication. Understandably, there are frequent errors and misunderstandings in communication which tend to distort communication and promote disorganization. Several types of barriers prevent us from transmitting our ideas meaningfully. It is hard to identify these barriers. The reason is obvious: it is difficult to realize fully whether the message we get is complete and correct, or truncated and distorted. For example miscommunication can originate at three levels: at the level of the transmitter, of the medium, or of the receiver. In technical parlance, anything that obstructs free flow of communication is called 'noise'. The feedback gives only a partial clue for determining whether the communication has succeeded or failed. Another problem is the identification of the criteria on the basis of which one would evaluate the effectiveness of communication. However,

despite these problems, one must identify the barriers that hinder the process of effective communication in order to be able to keeping in check their negative effect. Studies have revealed certain common barriers and suggested ways to remove them. Some of these barriers operate in all types of communication while others may be more relevant for organizational communication. These different barriers of communication may be classified as semantic barriers, emotional or psychological barriers, organizational barriers and personal barriers.

Semantic Barriers

Semantic is the science of meaning, as contrasted with phonetics, the science of sounds. Semantic barriers arise from limitations in symbols such as words, pictures, actions, etc. with which we communicate. Following types of semantic barriers are more prominent:

1. Faulty Translations: Every manager receives various types of communication from superiors, peers, subordinates and he must translate information destined for subordinates, peers and superiors into language suitable to each. Approximate understanding of words and the consequent faulty translations lead to impaired efficiency of communication breakdown.

2. Symbols with Different Meanings: Communication symbols usually have a variety of meanings, and one has to choose one meaning from many. In verbal communication, a particular word may have a variety of meanings. In such a situation, often there is a possibility that the receiver of the symbols may attach quite different meanings as compared to intended by the sender and communication breaks down.

3. Badly Expressed Message: Lack of clarity and precision in a message makes it badly expressed. Poorly chosen and empty words and phrases, jargons, failure to clarify implications etc. are some common faults found in this case.

4. Specialist's Language: It is often found that technical personnel and special groups tend to develop a special, peculiar and technical language of their own. This increases their isolation from others and builds a communication barrier.

5. Unclarified Assumptions: There are certain uncommunicated assumptions which underline practically all meanings. Though a message appears to be specific, its underlying assumptions may not clear to the receiver.

6. Interpretation of Words: Most of the communication is carried on through words, whether spoken or written. But words are capable of communicating a variety of meanings. It is quite possible that the receiver of a message does not assign the same meaning to a word as the transmitter had intended.

7. Bypassed Instructions: Bypassing is said to have occurred if the sender and the receiver of the message attribute different meanings to the same word or use different words for the same meaning.

8. Denotations and Connotations: Words have two types of meanings: denotative and connotative. The literal meaning of a word is called its denotative meaning. It just informs and names objects without indicating any positive or negative qualities. Words like 'table', 'book', accounts', and 'meeting' are denotative.

In contrast, connotative meanings arouse qualitative judgments and personal reactions. 'Honest', 'competent', 'cheap', 'sincere, etc., are connotative words.

Emotional or Psychological Barriers:

Emotional or psychological factors are the prime barriers in interpersonal communication. The meaning ascribed to a message depends upon the emotional or psychological status of both the parties involved.

In a communication, apart from the message, there is a meta-message, that is, what one gets out of a message when decoding. These barriers to communication are just as effective as an actual physical wall. They let through some communication but hold back other, thereby, making communication inadequate. This 'half-way' communication gets 'half-way' results. Some emotional barriers are as follows:

1. Attitudes and Opinions: Personal attitudes and opinions often act as a barrier to effective communication. If information agrees with our opinions and attitudes, we tend to receiver it favourably. It fits comfortably in the filter of our mind. But if information disagrees with our views or tends to run contrary to our accepted beliefs, we don't react to it favourably.

2. Premature Evaluation: Premature evaluation is the tendency of prematurely evaluating communications, rather than to keep an uncompromised position during the interchange. Such evaluation stops the transfer of information and begets in the sender a sense of futility. This barrier can be remedied by empathy, non-evaluating listening, where the communicator is listened to in a non-committal and unprejudiced way so that sagacious decision and action can follow.

3. Loss by Transmission and Poor Retention: When communication passes through various levels in the organization, successive transmissions of the same message are decreasingly accurate. It is said that in case of oral communication, about 30% of the information is lost in each transmission. Studies show that employees retain only 50 per cent of communicated information.

4. Inattentiveness: The preoccupied mind of a receiver and the resultant non-listening is one of the major chronic psychological barriers. It is a common phenomenon that people simply fail to react to bulletins, notices, minutes and reports.

5. Closed mind: A person with a closed mind is very difficult to communicate with. He or she is a person with deeply ingrained prejudices and they are not prepared to reconsider his opinions. If closed-minded people can be encouraged to state their reasons for rejecting a message or a proposal, they may reveal deep-rooted prejudices, opinions and emotions.

6. Status-Consciousness: Status consciousness exists in every organization and is one of the major barriers to effective communication. Status consciousness proves to be a very serious barrier to face-to-face communication.

7. Unsolicited communication: Unsolicited communication has to face stronger barriers than solicited communication. If anyone seeks advice, it should be presumed that he or she will listen to it. But if a sales letter comes to me unsolicited, it is not very sure that he or she will pay much attention to it.

Physical Barriers

These are environmental factors which prevent or reduce the sending or receiving of communication. They include physical distance, distracting noise, and similar interferences. These are as follows:

1. **Noise**: Noise is quite often a barrier to communication. If factories, oral communication is rendered difficult by the loud noise of machines. Electronic noise like blaring often interferes in communication by telephone or loudspeaker system. The word 'noise' is also used to refer to all kinds of physical interference like illegible handwriting, smudged copies of duplicated typescript, poor telephone connections, etc.

2. **Time and Distance**: Time and Distance also act as barriers to the smooth flow of communication. The use of telephone along with computer technology has made communication very fast and has, to a large extent, overcome the space barrier.

Organizational Barriers

An organization being a deliberate creation for the attainment of certain specified objectives, day to day happenings within it require being regulated in such a manner that they contribute to attain these objectives in the most efficient manner.

This is usually done by prescribing various policies, rules, regulations and procedures, lying down of norms of behaviour, instituting a reward and punishment system, etc.

All the inner processes, including communication in different directions, are markedly affected by these prescriptions. As such, major organizational barriers may be as follows:

1. **Organizational Rules and Regulations**: Organizational rules and regulations affect the flow of communication by prescribing the subject-matters to be communicated and also the channel through which these are to be communicated. The rules may restrict the flow of certain messages and may leave many important ones.

2. **Organizational Policy:** The general organizational policy regarding communication acts as an overall guideline to every one in the organization regarding how he is normally expected to behave in this matter. The policy might be in the form of explicit declaration in writing, or, as is very commonly the case, it has to be interpreted from the behaviour of organization members, particularly people at the top.

3. **Status Relationships:** The placing of people in superior/subordinates capacity in the formal organization structure also blocks the flow of communication and more particularly in upward direction.

4. **Organizational Facilities:** Organizational facilities provided for smooth, adequate, clear, and timely flow of communication may take a number of forms. Some of these are meetings, conferences, complaint box, suggestion box, open door system, social and cultural gatherings, etc. If these are not properly emphasized, generally people fail to make effective communication.

5. **Complexity in Organization Structure:** In an organization where there are number of managerial levels, communication gets delayed, chances of communication getting distorted are more and the number of filtering points are more.

Personal Barriers

While the organizational factors, no doubt, have important influences operating on communication, a host of factors internal to the two parties-sender and receiver-to this process, also exert important influences on its operation, as communication is basically an inter-personal process and these barriers are relevant in the case of downward and upward communication.

Barriers in Superiors

The role of superiors in communication is very vital. Because of their hierarchical relationships with subordinates, they act as barriers in a number of ways discussed below:

1. **Attitudes of Superiors:** The attitudes of superiors towards communication in general or in any particular direction affect the flow of messages in different directions.

2. **Fear of Challenge to Authority:** A person in the organization always tries to get a higher position and prestige to satisfy his needs. As such, managers in general try to withhold the information coming down the line or going up as frequent passing of information may disclose their weakness.

3. **Insistence on Proper Channel:** One of the basic features of superiors exercising the authority is that they wish to remain in communication links and they do not like any type of bypassing in communication.

4. **Lack of Awareness**

5. Ignoring Communication

6. Lack of Time

Barriers in Subordinates

Vertical communication in either direction can take place only when subordinates also actively participate in this process. There are various factors in the subordinates that adversely affect such active participation on their part. Two factors are more important in the case of subordinates and these are responsible for blocking communication in upward direction:

1. **Unwillingness to Communicate:** Sometimes, subordinates do not communicate upward certain information because they are not willing to do so.

2. **Lack of Proper Incentive:** Lack of motivation to communicate also refrains subordinates to communicate upward.

12.10 SUMMARY

Organizational communication is the process by which individuals stimulate meaning in the minds of other individuals by means of verbal or nonverbal messages in the context of a formal organization. Communication allows people to exchange thoughts by one of several methods. There are auditory means, such as speaking or singing, and nonverbal, physical means, such as body language, sign language, touch or eye contact.

Communication happens at many levels (even for one single action), in many different ways, and for all beings, and some machines. Many or all, fields of study dedicate some attention to communication.

So when speaking about communication it is very important to be sure about what kind of communication we are speaking about, mainly: *what types of things are communicated*, between *what agents* and *with what kind of results*? Four areas of interest in communication can be cited as communication by extra-organizational individuals seeking organizational acceptance, communicating organizational change, gender differences in organizational communication and pedagogical approaches to influencing organizational communication effectiveness.

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12.12 REVIEW QUESTIONS

Q: 1: Write a note on the importance of communication in an organization?

Q: 2: "Communication is sharing of understanding." Comment

Q: 3: Elaborate the growth and principles of communication?

Q: 4: Define communication and describe the important steps involve in a communication process.

Q: 5: Write short note on:

    a. Formal and Informal Communication

    b. Principles of Effective Communication

    c. Barriers to Effective Communication

Q: 6. Discuss the psychological barriers to effective communication?

Q: 7: What do you understand by grapevine? What is its importance in an organization?

BLOCK 4: ORGANIZATION EFFECTIVENESS

UNIT 13: LEADERSHIP: MEANING, TYPES AND PROCESS THEORIES

<u>**Structure:**</u>

13.1 INTRODUCTION

Leadership is the ability to influence individuals or groups toward the achievement of goals. Leadership is a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent. Leaders carry out this process by applying their leadership attributes, such as beliefs, values, ethics, character, knowledge, and skills. **Leadership**, as a process, **shapes the goals** of a group or organization, **motivates behavior** toward the achievement of those goals,

and helps define group or organizational culture. It is primarily a process of influence.

13.2 OBJECTIVES

After studying this unit you should be able to:

- Define leadership
- Distinguish between leader and manger
- Discuss the styles of leadership
- Describe the theories of leadership

13.3 DEFINITIONS OF LEADERSHIP

A traditional definition of leadership: **Leadership** is an interpersonal influence directed toward the achievement of a goal or goals. Three important parts of this definition are the terms interpersonal, influence, and goal.

- *Interpersonal* means between persons. Thus, a leader has more than one person (group) to lead.
- *Influence* is the power to affect others.
- *Goal* is the end one strives to attain.

Basically, this traditional definition of leadership says that a leader influences more than one person toward a goal.

Leadership can also be defined as *a dynamic relationship based on mutual influence and common purpose between leaders and collaborators in which both are moved to higher levels of motivation and moral development as they affect real, intended change*. Three important parts of this definition are the terms relationship, mutual, and collaborators.

Relationship is the connection between people. *Mutual* means shared in common. *Collaborators* cooperate or work together. This definition of leadership says that the leader is influenced by the collaborators while they work together to achieve an important goal.

13.4 LEADERSHIP VERSUS MANAGEMENT

A leader can be a manager, but a manager is not necessarily a leader. The leader of the work group may emerge informally as the choice of the group.

If a manager is able to influence people to achieve the goals of the organization, without using his or her formal authority to do so, then the manager is demonstrating leadership.

According to John P. Kotter in his book, *A Force for Change: How Leadership Differs From Management* (The Free Press, 1990), managers must know how to lead as well as manage. Without leading as well as managing, today's organizations face the threat of extinction. **Management** is the process of setting and achieving the goals of the organization through the functions of management: planning, organizing, directing (or leading), and controlling.

A manager is hired by the organization and is given formal authority to direct the activity of others in fulfilling organization goals. Thus, leading is a major part of a manager's job. Yet a manager must also plan, organize, and control. Generally speaking, leadership deals with the interpersonal aspects of a manager's job, whereas planning, organizing, and controlling deal with the administrative aspects. Leadership deals with change, inspiration, motivation, and influence. Management deals more with carrying out the organization's goals and maintaining equilibrium.

The key point in differentiating between leadership and management is the idea that employees willingly follow leaders because they want to, not because they have to. Leaders may not possess the formal power to reward or sanction performance.

However, employees give the leader power by complying with what he or she requests. On the other hand, managers may have to rely on formal authority to get employees to accomplish goals.

Table 13.1: Manager vs Leader

Manager	Leader
• Engages in day-to-day caretaker work: maintains and allocates resources	• Formulates long-term objectives to reform system: plans strategy and tactics
• Exhibits supervisory behaviour: makes others maintain standard job behaviour	• Exhibits leading behaviour: acts to create change in others that is consistent with long-term objectives
• Administers subsystems within organizations	• Innovates for entire organization

• Asks how and when to engage in standard practice	• Asks what and why to change standard practice
• Acts within established culture of organization	• Creates vision and meaning for organization
• Uses transactional influences: uses rewards,sanctions and formal authority to get compliance	• Uses transactional influences: induces change in values, attitudes, and behaviour using personal examples and expertise
• Relies on control strategies to get things done by subordinates	• Uses empowering strategies to make followers internalize values
• Status quo supporter and stabilizer	• Status quo challenger and change creator
• Has Positional Power	• Has Personal Power
• Is Rational	• Is a Visionary

13.5 STYLES OF LEADERSHIP

Leadership style is the manner and approach of providing direction, implementing plans, and motivating people.

There are three different styles of leadership: Authoritarian (autocratic), Participative (democratic), and Delegative (free reign). Although most leaders use all three styles, one of them becomes the dominate one.

• **Authoritarian (autocratic):** This type is used when the leader tells the employees what he wants done and how he wants it done, without getting the advice of the people. Some people think that this style includes yelling, using demeaning language, and leading by threats and abuse of power. This is not the authoritarian style...it is an abusive, unprofessional style of leadership.

• **Participative (democratic**): This type of style involves the leader including one or more employees in on the decision making process (determining what to do and how to do it). However, the leader maintains the final decision making authority. Using this style is not a sign of weakness, it is a sign of strength that your employees will respect.

• **Delegative (free reign):** In this style, the leader allows the employees to make the decision. However, the leader is still responsible for the decisions that are made. This is used when employees are able to analyze the situation and determine what needs to be done and how to do it. You cannot do everything! You must set priorities and delegate certain tasks.

13.6 SALIENT FEATURES OF LEADERSHIP

1. A leader must have followers
2. Leadership is a working relationship between the leader and his followers
3. The purpose of leadership is to achieve some common goal or goals
4. A leader influences his followers willingly and not by force
5. Leadership is a social interaction-influence process between the leader and his followers
6. Leadership is a power relationship in which power and influences are evenly distributed
7. Leadership is a continuous and dynamic process of influencing behaviour

13.7 THEORIES OF LEADERSHIP

13.7.1 Trait Theories

In the 1920's and 1930's, leadership research focused on trying to identify the traits that differentiated leaders from non-leaders. These early leadership theories were content theories, focusing on "what" an effective leader is, not on 'how' to effectively lead. The **trait approach** to understanding leadership assumes that certain physical, social, and personal characteristics are inherent in leaders. Sets of traits and characteristics were identified to assist in selecting the right people to become leaders.

Physical traits include being young to middle-aged, energetic, tall, and handsome. Social background traits include being educated at the "right" schools and being socially prominent or upwardly mobile. Social characteristics include being charismatic, charming, tactful, popular, cooperative, and diplomatic. Personality traits include being self-confident, adaptable, assertive, and emotionally stable. Task-related characteristics include being driven to excel, accepting of responsibility, having initiative, and being results-oriented.

Trait theories intended to identify traits to assist in selecting leaders since traits are related to leadership effectiveness in many situations. The trait approach to understanding leadership supports the use of tests and interviews in the selection of managers. The interviewer is typically attempting to match

the traits and characteristics of the applicant to the position. For example, most interviewers attempt to evaluate how well the applicant can work with people.

Trait theory has not been able to identify a set of traits that will consistently distinguish leaders from followers. Trait theory posits key traits for successful leadership (drive, desire to lead, integrity, self-confidence, intelligence, and job-relevant knowledge) yet does not make a judgment as to whether these traits are inherent to individuals or whether they can be developed through training and education. No two leaders are alike.

Furthermore, no leader possesses all of the traits. Comparing leaders in different situations suggests that the traits of leaders depend on the situation. Thus, traits were de-emphasized to take into account situational conditions (contingency perspective).

The problem with the trait approach lies in the fact that almost as many traits as studies undertaken were identified. After several years of such research, it became apparent that no such traits could be identified. Although some traits were identified in a considerable number of studies, the results were generally inconclusive. Some such traits which were identified were as follows:

- *technical skill*
- *friendliness*
- *task motivation*
- *application to task*
- *group task supportiveness*
- *social skill*
- *emotional control*
- *administrative skill*
- *general charisma*
- *intelligence*

13.7.2 BEHAVIORAL APPROACH TO LEADERSHIP

To measure traits, researchers had to rely on constructs, which lacked reliability, and, given differing definitions, also lacked validity. After the problems with the trait approach became evident, researchers turned to an examination of leader behaviors. With behaviors, researchers could rely on empirical evidence. Behaviors, contrary to traits, could be observed. It was thus

decided to examine the behaviors of successful (again, by whatever means success was measured) leaders.

The initial phases of the behavioral research seemed as frustrating as the trait approach -- the number of behaviors identified was staggering. However, over time, it appeared that the key behaviors could be grouped or categorized.

The behavioral theorists identified determinants of leadership so that people could be trained to be leaders. They developed training programs to change managers' leadership behaviors and assumed that the best styles of leadership could be learned.

The most prominent studies were those undertaken by the University of Michigan and by Ohio State University.

Interestingly, both studies arrived at similar conclusions. Both studies concluded that leadership behaviors could be classified into two groups.

13.7.2.1 Michigan Studies

From 1947, the Institute for Social Research, at the University of Michigan, carried out a large scale programme of research into "the organisational structure and the principles of leadership and management which result in the best performance." The study concluded that managers can be *job centred / production centered or employee centred* and that the latter were more effective. The distinction was seen as a continuum such that an increase in the degree of job centred behaviour represented a decrease in the degree of employee centred behaviour and vice versa.

- Jo Centered / Production centered behavior: when a leader pays close attention to the work of sub- ordinates, explains work procedures, and is keenly interested in performance.
- Employee centered behavior: when the leader is interested in developing a cohesive work group and in ensuring employees are satisfied with their jobs.

The Michigan studies conclusions were further developed in the Ohio State Studies who showed that the two end of the Michigan continuum were not opposites but relatively independent of each other.

Both the production-oriented and the people-oriented leadership behaviors appear to offer positives and negatives. However, since showing high concern for both people and production need not necessarily be

inconsistent in one leader, it was concluded that such leaders might have an edge over those who show a propensity to act in only one of these dimensions.

13.7.2.2 Ohio State Studies

Initiated by *Carroll Sharple*, these studies took place at about the same time as the Michigan Studies. The latter studies posed a continuum such that an increase in the degree of job centred behaviour represented a decrease in the degree of employee centred behaviour and vice versa.

Researchers at **Ohio State leadership** found results which suggested two basic leader behaviors or styles.

- Initiating structure behavior: when the leader clearly defines the leader-subordinate, establishes formal lines of communication, and determines how tasks are to be performed.
- Consideration behavior: the leader shows concern for sub-ordinates and attempts to establish a warm, friendly, and supportive climate.

Unlike the Michigan Studies, these two behaviors were not viewed as opposite ends of a continuum, but as independent variables. Thus the leader can exhibit varying degrees of both initiating structure and consideration at the same time.

13.7.2.3 University of Iowa

Another approach to leader behavior focused on identifying the best leadership styles. Work at the University of Iowa identified democratic (participation and delegation), autocratic (dictating and centralized) and laissez-faire styles (group freedom in decision making). Research findings were inconclusive.

13.7.3 Tannenbaum & Schmidt's Leadership Continuum

The successful leader knows that employees want to take part in making decisions that will have an impact on their work environment. However, the successful leader also knows that the amount of participation that is possible or desirable varies with the situation. Thus the decision participation dimension of leadership behaviour can range from autocratic to democratic. Autocratic leader make the decisions by themselves and then communicate

them to group members. Democratic leaders solicit input from group members or even turn the decision making role over to the group.

Boss-Centered Leadership   Subordinate-Centered Leadership

| Manager makes decision and announces it. | Manager sells decision. | Manager presents ideas and invites questions. | Manager presents tentative decision subject to change. | Manager presents problem. Gets suggestions. Makes Decision. | Manager defines limits. Asks group to make decision. | Manager permits subordinates to function with limits defined by superior. |

Fig. 13.7.2: Leadership Continuum

According to Tannenbaum & Schmidt, the decision participation factor manifests itself in the form of a leadership continuum, as shown above. The continuum of leader behaviour ranges from a boss centered approach to a subordinate centered based on a wide range of situational factors that delimit the amount of subordinate participation. Factors affecting the decision of how to lead:

1. Factors in the manager: Value systems, Training, Confidence in the subordinates, Own leadership/managerial inclinations, Feelings of security in an ambiguous situation

2. Factors in the subordinates: Greater freedom and discretion can be allowed the individual or teams if they: Have a high need for independence; Are ready to assume responsibility; Have a relatively high tolerance for ambiguity; Are interested in the problem and feel it is important; Have the necessary

knowledge and experience; Understand and identify with the goals of the organization; Have learned to expect a share in the decision making

3. Factors in the Situation: *a. Type of Organization:* Tradition/climate/culture; Policies; Size of Groups- Number of subordinate; Dispersion of subordinates; Information security required; b. *Group / team / individual effectiveness:* Experience with working together; Self-image; Group / team confidence working together; Cohesiveness; mutual acceptance; c. *The Problem itself:* Not more difficult than their experience; Related to the workers; Severity of the consequences; *d. The Pressure of Time.*

13.7.4 The Managerial Grid

The dimensions identified at the University of Michigan provided the basis for the development of the managerial grid model developed by Robert Blake and Jane Mouton. It identifies five various leadership styles that represent different combinations of concern for people and concern for production. Managers who scored high on both these dimensions simultaneously (labeled team management) performed best.

The Managerial Grid utilizes the Concern for People versus Concern for Production dichotomy proposed by both the Ohio State and University of Michigan studies.

The **assumption** made by Blake and Mouton is that **there is a best leadership style** (behavior). The best set of behaviors is assumed to be **9, 9 -- a high concern for production, coupled with a high concern for employees**. On the basis of the Managerial Grid, 1, 1 leadership (Impoverished) is the least desirable style. A representation of the Grid is as follows:

Fig. 13.7.3: The Managerial Grid

THE MANAGERIAL GRID

Managers with a high concern for people and a low concern for production are identified in the Grid as practicing *Country Club Management* (grid position 1,9). These managers have a tendency to give thoughtful attention to the needs of the people involved in the organization and in creating a comfortable, friendly atmosphere. We all know of some Country Club Managers: these are the ones who have lots of social interaction, may put company sports teams or service projects high on his list.

Those who operate at the other extreme are identified as *authority-obedience managers* (grid position 9,1). These managers focus on productivity with little concern for individuals. They focus on streamlining operations so that the human resources interfere as little as possible with the other resources. Many of us also know these kinds of managers, and frequently label them as tyrants or "slave-drivers." They get the work done, but at the sacrifice of some of the human resources.

The *impoverished manager* (grid position 1,1) tends to focus on doing no more than is the absolute minimum to get the required work done, and keep his superior off his back. He or she tends to have very little concern for either the human element or the production level of the team. Impoverished managers don't last long in responsible organizations.

The 5,5 manager is categorized as the *Organization Man.* This is a manager who is constantly trying to balance the concerns of the workforce and the concern with getting out the work. He or she constantly tries to compromise between the two competing forces, keeping morale reasonable but not excellent and production close to expectations without significantly

exceeding them. He or she tends to burn out rapidly as they keep both elements neither happy nor unhappy.

The ideal manager is identified by Blake and Mouton as the *Team Manager*, with a grid position of 9,9. The team manager understands that need for high concern for both the human and the other resources of the organization; these managers work toward helping their people improve their commitment, developing relationships of trust and respect with employees and others, and in enhancing productivity through a focus on common vision and mission.

13.7.5 Contingency Theories

Successful leaders must be able to identify clues in an environment and adapt their leader behavior to meet the needs of their followers and of the particular situation. Even with good diagnostic skills, leaders may not be effective unless they can adapt their leadership style to meet the demands of their environment.

13.7.5.1 Fiedler's Contingency Model

Fred E. Fiedler's **contingency theory** postulates that there is no best way for managers to lead. Situations will create different leadership style requirements for a manager. The solution to a managerial situation is contingent on the factors that impinge on the situation. In other words, Fred Fiedler believes that leadership effectiveness depends on both the leader's personality and the situation. Certain leaders are effective in one situation but not in others. Fiedler's model assumes that group performance depends on:

* Leadership style, described in terms of task motivation and relationship motivation.
* Situational favourableness, determined by three factors:

    1. Leader-member relations - Degree to which a leader is accepted and supported by the group members.
    2. Task structure - Extent to which the task is structured and defined, with clear goals and procedures.
    3. Position power - The ability of a leader to control subordinates through reward and punishment.

High levels of these three factors give the most favourable situation, low levels, the least favourable. Relationship-motivated leaders are most effective

in moderately favourable situations. Task-motivated leaders are most effective at either end of the scale.

Fiedler suggests that it may be easier for leaders to change their situation to achieve effectiveness, rather than change their leadership style.

13.7.5.2 Hersey-Blanchard Situational Leadership

The Hersey-Blanchard Situational Leadership theory is based on the amount of direction (task behavior) and amount of socio-emotional support (relationship behavior) a leader must provide given the situation and the "level of maturity" of the followers.

Task behavior is the extent to which the leader engages in spelling out the duties and responsibilities to an individual or group. This behavior includes telling people what to do, how to do it, when to do it, where to do it, and who's to do it. In task behavior the leader engages in one-way communication.

Relationship behavior is the extent to which the leader engages in two-way or multi-way communications. This includes listening, facilitating, and supportive behaviors.

In relationship behavior the leader engages in two-way communication by providing socio-emotional support. Maturity is the willingness and ability of a person to take responsibility for directing his or her own behavior. People tend to have varying degrees of maturity, depending on the specific task, function, or objective that a leader is attempting to accomplish through their efforts.

Hersay & Blanchard's approach focuses a great deal of attention on the characteristics of employees in determining appropriate leadership behaviour. This theory suggests that leadership style should be matched to the maturity of the subordinates. Maturity is assessed in relation to a specific task and has two parts:

- Psychological maturity - Their self-confidence and ability and readiness to accept responsibility.
- Job maturity - Their relevant skills and technical knowledge.

As the subordinate maturity increases, leadership should be more relationship-motivated than task-motivated. For four degrees of subordinate

maturity, from highly mature to highly immature, leadership can consist of four leadership styles:

1. Directing / Telling
2. Coaching / Selling
3. Supporting / Participating
4. Delegating

According to this theory, leader behaviors fall along two continua, (1) directive behavior, and (2) supportive behavior. This categorization is not dissimilar to those of the Ohio State Leadership studies and the University of Michigan studies.

Table 13.7..2 : Hersey Blanchard Leadership Model

Blanchard Situational Leadership Model **Leader Behavior Categories**	
Directive Behavior	**Supportive Behavior**
• one-way communication • followers' roles spelled out • close supervision of performance	• two-way communication • listening, providing support & encouragement • facilitate interaction • involve follower in decision making

This model expands on previous approaches by taking situational variables into account.

For Blanchard the key situational variable, when determining the appropriate leadership style, is the readiness or developmental level of the subordinate(s). Their model posits 4 such developmental levels:

- D1: LOW COMPETENCE - HIGH COMMITMENT
- D2: SOME COMPETENCE - LOW COMMITMENT
- D3: HIGH COMPETENCE - VARIABLE COMMITMENT
- D4: HIGH COMPETENCE - HIGH COMMITMENT

The Blanchard model combines the behavior grid (similar to the Blake- Mouton Managerial Grid) with the Developmental Levels of subordinates to arrive at some conclusions about appropriate leadership styles. In other words, *the Developmental Level of the Subordinates determines which of the four leadership styles (S1, S2, S3, or S4) is correct.*

Fig.13.7.5: Hersey Blanchard Leadership Model

HERSEY BLANCHARD SITUATIONAL LEADERSHIP MODEL

Once the maturity level is identified, the appropriate leadership style can be determined. The four leadership styles are telling, selling, participating, and delegating. High task/low relationship behavior (S1) is referred to as "telling." The leader provides clear instructions and specific direction. Telling style is best matched with a low follower readiness level. High task/high relationship behavior (S2) is referred to as "selling." The leader encourages two-way communication and helps build confidence and motivation on the part of the employee, although the leader still has responsibility and controls decision making. Selling style is best matched with a moderate follower readiness level. High relationship/low task behavior (S3) is referred to as "participating." With this style, the leader and followers share decision making and no longer need or expect the relationship to be directive. Participating style is best matched with a moderate follower readiness level. Low relationship/low task behavior (S4) is labeled "delegating." This style is appropriate for leaders whose followers are ready to accomplish a particular task and are both competent and motivated to take full responsibility. Delegating style is best matched with a high follower readiness level.

13.7.6 Likert's Management Styles

Dr. Rensis Likert has conducted much research on human behavior within organizations, particularly in the industrial situation. He has examined different types of organisations and leadership styles, and he asserts that to

achieve maximum profitability, good labor relations and high productivity, every organisation must make optimum use of their human assets. The form of the organisation which will make greatest use of the human capacity, Likert contends, is; highly effective work groups linked together in an overlapping pattern by other similarly effective groups. Organisations at present have widely varying types of management style and Likert has identified four main systems:

Management Styles

-      The **exploitive - authoritative system**, where decisions are imposed on subordinates, where motivation is characterised by threats, where high levels of management have great responsibilities but lower levels have virtually none, where there is very little communication and no joint teamwork.

-      The **benevolent - authoritative system**, where leadership is by a condescending form of master-servant trust, where motivation is mainly by rewards, where managerial personnel feel responsibility but lower levels do not, where there is little communication and relatively little teamwork.

-      The **consultative system**, where leadership is by superiors who have substantial but not complete trust in their subordinates, where motivation is by rewards and some involvement, where a high proportion of personnel, especially those at the higher levels feel responsibility for achieving organisation goals, where there is some communication (both vertical and horizontal) and a moderate amount of teamwork.

-      The **participative - group system**, which is the optimum solution, where leadership is by superiors who have; complete confidence in their subordinates, where motivation is by economic rewards based on goals which have been set in participation, where personnel at all levels feel real responsibility for the organisational goals, where there is much communication, and a substantial amount of cooperative teamwork.

This fourth system is the one which is the ideal for the profit oriented and human-concerned organisation, and Likert says that all organisations should adopt this system. Clearly, the changes involved may be painful and long-winded, but it is necessary if one is to achieve the maximum rewards for the organisation.

13.8 SUMMARY

Leadership as the process of influencing others toward achieving group goals. The art of leadership concerns the skill of understanding leadership situations and influencing others to accomplish group goals. Leadership plays a central part in understanding group behavior for it's the leader who usually the direction toward goal attainment. Therefore, a more accurate predictive capability should be valuable in impoving group performance. Leadership has the ultimate aim of raising the level of human conduct and the ethical aspiration of people.

Different leadership styles are distinguished. In this unit, leadership styles are diviede into three types: Authoritarian (autocratic), Participative (democratic), and Delegative (free reign).

The discussion of various theories is highly useful to leaders in more than one way.

13.9 GLOSSARY

- **Leadership:** The incremental influence that one individual exerts upon another and that causes the second person to change his behavior voluntarily.
- **Leader Behaviour:** The kinds of behavior that leaders actually perform in a group.
- **Managerial Grid:** Theory of leadership based on a particular optimal style of leadership that includes balance of concern for production and for people. Basic leadership and group development activities are undertaken in managerial grid interventions to bring about desired leadership and individual group behaviours.
- **Pathe Goal Model:** A contingency theory of leadership based upon expectancy theory which suggestes that the characteristics of the follower and environmental factors should determine which of four leasership styles is most appropriate.

13.10 CHECK YOUR PROGRESS

Q.1- What is Leadership? Why is there a need for leadership?

Q.2- Are Leadership and Management different from one another? If so, how?

Q.3- What is Fiedler's contingency model? Has it been supported in research?

Q.4- Write brief note on the following:
   (a) Leadership styles
   (b) Trait Theories
   (c) Behavioral Approach to Leadership

13.11 ANSWERS TO CHECK YOUR PROGRESS

   Q.1- Sec. 13.3
   Q.2- Sec. 13.4
   Q.3- Sec. 13.7.5.1
   Q.4- (a) Sec. 13.5
        (b) Sec. 13.7.1
        (c) Sec. 13.7.2

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13.14 LONG TERM QUESTIONS

- Define Leadership. Explain the various styles of leadership.
- What is managerial grid? Contrast its approach to leadership with the Ohio State and Michigan Groups.
- Examine the difference between trait theory and behavioural theory of leadership.
- Does leadership make any difference to the effectiveness of an organization? Defend your position.
- What is the different approaches of leadership? Discuss the trait theory of leadership.

UNIT 14: GROUP BEHAVIORS IN ORGANIZATION

Structure:

14.1 INTRODUCTION

Individual behavior undergoes a change when an individual becomes member of a group. The group changes his perception and attitudes and develops in him ways of behaving that are different from what one would predict on the basis of various theories of individual behavior. For better understanding of organization behavior, therefore one must also know about the group behavior.

In common parlance, every random collection of people whether it be a crowd on the street corner watching some event or people in a city bus etc.

14.2 OBJECTIVE

The unit will enable you to:
- Understand the concept of groups
- Understand the types and characteristics of group
- Explaining the reasons for joining the group
- Understand the five stages of group formation
- Explaining the Group Behavior Model
- Explaining the technique of Decision Making

14.3 DEFINITION

A group is defined as two or more individuals, interacting and independent who have come together to achieve particular objectives. "A number of people who communicate face to face with one another often over a span of time" Homas (1950).

According to Schein a group is "Any number of people who-
(1)   Interact with one another and
(2)   Are psychologically aware of one another and
(3)   Perceive themselves to be a group" Schien (1972)
organizational psychology.

"A group has common needs relating to task, group and individuals and each group develops its own" group personality" (Adair 1986).

According to Handy the most important criteria of group is that its people must perceive themselves to be a group thus as he say a dozen individual in a pub by random chance are not a group although they may interact (talk) have a common objective (drink and socialize) and be aware of each other. These according to Handy are not enough without this self perception by members to make them a group so we find that when members get too large perceiving themselves to be no longer group but a crowd, start dividing themselves into smaller collections, start finding names, or a private territorial or a ritual which will give them individual identity thus from the above discretion it is clear that group has emotional substance.

14.4 TYPES OF GROUPS

A group is defined as two or more individuals, interacting and interdependent who have come together to achieve particular objectives. Groups can be either formal or informal:

Types of Group

Formal Group   Informal Group

Command   Task   Committee   Friendship   Interest   Reference

Membership

Cliques

1. Formal Groups: A well defined work group with proper organization's structure. A formal group is set up by organization to carry out work in support of the organization's goal. In formal groups the behavior that one should engage in are stipulated by and directed toward organizational goals. Formal groups may be of following types:

a) **Command Groups**: A command group consists of a manager and the employees who report to him i.e. it is defined in terms of hierarchy. Membership in the group arises from each employee's position in the organizational chart.

b) **Task Group**: It is made up of employees get together to complete a particular task or project. A task group's boundaries are not limited to hierarchical boundaries. It can cross command relationships. A employee's membership in the group arises from the responsibilities delegated to the employee. Task group may be temporary i.e. till the end of the project or it may be open ended.

c) **Committee**: - A group of people officially delegated to perform a function such as investigating, considering, reporting or acting on matter.

2. Informal Group: An organization's informal groups are groups that evolve to meet social or affiliation needs by bringing people together based on

shared interest or friendship. Thus informal groups are alliances that are formed with no organizational or formal structure relationship. These groups are naturally formed in response of the people need of social contact. These groups can be formed due to several reasons like for e.g. proximity i.e. when people work together, meet every day they develop common friendship. Informal Group can be of following types:

a) **Friendship Groups**: - These groups often form because the individual members have one or more common characteristics. E.g. people of same age, same view, same office etc

b) **Interest Groups**: - People with common interest, those who may or may not be aligned into common command or task group may affiliate to attain a specific objective with which each is concerned.

c) **Reference Group**: - Sometimes people use a group as a basis for comparison in making decision or forming opinions.

When a group is used in this way it is called as reference group. E.g. for most people family is a reference group while other include friends, co workers etc.

d) **Membership Groups**: - When a person does not belong to formal or informal group that group is called as membership group (affiliation group).

In this each member would be expected to contribute to the group's well being and would enjoy the benefits arising from group membership's friendship.

e) **Cliques**: - A relatively permanent informal group that involves friendship.

14.5   WHY DO PEOPLE JOIN GROUPS

People join group due to several reasons:

1. **Security**: - By joining a group individual can reduce the insecurity of standing alone. People feel stronger have fewer self doubts and are more resistant to threats when they are part of a group.

2. **Status**: - Inclusion in a group that is viewed as important by others provides recognition and status for its members.

3. **Self Esteem**: - Groups can provide people with feelings of self-worth. That is in addition to conveying status to those outside groups membership can also give increased feelings of worth to the group members themselves.

4. **Affiliation**: - Groups can fulfill social needs; people enjoy the regular interactions that come with group membership. For many people these on the job interactions are their primary source for fulfilling their needs for affiliations.

5. **Power**: - What cannot be achieved individually often becomes possible through group action as there is power in numbers.

6. **Goal Achievement**: - There are times when it takes more than one person to accomplish a particular task – there is a need to pool talents, knowledge, or power in order to complete a job. In such instances management will rely on the use of a formal group.

7. **Companionship**: – groups provide members to simply be in the company of other people.

8. **Achievement: –** groups have the capability to achieve more than individuals acting alone.

14.6 STAGES OF GROUP DEVELOPMENT

The five stage model of group development was proposed by Bruce Tuckman in 1965.(initially it was four stage but later he added a fifth stage, Adjourning, in the 1970)r and authority

Stage 1 : Forming

When a group is initially formed, its members cannot accomplish much until they agree on what there purpose is, how they will work together etc. Answering these questions bring group members first face to face interaction to obstacles like maturity, uncertainty, anxiety and disagreement over power and authority.

Stage 2 : Storming

This stage is one of intra-group conflict. Members accept the existence of the group, but resist the constraints the group imposes on individual. Further there is conflict over who will control the group. After mutual acceptance on group leader, the remaining group member must sort out where they fit in the group. Even if all the group members accept the group leader then also group enter the phase of conflict and challenges. By the end of this stage a clear hierarchy of leadership exists within the group.

Stage 3: Norming

In this stage close relationship develop and group demonstrate cohesiveness. Entering and conducting cohesion phase requires intervention by group member who is emotionally unaffected by power and authority issue. Here group members recognize where they fit in and group agrees on how it will operate. Anew leader may emerge or existing leader may become more aware of how much others in the group contribute. The Norming stage is complete when the group structure solidifies and the group has assimilated a common set of expectations of what defines correct member behavior.

Stage 4: Performing

The structure at this point is fully functional and accepted. Group energy has moved from getting to know and understand each other to perform the task. Members attention is directed towards self motivation and motivation of other group members for task accomplishment. Some members focus on the task function of initiating activity and ensure that the work of group really gets going. Other members contribute to motivation and commitment within the group through maintenance function such as supporting, encouraging and recognizing the contribution of members or through establishing the standards that the group may use in evaluating its performance.

Stage 5: Adjourning

For the permanent work groups, performing is the last stage in their development. However for temporary groups there is adjourning stage. In this stage the group prepares for its disbandment. High task performance is no longer the group's top priority. Instead attention is direct toward wrapping activities.

Figure showing the five- stages of Group Development.

14.7 CHARACTERISTICS OF AN EFFECTIVE GROUP

Douglas Mc Gregor in his book "The Human side of Enterprise" gives the following characteristics of group.

- **Informal Climate**: - The climate in an effective group tends to be informal, comfortable and relaxed. There is no sign of boredom. The group seems to be involved in his own task. The climate in an ineffective group reflects boredom and tension.

- **Task relevant discussion and participations** :- In an effective group only discussion which are pertinent to task take place and virtually every one participates in them while in an ineffective group few dominates the discussion and generally the discussion goes off the tack and/or revolves around few.

- **Common Goal**: - In an effective group there is tradeoff between individual and group goals. Every member of the effective group consider group goal as their personal goal and work together for its achievement.

- **Disagreement**: - In an effective group disagreement among members on any issue neither completely suppressed nor permitted to result in open warfare. Efforts are made to convince every member about the correct viewpoint.

- **Candour**:- In an effective group there is little evidence of veiled personal attack or hidden agendas. People give frank expression to their ideas.

- **Action Plan** :- In an effective group assignments are very clear, everyone knows his responsibilities And authority well and everyone is given timely feedback on his performance and is also helped by leader to meet there goal.
- **Leadership**: - In an effective group leadership shifts from one person to another according to the need of the situation, it never fixed to one place or person.

14.8 WORK GROUP BEHAVIORS

Groups in organization are more than collection of individual employees and there are some effective groups and some ineffective group thus the question arises that why are some group efforts more successful than others, the answer to that question is complex but it includes variables such as the ability of group's member, size of the group, level of conflict, and the internal pressure on members to conform to the group's norms. It is based on this model:-

❖ **External conditions imposed on the group:** Work group is a part of subsystem embedded the larger system; group does not exist in isolation. They are the part of the larger organization. These external conditions include:

Organization's overall strategy, its authority structures, formal regulations, resources, employee selection process, performance evaluation and reward system, culture and physical work setting. An *Organization's overall strategy* outlines the organization's goals and the means for attaining these goals. Organizations have *authority structure* that defines who reports to whom, who make decisions and what decisions individuals or groups are empowered to make.

Organizations create rules, procedures, policies, job descriptions and other forms of *formal regulations* to standardize employees behavior.

The presence or absence of *resources* such as money, time, raw materials and equipment which are allocated to the group by organization – have a large bearing on group's behavior.

Members of any work group are first, members of the organization of which the group is a part, and to become the member of any organization the individual need to be hired by the organization, so the criteria that an organization uses in its *selection process* will determine the kinds of people that will be in its work group.

Another organization wide variable that affects all employees is the *performance evaluation and reward system*. Since work groups are part of larger organization system, group member's behavior will be influenced by how the organization evaluates performance and what behavior rewarded.

Every organization has an unwritten *culture* that defines standards of acceptance and unaccepted behavior of employees. After dew months most employees understand their organization's culture. They know things like how to dress for work etc and members of work groups have to accept the standard implied in the organization's dominant culture if they are to remain in good standing.

Finally the *physical work setting* that is imposed on the group by external parties has an important bearing on work behavior.

Group Behavior Model

❖   **Group Member Resources:** A group's potential level of performance is to great extent, dependent on the resources that its members individually bring to the group. It includes knowledge, skills and abilities and personality characteristics.

•   **Knowledge, skills and abilities:** Part of group's performance can be predicted by assessing the knowledge, skills and abilities of its individual members. A group's performance is not merely the summation of its individual members' abilities but these abilities set parameters for what members can do and how effectively they will perform in a group. A review of evidence has

found that interpersonal skills consistently emerge as important for high performance by work groups. These include conflict management & resolution, collaborative problem solving and communication. For instance members need to identify the type and source of conflict confronting the group and to implement an appropriate conflict resolution strategy; to identify situations requiring participative group problem solving and to utilize the degree and type of participation; and to listen non evaluatively and to appropriately use active listening technique.

- **Personality Characteristics:** There has been great deal of research on the relationship between personality traits and group attitudes and behavior. The general conclusion is that attributes that tend to have positive connotation in our culture tend to be positively related to group productivity, morale and cohesiveness. These include traits such as flexibility, openness, initiative etc. In contrast negatively evaluated characteristics such as dominance etc tend to be negatively related to dependent variable. These personality traits affect group performance by strongly influencing how the individual will interact with other group members.

❖ **Group structure:** A group's structure is the internal framework that defines members' relations to one another over time. They are not unorganized mob rather they have structure that shapes the behavior of the member and makes it possible to explain and predict a large portion of individual behavior within the group as well as performance of the group itself. The most important elements of group structure are leadership, roles, norms, status, group size, composition of the group and degree of group cohesiveness.

1. **Leadership:** A major responsibility in working with group is the recognition of leadership forces is the recognition of leadership forces.. Almost every group has a formal leader. The leader can play an important in the work group success. He is appointed by management and can exercise legitimate sanctioned power. The formal leader possesses the power to discipline and/or fire member of his member group. He is identified by titles such as supervisor, departmental manager, project leader etc.

2. **Role**: A **role** can be defined as a tendency to behave, contribute and interrelate with others in a particular way. That is role is a set of expected behavior patterns attributed to someone occupying a given position in a social unit. Roles may be assigned formally, but more often are defined through the

process of role differentiation. Role differentiation is the degree to which different members of a group have specialized functions.

Functional (task) roles are generally defined in relation to the tasks the team is expected to perform. The understanding of the role behavior would be dramatically simplified if each one of us choose one role and play it out regularly and constantly. However individual play multiple roles while adjusting their roles to group in which they are. Different group impose different role requirement on individual.

- **Characteristic of roles:**
  1. Roles are impersonal. It is a position that determines the expectations, not the individual.
  2. An organizational role is that set of expected behavior applicable to particular position vis-à-vis a particular job.
  3. It is fairly difficult to explain roles in exact terms. It is the most complex organized response pattern the human being is capable of undertaking.
  4. Roles are learned quickly and can result in major changes in behavior.

- **Role Identity**: Role identity is certain attitudes and behavior consistent with a role. People have ability to shift role rapidly when they identify the situation demands so. For example when a worker is promoted as supervisor his attitude will change from pro union to pro management.

- **Role Perception**: Role perception is an individual's view of how he or she is supposed to act in a given situation. Based on our own belief we engage in certain type of behavior.

- **Role Expectations**: Role expectations are defined as how others believe you should act in a given situation. How you behave is determined to a large extent by the role, defined in the context within which you are operating.

- **Role Conflict**: Role conflict is a situation in which an individual is confronted by divergent role expectations. Role conflict like other forms of conflict can be a major source of stress. Excessive stress can cause problems for individual employee and for organizations that employ them.

3. **Norms**: Norms are the rule of conduct that has been established by group members to maintain consistency in behavior. Norms tell members what they ought to do, and, what they ought not to do under certain circumstances. Group control members through norms. From individual point of view they

tell what is expected of him in certain situation. Norms differ among groups, communities etc but they all have norms. According to Hackman norms have five characteristics:

- ➢ Norms summarizes and simplify group influence processes. They resolve impersonal differences in group and ensure uniformity of action.
- ➢ Norms apply only to behavior-not to private thoughts and feelings
- ➢ Norms are usually developed gradually, but the process can be shortened if members so desire.
- ➢ Not all norms apply to everyone. High status members often enjoy more freedom to deviate from the "letter of the law" than do other members.

- **Types of Norms:** A work group's norms are unique to each work group. Yet there are common classes of norms that appear in most work groups.

  - ➢ Performance Related processes: Work groups typically provide their members with explicit cues on how hard they should work, how to get the job done, their level of output etc. these norms deal with performance related process and have an extremely powerful effect on an individual employee's performance
  - ➢ Appearance factors: Some organizations have formal dress codes. However even in their absence, norms frequently develop to dictate the kind of clothing that should be worn to work.
  - ➢ Allocation of resources: The norms can cover pay, assignment of difficult jobs, and allocation of new tools and equipment
  - ➢ Informal Social arrangement: These norms can originate in the group or in the organizations and cover pay, assignment of difficult jobs and allocation of new tools and equipment.

4.   Status: Status is a socially defined position or rank given to group or group members by others. Individual group members are also distinguished by the amount of status they have within the group – ie the degree of worth and respect they are accorded by group members. Status is an important factor in understanding human behavior because it is a significant motivator and has major behavioral consequences when individual perceives a disparity between what they believe their status to be and what others perceive it to be.

  - ➢ Formal Status: may be formally imposed by organization through position and titles.

➢ Informal Status: status may be informally acquired by such characteristics as education, gender, skill and experience. Anything can have status value if others in the group evaluate it as status conferring.

➢ Status is an important characteristic of groups because it affects group structure and dynamics.

5. Size of the Group: The size of the group can have profound implication on how the group behaves internally and with regard to other groups. It is an important factor determining the number of interactions of individuals a group. The size of the group should be 3- 13 depending on the group objectives. For high quality decision making the size should be 3-5. In a small group face to face interaction is quiet easy and uncomplicated, members can easily communicate with each others. Research evidence proves that small groups are better. On the other hand in large group's members have a better chance of finding people they like to be with. The potential for greater variety of talent is also greater. Bu the disadvantages of the size is more than the advantages. Larger groups therefore apart from being relatively less manageable offer greater chances of differences among members. As group size increases leaders tend to become more directive and satisfaction starts to decline.

6. Composition: Most group activities require variety of skills and knowledge. Given this requirement it would be reasonable to conclude that heterogeneous groups would be more likely to have diverse abilities and information should be effective. When a group is heterogeneous in terms of gender, opinions, personalities, abilities, kills and perspectives there is increased probability that the group will possess the needed characteristics to complete its task effectively.

7. Group Cohesiveness: The cohesiveness of the group refers to the degree to which group members are attracted to each other and are motivated to stay in the group. According to Shaw members of highly cohesive group are more energetic in group activities and are less likely to be absent from group meetings and are happy when group succeed and become sad when group fails whereas members of less cohesive group are less concerned about the group activities. Cohesiveness is important because it has been found to be related to the group's productivity.

Studies consistently show that the relationship of cohesiveness and productivity depends upon performance related norms established by the

group. If performance related norms are high (for e.g. high output, quality of work, co-operation with individuals outside the group), a cohesive group will be more productive than will a less cohesive group. But if cohesiveness is high and performance related norms are low productivity will be low. If cohesiveness is low and performance related norms are high productivity increases, but less than in the high cohesiveness/high norm situation. When cohesiveness and performance related norms both are low productivity will tend to fall into low to moderate range.

Relationship Between Group Cohesiveness, Performance Norms, and Productivity

		Cohesiveness	
		High	Low
Performance norms	High	High productivity	Moderate productivity
	Low	Low productivity	Moderate to low productivity

To encourage group cohesiveness following things can be done:
   a) Make the group smaller
   b) Encourage agreement with group goals
   c) Increase the time members spend together
   d) Increase the status of the group and the perceived difficulty of attaining membership in the group
   e) Stimulate competition with other groups
   f) Give rewards to the group rather than to individual
   g) Physically isolate the group

❖ **Group Process:** The next component of our group behavior model considers the process that go on within the group- the communication patterns used by members for information exchange, group decision process, leader behavior, power dynamics, conflict interactions and the like.

   Why process is important to understand in group behavior model. The answer to this question is the reasons of "social loafing" as we found that 1+1+1

doesn't necessarily add up to three. In group task where each member contribution is not clearly visible there is tendency for individuals to decrease the efforts i.e. social loafing illustrates a process loss as a result of using groups. But group processes can also produce positive result. That is group can create output greater than the sum of their inputs.

Synergy is the term meaning an action of two or more substance that result in an effort that is different from the individual summation of the substance. Social loafing represents negative synergy ,i.e. the whole is less than the sum of its parts. On the other hand research team work together towards drawing several diverse skills of various individuals to produce more meaningful result that is they produce positive synergy.

Another line of research that help us to better understand the group process is the social facilitation effect. It refers to the tendency for performance to improve or decline in response to the presence of others. While this effect is not entirely a group phenomenon – people can work in the presence of others and not be members of group- the group situation is more likely to provide the condition for social facilitation to occur.

❖ **Group Tasks:** The impact of group processes on the group's performance and member satisfaction is also moderated by the task that the group is doing. The evidence indicates the complexity and interdependence influence the group effectiveness.

Task can be generalized as simple or complex task. Complex task are ones that tend to be novel or non routine. Simple ones are routine and standardized. More the Complex the task are   the more the group will benefit from discussion among members on alternative work methods. If the task is simple group members don't need to discuss any alternative they only need to follow the standardized operating procedure for doing the job. On the other hand task that have higher uncertainty those that are complex and interdependent require more information processing, this in turns puts more importance on group processes. So just because a group is characterized by poor communication, weak leadership, high levels of conflict and the like, it doesn't necessarily mean that it will be low performing. If the group's task are simple and require little interdependence among members, the group still may be effective.

❖ **Performance:** To discuss about group performance firstly we should recognize that work groups are the part of larger organization and that factors such as the organization's strategy, authority structure, selection procedure and reward system can provide a favorable or unfavorable climate within which the group operate. So manager should never look groups in isolation, rather they should begin by assessing the degree of support provided to the group by the external conditions. It is obviously lot easier for the work group to be productive when the overall organization of which it is part is growing and it has both top management's support and abundant resources. Similarly a group is more likely to be productive when its members have the requisite skills to do the group task and the personality characteristics that facilitate working together

A number of structural factors show relationship to performance. Among the more prominent are role perception, norms, status inequities, size of the group, its demographic makeup, group task and cohesiveness.

❖ **Satisfaction:** The group size satisfaction relationship is what one should intuitively expect larger groups are associated with lower satisfaction. As size increases opportunity for participation and social interaction decreases, as does the ability of members to identify with the group's accomplishments. At the same time, having more members also promote tension, conflict, formation of subgroups which all act to make the group less effective.

14.9 GROUP DECISION MAKING

The most common form of group decision taking place in face to face interacting groups. Interacting group often censor themselves and pressure individual members towards conformity of opinion. Once the manager has decided that group decision making approach will be used, than he will decide on the technique best suited for decision making .Several techniques are :-

➢ **Brainstorming:** It is an idea generation process that specifically encourages any and all alternatives, while withholding any criticism of those alternatives. In a typical brainstorming session about 6 to 10 people sit and discuss the problem. The group leader states that problem in a clear manner so that all participants understand it. No criticism is allowed and all the alternatives are recorded for later discussion and analysis.

Brainstorming is good technique for generating as many alternatives as possible. Brainstorming is meant to overcome pressure for conformity in the interacting group that retard the development of creative alternatives. Groups that use brainstorming have been shown to produce significantly more ideas than groups that do not.

➢ **Nominal Group Technique (NGT):** It is a group decision making method in which individual members meet face to face to pool their judgment in a systematic but independent fashion. The nominal group technique restricts discussion or interpersonal communication during the decision making process, hence the term nominal. Group members are all physically present as in a traditional committee meeting but members operate independently. NGT has following steps:

   a) Individuals silently list their ideas
   b) Ideas are written on a chart one at a time until all ideas are listed
   c) Discussion is permitted but only to clarify the ideas. No criticism is allowed
   d) A vote is taken by ballot or other recordable means.

NGT is a good technique to use in a situation where group members fear criticism from others. The main advantage of NGT method is that it permits to meet the group formally but does not restrict independent thinking.

➢ **Delphi Technique:** This technique is originated at the Rand Corporation to gather the judgments of experts for use in decision making. It is similar to NGT except that it does not require physical presence of the group's member. Experts at remote locations respond through Questionnaire. A coordinator summarizes the response to the questionnaire and the summary is sent back to the experts. The expert then rate the various alternatives generated and the coordinator tabulate the result.

➢ **Electronic Meetings:** This method blends the nominal   group technique with sophisticated computer technology. Issues are presented to participants and they type their responses onto their computer screen. Individual comments as well as aggregate votes are displayed on the projection screen.

➢ **Devil's Advocacy:** In this method an individual or a group is given the role of critic. This person or persons (called as Devil's advocate) has the task of coming up with the potential problem related to proposed decision. This helps

organization avoid costly mistakes in decision making by identifying potential pitfalls in advance

➤ **Quality circles and Quality teams:** Quality circles are small group that voluntarily meet to provide input for solving quality or production problems. Quality circle are often generated from bottom up they provide advice to the managers who still have the decision making authority, quality circle members cannot force their recommendations to be followed, they can only give advice. Quality Teams in contrast are included in total quality management and other quality improvement efforts as a part of change in the organizational structure. Quality teams are generated from top down and are empowered to act on their own recommendations.

➤ **Self Managed teams:** Self managed teams make many of the decision that were once reserved for managers, like work scheduling, staffing etc. unlike quality circles whose role is advisory, self managed teams are delegated authority in the organizational decision making process.

	TYPE OF GROUP				
Effectiveness Criteria	Interacting	Brainstorming	Nominal	Delphi	Electronic
Number of ideas	Low	Moderate	High	High	High
Quality of ideas	Low	Moderate	High	High	High
Social pressure	High	Low	Moderate	Low	Low
Money costs	Low	Low	Low Moderate	Low	High
Speed	Moderate	Moderate	High	Low	High
Task orientation	Low	High	Moderate	High	High
Potential for interpersonal conflict	High	Low		Low	Low
Feelings of accomplishment	High to Low	High	High	Moderate	High
Commitment to solution	High	Not applicable	Moderate	Low	Moderate
Develops group cohesiveness	High	High	Moderate	Low	Low

Evaluating Group Effectiveness

Before choosing a group decision making technique the manager carefully analysis the situation and evaluate the group members than the best method for accomplishing the objective of the group decision making can be selected for e.g.:-

The need for expert input would be best facilitated by Delphi technique. Decision that concerns quality or production would benefit from Quality circle.

If group members are reluctant to contribute ideas that nominal group technique is best suited.

14.10 OBSTACLES TO GROUP PRODUCTIVITY

Managers should be well aware of the obstacles to the group productivity so that they can overcome these obstacles. The obstacles are:-

❖ **Breakdown in Role Development:** Breakdown in role ambiguity, role conflict or role overload. Any of these obstacles will effect group productivity. It includes:

➢ **Role Ambiguity:** It means the prescribed behavior of the employee is not clear. Whether the group is formal or informal not much about the group's role expectation is neither written nor much communicated thus when a new situation or changing conditions arises group seems to confuse as what is expected from them is not much clear and when certain role is not clear or incomplete it leads to role ambiguity or uncertainty.

➢ **Role Conflict:** When an individual is confronted by divergent role expectations the result is role conflict. It exists when an individual finds that compliance with one role requirement may more difficult the compliance with another. It may take the form of

Person-role conflict: It means the requirement of person's role violate his or her personal values, needs and attitude.

Intra-role conflict: Arises when different people's expectations for a role are incompatiable.it means if one person role satisfies one person the other will get dissatisfied.

Inter-role conflict: Occurs when the multiple roles performed by a person involves incompatible expectation.

➢ **Role Overload:** It is a situation where expected roles exceed a group member's abilities. It arises not from nature of a particular role but from number of roles person takes on.

❖ **Groupthink:** According to Irving Janis, groupthink is "a deterioration of mental efficiency, reality testing and moral judgment resulting from in-group pressures "Thus the overemphasis on consensus and agreement leads members to be unwilling to evaluate group member's ideas critically. This hinders decision making and becomes an obstacle to group productivity.

❖   **Social Loafing:** Social loafing occurs when one or more group members rely on the effort of other group members and fail to contribute their own time, effort, thoughts or other resources to a group. This may create real drag on the group's effort and achievement. When a group carries out a task it is harder to attribute the group's output to individual contribution some group member may engage in social loafing or doing less than their share of the work on the assumption that group's result will not indicate the individual's failure to contribute. A number of method for countering social loafing exist such as having identifiable individual contribution to the group product and member self evaluation system.

❖   **Production Blocking:** Production blocking is limiting another person's output by getting in his or her way. Production blocking occurs when too many employees are trying to work in a given amount of space or when the organizational has poorly planned the use of its facilities. It can also occur when the organizational assigns more than the optimal number of employees to carry out a task.

14.11 SUMMARY

A group is defined as two or more individual interacting and independent, who have come together to achieve particular objectives. There are two types of group's i.e. formal group and informal group. Bruce Tuckman gave five stages of group formation; they are Forming, Storming, Norming, Performing and Adjourning.

The performance of some groups is better than others the reason for that is difficult to answer but it includes certain variables that determine group performance and satisfaction.

There are techniques for making decisions like brainstorming, Delphi technique and nominal group technique. Like every concept has two aspects likewise group behavior has certain barriers or obstacles that affect the productivity of group

14.12 GLOSSARY

- **Group**: - It is defined as two or more individuals, interacting and interdependent, who have come together to achieve particular objectives.
- **Formal Groups**:- A designated work group defined by organization's structure

- **Command Group**: - A command group consists of a manager and the employee who report to him.
- **Task Group**: - A task group is made up of employees who work together to complete a particular task or project.
- **Informal Group**:- An organization's informal groups are groups that evolve to meet social or affiliation needs by bringing people together based on shared interest or friendship.
- **Friendship Groups**:- Groups often develop because the individual members have one or more common characteristics.
- **Interest Groups**:- People who may or may not be aligned to common command or task groups may affiliate to attain a specific objective with which each is concerned. This is a interest group.
- **Reference Groups**:- Sometimes people use a group as a basis for comparison in making decision or forming opinion.
- **Membership Groups**:- When a person does belong to a group(formal or informal groups to which employees actually belong) the group is called a membership group.
- **Brainstorming**:- It is good technique for generating alternatives. The idea behind brainstorming is to generate as many ideas as possible, suspending evaluation until all of the ideas have been suggested.

14.13 CHECK YOUR PROGRESS

Q1. Define group? Illustrate why do people join groups?

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Q2.Explain the different types of groups?

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Q3. Discuss the different characteristics of groups?

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Q4. A group is defined as two or more individuals, interacting and interdependent who have come together to achieve particular objectives.

(True / False)

Q5. A……………………group is made up of employees who work together to complete a particular task or project.

Q6. In……………………technique experts are not require to be physically present but they can respond through questionnaire.

Q7. In……………………technique of group decision making several and all types of alternatives or ideas are generated.

Q8. In……………………stage close relationship develop and group demonstrate cohesiveness.

Q9. The……………………refers to the degree to which group members are attracted to each other and are motivated to stay in the group.

Q10. ……………………are the rule of conduct to maintain consistency in behavior of the group.

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14.16 LONG TERM QUESTIONS

Q1. Describe the five stages of group development?

Q2. Explain the work group behavior model?

Q3. Throw a light on various techniques adopted by organization for group decision making?

Q4. Discuss various barriers / obstacles that affect group productivity?

Q5. What is cohesiveness? How is cohesiveness related to performance? What implication does this relationship have for improving productivity in the organization?

Q6. Define Group Structure and explain the elements which come under group structure?

Q7. Write short note on: -   a) Role

b) Norms

14.17 ANSWER TO CHECK YOUR PROGRESS

Ans 1.   See Sec 14.3 & 14.5

Ans 2.   See Sec 14.4

Ans 3.   See Sec 14.7

Ans 4.   True

Ans 5.   Task

Ans 6.   Delphi technique

Ans 7.   Brainstorming

Ans 8.   Norming

Ans 9.   Cohesiveness

Ans 10.   Norms

UNIT 15: MEANING AND CONCEPT OF ORGANIZATION EFFECTIVENESS

Structure:

15.1 INTRODUCTION

The study of organizational effectiveness has long been the province of those in the management sciences. In recent years, however, workplace consultants and strategists have become increasingly interested in designing physical environments that promote organizational success. Although there are many ways to measure success, a number of factors consistently show up in effectiveness metrics. These include the following:

- Achieving organizational mission
- Product/service quality and value

- Customer satisfaction
- Capacity for innovation and creativity
- Adaptation to organizational and technological change
- Effective information sharing and communication
- Employee attraction and retention
- Effective group and individual work
- Quality of work life
- Developing partnerships and alliances
- Operational efficiency
- Image and branding

For any given organization, measures of effectiveness vary, depending upon its mission, environmental context, nature of work, the product or service it produces, and customer demands. Thus, the first step in evaluating organizational effectiveness is to understand the organization itself—how it functions, how it is structured, and what it emphasizes.

15.2 OBJECTIVE

After reading this unit, you should be able to:

- Understand the meaning and concept of Organizational effectiveness
- Understand Organizational culture and its implications to organizational effectiveness
- Learn about factors that build and nurture favorable organizational culture
- Understand different organizational life cycle stages
- Understand the importance of organizational effectiveness
- Understand the characteristics of effective organizations

15.3 CONCEPT

Organizational effectiveness is the concept of how effective an organization is in achieving the outcomes the organization intends to produce. Effectiveness is characterized by the ability to do what you set out to do.

Additionally though, they defined it as partly about the organization and partly about the individuals within that organization.

At the organizational level it's about:

- Executing on direction and strategies to consistently fulfill your mission and get the result that you established
- Funding innovation (from throughout the organization) to keep moving the organization ahead
- Improving the way the organization works and executes – continuously
- Managing the 'white spaces' between the organizational boxes – such as managing risk; developing the right spirit among teams; collaborating on the right things with the right people, at the right time.

From an individual's point of view, it's about being able to do more than 'just the job'; it also includes:

- Channeling ideas and innovative thoughts up through the organization
- Leveraging 'my' sphere of influence and control to govern 'in the moment' and in response to real-time needs
- Having the right information and knowledge to make the appropriate judgment calls and decisions

While this is a wide range of definitions, none of the above is wrong. It's more about the different perspectives executives have based on their experiences, and potentially, on how they are measured as effective leaders of organizational effectiveness.

The idea of organizational effectiveness is especially important for non-profit organizations as most people who donate money to nonprofit organizations and charities are interested in knowing whether the organization is effective in accomplishing its goals.

However, scholars of nonprofit organizational effectiveness acknowledge that the concept has multiple dimensions and multiple definitions. For example, while most nonprofit leaders define organizational effectiveness as 'outcome accountability,' or the extent to which an organization achieves specified levels of progress toward its own goals, a

minority of nonprofit leaders define effectiveness as 'overhead minimization,' or the minimization of fundraising and administrative costs.

15.4 DEFINITION

Organizational effectiveness is defined "as the ability of an organization to maximize its performance within a competitive external environment".

It is achieved when organizational resources are optimally utilized by creating suitable structures, processes and systems, cultures and people fully aligned to organization's business purpose and direction. An organization is a consciously coordinated entity with indefinite boundary that functions on a continuous basis to achieve common goal or set of goals. An organizational structure defines how roles are defined, task, task are allocated relationship are reported, and the formal coordination and interaction pattern that the organization would follow.

Organizations need to undergo continuous improvement in their process and system so as to bring transform in their inputs and outputs.

This involves continually assessing and reassessing not only the outcomes of business processes but also the process and systems to see what improvement can be made to streamline and improve methods so as to keep making positive contribution to the overall effectiveness.

Ahisholm (1998) suggested four key challenges than are organization facing in today's scenario:

1. Rapid advancement of technology
2. Globalization
3. Operational and process complexity
4. Shift in values and beliefs

According to Richard et al. (2009) organizational effectiveness captures organizational performance plus the myriad internal performance outcomes normally associated with more efficient or effective operations and other external measures that relate to considerations that are broader than those simply associated with economic valuation (either by shareholders, managers, or customers), such as corporate social responsibility.

Several consultancies define it as the intersection of business strategy, human resources and operations management.

Wikipedia defines it as 'the concept of how effective an organization is in achieving the outcomes the organization intends to produce.

According to Mayo "Effectiveness is a function of Productivity resulting from employee satisfaction."

According to Fayol "Effectiveness is a function of clear authority and discipline within an Organization"

According to **Etzioni** organizational effectiveness is the degree to which an organization realizes its goals. Etzioni considers "organizational effectiveness" another name for "goal achievement

15.5 ORGANIZATIONAL EFFECTIVENESS AND CULTURE

Culture is a set of norms, values and assumptions that are available to the staff and thus it is inseparable from action and process. It is also defined as a learned set of rules written or verbal that instructs the individual about working effectively with each other and with their environment. It not only defines the ways to act but also the ways to react so it acts as an important component of individual capacity to live in the organization. In other words "it is the way we do things around here". Trice & Beyer (1993) has defined culture as the "unique pattern shared assumptions, values and norms that shape the socialization, symbols, language, narratives and practices of a group of people".

Schein Edgar defines organizational culture as 'the residue of successes within an organization. According to him culture is the most crucial and difficult organizational attribute to change as it is long lasting compared to all other physical attributes of the organization. He states that there are three level of organizational attributes that contributes to its culture namely those attributes can be felt, seen and heard by the uninitiated observer. These include facilities, offices, furnishings, awards, recognition and dress code and the way each person visibly interacts with each other and outsiders. At the second level are the organization's slogans, stories, mission statement, operational creeds

and values that are expressed often and repeatedly. These cultural elements of the organization can be understood by interviewing the employees of the organization about their attitudes. At the third and deepest level are the organization's underlying and tactic assumptions which are usually invisible and not cognitively identified in everyday interaction among organizational members.

Normal regular employees are unaware of these organization assumptions. Only those members of the organization who have been serving the organization for long time and understand organization culture at its deepest can understand these assumptions. They have got acclimatized to these attributes over time, thus reinforcing the invisibility of their existence. Therefore according to Schein organizational culture gets formed from shared history, values and adaptation, further organizational change is not possible without making changes that affect its culture.

Schein states that organizational culture develops in response to two major challenges that ever organization faces that are:

- **External adaptation and survival:** External adaptation and survival refers to the way an organization copes with and responds to its ever-changing environment
- **Internal adaptation**: Internal Adaptation refers to the establishment and maintenance of the effective and harmonious relationship in work situation among members of the organization.

Thus organizational culture may be defined as the overall attitude of the people within the organization. It contributes a great deal to the achievement of its objective and in improving its effectiveness. In a recent survey of business leaders it was found that 70% agreed with the statement 'culture is the true source of competitive advantage'. 91% agreed that 'culture erodes if not actively nurtured. 'Many features of the organizational performance get blocked due to the inherent diversity of the organizational membership. On one hand it can bring in healthy and necessary differences while on the other it may create conflict and lack of synergy.

Changing external environment on one hand and shifting expectation of managers as they move along different career stages, on the other, require a change in approach towards managing and leading.

The basic of building and nurturing a favorable organizational culture requires focused attention on teamwork, leadership development conflict management, inculcating best practices and values.

Thus harmonizing, aligning, and integrating people processes and system, culture and organizational structure to the business objective and direction lead to achievement of organizational effectiveness.

15.6 ORGANIZATIONAL LIFE CYCLE STAGES

Every organization undergoes life cycle stages. However what matters the most is the management of these stages in a manner that it remains on the path of growth. This mainly depends on the leader and his capability to create a culture for innovation in the organization. In this competitive world lifecycle's predictable patterns help organizations and their managers to develop greater insight as to what problems need to be corrected first. These problems may be operational and cultural. The management's ability to handle problems effectively and to create new market opportunities differentiates successful from unsuccessful business.

There are five organiztional's life cycle stages they are:-

Organization Life Cycle Stage

- ➢ **Entrepreneurial Stage:** The organization is in its nascent stage. Although its goals are ambiguous they have high level of creativity.

- ➢ **Collectivity Stage:** Innovation continues in this stage and the organizational mission is identified. Communication is informal and its employee are highly committed to the organizational objectives and goals

- ➢ **Formalization & Control Stage:** In this stage organizational structure stabilizes and formal rules and procedure put in place. However innovation is given back seat while greater emphasis is placed on efficiency and stability a sequence

- ➢ **Elaboration of structure stage:** Products and services are diversified at this level. the structure become more complex with multiple departments giving rise to multiple reporting relationships. This is the stage in which decision making get decentralized.

- ➢ **Decline Stage:** This is the stage when management looks for always to maintain market positions and look for new opportunities. In this phase organizational effectiveness really matters in terms of coming out with new ideas to exploit existing or emerging opportunities.

15.7 ORGANIZATIONAL EFFECTIVENESS CRITERIA

An organization may achieve its goals but ultimate test of its success lies in the measurement of its result which contributes to the achieving of those goals. Those responsible and accountable for directing the organization must first determine where an organization stands and what it wants to achieve in a particular period. This must then be translated into subnormal (or objectives and results) a component of the goal's organization must achieve. Individual and group performance have to be view and evaluated Vis a Vis a predetermined criteria. Certain objectives and   goal may be qualitative while others may be quantitative. Qualitative objectives need to be converted into quantitative objectives as much possible. To achieve the desired result individual s and group at different tiers have to plan and execute a sequence of actions and activities.

Some of commonly used criteria for evaluating organizational effectiveness are such as productivity, efficiency, profit, quality, accidents growth absenteeism, turnover, dividend payment share price, earning per share etc are quantitative in nature and can be measured by using well defined variables however there are number of criteria that have impact on achievement of quantitative criteria but cannot be easily measured as they are qualitative in nature. Some of the vital qualitative criteria are –

- Job satisfaction
- Motivation
- Morale
- Control
- Conflict/cohesion
- Flexibility/adaptation
- Goal consensus
- Internalization of organizational goals
- Role and norm congruence
- Managerial and interpersonal skills
- Information management and communication readiness

- Utilization of environment, value of human resources participation and shared influence, training and development and emphasis on achievement.

Model for Organizational Effectiveness Measurement Criteria

Measuring Organization effectiveness: To understand the criteria for measuring organization effectiveness let us first discuss what an ineffective organization would look like. It is like having:

- Missed targets and goals
- High levels of unmitigated risk
- Unnecessary turnover of leaders and high potential staff
- Lack of ROI on key strategic projects and investments
- Lower levels of customer / partner / supplier / employee satisfaction levels
- Cultural confusion - where we say one thing but do another
- Inadequate clarity of roles and accountabilities and the authority to make decisions
- Lack of nimbleness – encouraged by too many organizational layers, bureaucratic processes or governance, poor information relays, and policies that stifle common sense

- Firefighting as a strategy Impatience with solving the same problems multiple times; (and instead working to identify and act on root causes)

High Performance organization: Research shows that high performance organization can be distinguished from the rest by applying a yardstick on certain parameters. Leaders with clear vision well designed management processes, policies to attract and retain talent, customer focus, innovation and above all adaptability and capacity to change are some of things that make some organizations distinct from others.

15.8 CHARACTERISTICS OF EFFECTIVE ORGANIZATION

Effective organization has been found to possess certain characteristic that make them distinct from others they are:
- ❖ Providing sustained leadership
- ❖ Driving effective decisions
- ❖ Focusing people on performance
- ❖ Aligning the front line
- ❖ Driving a high performance culture

Thus performing, growing and developing organization create inbuilt mechanism to continuously improve their effectiveness by developing a culture that is conductive to create and respond to the environmental changes. These organizations have transparent systems and processes and a organizational structure wherein communication between tiers and within group is encouraged. People are receptive to feedback as measured in quantitative and qualitative terms. It would be imperative for any organization to focus on being effective for its long term sustainable growth and development.

Consequently, an effective organization likely has a set of merits that are:
- Holds individuals accountable for their individual performance. That means clarifying individuals' roles, responsibilities, and their authority to make decisions.

- Identifies and communicates 'acceptable' levels of risk (and the cost of not managing risk adequately)
- Measures a leader's behavioral impact and how that influences others' performance (or not)
- Clarifies 'what good looks like' since people cannot be effective if they don't understand the (qualitative and quantitative) performance standards
- Identifies the drivers for success to more consistently replicate performance
- Identifies critical feedback loops so individuals learn and develop confidence in their analysis and decisions
- Challenges everyone to perform at the next level in the organization

PARAMETERS	YARDSTICKS
Values And Goals	Clear Vision
Leadership Behavior	Cohesive Leadership
Decision Making	Crisp Decision
Management Processes	Value Adding Processes
Talent	Deep Talent
Measure & Incentives	Meritocracy
Customer Focus	Consistent High Quality
Frontline Support	Fit
Performance Culture	High Performance
Capacity To Change	Continuous Evaluation

Parameters of High Performance Organizations

ORGANIZATIONAL EFFECTIVENESS ASSESSMENT

Name:

Date:

Section / # Question Answers   Agree / Disagree

Section A Defining Organizational Effectiveness

1 I am clear on the mission for my organization

2 I can translate that mission into the goals and results required

3 I can translate those results into what I need to do in my specific role

4 I can translate the mission into leadership and team behaviors required of me

Section B Measuring Organizational Effectiveness

1 I am clear on the performance objectives and standards for my function

2 I am clear on my decision making authorities

3 I understand 'what good looks like' for my function

4 I am clear on my roles and responsibilities and accountabilities

5 I am clear on who I need to collaborate with to be successful in my role

7 My teams feel 'empowered' and supported to make decisions

8 We follow through on promises and commitments to next steps

Section C Managing the 'White Spaces'

1 The operating culture supports solving root causes not just symptoms

2 I would describe my function as 'implementation oriented'

3 Priorities for immediate action are clear

4 We build time and forum for assessing and embedding learning

5 There are mechanisms in place to formally support collaboration

6 I have developed a personal network that I collaborate with

7 I can channel my ideas and creative thoughts to those who

Make the policies and decisions

8 You can feel the 'hum' in my function

Section D Describing My Effectiveness

1 I would describe myself as an 'implementer'

2 I would describe myself as 'planner'

3 I am consulted on matters outside of my formal role/job

4 I have a high level of confidence in my ability to make the right decisions

5 I know where to find the information I need

6 I am working a level above my current roles and authorities

7 Others recognize the passion that I have for what I do

Format of Organization effectiveness assessment

15.9 APPROACHES TO ORGANIZATION EFFECTIVENESS

Organizational effectiveness research, there is little consensus emerged, either theoretically or empirically, as to what constitutes organizational effectiveness and how best to measure it.

Robbins asserts that effectiveness, like beauty, is in the eye of the beholder. Different groups (Stakeholders) judge organizations by different criteria.

A. **Daft** defines three contingency approaches to the measurement of organizational effectiveness:

1- Resource based approach assesses effectiveness by observing the beginning of the process and evaluating whether the organization effectively obtains resources necessary for high performance. Organizational effectiveness is defined as the ability of the organization to obtain scarce and valued resources. Ex: Low cost inputs, high quality raw materials. (In many not-for-profit organizations it is hard to measure output goals or internal efficiency.)

2- Internal process approach looks at the internal activities. Organizational effectiveness is measured as internal organizational health and efficiency. Ex: strong corporate culture.

3- Goal approach is concerned with the output side and whether the organization achieves its goals in terms of desired levels of output. Since organizations have multiple and conflicting goals, effectiveness cannot be assessed by a single indicator. Ex: operative goals.

B. The "**Competing Values Framework**" of **Quinn and Rohrbaugh** (1983) is a theory derived from research conducted on major indicators of effective organizations. Based on statistical analyses of a comprehensive list of effectiveness indicators, they discovered two major dimensions underlying the conceptions of effectiveness.

First dimension is related to organizational focus. Internal emphasis is on the well being and development of the people in the organization. External emphasis is on the well being and development of the organization itself with respect to its environment.

Second dimension is related to preference for structure and represents the contrast between "stability and control" and "change and flexibility".

1. Human Resources model emphasizes flexibility and internal focus and stresses cohesion, morale, and human resources development as criteria for effectiveness
2. Open Systems model emphasizes flexibility and external focus and stresses readiness, growth, resource acquisition and external support
3. Rational goal model emphasizes control and external focus and stresses planning, goal setting, productivity, efficiency as the criteria for effectiveness

4. Internal process model emphasizes control and internal focus and stresses role of information management, communication, stability and control.

C. Another approach was given by J. Barton Cunningham, after reviewing the relevant literature, concluded that seven major ways of evaluating organizational effectiveness existed:

➢ Rational goal model
➢ Systems resource model
➢ Managerial process model
➢ Organizational development model
➢ The Bargaining model.

➢ **The Rational Goal Model:** The rational goal approach focuses on the organization's ability to achieve its goals. An organization's goals are identified by establishing the general goal, discovering means or objectives for its accomplishment, and defining a set of activities for each objective.The organization is evaluated by comparing the activities accomplished with those planned for. These criteria are determined by various factors.

➢ **The Systems Resource Model:** The systems resource model analyzes the decision-makers' capability to efficiently distribute resources among various subsystem's needs. The systems resources model defines the organization as a network of interrelated subsystems. These subsystems needs may be classified as:

• Bargaining position - ability of the organization to exploit its environment in acquisition of scarce and valued resources;
• Ability of the systems' decision-makers to perceive, and correctly interpret, the real properties of the external environment;
• Ability of the system to produce a certain specified output;
• Maintenance of internal day-to-day activities;
• Ability of the organization to co-ordinate relationships among the various subsystems;

- Ability of the organization to respond to feedback regarding its effectiveness in the environment.
- Ability of the organization to evaluate the effect of its decisions;
- Ability of the organization' system to accomplish its goals.

➢ **The Bargaining Model:** Each organizational problem requires a specific allocation of resources. The bargaining model presumes that an organization is a cooperative, sometimes competitive, resource distributing system.

Decisions, problems and goals are more useful when shared by a greater number of people. Each decision-maker bargains with other groups for scarce resources which are vital in solving problems and meeting goals.

The overall outcome is a function of the particular strategies selected by the various decision-makers in their bargaining relationships. This model measures the ability of decision-makers to obtain and use resources for responding to problems important to them.

Each of the subsystems' needs should be evaluated from two focal points: efficiency and stress. Efficiency is an indication of the organization's ability to use its resources in responding to the most subsystems' needs. Stress is the tension produced by the system in fulfilling or not fulfilling its needs

➢ **The Managerial Process Model:** The managerial process model assesses the capability an productivity of various managerial processes -decision making, planning, budgeting, and the like -for performing goals.

The managerial process model is based on the intuitive concept of substantial rationality, which interrelates the drives, impulses, wishes, feelings, needs, and values of the individuals to the functional goals of the organization.

- **The Organizational Development Model:** This model appraises the organization's ability to work as a team and to fit the needs of its members. The model focuses on developing practices to foster:
- supervisory behavior manifesting interest and concern for workers;

- team spirit, group loyalty, and teamwork among workers and between workers and management;
- confidence, trust and communication among workers and between workers and management;
- more freedom to set their own objectives.

The model's procedure attempts to answer four main questions:

- Where are we?;
- Where do we want to go?;
- How will we get there?;
- How will we know when we do get there?

These questions can be divided into four areas: question one is concerned with diagnosis, question two with the setting of goals and plans, question three with the implementation of goals, and question four with evaluation.

This model is concerned with changing beliefs, attitudes, values, and organizational structures so that individuals can be better adopt to new technologies and challenges. It is a process of management by objectives in contrast to management by control.

➢ **The Structural Functional Model:** The structural functional approach tests the durability and flexibility of the organization's structure for responding to a diversity of situations and events.

According to this model, all systems need maintenance and continuity. The following aspects define this:

- security of the organization as whole in relation to the social forces in its environment (this relates to ability to forestall threatened aggressions or deleterious consequences from the actions of others);
- stability of lines of authority and communication (this refers to the continued capacity of leadership to control and have access to individuals in the system);
- stability of informal relations within the organization;
- continuity of policy making (this refers to the ability to reexamine policy an a continuing basis);

• homogeneity of outlook (this refers the ability to effectively orient members to organization norms and beliefs).

➢ **The Functional Model:** In the functional approach an organization's effectiveness is determined by the social consequences of its activities.

The crucial question to be answered is: how well do the organization's activities serve the needs of its client groups?

The appraisal of an organization's effectiveness should consider whether these activities are function or dysfunctions in filling the organization's goals.

These seven models have their strengths and shortcomings depending upon the organizational situation being evaluated. The choice of evaluation approach usually hinges on the organizational situation that needs to be addressed.

15.10   INCREASING   ORGANIZATION   EFFECTIVENESS   AT WORKPLACE

How do you increase organizational effectiveness and the productivity of your workforce?

To increase organizational effectiveness, winning companies create sustainable competitive advantage by aligning their talent and business strategies.

Mergers or acquisitions, restructurings or shifts in business strategy are examples of fundamental organizational change that create strong demand for processes and systems to bring focus and restore the organization's capability to function effectively.

Our organizational effectiveness capability brings value to our clients' organizations by facilitating the integration and alignment of the business strategy with a workable talent management strategy.

At the heart of Right Management's organizational effectiveness capabilities, is our holistic approach to helping companies build and align the capabilities, processes, attitudes, and talent needed to more effectively implement its chosen strategy.

Organizational Effectiveness Solutions

- **Strategy Implementation:** Right Management's Strategy Implementation consulting services improve an organization's ability to successfully execute strategy. This is achieved by focusing on structure, people systems and processes, and to deliver great customer experiences.

- **Strategic Workforce Alignment:** Strategic Workforce Alignment is a unique interactive process for executives to quickly assess and prioritize various workforce strategies, employee needs and investments. Based on proven Six-Sigma methodologies, individuals use a specially designed diagnostic process called Right Navigator to prioritize (based on importance and satisfaction) a comprehensive set of organizational workforce strategies.

- **Change Management:** Right Management's Change Management offerings are designed to support change at all levels of the organization. Our change management programs assist executives to drive organizational change, empower managers to lead through change, and enable employees to navigate and respond to change appropriately.

Four Core Capacities for Organizational Effectiveness

- **Leadership Capacity:** The ability of all organizational leaders to create and sustain the vision, inspire, model, prioritize, make decisions, provide direction and innovate, all in an effort to achieve the organizational mission

- **Management Capacity:** The ability of a nonprofit organization to ensure the effective and efficient use of organizational resources

- **Technical Capacity:** The ability of a nonprofit organization to implement all of the key organizational and programmatic functions

- **Adaptive Capacity:** The ability a nonprofit organization to monitor, assess, respond to and create internal and external changes

15.11 SUMMARY

A clear purpose and direction is a must for organizational effectiveness. Organizational Structure, processes and systems, culture and employees must all be aligned to this objective for organizational success. Organizational

effectiveness is defined as ability of an organization to maximize its performance within a competitive external environment.

For organization effectiveness we need to provide healthy and effective culture within the organization and the basics of building and nurturing favorable organizational culture require focused attention on teamwork, leadership development, conflict management etc.

Every organization undergoes various lifecycle stages, which can be classified as entrepreneurial, collectivity, formalization and control and elaboration of structure stages. However management at all these stages must remain focused on the target of achieving the desired performance to make effective organization and this mainly depends upon the leader and his capability to create culture for innovation and creativity within the organization.

Some of the commonly used criteria for evaluation of organization effectiveness are productivity, efficiency, profit, growth, earning per share, turnover, dividend payment share price are the yardsticks which are quantitative in nature i.e. they can be measured and on that basis effectiveness of the organization can be measured.

There are certain yardsticks which cannot be measured e.g. sustained leadership, effective decision making etc are the examples of qualitative measurements as they cannot be measured but still are features of organization effectiveness.

Various approaches and methods of measurement have been discussed to explain organization effectiveness.

15.12 GLOSSARY

Organizational Effectiveness: It is the ability of an organization to maximize its performance within a competitive external environment.

- **Culture:** A set of norms, values and assumptions those are available to employees. It is thus inseparable from action and process.
- **Organizational Life cycle:** The various stages an organization goes through in its process of growth.

- **High Performance Organizations:** These are organizations that perform exceedingly well in terms of achievement of their goals.
- **Productivity:** It refers to accomplishment of objectives through the utilization of resources such as capital, workforce, machinery, infrastructure etc.

15.13 CHECK YOUR PROGRESS

Q1. Define Organizational Effectiveness?

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Q2. List the different Yardsticks on the basis of which high performance organization can be distinguished from low performance organization?

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Q3.Mention the characteristics possessed by effective organization?

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Q4. …………………..is a set of norms, values and assumptions that are available to the employee.

Q5. …………………..is the ability of an organization to maximize its performance within competititive external environment

Q6. Entrepreneurial stage is the nascent stage of the organization life cycle. (True / False)

Q7. Those yardsticks which cannot be measured are the examples of qualitative measurement   (True / False)

Q8. …………………..is the example of the yardsticks of quantitative measurement

Q9.Sustained Leadership is one of the important characteristics of effective organization.   (True/False)

Q10. …………………. is the stage when management looks for always to maintain market positions and look for new opportunities.

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15.16   LONG TERM QUESTIONS

Q1. Discuss the stages of organization life cycle?

Q2. What is meant by organization culture? What are the factors that build a favorable organization structure?

Q3. Briefly discuss the approaches of organization effectiveness?

Q4.What is the important quantitative and qualitative criteria used to measure organization effectiveness?

Q5. How one can increase organizational effectiveness and the productivity of his workforce?

Q6. What is the advantage or importance of measuring organization effectiveness?

Q7. Draw the format of Organization effectiveness assessment chart.

15.17 ANSWERS TO CHECK YOUR PROGRESS

Ans1. See Sec 15.4

Ans2. See Sec 15.7

Ans3. See Sec15.8

Ans4. Culture

Ans5. Organizational Effectiveness

Ans6. True

Ans7. True

Ans8. Profit

Ans9. True

Ans10.Decline Stage

UNIT 16: ORGANIZATION CHANGES & ORGANIZATION DEVELOPMENT WITH CASE STUDIES EMERGING TRENDS AND PERSPECTIVE

<u>**Structure:**</u>

16.1 INTRODUCTION

There is nothing in the Universe which is permanent or remains same, except the change, and this is the fact of life; a fundamental aspect or truth of historical evolution. Change is inevitable in a progressive culture. Change in fact is accelerating in our society. Changes are taking place in almost every field of life whether it is political, scientific, technological and institutional areas etc. Organizations cannot completely isolate themselves from this environment instability. Change is introduced to them by internal and external forces. Meeting this challenge of change is the primary responsibility of management. An organization lacking the ability to adapt with the change has no future. Adaptability to change is a necessary quality of good management. Modern managers have the responsibility to devise management practices that best meet the new challenges and make use of the opportunities for the growth of the organization.

No discussion of managing change would be complete without including organizational development. Organizational Development is not an easily defined single concept. It is term used to encompass a collection of planned change interventions built on humanistic democratic values that seek to improve organizational effectiveness and employee well being.

16.2 OBJECTIVE

After reading this unit, you should be able to:

- Understand the concept of change and the forces that act as a stimulant to change
- Explain the sources of individual and Organizational resistance to change and remedies for it

- Explain different approaches to manage organizational change
- Understand the concept, assumptions and purpose of Organizational Development
- Understand the types of Organizational Development Activities
- Explaining Organizational development Interventions or Techniques
- Brief Introduction to other Emerging Trends

16.3 DEFINITION

Organizational change refers to a modification or transformation of the organization's structure, processes or goods. Flexibility requires that organizations be open to change in all areas, including the structure of the organization itself. In a flexible organization, employees can't think of their roles in terms of a job description. They often have to change the tasks they perform and learn new skills. The most flexible organizations have culture that

a) Value Changes

b) Manager who know how to implement changes effectively

16.4 FORCES FOR CHANGE IN ORGANIZATIONS

More and more organizations today face a dynamic and changing environment that in turn requires these organizations to adapt. Change has become the norm in most organizations. Plant closing, business failures, mergers and acquisition and downsizing have become common experiences for most organizations. Addictiveness, flexibility and responsiveness are terms used to describe organizations that will succeed in meeting the competitive challenges that business face. In past organization could succeed by claiming excellence in one area- quality, reliability or cost. But this is not the case today. The current environment demands excellence in all areas.

<center>Forces for Change</center>

<center>External   Internal</center>

Forces For Change

Force	Examples
Nature of the work force	• More cultural diversity • Increase in professionals • Many new entrants with inadequate skills
Technology	• More computers and automation • TQM programs • Re-engineering programs
Economic shocks	• Security market crashes • Interest rate fluctuations • Foreign currency fluctuations
Competition	• Global competitors • Mergers and consolidations • Growth of specialty retailers
Social trends	• Increase in college attendance • Delayed marriages by young people • Increase in divorce rate
World politics	• Collapse of Soviet Union • Iraq's invasion of Kuwait • Overthrow of Haitian dictator

Different factors which effect the organization changes

1. **External Forces**: When the organization's general or task environment changes, the organization's success often rides on its ability and willingness to change as well. The modern manager is change conscious and operating in the constantly changing environment. Many external changes affect the modern organizations and make change inevitable. The genera environment has social, economic, legal, political and technological dimensions. Any of these can introduce the need for change. There are certain forces which affect the organization:

❖ **Technological Change**: Rapid technological innovation is a major force for change in organizations and those who fail to keep pace can quickly fall behind. According to C Handy, "the rate of technological changes is greater today than any time in the past and technological changes are responsible for changing the nature of jobs performed at all levels in the organization". Technological innovations bring about profound change because they are not changes in the way work is performed. Instead the innovation process promotes associated changes in work relationships and organizational structures.

❖ **Globalization**: - The global economy means competitors are likely to come from across the ocean. The power players in the global market are the multinational and Trans – national organizations. This has led companies to think globally. Globalization of an organization means rethinking the most efficient ways to use resources, disseminate and gather information and develop people. It requires not only structural changes but also changes in the minds of employees.

❖ **Social & Political Changes**: A firm's fate is also influenced by such environmental pressures as social and political changes. Many new legal provisions in the corporate sector get introduced every time that affects organizations.

❖ **Workforce Diversity**: Related to globalization is the challenge of workforce diversity. Workforce diversity is a powerful force for change in organizations.

❖ **Managing Ethical Behavior**: Employees face ethical dilemmas in their daily work lives. The need to manage ethical behavior has brought about several changes in organizations. Most centre on the idea that an organization must create a culture that encourages ethical behavior. Ethical behavior is expected in relationship with other organizations. Ethical behavior is expected in relationship with other customers, environment and society.

These challenges are forces that place pressure to change on organizations. Organizations cannot afford to be rigid and inflexible in the wake of environment al pressures, rather they must be dynamic and viable so that they survive.

2.   **Internal Forces:** Besides reacting to or anticipating changes on the outside, an organization may change because someone on the inside thinks a new way of doing thinks will be beneficial or even necessary. Pressures for change that originate inside the organization are generally recognizable in the

form of signals indicating that something needs to be altered. These internal forces are discussed below:-

❖ **Changes in Managing personnel**: One of the most frequent reasons for major changes in an organization is the change of executives at the top. No two managers have the same styles, skills or managerial philosophies. Thus changes in the managerial personnel are thus a constant pressure for change.

❖ **Declining Effectiveness**: Declining effectiveness is a pressure to change. A company that experiences losses is undoubtedly motivated to do something about it. Some companies react by instituting layoffs and massive cost cutting programmes, whereas others view the loss as symptomatic of an underlying problem, and seek out the cause of the problem.

❖ **Changes in work climate**: Changes in the work climate at an organization can also stimulate change. A workforce that seems lethargic, unmotivated and dissatisfied is a symptom that must be addressed. This symptom is common in organizations that have experienced layoffs may find it hard to continue to be productive. They may fear that they will be laid off as well and may feel insecure in their jobs.

❖ **Deficiencies in the existing system**: Another internal pressure for organizational change is the loopholes in the system. These loopholes may be un manageable spans of control, lack of coordination between departments, lack of uniformity in politics, noncooperation between line and staff etc.

❖ **Crisis**: A crisis may stimulate change in an organization; strikes or walkouts may lead management to change the wage structure. The resignation of a key member may lead the management to rethink over the composition of management team and its role in the organization.

❖ **Employee expectations** : changes in employee expectations also can cause change in organizations the forces may be:
   ➢ Employee's desire to share in decision making
   ➢ Employee's demand for effective organizational mechanism

➢ Higher employee expectations for satisfying jobs and work environment.

➢ Employee's desire for higher wages.

All these forces necessitate change in organizations. Besides these forces a company that hires a group of young newcomers may be met with a set of expectations very different from those expressed by older workers.

Although organizational changes are important, managers should try to institute changes only when they make strategic sense. A logical conclusion is that managers should evaluate internal forces for change with as much care as they evaluate external forces.

16.5 FORMS OF CHANGES

Change has become the norms in most organizations. Adaptiveness, flexibility and responsiveness are terms used to describe the organizations that will succeed in two basic forms of changes in organizations that will succeed in meeting the competitive challenges that business face. There are two basic forms of change in organization:

- **Planned changes**: Planned change is change resulting from a deliberate decision to alter the organization. It is an intentional, goal oriented activity. The goals of planned changes are
  - ➢ First it seeks to improve the ability of the organization to adapt to changes in its environment.
  - ➢ Second it seeks to change the behavior of its employees.
- **Unplanned Change**: Not all change is planned. Unplanned change is imposed on the organization and is often unforeseen. Responsiveness to unplanned change requires tremendous flexibility and adaptability on the part of organizations.

Role of change agents

Changes in organizations are inevitable, but change is a process that can be managed. The individual or group that undertakes the task of introducing

and managing a change in an organization is known as a change agent. Change agents can be of two types:

• **Internal Change Agents:** Change agents can be internal, such as managers or employees who are appointed to oversee the change process.

Internal change agents have certain advantages in managing the change process they are:

➢ They know the organization's past history, its political system and its culture.

➢ Internal change agents are likely to be very careful about managing change because they must live with the results of their change efforts.

There are also disadvantages of using internal change agents they are:

➢ They may be associated with certain factions within the organization and may easily be accused of favoritism

➢ Internal change agents may be too close to the situation to have an objective view of what needs to be done.

• **External Change Agents:** Change agents can also be external such as outside consultants. They bring an outsider's objective view to the organization. External change agents have certain advantages:

➢ They may be preferred by employees because of their impartiality

➢ They have more power in directing changes if employees perceive the change agents as being trustworthy, possessing important expertise and having a track record that establishes credibility

There are also disadvantages of using external change agents they are:

➢ External change agents face certain problems, including their limited knowledge of the organization's history

➢ They may be viewed with suspicion by organization members.

16.6 RESISTANCE TO CHANGE

The sources of resistance to change can be categorized into two sources: individual and organizational

1. Individual Resistance: It is the nature of mankind that they resist change as they attach great preference to maintain the status quo. The following are the reasons:

❖ **Economic Reasons** : The economic reasons to fear change usually focus on one or more of the following:
   - Fear of technological unemployment
   - Fear of reduced work hours and consequently less pay
   - Fear of demotion and thus reduced wages
   - Fear of speed up and reduced incentive wages

❖ **Fear of the unknown**: Change often bring with it substantial uncertainty. Employees facing a technological change, such as the introduction of a new computer system, may resist the change simply because it introduces ambiguity into what was once a comfortable situation for them.

❖ **Fear of Loss:** When a change is impending, some employees may fear losing their jobs, particularly when an advanced technology is introduced. Employees may also fear losing their status because of a change. Another common fear is that changes may diminish the positive qualities.

❖ **Security**: people with high need of security are likely to resist change because it threatens their feeling of safety.

❖ **Status Quo**: The biggest and the soundest reason to resist the change is status quo. As human beings we are the creatures of habit. Change my pose disturbance to the existing comforts of status quo when confronted with change this tendency to respond in our accustomed ways become a source of resistance,. Change means they will have to find new ways of managing them and their environment, the ways that might not be successful as those currently used.

❖ **Peer Pressure**: Individual employees may be prepared to accept the change but resist it due to group. It has been found most of the employees resist change due to peer pressure who force them to resist change and not to accept it so the employee willing to accept the change do not accept it.

❖ **Disruption of Interpersonal Relationship**: Employees may resist change that threatens to limit meaningful interpersonal relationship on the job.

❖ **Social Displacement**: Introduction of change often results in disturbance in social relationship. Change may often result in breaking up of work groups. Thus when social relationship develop people try to maintain them and fight social displacement by resisting change.

Sources of Individual Resistance to Change

2. Organizational Resistance: Organizations are highly conservative in nature, they actively resist change. Some of the organizational resistances are as follows:

❖ **Resource Constraints:** Non-availability of resources are one of the major organizational constraints as required financial, material, and human resource may not be available to make the desired changes in the organizations.

❖ **Structural Inertia**: Some organizational structures have inbuilt mechanism for resistance to change for e.g. where organization clearly spelled out job descriptions and job specification and written rules, regulations and procedures for employees to follow, they are shaped and directed to behave in certain way. When such organization is confronted with change, this structural inertia acts as a counter balance to sustain stability.

❖ **Sunk Costs**: Some organizations invest a huge amount of capital in fixed assets. If an organization wishes to introduce change, then difficulty arises because of these sunk costs.

❖ **Politics**: Organizational change may also shift the existing balance of power in an organization. Individuals or groups who hold power under the current arrangement may be threatened with losing these political advantages in the advent of change.

❖ **Threat to establish power relationships**: Any redistribution of decision making authority can threaten long established power relationship within the organization. Managers may therefore resist change that introduces participative decision making because they feel threatened.

❖ **Threat to expertise**: Change in organizational pattern may threaten the expertise of specialized groups. Therefore, specialists usually resist change.

❖ **Group Inertia**: Even if individual want to change their behavior, group norms may act as a constraint. For example if union norms suggests resistance to change made by management, will forcefully has to accept the resistance though otherwise the individual member of union may willing to accept the change.

Sources of Organizational Resistance to Change

16.7   MANAGING RESISTANCE TO CHANGE

Although resistance to change is common phenomenon in organizations, it must be noted that not all changes are resisted, much of the changes are accepted either willingly or none willingly both by organization and by individual, and we will find that much of the changes are accepted than resisted.

A manager to implement change should consider change as a feedback and that this feedback can be very productively used for implementing change.

One key to manage resistance is to plan for it and be ready with several strategies to handle the resistance. Some tactics have been suggested for use in dealing with resistance to change:

1.   Education and Communication: Communication and awareness about the introducing change is essential, if employees are to adjust effectively. The details of the change, its importance and the reasons behind the change should be discussed with the employees and they should be involved in the process of change this will help them in easy acceptance of change as they will be aware of the change .

2.   Participation: It is difficult for individual to resist a change decision in which they participated. Prior to making a change, they opposed can be brought into the decision process. When the employees are allowed to participate, they are more committed to the change.

3. Empathy & Support: Another strategy for managing resistance is providing empathy and support to employees who have trouble dealing with the change. Active listening is an excellent tool for identifying the reason behind the resistance for the change. An expression of concerns about the change can provide important feedback that managers can use to improve the change process.

4.   Negotiation: Another way to deal with potential resistance to change is to exchange something of value for lessening of the resistance. Where group have power t resist at that time negotiation or agreement are helpful. it become relatively easy to avoid major resistance though negotiation.

5. Manipulation and Cooptation: Manipulation refers to convert influence attempts. Twisting and distorting facts to make them appear more attractive, withholding undesirable information and creating false rumors to get employees to accept a change are all examples of manipulation. It involves giving individuals a desirable role in design or implementation of change.

6. Coercion: Coercion is the application of direct threats or force on the person resisting the change. Organization essentially forces people to accept change by explicitly or implicitly threatening them. Coercion is mostly applied where quick change is required so to curb resistance force is applied

16.8   APPROACHES / MODELS TO MANAGE ORGANIZATIONAL CHANGE

For most people, change is not easy and comfortable, though we somewhere know that change could be beneficial but still we feel comfortable in the similar settings and familiar ways of doing things. Because of this, change is most likely to succeed

➢ **Lewin's Change Model:** Kurt Lewin a social psychologist, noted for his work in organizational theory, developed a model of the change process that has stood the test of time and continues to influence the way organizations manage planned change. Lewin's model is based on the idea of force field analysis.

UNFREEZING	CHANGE	REFREEZING
Reducing forces for status quo	Developing new attitudes, value and behaviours	Reinforcing new attitudes, values, and behaviours

Lewin's Three step Model of Organizational Change

Steps in the change process:

- **Unfreezing:** The process begins with unfreezing, which is a crucial first hurdle in the change process. Unfreezing means melting resistance to change; the people who will be affected by the change come to accept the need for it. People tend to resist change because it increases anxiety and stress and it may threaten their self interests. Unfreezing involves encouraging individuals to discard old behaviors by shaking up the equilibrium state that maintains the status quo. Unfreezing on the part of individuals is an acceptance that change needs to occur. Resistance to change melts when events or information customer complaints, mounting losses, an accident – causes people to conclude that the status quo is unacceptable and that change is worth the effort. In essence, individual s surrenders by allowing the boundaries of their status quo to be opened in preparation for change.

Unfreezing the Status Quo

Change or Moving: If unfreezing succeeds, people want to make a change, but they still need to see a path to a better state. In the moving stage, new attitudes, values and behaviors are substituted for old ones. Organizations accomplish moving by initiating new options and explaining the rationale for the change as well as by providing training to help employees develop the new skills needed.

The transformation stage requires altering one or more characteristics of the work setting:

- The structure and systems of the organizations.

- Social factors – characteristics of employees the way they interact the organizational culture.
- The organization's technology.
- The physical setting.

The implication is that changes in the work setting will lead to changes in individual behavior, which in turn will improve the organization's outcomes.

Refreezing: For the change to endure it must be reinforced as part of a new system. Lewin calls this step refreezing. Refreezing is the final step in the change process. In this step new attitude, values and behaviors are established as the new status quo. In some cases people affected by the change will clearly benefit from it. The resulting benefits will themselves reinforce the change. In other cases, the manager needs to take an active role in reinforcing the change. The new ways of operating should be cemented and reinforced. Managers should ensure that the organizational culture and formal reward system encourage the new behaviors and avoid rewarding the old ways of operating.

➢ **Force Field Analysis:** A technique for analyzing change situation given by Kurt Lewin's force field analysis method. This technique describes and analyses the various forces that operate in social systems to keep the system either in balance or in state of change. Lewin's method proposes two set of forces act on a system or organization one is the force that operates for change or want change (the driving force) and another is the force that operate against the change (the resisting force). If the two set of forces are equal in strength then the system is in equilibrium.

For behavioral change to occur, the forces maintaining status quo must be overcome. This can be done by increasing the forces for change, by weakening the forces for status quo or by combination of these actions.

Force Field Analysis of Equilibrium

➢ **Nadler's Organizational Model:** David Nadler's model helps in indentifying the internal forces that drive or inhibit changes. His model is based on open system models of organization.

Nadler through his model describes the transformation process as an interaction among four basic components of the organization:

- Its task
- Its individual
- Its formal organizational arrangements (structure, processes, systems)
- Its informal organization (patterns of communication, power and influence, values and norms)

When an organization undergoes change, its organizational components start out with one set of characteristics, then cross over through a transitional state to finally reach a future state where they have different state of characteristics.

During the transition as well as in the future state, a change in one of the organizational components will lead to changes in another component.

1. **Resistance:** It suggests the individual in the organization resist change as they may:
   - Be anxious about the change

- Feel they will lose control, or
- Be Unable to cope, or
- Have a vested interest in the existing state of things

2. **Control**: During the transition and afterwards this formal structure may no longer be effective. Managers may lose the ability to monitor performance and make needed corrections

3. **Power**: Changes disrupt the existing balance of power, and specially during the transition state causes individual to engage in political (power seeking) behavior.

Awareness of these problem areas help managers to prepare themselves to implement change successfully

Nadler's Organizational Model

➤ **Contingency Model of Analyzing Change:** Kotler and Sclesinger have proposed a contingency framework for matching methods with situations of organizations. The various approaches in this model are explained below:

- **Education & Communication:** Providing facts and information, increased communication about the change.
- **Participation & Involvement**: Letting those affected have a voice in how the change will occur.

- **Facilitation & Support**: Providing training for change, effective listening, counseling and understanding of emotional reaction to change
- **Negotiation & Agreement**: bargaining over various aspects of change.
- **Manipulation & co- optation**: Using information about change selectively or sending a representative (or informal leader) from the group to participate in the design of the change
- **Explicit & Implicit Coercion:** Using power position and threats to force and compliance.

While implementing change managers must choose which approach best fits the situation. Each approach has its merits and demerits and hence they are appropriate in certain situations only.

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

Methods for Dealing with Resistance to Change

16.9 DEFINITION OF ORGANIZATION DEVELOPMENT

According to Wendell L French & Cecil H Bell Jr. "Organization Development is a systematic process for applying behavioral science principles and practices in organization to increase individual and organizational effectiveness".

According to Cummings & Worly, "Organization Development is a systematic application of behavioral science knowledge to the planned

development and reinforcement of organizational strategies, structures and process for improving an organization's effectiveness."

According to Burke, "Organization Development is a planned process of change in an organization's culture through the utilization of behavioral science technologies research and theory."

According to Schmuck & Miles, "Organization Development can be defined as a planned and sustained effort to apply behavioral science for system improvement, using reflexive, self analytic methods."

According to Burke & Hornstein, "Organization Development is a process of planned change, change of an organization's culture from one which avoids an examination of social processes (especially decision making, planning and communication) to one which institutionalizes and legitimizes this examination."

According to Warren Bennis, "Organization Development is a response to change, a complex educational strategy intended to change the beliefs, attitudes and structure of organization so that they can better adapt to new technologies, markets and challenges."

American Society for Training & Development defined "Organization Development as an effort

 (a) planned
 (b) Organization Wide
 (c) Managed from top in order to
 (d) Increase organizational effectiveness and health through
 (e) Planned intervention in the organization's ' using behavioral science knowledge"

From the above definition it is clear that organization development is an organization improvement strategy. The term Organization Development may be defined as a technique for bringing change in the entire organization.

Organization Development (OD) is about how people and organization function and how to get them to function better. OD programs are long term, planned, sustained efforts. It is based on knowledge from behavioral science disciplines such as psychology, sociology, anthropology.

The two major goals of OD program are:

- To improve the functioning of individuals, teams and the total organization
- To teach organization members how to continuously improve their own functioning.

16.10 OBJECTIVES OF ORGANIZATION DEVELOPMENT

The objectives of Organization Development as given by Wendell French are given below:

1. To build and enhance interpersonal trust, communication, cooperation and support among all individuals and groups through the organization.
2. To encourage an analytical problem solving approach in a team spirit.
3. To enhance the sense of belonging of individuals to the organization so that the individual and organizational goals are synchronized.
4. To extend the process of decision making to the lowest operational level
5. To increase personal responsibility for planning and implementing the plan

16.11 GOALS OF ORGANIZATIONAL DEVELOPMENT

Edwin B Flippo has given the following seven specific goals of Organization Development. They are:

1. Decision Making on the basis of competence rather than authority
2. Creatively resolving conflicts through confrontation designed to replace win-lose situations with win- win types.
3. Reducing dysfunctional competition and maximizing collaboration.
4. Increasing the degree of interpersonal trust and support.
5. Creating a climate in which human growth, development an renewal are a natural part of the enterprise's daily operation
6. Developing a communication system characterized by mutual openness and candour in solving organizational problems.

16.12 BASIC ASSUMPTION OF ORGANIZATION DEVELOPMENT

The assumption underlying Organization Development programs are:

1. **Assumption of dealing with Individuals:** The two basic assumption about individuals in organizations are:

    a) Most individuals have drives towards personal growth and development. They want to develop their potential and therefore should be provided with an environment that is both supportive and challenging. In other words individual want personal growth and development which can be attained in a supportive and challenging work situation.

    b) Most individuals desire to make and are capable of making greater contribution towards achieving organization goals than most organizational environment permit. Organization must remove obstacles and barriers and reward success.

2. **Assumption of dealing with groups:** These assumptions relate to the importance of the work teams:

    a.   The most psychologically relevant reference groups for most people are the work group. The work group greatly influences feelings of satisfaction and competence. Therefore individual goals should be integrated with group goals.

    b.   Work Groups are the best way to satisfy social and emotional needs at work. Therefore the growth of individual members is facilitated by relationships, which are open, supportive and trusting.

    c.   The assumptions of feelings adversely affect problems solving personal growth and satisfaction with one's work. An attitudinal and motivational problem in organization requires interactive and transactional solutions. Such problems have the greatest chance of constructive solutions if all parties in the system alter their mutual relationship co operation is always more effective than conflict.

3. **Assumptions from designing organizations**: These assumptions relate to the importance of designing organizations

    a.   Traditional hierarchical forms of organization are obsolete. Therefore experimenting with new organization structure and new forms of authority

is imperative for creating cooperative rather than competitive organizational dynamics and is a primary task of the organization.

b.   An optimistic, developmental set of assumption about people is likely to reap rewards beneficial to both the organization and its members. Co operation is always more beneficial.

c.   People are an organization's most important resource. They are the source of productivity and profits and should be treated with care. An organization can achieve higher productivity only when the individual goals are integrated with organizational goals.

16.13 PURPOSE OF ORGANIZATIONAL DEVELOPMENT

The main purpose of Organizational Development according to Burton is to bring about system of organizational renewal that can effectively cope with environmental changes. In doing so, organizational development strives to maximize organizational effectiveness as well as individual work satisfaction".

Organizational Development Process

16.14 TYPES OF ORGANIZATIONAL DEVELOPMENT ACTIVITIES

The different types of Organizational Development activities may be divided into the following classifications:

   a. For the Individual

   b. Organizational Development for Two or Three People

   c. Organizational Development for Teams or Groups

   d. Organizational Development for Inter- group Relations

   e. Organizational Development for Total Organization

➢   **Organizational Development for Individual:** Sensitivity training or T-groups (T for Training)was an early and most acceptable training technique for Organizational Development. The purpose of sensitivity training is to change the behavior or attitudes of the people through unstructured group interactions. In T groups about ten participants are guided by trained leader to increase their sensitivity to and skills in handling inter personal relationships. Members are brought together in a free and open environment away from work place with no work pressure in which participants are allowed to discuss freely guided by the trainer, as no formal agenda is provided. The role of the trainer is to motivate people to discuss freely and to express their ideas, beliefs and attitudes.

Sensitivity training is less frequently used by organization nowadays, and participants are usually screened to make sure they can withstand the anxiety raised by a T group. Precautions are also taken to ensure that attendance is truly voluntary.

➢   **Organizational Development for Two or Three People:** Transactional Analysis means when two people interact with each other, there results a social transaction. Transactional Analysis was pioneered by Eric Berne, Transactional Analysis encourages people to recognize the context of their communications. It encourages people t be more open and honest and to address the context of their messages.

   Transactional Analysis concentrates on styles and content of communication (transactions or messages) between people. It teaches people to send messages that are clear and responsible. Transactional Analysis attempts to reduce destructive communication habits or "games" in which the intent or full meaning of messages is obscured.

➢ **Organizational Development for Teams & Groups:** The most accepted method for organizational development for teams and groups is process consultation. In process consultation, a consultant works with members of the organization to help them understand the dynamics of their working relationships in group or teams situations. The consultant helps the group member to change the ways they work together and to develop the diagnostic and problem solving skills they need for effective problem solving.

Teams: Smith have defined teams as a "a small number of people with complementary skills who are committed to a common purpose, common performance goals and an approach for which they held themselves mutually accountable." The most common types of teams are work teams, problem solving teams, management teams and virtual teams.

Groups: A work group is a group that interacts primarily to share information and to make decision to help each member perform within his area of responsibility. The work group provides more satisfaction when members have similar attitudes and values. The work group provides group members with opportunities for interaction with each other.

Team Building: Team building utilizes high interaction group activities to increase trust and openness among team members. Team building is a process of diagnosing and improving the effectiveness of a work group with particular attention to work procedures and inter personal relationship within it.

➢ **Organization Development for Inter-group Relations:** Inter-group development seeks to change the attitudes, stereotypes and perceptions that groups have of each other. Such stereotypes can have an obviously negative impact on the coordinative efforts between the departments. Although there are several approaches for improving inter group relations, the most sought after method is problem solving. In this method each group meets independently to develop lists of its perception of itself, the other group and how it believes the other group perceives it. Differences are clearly articulated and the groups look for the causes of disparities. Subgroups with members

from each of the conflicting groups, can now created for further diagnosis and to begin to formulate possible alternative actions that will improve relations

➢ **Organizational Development for Total Organization:** Organizational Development attempts to develop the whole organization so that it can respond to change effectively. Change is so abundant in modern society that organization need all their parts working together in order to solve problems. The survey feedback technique can be best used to improve the operation of the total organization. In this data is collected through questionnaire method where every employee can participate and suggest his views, these are later tabulated. The data so collected then become the base for identifying problems and clarifying issues that may be creating difficulties for people.

16.15 ORGANIZATION DEVELOPMENT INTERVENTIONS

Organization Development interventions are sets of structured activities in which selected organizational units (target groups or individuals) engage in a task or sequence of task with the goals of organizational improvements and individual development.

The term Organization Development essentially focuses on techniques or programs to change people and the nature and quality of interpersonal work relationships. The common trends in these techniques are that each seeks to bring about changes in or among the organization's people. Some of the Organization Development interventions are explained below:

Organizational Development Techniques

1. **Sensitivity Training:** Sensitivity Training is also known as Laboratory training, encounter groups and t- groups. It is a method of changing behavior through unstructured group interaction. If individual lack awareness of how others perceive them, then the successful T-group can affect more realistic self perceptions, greater group cohesiveness, and a reduction in dysfunctional interpersonal conflicts.

2. **Survey Feedback:** Survey Feedback makes use of questionnaires to identify discrepancies among member perceptions and attempts to solve these differences.

3. **Process Consultation:** The purpose of process consultation is for an outside consultant to assist a client (usually a manager) to perceive, understand and act upon process events. The consultant gives a client insight into what is

going on around him(the client), within him, and between him, and other people. The consultant then goes on to identify the processes that need improvement.

4. **Team Building:** Team Building utilizes high interaction group activities to increase trust and openness among team members. Team building can be applied within groups or at the inter group level where activities are interdependent.

Characteristics	Sensitivity Training	Team Development
1. Participants	Strangers	Fellow Workers
4. Location	Isolated	Isolated
5. Subject	"Here & Now"	Company Problems
6. Structure	Little or None	Some
7. Trainer	Yes	Yes
8. Feedback	Honest	Somewhat Honest

Sensitivity Training Vs Team Building

5. **Intergroup Development:** Inter group Development seeks to change the attitudes, stereotypes and perceptions that groups have of each other.

6. **Appreciative Inquiry:** Most Organizational Development approaches are problem centered, they identify problem then look for solution. Appreciative Inquiry instead of looking for problem to solve, this approach seeks to identify the unique qualities and special strengths of an organization which can then be built on to improve performance. That is, it focuses on organization's successes rather than on its problems.

16.16 CRITICISM OF ORGANIZATION DEVELOPMENT

Some important grounds on which Organization Development is criticized are as follows:

1.   There is not enough evidence to scientifically prove the effectiveness of Organization Development Techniques.

2. Organization Development concepts are little more than "advanced human relations"

3. Organization Development despite its proponent's claims is not a total system approach dealing with all facets of the system.

4. Organization Development's focus on planned, one time transformational change which worked well during the 60's & 70's (when changes were not so rapid or rather continuous) does not work so well today in a continuously changing environment which calls for continuous learning and change.

16.17   OTHER EMERGING CONCEPTS

Following is a brief description of few other new concepts which have of late emerged in the management field to improve the overall effectiveness of organizations:

1. **Kaizen:** In Japan Kaizen means gradual unending improvement doing little things better, setting and achieving every high standard. In practice it requires ongoing and incremental change in the workplace so that real value is added. Each Kaizen group in Japan consists of 8 to 10 employees. In the initial one or two years the group focuses on the quantity or number of kaizens and the company rewards every kaizens irrespective of its quality. But in later years the focus shifts to the quality of kaizen which is now more precisely defined in terms of customer satisfaction, cost reduction or quality improvement. The company now gives different rewards to kaizens according to their quality. The method however is resented by some people because they say that it trivializes the process of seeking improvement. In their opinion all kaizens should be treated equally and should not be linked to monetary rewards.

2. **Bench Marking:** Bench-marking is an ongoing investigation and learning experience ensuring that best world class corporate process and practices are discovered, adapted and implemented for improving productivity and performance of one's own system. Regarding the relationship between benchmarking and reengineering it is said that you can benchmark without

doing reengineering but you cannot reengineer without bench marking. Bench-marking can be categorized under four heads:

1. Internal– where comparison is done site-to-site, department-to-department or country-to-country, within the same organization.
2. Competitive- where products and processes are compared with those of direct competitors
3. Functional- in which performance in a specific functional area is compared across the industry
4. Generic- where performance in a universal work process is compared with that of the best organization.

Benchmarking usually involves five steps:

a) Selecting the products and processes that need to be benchmarked.
b) Choosing the process of benchmarking
c) Zeroing in on benchmarking partners
d) Collecting the relevant data
e) Analyzing and adapting the data collected.

Ideally a core group in the company should first get together and critically evaluate a list of processes from the best in the industry. Then they should score them on the basis of their relevance or importance to their organization. Initially the company should look locally at who is performing better than itself and then move on to external benchmarking, looking at other companies both within the country and abroad.

3. **Quality Consciousness:** Japanese management gives top priority to the quality of its product. They establish three types of rewards or certificate to ensure highest standards of quality. The Deming prize, the Malcolm Baldrige award and ISO 9000 certification are together called the Quality Trinity. Brief descriptions of each are as follows:

a) **The Deming Prize:** This prize was set up in Japan in 1951 by the Union of Japanese Scientists and Engineering in honour of Prof W. Edwards Deming. Two categories of applicants are eligible for the prize: complete manufacturing companies and independent divisions.

Total Quality Management (TQM): Deming's teachings have led to the emergence of the concept of Total Quality Management (TQM) which aims at continuously improving quality in the entire system by working horizontally across departments by working with suppliers to provide consistent quality and by working closely with customer to deliver superior value.

b) **Baldrige Quality Award:** Named after its former Secretary of Commerce America's answer to the Deming Prize is the Malcolm Baldrige Award which was instituted in 1987. As is shown in the following table this award lays maximum stress on customer satisfaction among its seven criteria:

Examination	*Category/Item*	*Maximum Points*
1.0	Leadership	95
2.0	Information & Analysis	75
3.0	Strategic Quality Planning	60
4.0	Human Resource Development & Management	150
5.0	Management of Process Quality	140
6.0	Quality and Operational Results	180
7.0	Customer Satisfaction	300
Total Points		1,000

Malcolm Baldrige National Quality Award Criteria

c) ISO 9000: With the development of international trade, the need for a common set of universally accepted quality procedures and methods become obvious and, therefore in early 1980 the International Organization for Standardization (ISO) set up technical committees to try to solve this problem. Seven year later the proposals of this committee were finalized which today form the nucleus of the ISO 9000 standards. These standards are a set of basic

rules for manufacturing a product or rendering a service which has now been accepted by 86 countries.

It should be well understood that ISO 9000 do not indicate the quality of the product or service. They are not product standards. They simply suggest the organization having ISO 9000 certificate is following the prescribed system for maintaining the quality of its product/service.

- ISO 9000: standards consist of the following numbers which relate to different quality spheres and have nothing to do with the degree of quality of product or service
- ISO 9001:   Quality systems model for quality assurance in design / development, Production, installation and servicing.
- ISO 9002: Quality systems model for quality assurance in production, installation And servicing only.
- ISO 9003: Quality systems model for quality assurance in final inspection and testing.
- ISO 9000 and ISO 9004 are not quality system models. They are only supporting guideline documents. The ISO 9000 provides guidelines for deciding which quality assurance model is most appropriate and relevant for the potential use.

Following are the **merits** of ISO 9000 accreditation:
   a) It enhances customer confidence and credibility of the organization.
   b) It improves organization's competitiveness both at home and abroad.
   c) It ensures customer satisfaction through all stages – good design, reliable and safe performance, prompt delivery and efficient service
   d) It provides the foundation for continuous quality improvements (KAIZEN).
   e) It provides everyone in the organization from top to bottom and therefore is an excellent vehicle for Total Quality Management.

Shortcomings of ISO Certifications:
   a) The certification is based on written records – things like quality manuals and documented procedures. Very little is done to verify the authenticity of this record from other sources.

b) Post Certification audit is not regularly done to ensure that the company is consistently applying the quality management system as documented.

c) Competition among the certifying agencies to attract to themselves as many companies as possible has made the certification process easy this has lead to compromising or overlooking on certain guidelines.

d) The certification process involves detailed paperwork, time and money.

e) ISO 9000 does not address the human factor which in fact affects quality even more than the materials and machines. It does not talk of how to bring out the best in people.

16.18 SUMMARY

Change is unavoidable in a progressive culture, to grow organization needs to change, and meeting this challenge of change is the primary responsibility of management. Adaptability to change is necessary quality of good management. Organizational change refers to a modification or transformation of the organization structure, process or goods. There are external forces for change due to technological, globalization, etc, workforce diversity and changes due to internal forces are work climate, changes in managerial personnel etc. There is Lewin Change Model, Nadler's Organizational Model, and Contingency Model of Analyzing Change.

Organizational Development is a systematic process for applying behavioral science principles and practices in organization to increase individual and organizational effectiveness. Some of the Organizational Development techniques are Sensitivity Training, Survey Feedback and Process Consultation and Team Building.

16.19 GLOSSARY

- **Organizational Change:** It refers to a transformation or modification of the organizational structure.
- **Unfreezing:** It means melting resistance to change; the people who will be affected by change come to accept the need for it.

- **Change / Moving:** In the moving stage, new attitudes, values and behaviors are substituted for old ones.
- **Refreezing:** It is the final step in the change process, in this step new value, behaviors and attitudes are established as the new status quo.
- **Organizational Development:** Is a systematic process for applying behavioral science principles and practices in organization to increase individual and organizational effectiveness.
- **Sensitivity training:** It is also known as Laboratory training , encounter groups, and T groups. It is a method of changing behavior through unstructured group interactions
- **Survey Feedback:** It make use of Questionnaires to identify discrepancies among member perceptions and attempt to solve these differences.
- **Process Consultation:** the purpose of process consultation is for an outside consultant to assist a client (usually a manager) to perceive, understand and act upon process events.
- **Team Building:** Team Building utilizes high interaction group activities to increase trust and openness among team members.

16.20 CHECK YOUR PROGRESS

Q1. What are the major reasons individual resist changes?

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Q2. Define Organizational Development.

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Q3. Write short note on emerging trends in the organization?

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Q4.Unfreezing means melting resistance to change.   (True/False)

Q5. …………………………is a method which makes use of questionnaires to identify discrepancies among members perception and attempt to solve these differences

Q6. Sensitivity Training is a method of changing behavior through structured group interactions.   (True/False)

Q7. ……………………… refers to modification or transformation of the organization structure.

Q8. Explicit coercion means using power and position and threat to force change.   (True/False)

Q9. ……………………… is a systematic process for applying behavioral science, principles and practices in organization to increase individual and organization effectiveness.

Q10. ……………………… method is best suited for improving inter group relationship in the organization.

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16.22 SUGGESTED READING

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16.23 LONG TERM QUESTIONS

Q1. Explain the concept of organizational change and state the forces that influence the change?

Q2. Why do organizations resist change? Discuss the ways to deal with the resistance?

Q3. Explain various models to manage organizational change?

Q4. "An organization must change with time or perish". Discuss

Q5. What are the objectives of Organizational Development? Why is organizational development criticize?

Q6. What do you mean by Organizational Development Interventions? Explain.

Q7. Write short note on:

a) Benchmarking

b) ISO 9000

16.24   ANSWERS TO CHECK YOUR PROGRESS

Ans1.   See Sec 16.6

Ans2.   See Sec 16.9

Ans3.   See Sec 16.17

Ans4.   True

Ans5.   Survey Feedback

Ans6.   False

Ans7.   Organizational Change

Ans8.   True

Ans9.   Organizational Development

Ans10.   Problem Solving

**UNIT-1:
DEFINITION OF HRM,
ROLE, IMPORTANCE AND CHALLENGES OF HRM**

<u>**Structure:**</u>

1.1 Introduction

1.2 Objectives

1.3 Human Resource Management: concept

    1.3.1. People who manage

    1.3.2. People at work

    1.3.3. Definitions of Human Resource Management

    1.3.4. Management of Men is a challenging job

    1.3.5. Features of Human Resource Management

1.1. INTRODUCTION

As one author has rightly said 1+1 makes an organization, i.e., where there are two or more persons there is in effect and organization. Some individuals prefer to work independently in isolated circumstances. But the vast majority of all work in today's environment takes place within the context of a structured organization- a grouping of individuals into a unified and common effort. To look after the various functions set for the organization adequate resources in men and materials have to be arranged by individuals who serve as managers or supervisors within organizations. Thus there emerged the term 'Human Resource Management'.

1.2. OBJECTIVE

After reading this unit, you will be able to understand:
- Concept of HRM

- The role and importance of HRM
- The challenges of HRM

1.3. CONCEPT OF HUMAN RESOURCE MANAGEMENT

Of all the factors of production namely M's of Management i.e Materials, Machinery, Money, Methods and Men, Man occupies an important place. The other 4 M's by themselves will not help the organization to achieve its goals unless there is an effective coordination and utilization of human resources. Rensis Libert says, all the activities of any enterprise are initiated and determined by the persons who make up the institution, plant or office and all else that make a modern form are unproductive except for human effort and direction of all the tasks of the management.

In the past, people migrated from villages to towns seeking employment. They found themselves in totally different and new situations to which they were not used to. So whenever they feel frustrated, they return to their villages and this resulted in loss of trained labour. These people had no proper leader to guide them and even no proper masters to manage them. The necessity of proper personnel management was then felt. It was realized that a good personnel management will go a long way in making efficient the overall management of the organization.

The importance of human factor in any type of co-operative endeavor cannot be over emphasized. It is a matter of common knowledge that every business organization depends for its effective functioning not so much on its material or financial resources as on its pool of able and willing human resources. The over whelming importance of human factor is due to its unique characteristics. This is only resource which is able to produce an output greater than its input. Man alone can produce through motivated creativity- an output greater than the sum of his inputs. No other resource can do this. Human resource appreciates in value with the passage of time. As time passes people become experienced and skilled.it is not so with other resources which generally depreciate as time goes on.

Human resource is most complex and unpredictable in its behavior. There is no cook book formula of guide a manager how to motivate his workers. A manager can buy his worker's time, he can buy his physical presence at a given place, he can buy a measured number of skilled muscular motions per hour or day, but he cannot buy worker's enthusiasm, he cannot buy his initiative, he cannot buy his loyalty, he cannot buy his devotion. Each individual has his own distinct background. This makes each individual unique in his psychological frameworks. Hence they cannot be interchanged, much less standardized. This implies that all individuals in an organization cannot be treated alike. In employing and supervising people and in endeavoring to reach their motivation, a manager must follow tailor- made approach based on his understanding of the actions, attitudes, needs and urges of the worker concerned. This is a very formidable and challenging task.

1.3.1 People who manage

To look after the various functions set for the organization adequate resources in men and materials have to be arranged by individuals who serve as managers or supervisors within organizations. Such people have to make things happen to aid in the achievement of the organizational objectives, to co-ordinate the resources of the organization- 4 important Ms. Viz., money, material (raw or semi-manufactured), machinery (or fixed assets and plants), and men (or human resources). It is an effective combination and dovetailing of these factors on which the success or failure of the organization depends. The resources by themselves will not help the organization to accomplish the objective, unless there is an effective co-ordination and utilization of these human and non-human resources.

While the human resources available to management in an organization are only one part of resources which must be co-ordinated, it is through the combined efforts of the people that monetary and material resources are utilized for organizational objectives. Without human efforts, organizations cannot accomplish their objectives. Rensis Likert rightly observes, "All the activities of any enterprise are initiated and determined by the persons who

make up that institution, plants, offices, computers, automated equipment, and all else that make a modern firm uses are unproductive except for human effort and direction of all the tasks of management, managing the human component is the central and most important task, because all else depends on how well it is done."

Consequently, the managers have a central responsibility not only for the behavior and performance of other people but also of their own behavior. Managers are appointed at various levels to organize and co-ordinate the activities of the team members or fellow work associated. This constitutes a hierarchy of management, where individuals perform different roles: some are at the top level management; others are at the intermediate and lower levels of the management group. Those at the lower levels are responsible to persons at a higher organizational level. The greater the commitment of the members to organizational objectives, the greater is the degree of effectiveness with which the organization works.

1.3.2. People at Work

The principal component of an organization is its 'human resources' of 'people at work'. Human resources have been defined as "from the national point of view, the knowledge skills, creative abilities, talents and aptitudes obtained in the population; whereas from the viewpoint of the individual enterprise, they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employees." Jucius calls these resources, 'human factors', which refer to "a whole consisting of inter-related, inter-dependent and inter-acting physiological, psychological, sociological and ethical components."

It is the human resource which is of paramount importance in the success of any organization, because most of the problems in organizational settings are human and social rather than physical, technical or economic. Failure to reorganize this fact causes immense loss to the nation, enterprise and the individual. In the words of Oliver Sheldon, "No industry can be rendered efficient so long as the basic fact remains unrecognized that it is principally

human. It is not a mass of machines and technical processes, but a body of men. It is not a complex of matter, but a complex of humanity. It fulfills its function not by virtue of some interpersonal force, but a human energy. Its body is not an intricate maze of mechanical devices but a magnified nervous system."

'People at work' comprise a large number of individuals of different sex, age, socio-religious group and different educational or literacy standards. These individuals in the work place exhibit not only similar behavior patterns and characteristics to a certain degree, but they also show much dissimilarity. Each individual who works has his own set of needs, drives, goals, and experiences. Each has his own physical and psychological traits. Each human being is not only a product of his biological inheritance but also a result of interactions with his environment. Family relationships, religious influences, racial or caste backgrounds, educational accomplishment, the application of technological innovations, and many other environmental influences affect the individual as he works. Among the environmental factors that influence work behavior are various organizational elements (authority relationships, organizational goals, procedures, rules and policies: informal group relationship, the type and manner of supervision received by the employee, etc.). People come to work with certain specific motives to earn money, to get employment, to have better prospect in future, to be treated as a human being while at the place of work. They sell their labour for reasonable wage/ salary and other benefits. It is these people who provide the knowledge and much of the energy through which organizational objectives are accomplished.

The management must, therefore, be aware not only of the organizational but also employee needs. None of these can be ignored. The achievements for the organizations, the 'people at work', 'the people who manage them' (i.e., managers themselves), and other groups of the public (such as the consumers, shareholders, the entrepreneurs, the governments, the suppliers, etc.) are possible through a concerted effort. The employee develops four dimensional relationships: (i) those between management and workers; (ii) those among the workers themselves; (iii) those among the managerial personnel; and (iv) those among different members of the organization and the

community. In other words, he develops "human relations" the purpose of which is not to enable him to discover clever techniques for winning friends and influencing people through personality development; nor to enable him to manipulate people as though they are puppets, but to assist him in working more effectively with other people in organization."

1.3.3. Definitions of Human Resource Management

Different authors have given different definitions of the term "Human Resource Management". Some of these are reproduced below:

"The personnel function is concerned with the procurement, development, compensation, integration and maintenance of the personnel of an organization for the purpose of contributing toward the accomplishment of that organization's major goals or objectives."

-   Edwin B. Flippo

"Personnel administration is a method of developing the potentialities of employees so that they get maximum satisfaction out of the work and give their best effort to the organization."

- Pigors and Myres

"Personnel Management is the specialized intelligent handling of the human factor by a separate department which could devote its full time for research along the line of improvement in industrial relations."

-   R.G.Gokhale

"Personnel administration is the art of acquiring, developing and maintaining a component work force in such a manner as to accomplish maximum efficiency and economy in the functions and objectives of the organization."

- American Society for Personnel Administration

"Personnel Management is the part of the management function which is primarily concerned with human relationships within an organization. Its objective is the maintenance of those relationships on a basis which, by considering of the well-being of the individual, enables all those engaged in

the undertaking to make their maximum personnel contribution in the effective working of the undertaking."

- Indian Institute of Personnel Management

"Manpower management effectively describes the process of planning and directing the application, development and utilization of human resources in employment."

-Dale Yoder

On the basis of the various definitions given above, a few basic facts and characteristics may be noted about Human resource Management.

First, HRM is concerned with managing people to "rank employees at work. Such people or personnel do not simply refer to "rank and the employees" or "unionized labour" but also include "higher personnel" and "non-unionized labour". In other words, it covers all levels of personnel, including blue-collared employees (craftsmen, foremen, operatives and labourers), and white-collored employees (professional, technical and kindred workers, managers, officials and proprietors, clerical workers and sales workers). The shape and form that personnel administrative activity takes, however, may differ greatly from company to company; and to be effective, it must be tailored to fit the individual needs of each organization.

Second, it is concerned with employees, both as individuals as well as a group, the aim being to get better results with their collaboration and active involvement in an organization's activities, i.e., it is a function or process or activity aiding and directing individuals in maximizing their personal contribution.

Third, personnel management is concerned with helping the employees to develop their potentialities and capacities to the maximum possible extent, so that they may derive great satisfaction from their job. The task takes into consideration four basic elements, namely, the capacities, interests, opportunities and personality of the employees.

- **Capacities**- referring to those abilities or attainments, inherited or acquired, that a worker has, is capable of and must to a certain degree at lease exercise in his work.

- **Interests**- not only an individual's desires and ambitions, but also his instinctive impulsive tendencies, vague yearnings, and ill-defined cravings that may or may not stir him to his fullest action in performing his duties.
- **Opportunities**- not only opportunities for advancement, but opportunities to exercise his capacities and satisfy his interests.
- **Personality**- the sum total of a worker's reaction to his experiences and environment, personality is manifest by an individual's reception by others. The workers' personality has great influence upon his opportunities.

Since the employee is both a social and economic entity, possessing different characteristics in various work situations; there can be a perfect adjustment of the workers in his work unit if the worker possesses the exact capacities required for the work. The work similarly affords the opportunity for exercising these capacities, and the worker's interests are generally satisfied in the performance of his job. However, happy combinations of the four elements are seldom achieved in actual practice; and a lack of balance forms one of the major causes of waste in production. The best or ideal personnel management, therefore, recognizes the individual differences involving these elements and tries to eliminate or reduce them.

Fourth, since recruitment, selection development and utilization of, and accommodation to people are an integral part of any organized effort, Personnel Management is inherent in all organizations. It is not confined to industry alone; it is equally useful and effective in government departments, military organizations, and non-profit institutions. It is a major part of the general management function and has roots and branches extending throughout and beyond each organization. Therefore, it is rightly the central pervasive system of all organizations. This point has been summarized by Pigors and Myers in these words: "Personnel administration permeates all types of functional management, such as production management, financial management, sales management and research management. It applies in non-industrial organizations, government, non-profit institutions, and armed services. Unless these managers themselves expect to perform all the duties for which they are responsible, they have to secure the co-operation of other

people within their part of the total organization. In short, every member of the management group, from top to bottom, must be an effective 'personnel administrator' because he depends on the co-operative efforts of his subordinates."

As Bakke says: "Human relations, industrial relations and personnel relations are just new names for an aspect of the general managerial function as old as management itself." It is more than the management of people by supervisors; and it is also more than the responsibilities assigned to the personnel department. As a field of discipline, personnel management is faced with many challenging problems centering around social responsibility, work design, staffing, style of leadership and supervision, compensation and appraisal, collective bargaining, organizational development and organizational climate.

Fifth, personnel management is of a continuous nature. In the words of George R.Terry:"It cannot be turned on and off like water from a faucet; it cannot be practiced only one hour each day or one day a week. Personnel management requires a constant alertness and awareness of human relations and their importance in everyday operations."

Finally, personnel management attempts at getting the willing co-operation of the people for the attainment of the desired goals, for work cannot be effectively performed in isolation without the promotion and development of an esprit de corps.

Taking the above characteristics into consideration, it may be observed that personnel management is an approach; a point of view; a new technique of thinking and a philosophy of management, which is concerned not only with managing people, but also with solving the human problems of an organization intelligently and equitably, and in a manner which ensures that employees' potential is properly developed, that maximum satisfaction is derived by them from their work, that the objectives of the organization are achieved and that good human relations are maintained within the organization.

Personnel management can be of full value to an organization only when it is consistently thought out and applied at all levels and to all management functions; in corporate policies, in the systems, procedures and in employment practices, etc. This integrative aspect of personnel management is, therefore, of vital importance.

1.3.4. Management of Men is a Challenging Job

"The management of Man" is a very important and challenging job; important because it is a job, not of managing 'men', but of administering a social system. The management of men is a challenging task because of the dynamic nature of the people. Now two persons are similar in mental abilities, traditions, sentiments, and behavior; they differ widely also as groups, and are subject to many varied influences. People are responsive; they feel, think and act; therefore they cannot be operated like a machine or shifted and altered like a template in a room layout. They, therefore, need a tactful handling by management personnel. If manpower is properly utilized, it may prove a dynamic motive force for running an enterprise at its optimum results and also work as an elixir for maximum individual and group satisfaction in relation to the work performed.

Manpower management is a most crucial job because "managing people is the heart and essence of being a manager.' It is concerned with any activity relating to human elements or relations in organization. Material elements, however, are beyond its domain. This view has been rightly summed up by J.M.Dietz (of Chicago). He observes: "A business or an industry can be thought of as an inter-weaving of human elements as the warp; while inter-locking and inter-weaving with this element are the material elements- the woof of the fabric. The warp of the fabric is the human element appearing and reappearing, the strength giving element holding the entire fabric together, and giving it life and a character of continuity." A business cannot succeed if this human element is neglected.

Aldrich has expressed the importance of personnel management thus: "The nearest analogy is in the human body. Personnel management is not the brain,

the controller, not only just a limb, a member: not yet the bloodstream, the energizing force; it is the nervous system. It is a line channel, not just a duct, and in some respects has automotive force. It is used in enemy action; if it atrophies, partial paralysis results, if it gets out of balance, there issues instability, chaotic action, disequilibrium which can be found in all stages of advancement, in close parallel with neurosis. But, above all, it is inherent in the whole body and intimately connected with its every movement. The nervous system can never be thought of as an adjunct of the body, no more can personnel management be an extraneous or superimposed element on the structure of an organization. The personnel function lies embedded in the structure, is inherent in the dynamism of that structure, and is an integral part of the process of management itself."

1.3.5. Features of Human Resource Management

Human Resource Management is the process of bringing people and organization together so that the needs of each are met. It is that part of the management process which is concerned with the management of human resources in an organization. It tries to secure the best from people by winning their whole-hearted co-operation. In short, it may be defined as the art of procuring, developing and maintaining competent work force to achieve goals of an organization in an effective and efficient way.

Human Resource management is concerned with the most effective use of people to achieve organizational and individual goals. It is a way of managing people at work, so that they give their best to the organization. It has the following features:

1. **Action Oriented:** Human Resource management focuses attention on action, rather than on record keeping, written procedures or rules. The problems of employees at work are solved through rational policies.

2. **Individuality Oriented:** It tries to help employees develop their potential fully. It encourages them to give out their best to the organization. It motivates employees through a systematic process of recruitment, selection, training and development coupled with fair wage and policies.

3. **Integrating Mechanism:** Human Resource Management tries to build and maintain cordial relations between people working at various levels in the organization. In short, it tries to integrate human aspects assets in the best possible manner in the service of an organization.
4. **Pervasive Force:** Personnel Management is pervasive in nature. It is present in all enterprises. It permeates all levels of management in an organization.
5. **Auxiliary Service:** Personnel departments exist to assist and advise the line or operating managers to do their personnel work most effectively. Human Resource manager is a special advisor.

Check your progress

Q1. Write down the features of HRM.

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1.4 ROLE OF HUMAN RESOURCE MANAGEMENT

The Human Resource Manager has been playing a variety of roles at different stages in the past, like that of a police agency, a legal defender of rights and a negotiator, a catering man meeting the welfare needs of the employees. But the theme has always been set by the thinking at the top level management. Looking back at the historical manifestation of the role of a Personnel Manager in industry, it may be said that by and large it reflected the top management's own concept of the personnel function and the methods of managerial control they believed in. the personnel manager has been playing a variety of roles at different stages in the past, like that of a police agency, a legal defender of rights and a negotiator, a catering man meeting the welfare needs of the employees. But the theme has always been set by the thinking at the top level management.

It is difficult precisely to relate the present day functions of human resource manager to his role as conceptualized earlier. If the human resource management is what HR Managers do, the picture that emerges is indeed

confusing, for what HR managers do can be compared to a Sunday morning jumble sale- a collection of incidental chores, fire-fighting tasks, welfare functions, and a watch-dog function.

As profesoor Chatterjee puts in: "The personnel man first appeared as a low powered functionary who was no better than a files clerk or record keeper concerned with the payment of the dues of the workers. Out of this arose a kind of role as a liaison man or channel of communication between the boss and the man. To start with he was essentially an odd-job-man. Then came the next stage when he administered the welfare schemes which were being gradually provided for in the statutes. As the workers were organizing themselves into strong unions and industrial conflicts were multiplying the employer used the Personnel Man as a kind of trouble shooter or fire-fighting-either to advise him on how to find loopholes in the labour laws or other statutes so that the union demands could be resisted with a measure of legitimacy or to come to a settlement where concessions were inescapable. There was a tendency at this stage to make him responsible for handling all kinds of labour trouble. Gradually his work was realized as more of the nature of staff function rather than the line function; and that he was an expert rather than a controller or manager of men."

In the modern era, the HR Manager typically performs a variety of roles, such as the role of conscience, of a counselor, a mediator, a company spokesman, a problem-solver and a change agent. He performs many miscellaneous roles in accordance with the needs of a situation, such as-

1. **The Conscience Role**: Under this role, the HR Manager reminds the management of their moral and ethical obligations towards employees.
2. **The Counsellor Role**: Under this role he encourages the employees to meet him frequently for consultation and discussion of their mental, physical and career problems and at times even their family problems.
3. **The Mediator Role**: Under this role, he tries to settle disputes between labour and management as also those between an individual and a group. He is not only a peace maker but also serves as a liaison and communicating link.

4. **The Spokesman Role**: under this role, he works as a spokesman for or as a representative of his organization. This he is able to do as he deals intimately with many key organizational activities and functions and has a better overall picture of his company's operations.
5. **The Problem-Solver Role**: He is a problem-solver in respect of issues involving human resource management and overall long-range organizational planning.
6. **The Change- Agent Role**: He serves as a change agent in respect of introduction and implementation of major institutional changes.

It has been now fully recognized that the basic role of the Human resource manager is "the management of manpower resources". Such management is concerned with "leadership" both in group and individual relationship, and labour management relations. It effectively describes the process of planning and directing the application, development and utilization and is now considered as one of the four main functions, viz. finance, production, marketing and human relations.

The functions of the HR Manager are very comprehensive and varied and are determined and influenced by such factors as the size, nature and location of organization, business or industry, its short and long term objectives, nature of industry and product, market conditions, degree of competitiveness among rivals, economic, cultural, political and legal environment, the structure of the executive and administrative officers, the mental makeup of the HR Managers, and the over-all organizational philosophy of business.

The HR Manager undertakes all those functions which are concerned with "Human elements" or "relations in organization as well as in material elements". Whatever items are listed therein (as the functions), the main objective is to see that human resources are purposefully utilized for the optimum good of the organization and there should be meaningful co-operation for achieving the objectives of management. Expertise is brought together in a scientific manner and attitudes so created that motivate the group to achieve the organizational goals economically, effectively and speedily, and

also fulfill and satisfy its physiological, psychological and social needs and realize its potential abilities.

The role of a HR Manager is been expanding and is strengthened by greater interest shown in human relation problems by specialists such as behavioral scientists, industrial engineers, social psychologists, labour and legal advisers, industrial and computer technologists- all of whose researches have enriched the field of HR Management, its functions changed their nature making them wide and humanitarian.

The ideal HR Manager is not a "decision maker" but a counselor not a "collector of responsibilities" but "an advisor" to help line management make more reliable personnel decisions. In any enterprise it is these "line men" who determine the "personnel climate" for the entire organization. If the HR Man can meet the challenge of "staff role" he would make the most effective contribution to industry.

Check your progress

Q2. Name the various roles of Human resource Manager.

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1.5 IMPORTANCE OF HUMAN RESOURCE MANAGEMENT

The importance of human resource management can be discussed, after Yodder, Hemerman and other from three standpoints, viz. social, professional and individual enterprise.

(a) Social Significance: Proper management of personnel, enhances their dignity by satisfying their social needs. This it does by (i) maintaining a balance between the jobs available and the job seekers according to the qualification and needs, (ii) Providing suitable and mist productive employment, which might bring them psychological satisfaction; (iii) making maximum utilization of the resource in an effective manner and paying the employee a reasonable compensation in proportion to the contribution made by him; (iv) eliminating

waste or improper use of human resource, through conversation of their normal energy and health; and (v) by helping people make their own decisions, that are in their interests.

(b)   Professional Significance: By providing healthy working environment, it promotes team work among the employees. This is done by (i) maintaining the dignity of the employees as a "human being"; (ii) providing maximum opportunities for personal development; (iii) providing healthy relationship between different work groups so that work is effectively performed; (iv) improving the employees' working skill and capacity; (v) correcting the errors of wrong posting and proper reallocation work.

(c)   Significance for Individual Enterprise: It can help the organization in accomplishing its goals by: (i) creating right attitude among the employees through effective motivation; (ii) utilizing effectively the available resources and (iii) securing willing co-operation of the employees for achieving goals of the enterprise and fulfilling their own social and other psychological needs of recognition, love, affection, belongingness, esteem and self actualization.

HRM is more relevant in today's context due to the following compulsions:

1.   Change Management: Today, terms such as "Learning Organization". "Managing Organizational Change", "Change Agents" and the like are being increasingly encountered. It is now an accepted fact that any organization can survive in today's socio-economic environment only if it is proactive to environment changes. Advances in information technology too are focusing organizations to change their very way of thinking.

2.   Competence: It is often said, "Give a man a job that he excels at and he would not have to work." In the organizational context, it may not be always feasible to allocate tasks to individuals at which each one excels, but surely we can enhance competence of individuals for specific tasks through well-designed training programmes. It is equally important to take note of the interests of the individual. It is much easier to train him in tasks closer to his inherent liking. It is, however, seen that many managers do not realize the importance of this aspect and would prefer sub-optimal performance form an

employee rather than spare him for training/ retraining because in the latter case the employees would not be available for work during that manager's tenure. What is not appreciated is that without the required competence, an employee would either shirk from the assigned tasks or would do a lousy job. After a while such an employee would attempt recognition through destructive means because he is unable to make a mark as a good performer.

3.   Commitment: The extent to which the employees are committed to their work and organization has a significant bearing on an organization's performance. Commitment levels can be assessed in a number of ways. One can make use of informal interviews and questionnaires, statistics on absenteeism, grievances, and voluntary separations. Transparency in organizational functioning, employees' perception of various HRM policies, channels of communication, and role models played by superiors strongly influence employee commitment.

4.   Congruence of objectives: Even well-qualified and committed employees could pursue goals at variance to the organizational objectives. It is, therefore, essential that all newcomers to the organization are properly socialized into the existing community and are made aware to the organizational values, work ethos, customs and traditions. It is important that they know what the organization stand for and what it wants to achieve and in the process, what is expected from each individual, so that he can find reason and meaning for his existence in the organization. This exercise is commonly referred as socialization.

5.   Motivation: Another aspect of human behavior is the employee's willingness to work and the desire to constantly improve his performance. There are different schools of thought on motivation but essentially, all agree that work is not inherently distasteful. People want to contribute to meaningful goals, particularly, those they have in setting. Most people can exercise far more creativity, self-direction and self-control than their present jobs demand. It is, however, necessary to create an environment in which all members can contribute to the limits of their ability. Subordinates must be encouraged to participate in the process of decision-making, continually broadening their

self-direction and self-control as this would not only lead to direct improvement in operating efficiency but would also ensure their grooming for higher responsibilities.

CHECK YOUR PROGRESS

Q3. Give the significance of HRM.

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1.6 CHALLENGES OF HUMAN RESOURCE MANAGEMENT

Changes in socio-economic and political conditions are bound to bring about changes in the environment within the organizations. The personnel managers of today may find themselves obsolete because of the rapidly changing business environment, and therefore they should constantly update their knowledge and skills by looking at the organization's needs & objectives. Some of the important challenges are:

(i)   Vision penetration: Evolving the right vision is an entrepreneurial or top management function, but its utility increases immensely if it percolates, and is understood and accepted down the line. Vision not only provides the fuel and direction to business strategy, but also helps managers evaluate management practices and make decisions. Penetration of vision shall therefore become an important, integral part of man management in future.

(ii)   Internal environment: Creating an environment, which is responsive to external changes, providing satisfaction to the members of the organization, and sustaining it through culture, useful traditions, practices, and even systems, will become another important dimension of managing managerial personnel.

(iii)   Change in industrial relations: The practice of IR has undergone sea change. The notion that workers must be disciplined at the manager's will have to be buried. Development of workers may need simpler and appropriate inputs, but both the workers and managers must be managed and developed by the same set of assumptions and HRM philosophy of the company.

(iv)   Building organizational capabilities: The paradigm of managing managers would include not only assisting them to acquire new skills and knowledge and to evaluate environmental changes to evolve business strategies, but also to live in a psychological state of readiness to continually change.

(v)   Job design and organizational structure: In designing organizations, we will, hopefully, soon give up uncritical acceptance of foreign concepts and fads like quality circles, TQM, etc. Instead of these, organizational structure and design will primarily be based on (i) task approach, i.e. understanding of the intricacies of technology, jobs and functions to be performed to achieve organizational tasks, and (ii) people approach, which takes cognizance of their strengths, idiosyncrasies, aspirations and relationships at work.

(vi)   Increasing size of workforce: The organizations are ever increasing in size and complexity, multiplying the number of people working therein. The management of an increased workforce poses serious problems and challenges especially since the workers are becoming more conscious of their rights.

(vii)   Changing psycho-social system: In the traditional bureaucratic mode, the organizations were designed to perform technical functions with strict compartmentalization of work functions. But in future, human participation will be required not only in technical functions but also in establishing the democratic humanistic system.

(viii) Satisfaction of higher level needs: The workers are becoming much aware of their higher level needs. The awareness is likely to intensify further in the future workforce. Therefore managers would be required to evolve appropriate techniques of motivating the workers and getting work from them.

(ix)   Equalitarian social system: Major developments that have taken place in the last four decades have been due to the desire of the organization's

members to have greater say and influence in organizational functioning. Thus, contemporary organizations are putting lesser emphasis on the hierarchical structures and thus moving towards a more equalitarian social system. This is going to be more common in days to come.

(x)   Technological advances: In the wake of technological advances new jobs will created and many jobs will become redundant. Unemployment resulting from modernization could be liquidated by properly assessing manpower needs and training of redundant employees in alternate skills.

(xi)   Computerized information system: It will play a revolutionary role in managerial decision making. It will also have an increasing impact in coordination and at strategic levels.

(xii)   Changes in legal environment: To meet with the increasing changes in the legal environment, necessary adjustments will have to be made so that greater utilization of human resources can be achieved.

(xiii) Management of human relations: The new generation workforce comprising educated and conscious workers will ask for higher degree of participation and avenues for self-fulfillment. It is rather difficult to motivate many of the new generation workers than their predecessors. This is partly due to change in their value system and higher levels of professional competency.

1.7 SUMMARY

Though personnel management is part of management and hence the personnel function has a specialist role in industry, it has a special responsibility to be the conscience keeper of all parties in the Industry as a social institution.as a member of the management team, the personnel man has his own expertise. But because of his professional training in social behavioral sciences, he alone can take the total perspective of all management skills and evolve a policy, taking into account the totality of objectives.

1.8 GLOSSARY

- **Human Resource Management:** HRM is that it is the process of managing people in organizations in a structured and thorough manner. This covers

the fields of staffing (hiring people), retention of people, pay and perks setting and management, performance management, change management and taking care of exits from the company to round off the activities.

1.9 ANSWER TO CHECK YOUR PROGRESS

1. Action-oriented, individually oriented, integrating mechanism, pervasive force and auxiliary service. (refer 1.3.5)
2. Conscience role, Counselor role, Mediator role, Spokesman role, Problem-solver role and Change-agent role. (refer 1.4)
3. Social significance, professional significance and significance for individual enterprise (refer 1.5)

1.10 REFERENCES/BIBLIOGRAPHY

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1.11 TERMINAL QUESTIONS

Q1. Define Personnel Management and describe its role.

Q2. "A good Personnel Manager is no longer just a hirer and firer of men." Explain this statement and state the desirable traits of and effective Personnel Manager.

Q3. Explain in detail the challenges of HRM.

UNIT 2: DIFFERENCES BETWEEN HRM AND HRD: MEANING AND IMPORTANCE OF HRD

Structure:

2.1 Introduction
2.2 Objectives
2.3 HRD in Tourism Industry
    2.3.1. Meaning of HRD
    2.3.2. Importance of HRD

2.1 INTRODUCTION:

The focus of all aspects of Human Resource Development is on developing the most superior workforce so that the organization and individual employees can accomplish their work goals in service to customers.

Organizations have many opportunities for human resources or employee development, both within and outside of the workplace.

Human Resource Development can be formal such as in classroom training, a college course, or an organizational planned change effort. Or, Human Resource Development can be informal as in employee coaching by a manager. Healthy organizations believe in Human Resource Development and cover all of these bases.

2.2 OBJECTIVES:

After reading this unit, you should be able to understand:

- the meaning and importance of HRD
- difference between HRM and HRD

2.3 HRD IN TOURISM INDUSTRY

2.3.1 Meaning of HRD

HRD is a multi-dimensional concept and is defined by many scholars like economists, social scientists, managers, academicians, and industrialists in different ways and from different angles.

T.V.Rao [1986 "HRD is a process in which the employees of an undertaking are continuously helped in a productive and planned way to:

- Acquire or improve their capabilities required to perform obligations, functions and tasks associated with their present and future;
- Discover and develop their potentialities and exploit them to achieve both ends-individual as well as organisational and
- Develop an organisation culture, team work."

Nadler (1986), "HRD means an organised learning experience, within a period of time with an objective of producing the possibility of performance change."

The definitions cited above emphasis on organisational performance. However, HRD should not be limited to this only. It should be extended to at all levels. HRD is the process of helping people to acquire competencies and skills so as to ensure their usefulness to the organisation in terms of both present and future organisational conditions. HRD also helps the employees understand their own capabilities better so that they can best utilise them and also fulfil their expectation both professional and personal. In an organisational context HRD is a process by which the employees of an organization are helped in a continuous and planned way to:

- Acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles;
- Develop their general capabilities as individuals and team, and discover and exploit their inner potential for their own and/ or organisational development purposes;
- Develop an organizational culture in which supervisor- subordinate relationships, team work, and collaboration among sub0units are strong and contribute to the professional well-being, motivation, and pride for employees.

The HRD process is facilitated by mechanisms like performance appraisal, training, organisational development, feedback and counselling, career development, job rotation and rewards. Employees are continuously helped to acquire new competencies through a process of performance planning, feedback, training, periodic review of performance, assessment of the developmental needs, and creation of development opportunities through training, job rotation, and such other mechanisms.

Check you progress

Q1. What do you mean by HRD?

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2.3.2. Importance of HRD

People need competencies (knowledge, attitudes, values and skills) to perform tasks. Higher degree and quality of performance of tasks requires higher level of degree of skills. Without continuous development of competencies in people, an organisation is not likely to achieve its goals which will lead to a greater dependency to hire new employees on a regular basis to meet new challenges in work conditions. Competent and motivated employees are essential for organisational survival, growth and excellence.

Over a period of time, an organization may achieve a saturation point in terms of its growth. Even to maintain such a saturation level of growth employee competencies need to be sharpened or developed as organisational operate in environments that keep changing requiring the employees to have new competencies.

Any organization that is interested in improving its services and its effectiveness in other ways (e.g. cost reduction, reduction in delays, increased customer satisfaction, improved quality and promptness of services, etc.)

needs to develop its employee competencies to perform the tasks required to bring about such improvements.

For example, if a university wants to do better that before by improving its nature of courses offered and the quality of teaching, it has to undertake a faculty development programme. If it decides to improve its administration, HRD activities may need to be undertaken to equip the administration with better competencies. When a hotel wants to improve its services the hotel may need to undertake an Organisation Development exercise to create a new culture, new orientation and attitudes in its staff.

Thus HRD is needed by every organisation that is interested in:
- ➢ Stabilising itself,
- ➢ Growing,
- ➢ Diversifying,
- ➢ Renewing itself to become more effective,
- ➢ Improving its systems and services,
- ➢ Change and becoming more dynamic, and
- ➢ Playing leadership roles.

Sarah Mansfield in her work on Customer Care in Tourism and Leisure: Insights (1990) published by the English Tourism Board has advocated that, "Care for your staff and they will care for your customers". She stressed that, "Improving the experience of the staff encourages a better service and better experience for customers. More customers are obtained thereby."

Check your progress

Q2. Write down the importance of HRD.

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2.3.3. HRD Practices & Other Issues in Hospitality

Incidentally, the most strategic and critical determinant (people) of economic growth and development yet has not received the required attention. In our enthusiasm for economic development, we overlook the fact that it is human resources that make capital, technology and other resources productive. Instead of taking advantages of technological development and using technology as a tool, organisations are using technology more as a substitute for the human being and its consequences are all to evident. Today, the only thing that distinguishes one country/company/organisation from another is the quality of its people. There are a number of countries who hardly have any physical and natural resources, yet they have achieved tremendous economic growth. On the other hand, we have countries like India and states which have large natural resources but they have not been able to exploit them effectively and they continue to lag behind the economic, social and technological development.

Thus, the major changes in the business environment have increased the significance of people. Those changes are:

- Free movement of capital;
- Technology is no longer the preserve of a few nations;
- Unrestricted flow of information;
- Globalisation and liberalisation are creating- important quality standard
- The word economy is increasingly becoming service and market oriented.

The present era is characterised by shrinking tourism product life cycle and rapid technological obsolescence challenging the existing practices of people management of tourism and hotel industry and even public management of tourism and hotel industry and even public sector tourism organisation/corporations and tourism departments in India. This clearly indicates our skewed emphasis and thinking on technology where we, incidentally forget that the fast developing technologies and the human beings are equally important. A clear example is the thrust given to computerisation in Airlines, hotels, travel companies and government owned tourism

enterprises in recent years, where the human factors are overlooked and the results are obvious. The alienation of human resources have reached a stage where the management has moved away from employees and are searching for technological solutions to Human Problems again indicating poor HRD practices in the sector. Thus, the major changes in the tourism environment have increased the significance of HRD and have compelled the tourism industry to cope with these. The HRD concept is a combination of three elements which can be defined as "HRD recognises people as human capital and lays emphasis in improving their existing capabilities, skills, knowledge and acquiring new competencies for the achievement of corporate and individual goals." Further, "HRD is a systematic and continuous process of integrating people with corporate goals and strategies. It considers people as an 'Asset' to be developed and utilised rather than cost to be minimised/eliminated in an organisation." The term HRD is not essentially to retain well educated and trained tourism professionals but also to get better return out of their expertise.

The tourism and hospitality practices show that the test of a healthy business is not the beauty, clarity or perfection of its organisation structure. It is the performance of the people. Today, the only thing that distinguishes one nation / industry / company from others is the quality of human resources. It is human asset which can improve the standards of tourism industry and may continue to meet the challenges of globalisation and deregulations.

Further it is not only necessary to create an infrastructure for tourism industry, but it is also essential to have efficient and effective HRD systems. How is one to explain this paradox? Now a question arises in front of tourism planners, academicians and administrations as to who will manage this massive growing and expanding tourism industry in the next millennium. To an academician, the answer is quite clear that eh well educated, trained, experienced tourism professionals shall discharge this vital responsibility. Incidentally, this vital fact has not been taken into consideration at the time of tourism policy formulation. Therefore, the HRD gap still remains in the industry. Further, there are enormous HRD problems and issues to tourism

and hospitality section like lack of ability to attract the best calibre, poor manpower planning inadequate training and development infrastructure, absence of proper career planning, low pay package and so on. Thus to bridge this gap we need defined and systematic HRD model for tourism and hospitality industry in India.

A. Establishing and Understanding Tourism Development, Goals and Objectives

It is pertinent to determine tourism development missions and objectives, in the tourism policy document. This crucial aspect is based on the following things,

- Define the tourism system;
- Tourism philosophy/vision;
- Constraints on tourism development;
- Analysis of external and global environment;
- Identification and selection of tourism strategies like marketing, financial and HRD etc.

Unfortunately, Indian tourism system is not well organised and defined so far.

B. Responsibility Determination for Tourism Development

Once the country has established mission and objective, the second phase is to fix the responsibilities as to who is responsible for the development of tourism and hospitality industry in India i.e., centre government or state government and public sector or private sector. Practically, in India we find that only centre government is responsible to promote and develop tourism. However, in recent policy document centre government has made it clear that it is the responsibility of the state government, jointly with private sector tourism organisations. Incidentally, tourism development in the country is still in the infancy stage.

1. Organisation Strategies and HRs Objectives/ Missions: It has been noticed that tourism organisation (s) both public and private sector, till today have not properly defined and established HRD objectives and missions.

2. Tourism Manpower Strategies: Human resources are considered the most valuable, yet the most volatile and potentially unpredictable, which an organisation utilises. If the tourism departments and undertakings fail to place right people in the right area of the tourism business at the proper time and at the right cost, serious ineffectiveness may arise, creating considerable management and operational difficulties. Tourism manpower planning can be defined be as, "It does not aim at determination regarding quantity of human resources. It aims at determination of quality, estimating demand for future, anticipative specific jobs, determine the sound recruitment and selection and finally controlling cost involved during this process". It is prepared to highlight the people required at various levels.

However, the model is not complete in itself, but gives an idea of the approach used in the present context. Further, the manpower requirement in various segments of tourism and hospitality industry can be categorised into different levels-management level, operational level, middle level, upper-middle, lower –middle, upper level and lower level etc.

3. Assigning Responsibility for HRD in Tourism: The government should clearly define, who is responsible for HRD in tourism sector- whether, public or private sector tourism educational institutions or any other organisation. As of now, there are well defined public sector tourism education and training institutions to prepare tourism professionals for the hotels and travel trade, i.e., 29 hotel management institutions/catering institutions and the IITTM, besides, many state governments' universities and private sectors tourism training programmes, to match the professional requirements of the industry at different levels. However, inspite of these remarkable efforts, there is a scarcity of tourism professionals. Thus, the government should assign the responsibility to four parties to develop HRs in tourism namely society, educational institution, tourism organisations and individuals.

4. Strategies Recruitment and Placement: Successful human resource planning identifies the people requirements at different levels i.e. national, regional, industrial units, departmental and destination etc. Once we know these needs, we would do some thing to meet these requirements. The recruitment and placement make it possible to acquire and place the right people to ensure the continued operation of the tourism industry. Incidentally, tourism departments, public as well as private sector tourism enterprises, are taking non-tourism professionals and the consequences are obvious. Thus, the government should need to revise their job analysis accordingly. Further, government should make tourism qualification compulsory, for tourism sector like other sectors of Indian economy.

Practically, to capture the International market, government, public and private sector tourism organisations should follow the best practice which includes:

- Establish tourism recruitment board, at national and regional level, HRD Practices & Other Issues in Hospitality include tourism as subject in concurrent list;
- private sector tourism companies should build ownership into pay packages;
- Focus on career growth and opportunities;
- Build relationship with tourism and hotel educational institutions
- Pick up summer trainees etc.

5. Strategic Designing of HRD Programme: The development programmes are basically designed according to the need, analysis, goals, national requirement, industry needs, competitive opportunities etc. Further, there are different programmes for different levels- lower, middle, upper-middle and top level etc. It has been noticed that development programmes are designed only for upper middle and top levels. However, the development programmes are equally important for lower and middle levels, especially in tourism and hospitality industry. Therefore, the training and development programme should be in a planned way to modify skills, knowledge, attitudes, abilities and competencies of the people to satisfy the current as well as future requirements.

The practices (travel trade, hotels and public sector tourism organisation) have shown that they apply different approaches to design HRD programmes. But a crucial question is, how can these approaches be translated into an effective development programme for all levels, in a strategic design, HRD programme is located at the heart of the corporate philosophy, mission, goals, and HR strategies. The process is integrated and coherent across all functional areas and hierarchies. The HRs performance is measured and development activities are linked clearly to the corporate values and the achievement of strategic goals.

6. Strategies for Conducting HRD Programmes: This phase of the strategic model is relatively more crucial, which involves who is to be developed; when, where, how and who has to perform this vital responsibility. People who are working in tourism and travel industry at different levels, required development programmes - seeking new challenges, to enhance, their strategic skills, upgrade and broaden existing skills and looking to acquire additional skills to perform their duties and responsibilities.

Today, Human Resources development can be viewed as a source of competitive advantage and is a strategic tool for developing organisational effectiveness. Therefore, tourism planners should highlight the need to adopt a more contingent view of 'Human Resource Development' that leads to objectives, policies, approaches and practices that tourism enterprises should focus.

Once the tourism organisation have divided what managerial, non-managerial values, and competencies it requires, it must analyse its current management teams to determine individual and team strengths and weakness-performance appraisal, workshops and seminars with employees and through assessment centres and psychometric tests. With a clear set of policies, objectives and approaches estimated, the tourism enterprise and tourism departments are now in a position to decide what should be taught and how should be taught, and who is responsible for the conduct of HRD programmes.

Theoretically and practically, HRD programmes should be based on current and future tourism industry requirements. It is clear that tourism

professional should be trained and developed in the areas such as, tourism planning, tourism research, tourism marketing, product development, ticketing, tour packaging management, hospitality management, and so forth. The tour organisations, tourism and hotel education institutions, individuals and other tourism HRD specialist should perform.

7. Strategic Evaluation: Today, many tourism organisation and tourism enterprises- tourism corporations, tourism departments, hotels, resorts, travel agencies, tour operations etc. have great difficulty in evaluating the outcomes of HRD programmes. This is often because traditional approaches and adopted with no obvious link to strategic objectives. Therefore, they should adopt an open system approach, concentrating on profitability of the concern. This will help to develop people which would lead to the develop of organisation.

2.3.3 HRD Practices & Other Issues in Hospitality
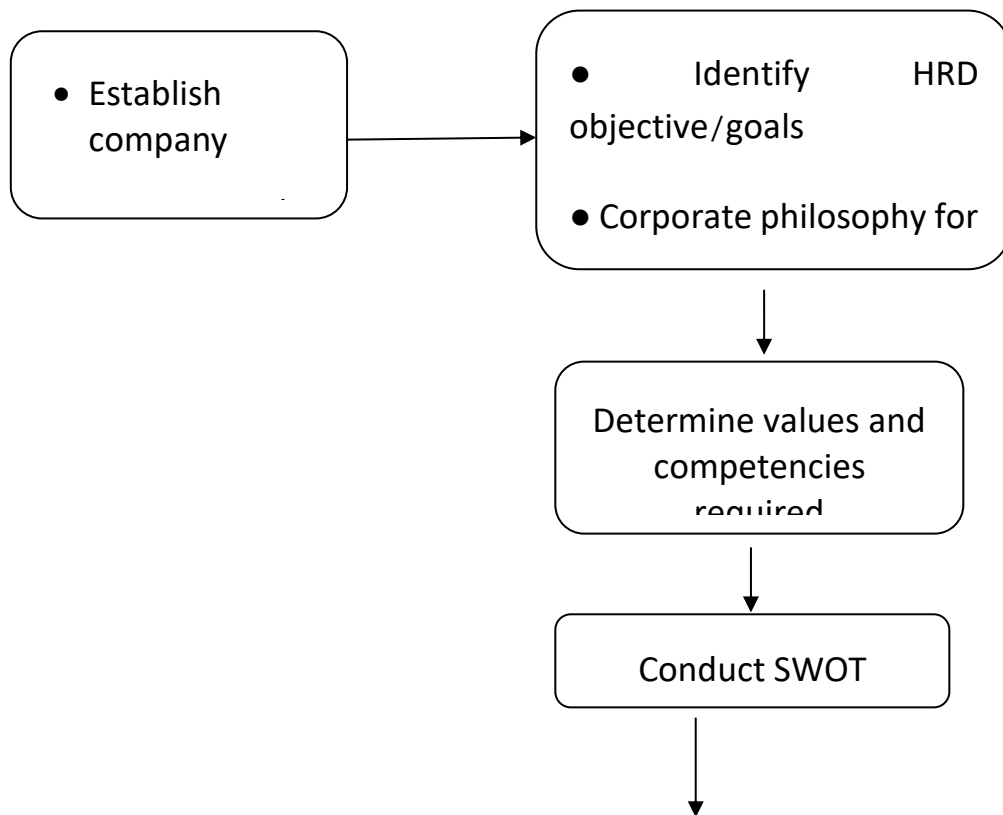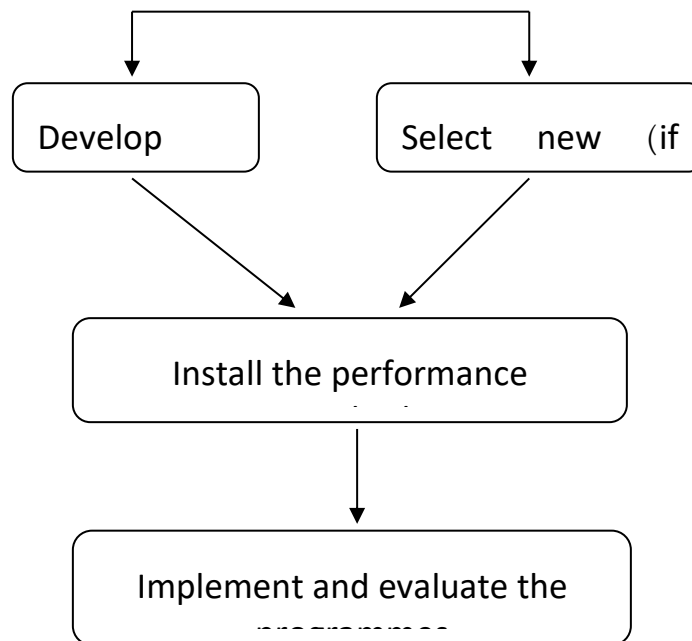
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7. Strategic Evaluation: Today, many tourism organisation and tourism enterprises- tourism corporations, tourism departments, hotels, resorts, travel agencies, tour operations etc. have great difficulty in evaluating the outcomes of HRD programmes. This is often because traditional approaches and adopted with no obvious link to strategic objectives. Therefore, they should adopt an open system approach, concentrating on profitability of the concern. This will help to develop people which would lead to develop of organisation.

2.4 DIFFERENCE BETWEEN HRM AND HRD

Human Resource Management is the art of managing human workforce in an organization in an optimum manner which is beneficial to the organization in achieving the organizational goals.

HRD is the multidisciplinary process and management of developing learning and performance to enhance both the individual and the organization.

Human resource development (HRD) is a part of human resource management. it deals with the all-round development of an employee within

an organization, his career development, training, counselling, updating him with the latest technology, helping him explore his potential and develop his skills which would prove beneficial to both the employee and the organization in achieving the organization goals. it also means allocation of resources for the development of the employee.

HRM stands for human resources management, which refers to the art of managing all aspects of the human work force at a company or organization. HRM aims at providing an optimal working environment for employees to fully and freely utilize their skills to their best to achieve the company's intended output. As human resources management usually applies to big companies and organizations, it has sub categories, among which is HRD, which stands for human resources development. This is a component of HRM that focuses on 'nurturing' employee's skills. Because the process of hiring new employees can be long, expensive and cumbersome, most companies employ the strategy of HRD to promote longevity of employees within the company because through this an employee is likely to progressively scale up the managerial ladder.

Human resources management of a company is often an independent department of its own composed of various sections including recruitment and retention, performance and appraisal management, HRD and compensation sections. But HRD does not only focus on development of skills but also focuses on the personal development of employees. Because peoples' needs and expectations are ever growing and changing this section of HRM is specifically there to help employees cope with such and prepare them for future uncertainties.

Generally speaking, professionals working within the HRM department must have excellent people skills although this is more so with those particularly working in the HRD section. The HRD section needs to have professionals with impeccable people management skills as they need to be able to realize talent within people from a cross section of backgrounds. The HRD section is concerned with identifying strengths and weaknesses among

different employees and devising training means that aim at making those skills complement the other.

In short, it can be said that HRD focuses on training and optimizing work performance. HRM focuses on whom you hire, whom you fire and remediation to employees who need discipline and retooling to continue their employment.

- HRD is more proactive; it copes with the changing needs of the people as well as anticipates these needs and HRD is function more independent with separate roles to play.
- HRD is sub-system of a large system, more organizational oriented and HRD is function more independent with separate roles to play.
- HRD is developing the whole organization and HRM is concerned with people only.
- HRD is continuous process and HRM is a routine and administrative function.
- HRD is involvement of the entire work force from top to bottom is more and a must in most of the cases and HRM is basically the responsibilities of the HR department.

2.5 SUMMARY

In this unit, you have understood the meaning and importance of HRD and also studied that HRD is a sub section of HRM, i.e. HRD is a section with the department of HRM. HRM deals with all aspects of the human resources function while HRD only deals with the development part. HRM is concerned with recruitment, rewards among others while HRD is concerned with employee skills development. HRM functions are mostly formal while HRD functions can be informal like mentorships.

2.6 GLOSSARY

- **Human Resource Management**: Human Resource Management (HRM) is the function within an organization that focuses on recruitment of, management of, and providing direction for the people who work in the organization.

- **Human Resource Development**: Human Resource Development (HRD) is the framework for helping employees develops their personal and organizational skills, knowledge, and abilities.

2.7 ANSWER TO CHECK YOUR PROGRESS

1. Human Resource Development (HRD) is the framework for helping employees develops their personal and organizational skills, knowledge, and abilities. HRD is the process of helping people to acquire competencies and skills so as to ensure their usefulness to the organisation in terms of both present and future organisational conditions. HRD also helps the employees understand their own capabilities better so that they can best utilise them and also fulfil their expectation both professional and personal. (Refer 2.3.1)

2. Human resource development (HRD) is an essential component for growth and economic development. It can occur at both the nationwide level and the firm-wide level. The enhancement of HRD of a country is dependent on the government and national policies, while at the firm or micro level HRD can happen through training and efficient utilization of resources. Resources are efficiently utilized to support HRD when the maximum benefit is created at the lowest possible cost. (refer 2.3.2)

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2.9 TERMINAL QUESTIONS

Q1. What do you mean by HRD? Also discuss the importance of HRD in detail alongwith its relevance in hospitality industry.

Q2. Write a detailed note on the difference between HRD and HRM.

UNIT 3: HRM IN TOURISM INDUSTRY IN INDIA: TRAVEL AGENCIES, HOTELS

Structure:

3.1 Introduction

3.2 Objectives

3.3 HRM in Travel Agencies

      3.3.1. Services Defined

      3.3.2. The Nature of Services

3.4 HRM in Hotels

3.5 Summary

3.6 Glossary

3.7 Answer to check your progress/Possible Answers to SAQ

3.8 References / Bibliography

3.9 Terminal Questions

3.1 INTRODUCTION:

The service sector comprises activities and occupations which provide a wide variety of services to individuals, business and government

establishment and other organizations. This unit examines the relevance and application of HRM in the service sector. The nature, role and importance of HRM in tourism industry are examined.

3.2 OBJECTIVES:

After going through this unit, you will be able to understand the:
- Context and characteristics of the services relevant for HRM,
- Role of HRM in tourism, and
- Importance of HRM in hotels.

3.3 HRM IN TRAVEL AGENCIES

For people who think this is the industry for them, strongly suggest that they really think about their personality and be sure they can thrive (and survive) in the atmosphere. It is truly is different from anything else. It is critical that they work for a hotel while they are still in school, preferably in a few different hotels, and departments, so they can get a feel for it and know where they would be the happiest and most successful. The growth in the services sector of the worldwide economy has been phenomenal in the last 25 years.

In the United States, services currently product (GDP), which is a popular measure of an economy's productivity.

Similarly, on an international scale, services continue to account for an ever-increasing percentage of economic activity. Most new jobs are created in the service sector, and the growth in the hospitality and tourism industry is a major contributor. Until the mid-1980s, the emphasis within the marketing community was on products. Now services have surpassed products and have taken on a more important role in marketing.

Services, such as those offered by providers in the hospitality and tourism industry, have developed marketing strategies and practices that are unique. It has been established that the strategies, tactics, and practices that have been used successfully for product marketers do not always work successfully for those who market services. With the distinct differences

between products and services in mind, the field of services marketing has evolved.

3.3.1. Services Defined

Unlike products, which are tangible, services are usually intangible. A service is not a physical good; rather, it is the performance of an act or a deed. This performance often requires consumers to be present during the production or delivery of the service. Service industries, including hospitality and tourism, are actually selling consumers an experience. Services have been defined to "include   all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produces, and provides added value in forms (such as convenience, amusement, timeliness, comfort or health) that are essentially intangible concerns of its first purchaser."

Service employees such as front desk agents, housekeepers, hostesses, wait staff, car rental agents, flight attendants, and travel agents are responsible for creating positive experiences for customers. These frontline employees are critical to the success of service firms and play boundary-spanning roles because of their direct contact with customers.

These roles are important because customers' perceptions of service firms are formed as a result of their dealings with the boundary-spanning employees. Several reasons underlie the remarkable growth in services. Two leading services marketing experts, Christopher Lovelock and Lauren Wright, cite numerous reasons for this growth: 2

- **Changing patterns of government regulation:** The reduction in government regulations has spurred the growth of services. In recent years, there has been a very noticeable shift toward the government taking a much less active role in the regulation of business activities. The moist noteworthy of thee shifts have been in the airline, trucking, telecommunication, and electrical generation and distribution industries. Al of these industries have been significant changes, as the barriers to entry have been removed and regulations

governing such marketing elements as price have also been relaxed or entirely removed.

• **Relaxation of professional association restrictions on marketing:** A new element of competition has been introduced into professions such as law and medicine as more of the practitioners in these areas advertise their services. Bans or restrictions on promotion have been largely removed. Within the hospitality and tourism industry, standards have also changed. We have seen an increase in advertising focusing on direct comparisons, or attacks, on competitors' products and the perception of superiority in the mind of the consumer in favour of the brand being advertised.

• **Privatization of some public and non-profit services:** The term privatization was first used in Great Britain when the government adopted the policy of returning national industries from government to private ownership. This transformation has resulted in a greater emphasis on cost containment and a clearer focus on customers' needs. Later, in Central and Eastern Europe, following the fall of communism, we witnessed a continuing transformation from planned or government-run economies to market-driven economies fuelled by private companies. Many of these countries' governments have released the control of airlines and travel agencies to private firms.

• **Technological innovation:** Technology continues to alter the way firms do business and interact with consumers. In all types of businesses, consumers take a more active role in the service delivery process. For example, airlines, in an effort to reduce labor costs and increase speed of service to customers, have aggressively promoted self-check-in, both at the ticket counter and through their Web sites prior to arrival at the airport. Customers print boarding passes, receipts, and other documents without intervention by an airline employee. Express checkout for hotel guests has been in place for many years, but hotel chains continue to experiment with ways to enhance the service, thereby reducing labor costs and/or increasing the customers' perceived value.

In other settings, touch-screen computers collect feedback from guests, in much the same manner that comment cards have been used previously. The ease with which a company can maintain and access a database has permitted

the development of sophisticated frequent traveller programs. The use of more sophisticated reservations and property management systems has allowed hospitality and tourism firms to improve the level of service provided to guests. Guest history data serve another example of how a hospitality organization can use technology to gain a competitive advantage. If a hotel guest requests to specific type of pillow, staff can record this preference within the individual's guest history file. When this guest checks into another hotel operated by the chain, the items that were previously requested can be waiting, without the guest even having to request them.

- **Growth in service chain and franchise networks:** Much of the growth in service firms, including the hospitality industry has been the direct result of franchising efforts by some of the major companies. Franchising represents a contractual arrangement whereby one firm (the franchisor) licenses a number of other firms (the franchisees) to use the franchisor's name and business practices. Notable lodging organizations such as Choice Hotels International and Marriott International, as well as good service firms such as McDonald's Burger Kind, Taco Bell, and Wendy's, have all used franchising as a major vehicle for growth. The continued growth of the hospitality industry by means of franchising has put additional stress on independent owners and operators. In fact, each year the percentage of hospitality and tourism operations that are independently operated decreases.

- **Internationalization and globalization:** Increasing shareholder value often remains directly associated with increasing company sales and profits, and globalization is one means of achieving this. As more and more of the prime locations are developed domestically, companies look internationally for expansion opportunities. This has been particularly true for fast-food franchisors: a significant proportion of their expansion during the last few years has occurred outside of their traditional domestic markets.

- **Pressure to improve productivity:** In many industries within the service economy, competition stays very intense. This factor, when combined with the pressure from investors for higher returns on capital, has resulted in pressure to increase productivity and reduce costs. In many cases, managers seek to

reduce labor costs by running leaner operations or using technology to replace humans for some tasks. An example of this was when Delta airlines encouraged passengers to check in via the Internet, thereby reducing the number of passengers who wanted to check in at the airport. They offered an incentive of 1,000 extra frequent-flyer miles to any passenger who used this service. While increasing productivity and profits remains a highly desirable goal, it must not be done at the expense of long term customer satisfaction. Without long-term satisfaction, future profitability may exist in jeopardy.

- **The service quality movement:** With the advent of consumerism, the public's perception is that service quality has declined. In response, successful firms are using the customer's perception of quality to set performance standards, rather than relying solely on operationally defined standards, for service quality. They often conduct extensive research to determine the key elements that impact the customer's perception of service quality. When Ritz-Carlton won the Malcolm Baldrige National Quality Award, this was tangible evidence that paying careful attention to customer's service expectations can have a dramatic impact on the firm.

- **Expansion of leasing and rental businesses:** The expansion of businesses that lease equipment and personnel to firms has been a contributing factor in the growth of the service sector. More and more firms are looking to outsource some elements of their operation, and they often start with elements that are not part of the firm's core product or business. For example, most hotels that host meetings and conventions have outscored the servicing of the audiovisual needs of groups to a company that specializes in that type of business. The company in turn leases the audiovisual equipment to groups that are holding meetings in the hotel. The company is able to provide more up-to-date and specialized equipment to groups than the hotel might if it provided the service itself. The hotel does not have to maintain an inventory of equipment, and therefore capital costs are reduced.

- **Manufactures as service providers:** Some of the firms that traditionally manufactured and distributed tangible products have found it profitable to provide services as well. For example, most automobile manufacturers have

consumer credit agencies to facilitate the leasing and purchasing of automobiles.

In the hospitality industry, PepsiCo decided to enter the restaurant industry and distribute its products through acquisitions such as Taco Bell and KFC, but the company later reconsidered this strategy and sold these brands to Yum! Brands, Inc. In the computer industry, firms such as IBM and Hewlett-Packed provide services in addition to hardware and software. In most cases, the profit margins on services are higher than on products, contributing significantly to the bottom line of the firm.

- **Pressures on public and non-profit organization to find new income sources:** All organizations are under pressure to increase sales, which often becomes difficult within the traditional products that a firm sells. There are many reasons for this, but increasing competition and mature industries are often contributing factors. In an effort to find new sources of income, firms often seek new services that will generate new net sales, without cannibalizing sales of existing products. For example, a limousine company might expand its city tour business in addition to the other services offered.

- **Hiring and promotion of innovative managers:** In the past, managers in the service industries often spent their entire careers within a single industry, or perhaps even with the same firm. This situation no longer is reintroduction to services marketing mains the same, especially at the corporate level of management. Firms often hire individuals from other industries to provide fresh perspective and fresh ideas. The results can become dramatic.

One such individual is Steven Bollenback, president and CEO of Hilton Hotels. Prior to his very positive impact on Hilton Hotels, he had engineered innovative financing at both Marriott International and Trump Hotels and Resorts.

3.3.2. The Nature of Services

Along with growth in services, an appreciation for the ways in which services are different from products has developed. The traditional ways of marketing tangible products are not equally effective in services marketing. In

many industries, marketing involves tangible manufactured products, such as automobiles, washing machines, and clothing, whereas service industries focus on intangible products such as travel and food service. However, before we can explore how services get successfully marketed, we need to examine the ways services differ from products. Lovelock and Wright have identified nine key differences.

- **Non ownership by customers:** A customer does not take ownership when purchasing a service. There is no transfer of assets.

- **Service products as intangible performers:** The values of owning a high performance car or the latest computer lies in the physical characteristics of the product and to some extent the brand image it conveys. The value of purchasing services lies in the nature of the performance. For example, if you decide to celebrate a birthday or anniversary by dining at an expensive restaurant, the value lies in the way in which the service actors perform. When servers come to the table and present all the entrees simultaneously, the choreographed presentation appears in the same manner as a choreographed play or performance.

- **Greater involvement of customers in the production process:** Because consumers tend to be present when receiving service within a hospitality operation, they remain involved in the service production. In many instances, they are directly involved through the element of self-service. Examples of this can be seen in fast –food restaurants as well as in hotels that provide automated check-in and checkout by means of either a machine or a video connection through the television. Airlines have greatly expanded self-service within their operations as a means of reducing labor costs.

In any case, the customer's level of satisfaction depends on the nature of the interaction with the service provider, the nature of the physical facilities in which the service gets provided, and the nature of the interaction with other guests present in the facility at the time the service is provided.

- **People as part of the product:** People or firms that purchase services come in contact with other consumers as well as the service employees. For example, a hotel guest waits in line at the front desk or the concierge desk with other

guests. In addition, the guests share facilities such as the pool, the restaurant, and the fitness centre. Therefore, service firms abilities to ensure customer satisfaction. For example, a hotel's sales office would not want to book group business with a non drinking religious group at the same time as a reunion of military veterans. The two groups are significantly different in behaviour, and the expectation is that they would not mix well within the facilities at the same time. Similarly, restaurants separate smokers and non-smokers, and they should try to separate other patrons that show some potential for conflict.

- **Greater variability in operational inputs and outputs:** In a manufacturing setting, the operational production can be controlled very carefully. For example, staff carefully manages inventory and precisely calculate production times. Services, however, are delivered in real time, with many variables not being fully under the control of mangers. For example, if a guest has been promised an early check-in but all of the guests from the preceding night are late in checking out, it becomes more difficult for the hotel to honour the arriving guest's request. A service setting remains a more difficult site in which to control quality and offer a consistent service experience. Service firms try to minimize the amount of variability between service encounters, but much of the final product stays situational. There are many uncontrollable aspects of the delivery process, such as weather, the number of consumers present, the attitudes of the consumers, and the attitudes of the employees. Therefore, it becomes impossible to consistently control the quality for services in the same manner as the quality of manufactured products.

- **Harder for consumers to evaluate:** Consumers can receive considerable information regarding the purchase of products; however, they often do not obtain if for services. Prior to buying a product, a consumer can research the product attributes and performance and use this information when making a purchase decision, especially an important one.

- **No inventories for services:** Due to the intangible nature of services, they cannot be inventoried for future use. Therefore, a lost sale can never be recaptured. When a seat remains empty on a flight, a hotel room stays vacant, or a table stays unoccupied in a restaurant, the potential revenue for these

services at that point in time becomes lost forever. In other words, services are perishable, much like produce in a supermarket or items in a bakery. It remains critical for hospitality and tourism firms to manage supply and demand in an attempt to minimize unused capacity. For example, restaurants offer early-bird specials and airlines offer deeply discounted fares in an attempt to shift demand from peak periods to non peak periods, thereby increasing revenue and profits.

- **Importance of time:** Hospitality services are generally produced and consumed simultaneously, unlike tangible products, which are manufactured, inventoried, and then sold at a later date. Customers must be present to receive the service. There are real limits to the amount of time that customers are willing to wait to receive. Service firms study the phenomenon of service queues, or the maximum amount of time a customer will wait for a service before it has a significant (negative) impact on his or her perception of service quality. Airline companies offer curb side check-in for the most time-conscious passengers, and restaurants have devised practices such as providing guests with pagers and expanding the bar area in order to reduce the negative effect that results from waiting for service.

- **Differently distribution channels:** The distribution channel for services is usually more direct than the traditional channel (i.e., manufacturer-wholesaler retailer-consumer) used by many product firms. The simultaneous production and consumption normally associated with service delivery limits the use of intermediaries. The service firm usually comprises both the manufacturer and the retailer, with no need for a wholesaler to inventory its products. Consumers are present to consume the meals prepared in a restaurant, to take advantage of the amenities in a hotel, and to travel between cities by plane.

Check Your Progress

Q1. List the characteristics of services.

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3.4 HRM IN HOTELS

An Enterprise's human assets or put more conventionally, its human resources tend to be one of the single biggest costs for most hospitality enterprises. In most hotels, the payroll is the single biggest cost item, whilst in restaurants and bars, it is usually second only to material costs. Furthermore, human resources are usually the first point of contact between an enterprise and its customers. The effective management of these human resources is therefore vital to the success of the enterprise. In smaller enterprises management of the staff is by line managers who are often also the owners of the business. In larger enterprises, the line managers will be assisted in staff management issues by human resource or personnel managers.

In talking with many personnel and human resource managers and in looking at many of the writings and research on human resource management, it is apparent that the role played by these human resource specialists varies considerably from employer to employer. These roles can be likened to the skills and functions involved in the building industry. At the basic level are the technicians such as electrician s and plumbers. The human resource or personnel equivalent would be the recruiter or trainer.

Above the technicians comes the builder, who carries out the wishes of the client by coordinating the activities of the various technicians. The human resource equivalent is the personnel manager, responsible for executing senior line managers'' directions by carrying out a range of tasks himself or herself and/or by co-ordinating the personnel technicians. Above the builder comes the architect, who is responsible for interpreting the client's wishes and advising the client about the best solutions. In the human resource context the equivalent is a human resource manager who is directly involved in business policy-making and implementation.

Human resource policies are normally is part of an organisation's overall policy, which will consist of a number of components (Fig. 1). The extent to which they are sub-policy or an essential component of the overall policy may be a key indicator of how an organisation values its human assets and its human resource or personnel function.

Virtually every management decision affects, to a greater or lesser extent, the people working in the organisation. Most decisions are made within an organisation's policy framework, explicit or implicit. Policies represent the aims, purposes, principles or intentions of an organisation and provide the framework or guidelines for management decisions. Policies, sometimes expressed as 'mission statements', may be written down, as is the case with many larger organisations. Alternatively they may be merely inferred by decisions taken.

Some companies in the hotel and catering industry, such as McDonald's have a policy to operate within a narrow product sector. Other companies, such as Granda and Accor, have a policy to operate within many market sectors. These policies provide management with the framework within which they make their decisions; for example, where to expand, what to divest, how to expand, e.g., through organic growth, through franchise, through acquisition, etc.

Overall Policy of an Organisation

Finance Policy	Market Policy	Resource Policy	Human Policy

Currently, there is a big debate concerning the differences between human resource management and personnel management. Some hold the view that human resource management is merely a new name for personnel management, whereas other consider it to by a new and different view of the way human resources are managed by the enterprise.

David Guest of the London School of Economics has written, that there are probably three popular approaches to defining human resource management. The first is merely a retitling of personnel management, the

second approach emphasis the strategic aspects of managing human resources, and the third approach suggests that human resource management is 'distinctively different' from personnel management.

Ian Beardwell and Len Holden state that 'the term Human Resource Management has come to be used. . . . as a description of the management of employees'. These authors then go on to discuss a range of different perspectives suggesting the human resource management may be:

● The renaming of the traditional personnel function;
● A managerial fusion of personnel management and industrial relations;
● An enabling and development role for the individual employee;
● A strategic managerial function aimed at determining and achieving organisation goals.

Storey defined HR management as a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic development of a highly committed and capable workforce, using an integrated array of cultural, structural and personnel techniques.

From this brief description of human resource management, it is apparent that good human resource management should be the responsibility of all managers- not just personnel managers. And if the Institute of Personnel Management's (IPM; now the Institute of Personnel and Development) definition of personnel management is examined, it is apparent that there are strong similarities.

The IPD definition: Personnel management is a responsibility of all those who manage people, as well as being a description of the work of those who are employed as specialist. It is that part of management which is concerned with people at work and with their relationships within an enterprise. It applies not only to industry and commerce but to all fields of employment.

Personnel management aims to achieve both efficiency and justice, neither of which can be pursued successfully without the other. It seeks to

bring together and develop into an effective organisation the men and women who make up an enterprise, enabling each to make his or her own best contribution to its success both as an individual and a as a member of a working group. It seeks to provide fair terms and conditions of employment, and satisfying work of those employed.

Most of the industrial disputes are concerned with aspects of pay. A study elsewhere indicates that 84 percent of the working days lost in strikes are related to pay. Thus the wage aspect is particularly important in this industry because unsocial hours, overtimes, working etc. are an accepted practice in hotel industry. Workers' wages can be determined on the following factors:

1. Basics wages are based on negotiations with the employees or from the prescribed scale of pay for the job.
2. Tips which naturally place certain jobs at an advantage, notably waiters, porters, room staff etc.
3. The system by which tips are pooled and distributed under a point system. The system is open to manipulation and abuse also.
4. Service charge which may be made, usually at the level of 10 percent. This is distributed to all staff, but is resented by those who are usually benefited from tips who may solicit tips additionally.
5. Commission on sales is a valuable element in the remuneration of many wine waiters, drivers, couriers and front office staff who sell local tours etc.
6. Bonuses may be paid for productivity and merit, but most commonly for long service in view of the problems of labour turnover. This is now paid to all the staff once in a year.
7. Food and lodging may be provide at rates which represents a considerable saving to certain employee, especially in areas where private accommodation is scarce and expensive like Bombay, New Delhi etc.

In some situation, the basic wage will form a minor part of the total payments. In developing countries high-tipping Western guests may double the employee's wage.

A good employer thus, has to analyse the total picture and formulate a wage policy not only to have a satisfied work force but to retain them from employers who often lure the good workers with other incentives, fringe benefits and higher pay. Pay scales of different categories of hotel workers have undergone steep rise change and are negotiable, therefore, not give below:

DESIGNATION	QUALIFICATION & EXPERIENCE
General Manager	Graduate +MBA or 3 yrs. Diploma in Hotel Management from a recognized Institute in India/abroad with a minimum 10 yrs. experience in a 5 star hotel should have been in a senior position.
Deputy General Manager	Graduate +MBA or 3 yrs. Diploma in Hotel Management from a recognized Institute in India/abroad with a minimum 7 yrs. experience in a 5 star hotel should have been in a senior position.
Asstt. Restaurant Manager	3 yrs Diploma in Hotel Management form a recognized institute with at least 3 yrs. Experience in the F.&B service on a 4-5 star hotel in a senior supervisory capacity. Knowledge of foreign language desirable.
Maitre de'hotel	3 yrs. Diploma in Hotel Management from a recognized institute with at least 2 yrs experience or NCTVT certificate with 5 years experience. Knowledge of a foreign language desirable.

ChefD'Range	3 yrs. Diploma in Hotel Management from a recognized or NCTVT certificate or one Year craft course in restaurant and counter service from a recognized institute with 3 yrs relevant experience. Knowledge of a foreign language desirable.
Demi Chef D'Range	H.S with NCTVT certificate in the relevant trade with 2 yrs experience in relevant Field.
Bar-man	H.S. with NCTVT certificate or one year craft course in relevant and counter service from a recognized institute with 2 years experience in relevant field.
Commis d'range	H.S with NCTVT certificate or one year craft course in the relevant trade.
Executive Chef	Will be responsible for the preparation of continental and Indian cuisine, ordering menu planning, portion control etc. Preference will be given to Diploma holder having a minimum of 10 yrs experience. Non-diploma holders should have 15 yrs experience.
Sous Chef	Minimum of 7 years experience as Asstt. Chef with 2 years experience in a similar (Indian, continental etc.) position or 3 yrs diploma in hotel management with 3 yrs experience in relevant field.
Chef	Minimum of 5 yrs experience as Chef-de-Partie with 1 year experience in a similar position or 3 yrs Diploma in hotel management with 2 yrs experience in relevant field.

Chef-de-Partie	Diploma from a recognized catering institute having 2 yrs experience in actual Preparation of different cuisine. Non- diploma holders with a minimum 5 yrs experience will also be considered.
Commis Grade-I (Indian/ Other sections)	H.S. with NCTVT/craft course certificate in relevant trade. Candidates with tandoori / Continental/experience in the relevant field may get preference.
Bakery Confectionery)	Candidates with NCTVT/craft course certificate in Cookery / bakery and confectionery/pantry may be given preference.
Kitchen Steward	3 yrs diploma in Hotel Management or NCTVT/ craft course certificate with 3 yrs. experience in relevant field.
Utility Worker	VIII pass Candidates with NCTVT/craft course
F.O. Manager	3 yrs Diploma in Hotel Management form recognized institute with a minimum 6 years experience in a 4-5 star hotel of which at least 3 yrs should have been in a senior position in relevant field.
Asstt. Manger Front Officer	3 yrs diploma in hotel management from a recognized institute with at least 3 yrs experience in F.O. Dept. in a 4-5 star hotel in a senior supervisory capacity.
Front Office Asstt.	Grade-I H.S. with 3 yrs diploma in hotel management with 2 yrs experience or graduate with 5 yrs relevant experience.

Bell Captain	H.S. with 3 years diploma in hotel management with 2 years experience or Graduate with 5 years relevant experience.
Porter-cum-Page boy	Matric / H.S. with 5 years relevant experience
Doorman	Matric with 5 years relevant experience
Public Relation Officer	Graduate or diploma in hotel management from a recognized Institute with Minimum 5 years experience in public relation. Candidates must have pleasing and Charming personality. An excellent command over English is essential. Knowledge of a foreign language will be an added qualification.
Public Relation Asstt.	Graduate from a recognized University with minimum 1 year experience in public Relation have pleasing and charming personality and ability to converse fluently In English and Hindi.
Telephone supervisor	Graduate with diploma in PBX/PABX from recognized Institute with at least 3 years relevant experience.Telex/Telephone Operator Graduate with certificate course in telex operation/ PBX/ PABX from recognized Institute with at least 1 year relevant experience.
Sales Manager	Graduate from a recognized university preferably with 3/4 years experience in a Hotel, airline or travel agency. The incumbent must have ability in the preparation of special promotions, advt. concepts and media selection etc.

Purchase Manager	Graduate preferably with a Degree in Business management, having 5 years relevant experience in hotel or food processing industry.
Asstt. Storeman (Stores & Purchase)	Commerce graduate with one year experience in relevant field. Matric with 5 years relevant experience.
Manager House-keeping	3 years diploma in Hotel Management from a recognized institute with a minimum 6 years experience in 5 star hotel of which at least 3 years should have been in a senior supervisory position.
Housekeeper Grade –I	H.S. with 3 yrs diploma in hotel management with 2 years experience in the job or matric/ NCTVT certificate in house-keeping with 5 years experience in the relevant field.
Room attendant Chamber Maid	H.S. with 2 years relevant experience NCTVT certificate holders may get preference.
Maint. Engineer	Degree in Electrical/Mechanical engineering with 5 / 7 years experience in repairs and maint. of pumps, water tube boilers, diesel generators, water treatment Plants. Preference may be given to those having experience in 5 star hotel.
Technician Grade-II	ITI with license where needed/requisite trade certificate and 5 years relevant experience.
Security Officer	Graduate, JCOs or equivalent rank with 15 years of service in Army/Navy/Air Force/ Police. A commissioned officer from the police on deputation is desirable.

Security Guard	S.S.L.C with 1 year relevant experience.
Personnel Manager	Graduate with 10 years experience. Diploma in personnel management desirable.
Steno-typist	Graduate with 100/40 wpm in shorthand and typing with one year experience.
Clerk-typist	Graduate with typing speed of 40 wpm. Diploma/certificate in secretarial course Desirable.
Accounts Manager	CA or AICWA with a minimum 2 yrs experience in commercial Accounts. Preference will be given to those having experience in Hotel accounting.
Assistant (Accounts)/	Commerce graduate with 2 years relevant experience Night Auditor.
Account clerks	Commerce graduate with one year relevant experience.
Bill-cum-cash clerk	Commerce graduate with one year relevant experience. NCTVT certificate holders may get preference.
Life Guard	H.S. with certificate in swimming and knowledge of first aid and life saving services with 5 years relevant experience.
Swimming pool attendant	Middle pass with 2 year relevant experience.
Cleaner	Relaxable for candidates with more experience.

Garden Supervisor	Diploma in horticulture/agriculture with 2 years experience as garden supervisor VIII pass with 2 yrs relevant experience.
Gardener/Driver	Metric, clean driving license with endorsement for light and heavy vehicle and Driving experience of 5 years. Motor mechanic course (ITI) desirable.
Training Manager	Diploma in hotel management from a recognized institute having a minimum of 5 years experience in the profession should have at least 1-2 years experience of Teaching in a catering institute or industry.

CHECK YOUR PROGRESS

Q2. What is the qualification and experience of General Manager required in a hotel?

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3.5 SUMMARY

This unit began with a discussion on the nature and role of the service sector. Since the service sector is more directly in touch with the consumer, HRM in tourism organisations is essential to their proper functioning. The experiences and issues relating to HRM have been discussed in this unit.

3.6 GLOSSARY

- **Human Resource Management:** is the management of an organization's workforce, or human resources. It is responsible for the attraction, selection, training, assessment, and rewarding of employees, while also overseeing organizational leadership and culture, and ensuring compliance with employment and labor laws
- **Services:** A type of economic activity that is intangible is not stored and does not result in ownership.

3.7 ANSWER TO CHECK YOUR PROGRESS

1) Non ownership by customers, Service products as intangible performers, Greater involvement of customers in the production process, People as part of the product, Greater variability in operational inputs and outputs, Harder for consumers to evaluate, No inventories for services, Importance of time, and Differently distribution channels

2) Graduate +MBA or 3 yrs. Diploma in Hotel Management from a recognized Institute in India/abroad with a minimum 10 yrs. Experience in a 5 star hotel should have been in a senior position.

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3.9 TERMINAL QUESTIONS

Q1. Write a note on the functions personnel manager in the hotel.

Q2. Write a detailed note on services and its nature.

UNIT 4: ORGANIZATIONAL STRUCTURE OF HR DEPARTMENT IN TOURISM INDUSTRY

Structure:

4.1 Introduction

4.2 Objectives

4.3 Organizational structure of HR Department

    4.3.1. Organizational structure of Travel agency business

4.4 The Role of Human Resources Department in Hotels

4.5 Case Study

4.6 Summary

4.7 Glossary

4.8 References/Bibliography

4.9 Terminal Questions

4.1 INTRODUCTION:

Organizing, the process of structuring human and physical resources in order to accomplish organizational objectives, involves dividing tasks into jobs, specifying the appropriate department for each job, determining the optimum number of jobs in each department, and delegating authority within and among departments. One of the most critical challenges facing lodging managers today is the development of a responsive organizational structure that is committed to quality.

The framework of jobs and departments that make up any organization must be directed toward achieving the organization's objectives. In other words, the structure of a lodging business must be consistent with its strategy.

Managers, especially the HR Manager give structure to a hotel and lodging through job specialization, Organization, and establishment of patterns of authority and span of control. And all this helps the organizations to work properly.

4.2 OBJECTIVES:

After reading this unit, you will be able to understand the organizational structure of HR Department in tourism industry and its significance in the service organization.

4.3 ORGANIZATIONAL STRUCTURE OF HR DEPARTMENT

An organisation is a collective setup to a pursue specific missions, goals and purposes by means of a formal structure. It is a rational coordination of the activities for the achievement of some well-defined aims through division of labour, functions and through a hierarchy of authority and responsibility. Today, organisation is not a mere chart. It is a mechanism through which management plans, directs, coordinates and controls the travel business activities. It is needed the foundation of management. If the organisation plan

is ill-designed, if it is merely a make-shift arrangement, then management is rendered difficult and ineffective.

If on the other hand, it is logical, clear cut and streamlined to meet present and future requirements, then the first requisite of sound management is achieved.

4.3.1. Organizational structure of Travel agency business

The organisation of a travel company largely depends upon the size and type of business handled by it. Generally, in a small and medium scale travel agency, one will find a simple organisation structure being limited in terms of operation, size, division of labour and so forth.

Where as in large scale travel companies such as Thomas Cook India Ltd., Travel Corporation of India Ltd., KUONI Travel India Ltd., etc. the organisation structure is more formal.

As an example, travel companies having poor organisation structure, seeking financial and operational development cannot hope to succeed unless they set up a great variety and number of formal organisations and master the know-how for operating them effectively. The travel agency researches has indicated that every travel agency organisation. They have to develop resources acquisition strategies, face competition in some form or the other and therefore develop survival and growth strategies, decide whether to employee staff or contract services from outside, and decide how to formulate tourism products/ services etc. In this process, organisations tend to develop a variety of management practices, systems and strategies.
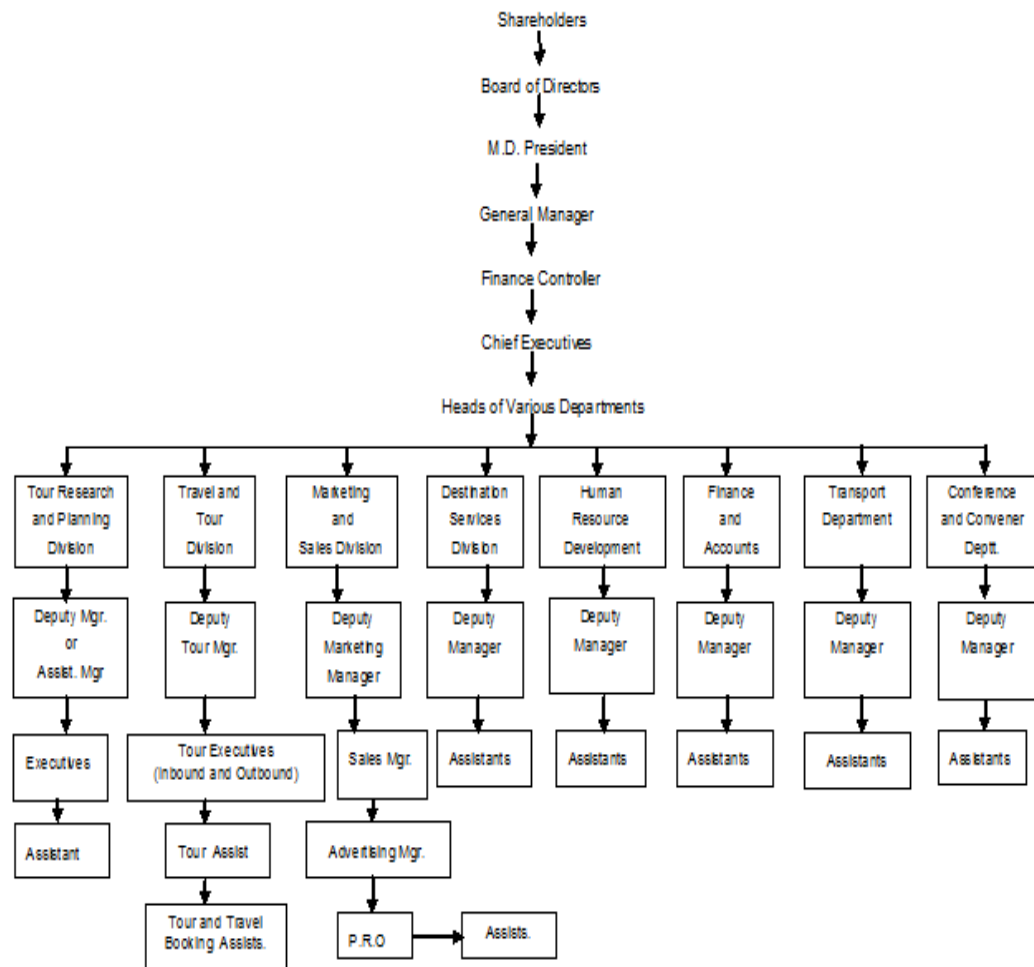
A sound organisation structure of a travel company brings following benefits to the travel business:

- Development sound and up to date management practices, systems and strategies
- Development effective leadership
- Growth and diversification
- Optimum use of 'Human Asset'
- Stimulates creativity
- Effective co-ordination between various departments

The organisational structure of a travel/tour company is the formal or quasi-formal network of reporting or controlling relationships and the powers and duties associated with each role in this network. The network of reporting relationships is commonly depicted through an organisation chart. But there are many travel companies, mostly young and small, in which the structure is implicit rather than explicit. However it has been observed that a travel company will operate functions most effectively and efficiently if an explicit organisation structure is designed or adopted. Practically organisation charts do not exist nor does the role description yet if one views around, one can discern a hierarchy of authority, some division of work, some specialisation in functions, some role specialisation and so forth, which are the hallmarks of organisational structure.

No systematic and scientific method exists for designing and adoption of the optimal organisation structure in other businesses particularly in the travel how travel and tourism business. However, a common approach (according to travel industry survey) is adopted to design an optimal organisation structure for a large scale travel and tour company, which is registered and established under the Companies Act 1956 and Amendment Rule 2004.

The organisation structure chart depicts the visible 'super structure' of departments and the important reporting and functional relationships in the organisation of a travel company. The structure consists of managerial hierarchy from top-level to junior level manages and assistants. Normally, large scale Travel Company has two parts- Head office and a number of branches in India and abroad. It is also common that the headquarters/registered offices would have several divisions such as research and planning, travel and tour division etc. However, in the branches one will find a few departments according to the requirements of specialised particular areas. Obviously, in designing organisation structure, a travel company is free to use any means of depart mentation that are appropriate to its services and specific functions and activities to achieve a mission or goals and the core values etc.

4.4 THE ROLE OF HUMAN RESOURCE DEPARTMENT IN HOTELS

The human resources department is responsible for creating and maintaining an environment in which people can flourish, and to do this they do four main things: (1) recruit and select talented associates; (2) maintain outstanding employee relations; (3) act as a standard bearer by ensuring that every associate meets or exceeds standards; and (4) ensure legal compliance, training, and development.

HR directors spend more time on employee relations that the other functions. This is because HR is the advocate for employees because they need to feel comfortable in coming to your and knowing that conversations will be confidential. Being the advocate for associates also means representing them to management, department heads, and supervisors. In the remainder of this chapter we will examine each of these areas in detail from and industry perspective. Before we can recruit applicants, we must first determine what these applicants will do. We begin with an examination of the job to be performed, which is called task analysis, followed by job description. Figure 4.1 illustrate the human resources management and development process.
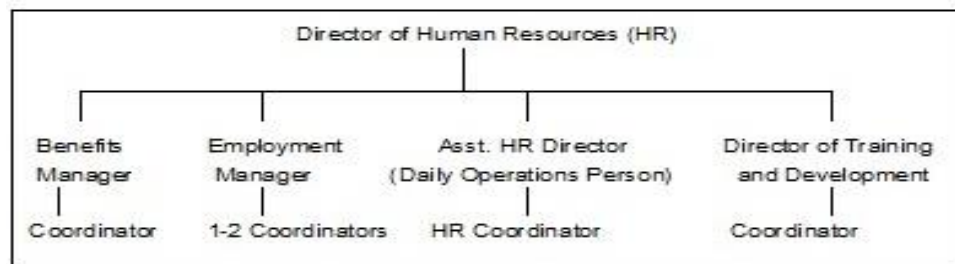

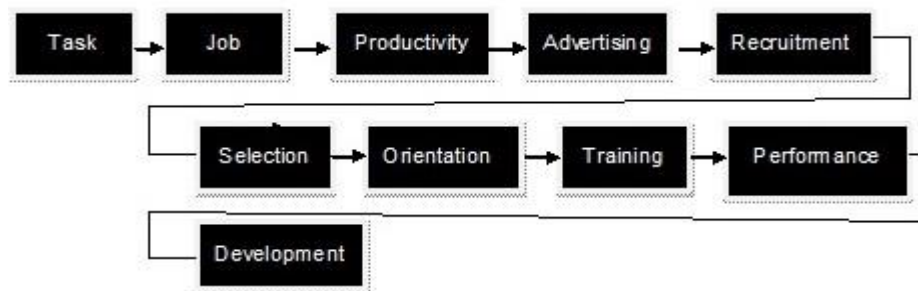Figure 4.1 The Human Resources Division of a Midsize Hospitality company

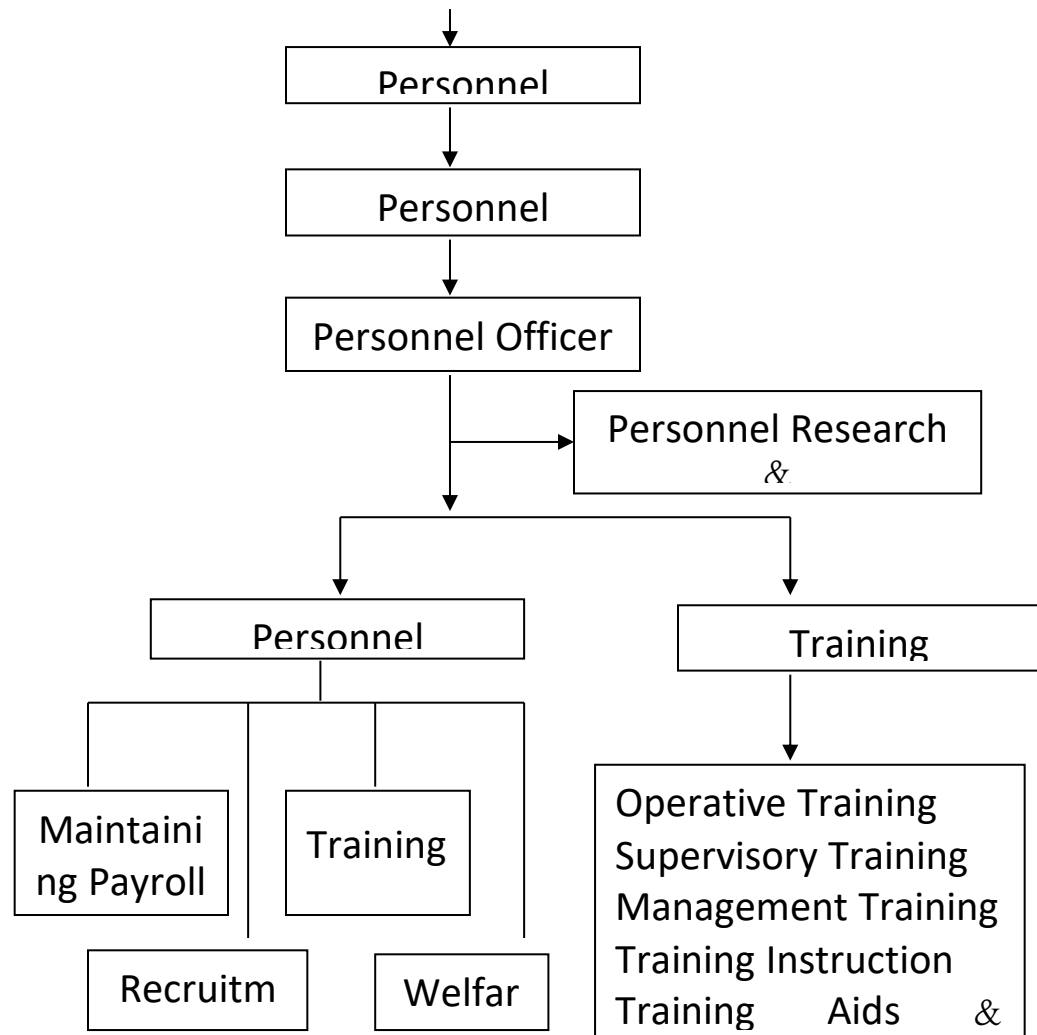Figure – 4.2 Human Resources Management and Development Process

In hotel industry the job of HR manager can be compare with the job of conductor, whose job is to instruct and direct all of the various musicians so that they can perform well together. But before a conductor can direct a beautiful performance, all of the individual musicians must be able to play their instruments well. What kind of performance could one can expect if the violinists did not know how to play their instruments of the flutists could not read music? So it is in the hospitality industry, before a manager can direct and shape employee's individual contributions into an efficient whole, he or she must first turn employees into competent workers who know how to do their jobs. Employees are the musicians of the orchestra that the members of the audience-the-guests-have come to watch performance. If employees are not skilled at their jobs, then the performance they give will get bad reviews. Just as an orchestra can have a fine musical score from a great composer and still perform poorly because of incompetent musicians, so a hotel can have a finest standard recipes, service procedures and quality standards and still have dissatisfied guests because of poor employee performance.

That is why properly managing human resources is so important. No other industry provides so much contact between employees and customers and so many opportunities to either reinforce a positive experience or create a negative one. As in the five-star hotel and five-star deluxe hotel there are round lots of employee are involved in different jobs in different fields there is dire need to look and control on them. No doubt different department's heads are present to look their department employee, but HRD is a place, which supervise and effectively communicate with these departments head and communicate with the top management. Thus there function is very large and diverse as compared with respect to different department's heads.

A Typical Organization of Personnel Department

General Manager

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│ ng Payroll│  │           │       │ Supervisory Training          │
└───────────┘  └───────────┘       │ Management Training           │
   ┌───────────┐  ┌───────────┐     │ Training Instruction          │
   │ Recruitm  │  │  Welfar   │     │ Training    Aids    &         │
   └───────────┘  └───────────┘     └───────────────────────────────┘
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Personnel Policies of HR: The Personnel function in a hotel includes many activities such as-

- Consideration of leadership style
- Relationship
- Responsibilities
- Philosophy
- Social orientation

- Organizational structure

In most of the hotels the personnel policies are put in writing. These policies are distributed to key and responsible executive to provide guidance and ensure consistent application. Periodically the HRD review these policies. For Example: In **Ramada international,** the following policies are put on the notice board as well as each employee bear a tag starting **"I am"** which generate a sense of motivation as well as sense of personal feeling towards the organization.

Fig: Policies of Ramada International

I am proud

I am Excited

I am Empowered

I am Ramada International

4.5 CASE STUDY: TALKING BACK FOR SUCCESS

The president of Hyatt Hotels makes it a practice to hold "gripe sessions" with small groups of employees. Managers at Earl's restaurants make the rounds of all tables to inquire about the food and the service.

The American Automobiles Associations uses an 800- number to makes its products and services more accessible to customers and to gather information regarding what customers are thinking and doing.

At United Airlines, managers are encouraged to get out of their offices and engage in informal exchanges with employees. What do Hyatt Hotels, Earls restaurants, the American Automobiles Association and United Airlines have in common? For one thing, they will all tell you that effective communication makes good business sense. More importantly, they all "practice what they preach". These and other service leaders in the hospitality industry communicate on a frequent and regular basis with their customers, suppliers and employees. They are well aware that honest feedback from stakeholders is the ultimate driving force behind organizational success, for it is this feedback that fuels any efforts at self-improvement, both internally and in the marketplace.

4.6 SUMMARY

In this unit, you have read that HRD is positioned differently in different organizations. The structuring, form and position of HRD depends upon the size, history and activities, etc. of the organization. This unit also explains the various objectives and tasks of the HRD department of an organisation. And also the detailed organization structure of HR department in tourism and hotel industry.

4.7 GLOSSARY

- **Organizational structure:** Formal arrangement of jobs and tasks in an organization.
- **Human resource:** Human resources is the set of individuals who make up the workforce of an organization, business sector or an economy.

4.8 REFERENCES

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4.9 TERMINAL QUESTIONS

Q1. Why is organizational structure important?

Q2. Discuss in detail the role of HR department in hotel industry along with its organizational structure.

BLOCK 2: HUMAN RESOURCE PLANNING

UNIT 5: JOB EVALUATION - CONCEPT, SCOPE AND LIMITATION

<u>**Structure:**</u>

5.1 Introduction

5.2 Objectives

5.3 Job Evaluation: Concept

     5.3.1. Various definitions of Job Evaluation

     5.3.2 Pre-requisites of Job Evaluation Programme

     5.3.3 Principles of Job Evaluation

     5.3.4 Objectives of Job Evaluation

     5.3.5 Basic Principles of Job Evaluation

     5.3.6 Methods of Job Evaluation

5.4 Scope of Job Evaluation

5.5 Limitations of Job Evaluation

5.6 Summary

5.7 Glossary

5.8 Answer to check your progress/Possible Answers to SAQ

5.9 References / Bibliography

5.10 Terminal Questions

5.1 INTRODUCTION

Job evaluation is an orderly and systematic process of determining the wages (worth) for the job in relation to other jobs. It is a process of rewarding the job after it has been analysed. Each job should be paid (or priced) according to its real value i.e., a high value job should receive higher wages and low value job should receive lower wages. If it is reverse, the employees would feel dissatisfied resulting into unhealthy industrial relations. Hence job evaluation aims at fixing fair and equitable wage structure so that a person gets wages according to the worth of the job. In fact job evaluation is concerned with translating, in terms of money, the qualities required for performing the job (specified in the job description).

5.2 OBJECTIVE

After reading this unit, you will be able to-

- Explain and define the meaning of Job evaluation
- Discuss the scope of Job evaluation
- Describe the methods of Job evaluation
- List the limitations of Job evaluation

5.3. CONCEPT OF JOB EVALUATION

Job evaluation is the output provided by job analysis. As seen earlier, *Job analysis* describes the duties of a job, authority relationships, skills required, conditions of work, and additional relevant information. *Job evaluation* on the other hand, uses the information in job analysis to evaluate each job — valuing its components and ascertaining relative job worth. It involves, in other words, a formal and systematic comparison of jobs in order to determine the worth of one job relative to another, so that a wage or salary hierarchy results.[1] So *it is a process by which jobs in an organisation are evaluated.*

When jobs are evaluated, the relative worth of a given collection of duties and responsibilities to the organisation is assessed. This process is adopted to help a management to maintain high levels of employee

productivity and employee satisfaction. If job values are not properly studied, it is very likely that jobs would not be properly priced, i.e., high valued jobs may receive less pay than low-valued jobs. When employees realise that this is happening, they become dissatisfied. They may leave the organisation, reduce their efforts or perhaps adopt other modes of behaviour detrimental to the organisation.

Therefore, in modern society, a great deal of attention is paid to the value of a job. What a particular job should be paid is greatly influenced by the value of judgement about the worth of a job. In other words, a person is paid for what he brings to a job — his education, training and experience provided that these are related to the requirements of the job which he is assigned.

5.3.1 Various definitions of Job Evaluation

Below are given some important definitions of job evaluation:
The I.L.O. defines job evaluation as "an attempt to determine and compare demands which the normal performance of a particular job makes on normal workers without taking into account the individual abilities or performance of the workers concerned."[2]

The Bureau of Labour Statistics. U.S.A says that "job evaluation is the evaluation or rating of jobs to determine their position in the job hierarchy. The evaluation may be achieved through the assignment of points or the use of some other systematic method for essential job requirements, such as skills, experience and responsibility.

In the words of the Netherlands Committee of Experts on Job Evaluation, "job evaluation is a method which helps to establish a justified rank order of jobs as a whole being a foundation for the setting of wages. Job evaluation is the only one of the starting points for establishing the relative differentiation of base wage rates."

1.   "Job evaluation represents an effort to determine the relative value of every job in a plant to determine what the fair basic wage for such a job should be" - *Kimball and Kimball*

2. "Job evaluation is the process of determining the relative worth of the various jobs within the organization, so that differential wages may be paid to jobs of different worth."   - *Wendell French*

3. "Job evaluation is the process, analysis and assessment of job to ascertain reliably their relative importance using the assessment as a basis for balanced wage structure."- *The British Institute of Management*

From these definitions it is clear that job evaluation is a systematic procedure for rating the jobs. It an, therefore, be defined as *in orderly process of determining the fair wages for an individual job taking into account some common factors such as skill, responsibility, effort, working conditions etc.*

Job evaluation is the rating of a job and not the man doing the job. It follows job analysis which provides data in respect of each job. It is generally felt in every industry that in case of difficult jobs, or jobs involving skills, working hazards, initiative etc., higher wages should be paid.

The wages received by an employee has a two-fold value- absolute and relative. In absolute value, wages satisfy his needs and determine his standard of living whereas in case of relative value, it is his worth which is being paid by the company in the form of money or money's worth.

5.3.2 Pre-requisites of Job-evaluation Programme

It is very essential to decide following matters before starting a job-evaluation programme:-

1. Jobs must be thoroughly examined and clear cut job descriptions and job specifications must be available for selecting factors to be evaluated for job-evaluation purpose.

2. The next important decision is about the jobs and persons to be covered e.g., hourly paid jobs or salaried jobs.

3. One jobs should be compared with others and put in a list in order of its worth.

4. In the job-evaluation plan, all persons who are going to be effected should participate. This will be possible only if job evaluation plan is successfully communicated to the employees.

5. The job selected should be divided into certain parts and each part (i.e., factor such as responsibility, skill, effort, working conditions) should be evaluated separately.

6. Supervisors should convinced about the job evaluation programme.

7. Supervisor should be given training in advance about job evaluation methods.

8. It should be widely publicized in the factory so that everybody is aware of this system. For major groups, separate pay structures should exists. Since the nature of work is different in production, sales, marketing and finance departments, their pay structure must also be different.

9. There is no sense in believing that job evaluation will not be challenged by the union. The management should accept its deficiencies with open mind.

10. This job evaluation programme must be sold through a process of education to all employees.

11. Any internal or external inconsistency in wage structure should be removed after completing the job evaluation.

12. Build definitions, measuring scales, forms, questionnaires and preliminary descriptions beforehand.

13. If job content changes, the supervisor should notify the job analyst so that necessary changes are made in the rating. It must be kept upto date.

5.3.3. Principles of Job-evaluation

There are certain broad principles, which should be kept in mind before putting the job evaluation programme into practice. According to Kress, these principles are:

1. Rate the job and not the man. Each element should be rated on the basis of what the job itself requires. Rating of the job should be done rather than the rating of man doing the job (which concerns merit rating). The man doing the job may be a misfit.

2. The elements selected for rating purposes should be easily explainable in terms and as few in number as will cover the necessary requisites for every job without any overlapping. The factors selected should be less in number.

Usually the factors selected are skill, effort, responsibility and working conditions. Each factor should be precisely defined.

3. Any job rating plan must be told to foremen and employees. The job-evaluation plan must be acceptable to employees. In other words, such a plan must be sold to employees by explaining its advantages and objectives The success in selling it will depend on a clear-cut explanation and illustration of the plan.

4. The value or weightage given to the factors should not be disclosed to the foreman or supervisor while discussing with them job evaluation plan. In case monetary values are also explained, it will result in the biased attitude. Foremen should participate in the rating of jobs in their own departments.

5. Maximum co-operation can be obtained from employees when they themselves have an opportunity to discuss job ratings.

6. In talking to foremen and employees, any discussion of money value should be avoided. Only point values and degrees of each element should be discussed.

7. Too many occupational wages should not be established. It would be unwise to adopt an occupational wage for each total of point values. Thus, there should be limited number of occupational wages i.e., there should be few categories of jobs and they should be arranged in terms of their value to the firm.

5.3.4. Objectives of Job-evaluation

Knowles and Thomson state that job evaluation is useful in eliminating many of the evils to which nearly all systems of wage and salary payments are subject. These are:

(i) Payment of high wages and salaries of persons who hold jobs and positions not requiring great skill, effort and responsibilities; *(ii)* Paying beginners less than they are entitled to receive in terms of what is required of them; *(iii)* Giving a raise to persons whose performance does not justify the raise; *(iv)* Deciding rates of pay on the basis of seniority rather than ability; *(v)* Payment of widely varied wages and salary for the same or closely related jobs

and positions; and *(vi)* Payment of unequal wages and salaries on the basis of race, sex, religion or political differences.

Infact, the primary purpose of job evaluation is to set wages and salary on the basis of the relative work or jobs in the organisation. It does this by providing a ground for the following matters:

(a) Equity and objective of salary administration, i.e., paying the people whose work is alike the same wages, and establishing appropriate wage differentials between jobs calling for different skills and responsibilities;

(b) Effective wage and salary control;

(c) Union-management negotiations on wages; and

(d) Comparison of wage and salary rates with those of other employees. Besides setting wages, job evaluation also helps in:

(a) Providing standardisation of, and improvement in, working conditions;

(b) Clarifying the functions, authority and responsibility of employees;

(c) Establishing references for the settlement of grievances arising out of individual rates and for negotiations with a trade union on internal wage structure and differentials;

(d) Developing machinery for a systematic reviewing of job rates as job contents change; and

(e) Developing personnel statistics.

Thus based on the above discussion, the objectives of Job evaluation can be concluded as below:

1. The main objective of job-evaluation is to have external and internal consistency in wages can be removed. If a foreman gets less wages than the supervisor, it is a case of internal inconsistency.

2. The systematic evaluation of jobs and fixation of wages on that basis helps in solving wage controversies.

3. It removes subjective ness from the fixation of wages and introduces objectiveness and simplifies union management negotiations on wages.

4. It aims at conducting wage surveys and comparing our wage systems with the similar concerns.

5. Its aim is to fix minimum and maximum wages through out the organization for each position.
6. It introduces standardization in wage differentials.
7. It aims at helping the selection of candidates for the vacant jobs. The factors determined for job evaluation are taken into account while selecting a candidate. It, therefore, reduces selection and recruitment costs.
8. It ensures that like wages are paid to all qualified employees for like work.

The main object of job evaluation is to set wages. In this context a report of I.L.O states that "the aim of the majority of systems of job evaluation is to establish on agreed basis, the relative values of different jobs in a given plant or machinery". In the absence of jobs evaluation, workers may feel dissatisfied on account of certain evils prevailing in the wages and salary payments viz., higher wages for loss important jobs or higher wages for beginners, etc. It may, however, be noted that a job evaluation system does not accomplish all the purpose; rather it facilitates them. Basically, it provides a systematic catalogue of the jobs in an organisation, which is indispensable for management purposes.

CHECK YOUR PROGRESS

Q1. What do you understand by Job Evaluation? What is its objective?

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5.3.5. BASIC PROCEDURE OF JOB EVALUATION

The basic procedure of job evaluation is to compare the *content* of jobs in relation to one another, in terms of their skills or responsibility or some other requirement. The *job contents* may be decided upon in two ways, i.e., *either* by making an intuitive "overview" i.e., by deciding that one job is "more important" than another, and not going any deeper in why — in terms of specific job-related factors; *Or* by comparing one job to another by focussing on certain 'basic factors', which may be common in each job. Such factors are called *compensable factors* — which determine the definition of job content; that determine how the jobs compare to each other; and they also help determine the compensation paid for each job. The organisation might develop its own compensable factors or use those factors adopted by others. For example, the "Equal Pay for Equal Work Act" (in USA) focuses on four factors; *skills, efforts, responsibility and working conditions.* While some other system (say Hay system in the States) focuses on know-how, problem-solving and accountability. Often several basic factors are chosen initially and then subdivided into sub-factors. For example, refer to the following table.

Table 5.1 Compensable Factors

Universal Factors	Sub-factors	No. of Degrees
Knowledge	Education	8
	Experience	8
	Skill	8
Problem-Solving	Interpretation	8
	Compliance	8
	Communication	8
Decision-Making	Interpersonal	8
	Managerial	8
	Asset	8

When compensable factors are available, jobs can be evaluated more systematically. Each job is compared with all the others using the same factors,

sub-factors, and number of degrees. Sometimes job specifications are based on these factors, stating the "human requirements" of the job in terms of compensable factors like education, skills, problem-solving, and decision-making.

In India, the National Institute of Personnel Management, has laid down the following steps which should be taken to install a job evaluation programme:[10]

(i) **Analyse and Prepare Job Description:** This requires the preparation of a job description and also an analysis of job requirements for successful performance.

(ii) **Select and Prepare a Job Evaluation Plan:** This means that a job must be broken down into its component parts, i.e., it should involve the selection of factors, elements needed for the performance of all jobs for which money is paid, determining their value and preparing written instructions for evaluation.

(iii) **Classify Jobs:** This requires grouping for arranging jobs in a correct sequence in terms of value to the firm, and relating them to the money terms in order to ascertain their relative value.

(iv) **Install the Programme:** This involves explaining it to employees and putting it into operation.

(v) **Maintain the Programme:** Jobs cannot continue without updating new jobs and job changes in obedience to changing conditions and situations.

5.3.6. Methods of Job Evaluation

There are four basic, traditional systems of job evaluation: (1) the ranking system; (2) the grading or job classification system; (3) the point system; and (4) the factor comparison system.

The first two systems are popularly known as the *non-analytical* or *non-quantitative* or *summary systems,* because they utilise non-quantitative methods of listing jobs in order of difficulty and are, therefore, simple. The last two systems are called the *analytical* or *quantitative systems,* because they use

quantitative techniques in listing the jobs. They are more complex and are time consuming. Thus the methods of job evaluation can be summarised as:-

      A. Non-Quantitative methods or Qualitative methods

            1. Ranking or job comparison method

            2. Job grading method

      B. Quantitative method

            1. Point system

            2. Factor-comparison method.

1. **Ranking Method**:

        Rank means 'to arrange according to classes'. Under this method all jobs in an organization are arranged according to their worth. For this purpose, a committee comprising of certain executives is formed.

     Under this method factors are not considered, but the committee does keep in mind certain factors e.g., type of work, responsibilities involved, working conditions and supervision required. No weight or points are specified for these factors.

Mechanism: Under this system, all jobs are arranged or ranked in the order of their importance from the simplest to the hardest, or in the reverse order, each successive job being higher or lower than the previous one in the sequence. It is not necessary to have job descriptions, although they may be useful. Sometimes, a series of grades or zones are established, and all the jobs in the organisation are arranged into these.

     A more common practice is to arrange all the jobs according to their requirements by rating them and then to establish the group or classification. The usually adopted technique is to rank jobs according to "the whole job" rather than a number of compensable factors.

     According to this method, the ranking for a university may be like thus. After ranking, additional jobs between those already ranked may be assigned an appropriate place/wage rate.

<div align="center">**Table 5.2**</div>

Ranking of University Personnel

Ranking Order	Pay Scale Range
Professor	Rs. 5000-8000
Associate Professors	Rs. 4000-7000
Assistant Professors	Rs. 3500-6000
Registrar	Rs. 4000-7000
Dy. Registrar	Rs. 3500-5000
Assistant Registrar	Rs. 3000-4500
Clerk Grade I	Rs. 1000-2500
Clerk Grade II	Rs. 900-1800
Class Four Servants	Rs. 500-800

Generally speaking, the following *five steps are* involved in system:

Step 1: *Preparation of job description,* particularly when the ranking of jobs is done by different individuals and there is a disagreement among them.

Step 2: *Selection of Raters,* jobs may be usually ranked by department or in "Clusters" (i.e., factory workers, clerical workers, menials, etc). This eliminates need for directly comparing factory jobs and clerical jobs. Most organisations use a *committee of raters.*

Step 3: *Selection of rates and key jobs,* usually a series of *key jobs* or *bench-mark jobs* (10 to 20 jobs, which include all major departments and functions) are first rated; then the other jobs are roughly compared with these key jobs to establish a rough rating.

Step 4: *Ranking of all jobs.* Each job is then compared in detail with other similar jobs to establish its exact rank in the scale. For this each rather may be given a set of 'index card,' each of which contains a brief description of a job. These jobs are then ranked from 'lowest to highest' or from 'highest to the lowest' are ranked first and then the *next* highest and next lowest and so forth until all the cards have been ranked.

Step 5: *Preparation of job classification from the rating:* The total ranking is divided into an appropriate number of groups or classifications, usually 8

to 12. All the jobs within a single group or classification receive the same wage or range of rates.

The ranking system of job evaluation usually measures each job in comparison with other jobs in terms of the relative importance of the following five factors:

(i) Supervision and leadership of subordinates;

(ii) Co-operation with associates outside the line of authority;

(iii) Probability and consequences of errors (in terms of waste, damage to equipment, delays, complaints, confusion, spoilage of product, discrepancies, etc.);

(iv) Minimum experience requirement; and

(v) Minimum education required;

Merits:

(i) The system is simple, easily understood, and easy to explain to employees or a union). Therefore, it is suitable for small organisations with clearly defined jobs.

(ii) *It* is far less expensive to put into effect than other systems, and requires little effort for maintenance.

(iii) It requires less time, fewer forms and less work, unless it is carried to a detailed point used by company.

Demerits:

(i) As there is no standard for an analysis of the whole job position, different bases of comparison between rates occur. The process is initially based on judgement and, therefore, tends to be influenced by a variety of personal biases.

(ii) Specific job requirements (such as skill, effort and responsibility) are not normally analysed separately. Often a rater's judgement is strongly influenced by present wage rates.

(iii) The system merely produces a job order and does not indicate to what extent it is more important than the one below it. It only gives us its rank

or tells us that it is higher or more difficult than another; but it does not indicate how much higher or more difficult.

CHECK YOUR PROGRESS

Q2. Explain job ranking method of job evaluation.

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2. Job Grading Method:

Under this method yardstick is provided in the from of job classes or grades. The committee goes through the job description of each job and assigns it a particular grade. There are different rates of wages for different classes. The jobs may be graded as skilled, unskilled, routine, administrative, etc. This method is an improvement over ranking method in the sense that pre-determined yardstick is available. Each grade should be sufficiently large to include a number of jobs. Thus, under this system, a number of pre-determined grades or classifications are first established by a committee and then the various jobs are assigned within each grade or class.

Grade descriptions are the result of the basic job information which is usually derived from a job analysis. After formulating and studying job descriptions and job specifications, jobs are grouped into classes or grades which represent different pay levels ranging from low to high. Common tasks, responsibilities, knowledge and experience can be identified by the process of job analysis. Certain jobs may then be grouped together into a common grade or classification. General grade descriptions are written for each job

classification, and finally these are used as a standard for assigning all the other jobs to a particular pay scale.

Mechanism: The following five steps are generally involved:

    (i) The preparation of job descriptions, which gives us basic job information, usually derived from a job analysis.

    (ii) The preparation of grade descriptions, so that different levels or grades of jobs may be identified. Each grade level must be distinct from the grade level adjacent to it; at the same time, it should represent a typical step in a continuous way and not a big jump or gap. After establishing the grade level, each job is assigned to an appropriate grade level on the basis of the complexity of duties, non-supervisory responsibilities and supervisory responsibilities.

    (iii) Selection of grades and key jobs. About 10 to 20 jobs are selected, which include all the major departments and functions and cover all the grades.

    (iv) Grading the key *jobs.* Key jobs are assigned to an appropriate grade level and their relationship to each other studied.

    (v) Classification of all jobs. Jobs are classified by grade definitions. All the jobs in the same grade receive the same wage or range of rates. For example, menials may be put into one class; clerks in another; junior officers in a higher class; and the top executive in the top class. Table 5.3 gives us the gradations of five classes designed by a title lable and increasing in value.

Table 5.3

Description of Job Classification

Grades	Description of Job Classification
Clerk Grade III	Pure routine concentration, speed and accuracy, works under supervision; may or may not be held responsible for supervision
Clerk Grade II	No supervision by others, specially skilled for the job by having an exhaustive knowledge of the details.
Clerk Grade I	Must have the characteristics of a second class clerk and assume more responsibility.

Senior clerk	Technically varied work, occassionally independent thinking and action due to difficult work which require exceptional clerical ability and extensive knowledge of principles and fundamentals of the business of his department. Not charged with the supervision of others to any extent; works subject to a limited check; dependable, resourceful and able to take decisions.
Head clerk	Those handling or capable of taking a major decision on the work they do; complicated work requiring much independent thinking; able to consider details outside the control.

Merits:
  (i)   This method is simple to operate and understand, for it does not take much time or require technical help.
  (ii) The use of fully described job classes meets the need for employing systematic criteria in ordering jobs to their importance. Since many workers think of jobs in, or related to, clusters or groups, this method makes it easier for them to understand rankings.
  (iii) If an organisation consists of 500 people holding to different jobs, the jobs might be broken up into perhaps 5 classes, arranged in order of importance from high to low, and described class by class. This class description broadly reflects level of education, mental skill, profit impact or some combination of these.
  (iv) The grouping of jobs into classifications makes pay determination problems administratively easier to handle. Pay grades are determined for, and assigned to, all the job classification.
  (v)   It is used in important government services and operates efficiently; but it is rarely used in an industry.
Demerits: This system suffers from the following defects:
  (i)   Although it represents an advance in accuracy over the ranking method, it still leaves much to be desired because personal evaluations by

executives (unskilled in such work) establish the major classes, and determine into which classes each job should be placed.

(ii) Since no detailed analysis of a job is done, the judgement in respect of a whole range of jobs may produce an incorrect classification.

(iii) It is relatively difficult to write a grade description. The system becomes difficult to operate as the number of jobs increases.

(iv) It is difficult to know how much of a job's rank is influenced by the man on the job.

(v) The system is rather rigid and unsuitable for a large organisation or for very varied work.

CHECK YOUR PROGRESS

Q3. Write down the mechanism of Job Grading Method.

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3. The Point System:

This is the most widely used method of job evaluation. Under the point method, a detailed analysis of job's worth is made for determining the fair wages. This method is the most widely used type of job evaluation plan. It requires identifying a number of compensable factors (i.e., various characteristics of jobs) and then determining degree to which each of these factors is present in the job. A different number of points is usually assigned for each degree of each factors. Once the degree to each factor is determined, the corresponding numbers of points of each factor are added and an overall point value is obtained. The point system is based on the assumption that it is possible to assign points to respective factors which are essential for evaluating an individual's job.

The sum of these points gives us an index of the relative significance of the jobs that are rated.

Mechanism: This system requires a detailed examination of the jobs. The steps in this method followed are:

Step 1: The jobs have to be determined first which are to be evaluated. They are usually clustered. The jobs which require *(i)* similar activities, *(ii)* the same workers characteristics or traits (corresponding machines, tools, materials and instruments) and work on the same kind of material (say wood or metal are placed in the same cluster or family. Gonyea and Lunneborg have clustered 22 occupations in five groups, based on common factors in five groups.

Table 5.4 Clustering of 22 Occupations on the basis of Common Factors in Five Groups (after Gonyea and Lunneborg)

Group	*Occupation*
A- Business Group Insurance secretary.	Includes buyer, office manager, personnel manager, interior decorator, salesman, accountant, and
B- *Masculine Group* operator,	Includes aviator, automobile mechanics, surveyor, radio policeman and engineer.
C- Aesthetic Group	Artist, writer, interior decorator.
D- Service Group	Policeman, social worker, lawyer, physician, personnel counselled
E- Scientific Group	Medical lab technician, chemist, physician, engineer, auto mechanic and wire less operator.

Step 2: For the purpose, *a pre-determined number of factors are arbitrarily selected by raters.* The number of factors used varies a great deal from company to company, ranging from as few as 3 to as many as 50, although most companies use less than 15. Sometimes, only three factors (job conditions, physical ability and mental requirements) may be used. Another company may use 4 factors (skill, effort, responsibility and job conditions). As far as possible, the factors selected are such as are common to all the jobs.

The common factors are: Education and training; experience; physical skills and effort; planning for the supervision of others; external contacts, internal contacts; confidential information and working conditions. Moreover, the factors which overlap in their meaning are avoided and factors which are unique and relative to each other described in terms of varying degrees. They should also be so defined and described that everyone associated with the plan gets the same meaning of the words that are used.

Step 3: The next step is to break down each factor into degrees or levels, and to assign a point value to each level or degree. For example, experience, which is one of the most commonly used job factors, may be sub-divided into 5 degrees. The first degree, three months or less may be assigned 5 points; the second degree, 3 to 6 months, given 10 points, the third degree, 6 to 12 months, assigned 15 points; the fourth degree 1 to 3 years, assigned 20 points; and the fifth degree is over 3 years, and is assigned 25 points. This same procedure is followed for each factor at each level or degree represented by an appropriate number of points. The point to note is that the major factors are assigned total points and that each of these factors is broken up into sub-groups (with written definitions for each), and these sub-groups are assigned points within the total established for the major group.

Le Tourneau has given an example of job work point rating scale.

CHART 5.5

Some Items from the rating system developed by Le Tourneau with the scale values assigned to different factor (indicated by numbers)

Rated by........Job.......					Date.......
Factor	Check the Correct Item for Each Factor				
I. Education School	College 5	High 4	Elem. Maths 3	Addl. Subjects 2	Read & Write 1
II. Experience	Over 12 Months 12	9 to 12 Months 12	6 to 9 Months 9	3 to 6 Months 6	1 to 3 Months 3
III. Learning Period	Over 3 yrs. 10	1 to 3 yrs. 8	6 months to 1 yr. 6	3 months to 6 months 4	1 to 3 months 2
IV. Mental Effort	Very High 5	High 4	Average 3	Below Average 2	Low/Sli ght 1
V. Mechanical Ability	Very High 5	High 4	Average 3	Below Average 2	Slight 1
VI. Physical Effort	A,B,C,D 10	E,F,G 8	H,I,J 6	K,L 4	M 2
VII. Job Conditions	A 10	B,C 8	D,E 6	F,G 4	H,I 2
VIII. Hazards	Very High 5	High 4	Average 3	Below 2	Slight 1
IX Responsibility Equipment	Over $ / "50 M 5	$ 25 M to $50M 4	$ 10 M to $25M	$1 M to $ 10 M 7.	Less $ 1M \
X. Responsibility	Over 16 (persons)	11 to 15 5	6 to 10 4	2 to 5 3	1 2 2

XI. Responsibility	Over $60M 5	$25M to $ to M 4	$10M to 25M 3	$lMto $ 10M 2	Less $ 1 M 1
XII. Complexity	Very High 5	High 4	Average 3	Below Average 2	Slight 1
XIII. Effect on •	Very High 5	High 4	Average 3	Below Average 2	Slight 1
XIV. Attention to Operations	Very High 5	High 4	Average 3	Below Average 2	Slight 1
XV Know other Operation	Very High 5	High 4	Average 3	Below Average 2	Slight 1
XVI. Coordination	Very High 5	High 4	Average 3	Below Average 2	Slight 1

Step 4: *Determination of relative values or weights* to assign to each factor. For each job or cluster of jobs some factors are more important than others. For example, for executives, the "mental requirements" factor would carry more weight than "physical requirements." The opposite might be true of "factory jobs."

Step 5: The next step is to *assign money values to points.* For this purpose, points are added to give the total value of a job; its value of a job; its value is then translated into terms of money with a pre-determined formula.

Table 5.6

Job Points Translated into Job Rupees

Point *Range*	*Hourly Basic Rate Range*	*Job Grade*
101-150	**Rs. 6** to 10	1

165-200	**Rs. 8** to 12	2
201-250	**Rs.** 10 to 15	3
251-300	**Rs.** 15 to **20**	4
301-350	**Rs. 20** to **25**	5
351-400	**Rs. 25** to **30**	6
401-450	**Rs. 30** to **35**	7
451-500	**Rs. 35** to **45**	8

Merits: The system enjoys the following merits:
   (i)   It gives us a numerical basis for wage differentials; by analysis a job by factors it is usually possible to obtain a high measure of agreements on job value.
   (ii)   Once the scales are developed, they can be used for a long time.
   (iii) Jobs can be easily placed in distinct categories.
   (iv)   Definitions are written in terms applicable to the type of jobs being evaluated, and these can be understood by all.
   (v)   Factors are rated by points which make it possible for one to be consistent in assigning money values to the total job points.
   (vi)   The workers' acceptance of the system is favourable because it is more systematic and objective than other job evaluation methods.
   (vii) Prejudice and human judgement are minimised, i.e., the system cannot be easily manipulated.
   (viii) It has the ability of handling a large number of jobs and enjoys stability as long as the factors remain relevant. The availability of a number of ready-made plans probably accounts for the wide use of points plans in job evaluation.

Demerits: The drawbacks of the system are:
   (i)   The development and installing of the system calls of heavy expenditure.

(ii) The task of defining job factors and factor degrees is a time-consuming and difficult task.

(iii) If many rates are used, considerable clerical work is entailed in recording and summarising the rating scales.

(iv) It is difficult to determine the factor levels within factors and assign values to them. It is difficult to explain to supervisors and employees. Workers find it difficult to fully comprehend the meaning of concepts and terms, such as factors, degrees and points.

In spite of these drawbacks, this system is used by most organisations because its greater accuracy possibly justifies the large expenditure of time and money.

4. The Factor Comparison Method:

The factor comparison system was actually developed in 1926 by E.J. Benge. This method is different from point method only in respect of yardstick provided for evaluating jobs. Under this method, only few jobs called 'key jobs' are evaluated at the first instance. While selecting key jobs, the analysts must see that job descriptions of key jobs are available. The jobs are ranked by considering one factor at a time. This method is a combination of point method and rank method.

Under this system, jobs are evaluated by means of standard yardstick of value. It entails deciding which jobs have more of certain compensable factors than others. Here the analyst or the Evaluation Committee selects some 'key' or 'benchmark' jobs for which there are clearly understood job descriptions and counterparts in other organisations, and for which the pay rates are such as are agreed upon and are acceptable to both management and labour.

Under this method, *each job is ranked several times — once for each compensable factor selected.* For example, jobs may be ranked first in terms of the factor 'skill.' Then, they are ranked according to their mental requirements.

Next they are ranked according to their 'responsibility,' and so forth. Then these ratings are combined for each job in an over-all numerical rating for the job.

Mechanism: The major steps in this system consist of the following:

Step 1: clear-cut job descriptions are written and job specifications then developed: Preferably in terms of compensable factors. The people writing job specifications are generally provided with a set of definitions which have been used in each of the compensable factor selected.

Usually five factors are used: *(i)* mental requirements, *(ii)* physical requirements; *(iii)* skill requirements; *(iv)* responsibility and *(v)* working conditions. These factors are universally considered to be components of all the jobs.

Step 2: Selecting of Key-Jobs: Such jobs are those jobs which represent the range of jobs under study; and for which pay is determined to be '*standard*' *or* '*reference points*' and for which there is no controversy between the management and the employees.

These 'key' jobs serve as standards against which all other jobs are measured. They are selected in such a way that they cover the range from the 'low' to the 'high' paid jobs. Besides, such jobs must be those on the pay of which analysts and executives do not disagree. Again, they should be definable in accurate and clear terms. Usually 10 to 30 jobs are picked up as 'key' jobs.

Step 3: Ranking of 'Key' Jobs: Several different members of the job Evaluation Committee rank the key jobs on each of the five factors (mental requirements, physical requirements, skill, responsibility, and working conditions).

Ranking is made individually and then a meeting held to develop a consensus (among raters) on each job.

Mental Requirements involve inherent mental trait (such as memory, intelligence, reasoning, ability to get acquired education, and acquired specialisation of education or knowledge).

Physical Requirements consist of physical effort (climbing, pulling, walking and lifting); and physical conditions (age, height, weight, sex, eye-sight and strength); *skill requirements* are concerned with acquired facility in muscular co-ordination, assembling, sorting, and dexterity of fingers; and acquired job knowledge for an effective performance of the job.

Responsibility involves responsibility for raw and processed materials, tools, equipment and property; money securities; profit and loss; supervision; and maintenance of records.

Working Conditions include atmospheric conditions (illumination, ventilation, noise, congestion); hazards of work and its surroundings; and hours of work.

Step 4: *Valuing the Factors:* The basic pay for each 'key' job is allocated to each factor. Pay for such jobs should range from about the lowest to, at or near the highest, and there must be complete agreement on job selected. Usually, 15 to 20 jobs are chosen against which to evaluate all the other jobs.

Step 5: *Comparing all Jobs with Key Jobs:* All the other jobs are then compared with the key jobs, factor by factor, to determine their relative importance and position in the scale of jobs, to determine also their money value.

This identical process is repeated for all the other factors. The pay rate assigned to a job is obtained by adding the determined amounts as indicated by the money values shown in the five scales that individually set a job money value in relative comparison to fixed key jobs.

Step 6: *Establishing the Monetary Unit Value for all Jobs:* Monetary values are assigned to each factor of every key job. This should reflect a range from the lowest to the highest.

For example, skill may include education, experience and initiative. Further, education will be defined as ability to read or write, school education, graduations, post-graduation, special education.

The number of factors should be fewer because studies have shown that results are almost same if 2 or 3 factors are used instead of 40 factors.

For example, M.F. Stigers and E.G. Read have given a list of many factors viz., strength; energy; learning time; education; responsibility; analysis; foresight; judgement; management ability; alertness; steady nerves; initiative; originality; adaptability; memory; application; accuracy of calculation measurement; danger; eye strain; contact of body, dirt, wet fumes, noise; monotony; heat of air, contact and radiation; effect on clothing; cost of tools owned by workers.

Further each factor is given certain points and each point carries some value in terms of money. Just as inches are a basic unit in determining length, so degrees are the basic unit in measuring importance of any factor in a given time.

First of all, total points for a job will be determined and then these points will be allocated to various factors. Skill may be assigned 250 points which may be further subdivided on its components such as education 70, experience 110 and initiative ingenuity 70 Education points may allocated as follows:

1. Ability to read and write   14 Points
2. Middle standard education   28 Points
3. Matric   42 Points
4. Graduation   56 Points
5. Post- Graduation   70 Points

The following table of National Metal Traders Association (NMTA) of the U.S.A. is given here for understanding the allocation of points to various factors:

Job elements and degree value points assigned to each factor and key to grades for machine operators

	Factors	No. of points	1st degree	2nd degree	3rd degree	4th degree	5th degree
1.	Skill	250					
	i) Education	70	14	28	42	56	70
	ii) Experience	110	22	44	66	88	110
	iii) Initiative and ingenuity	70	14	28	42	36	70
2.	Effort	75					
	iv) Physical demand	50 0	10 5	20 10	30 15	40 20	50 20

	v) Mental or visual demand						
3.	Responsibility	100					
	vi) Equipment process	25	5	10	15	20	25
		25	5	10	15	20	25
	vii) Material of product	25	5	10	15	20	25
		25	5	10	15	20	25
	viii) Safety of other						
	ix) Work of others						
4.	Job conditions	75					
	x) Working	50	10	20	30	40	50
	xi) Hazards	25	5	10	15	20	25

Table showing degree value points in National Metal Traders Association of U.S.A.

In the above table, the total points for a job are 500. For example, skill carries 50% of the points and these are further sub divided into education, experience, initiative and ingenuity.

The total points in a job will indicate wages. For example, if a job having 400 points is paid Rs. 500, the job carrying 600 points must get Rs. 750. In order in know the wages being paid in other similar concerns, a survey should be conducted. In the light of job evaluation wage structure will be designed. *It is an established rule that no employee should get a reduction in his pay as a result of the job evaluation.*

Suppose five jobs are ranked as follows:-

Skill	Responsibility	Effort	working conditions
4	85	2	9.75
1.0	1.00	1.5	1.25

1.5	.40	1.7	1.00
2	.75	1.9	1.80
4.5	.50	.50	1.80

The correct pay is then allocated among the factors for each key job wages are determined. The following example will clear as how the wages for key jobs are calculated:-

	Job factors	Job A	Job B	Job C	Job D	Job E
1.	Skill	4.50	2.00	1.50	1.00	4.00
2.	Effort	2.00	1.50	1.90	.50	1.75
3.	Responsibility	.75	.50	.85	.40	1.00
4.	Working conditions	1.25	1.75	1.00	1.80	1.80
	Correct rate Rs.	8.50	5.75	5.25	3.70	8.55

Suppose job Z is similar to job A in skill (Rs. 4.50), job B in effort (Rs. 1.50), job C in responsibility (Rs. .85) and job D in working conditions (Rs. 1.80), then its correct wage will be Rs. 8.65 (i.e., Rs. 4.50 + 1.50 + .85 + 1.80)

Merits: This system enjoys the following benefits:

i) It is a systematic, quantifiable method for which detailed step by step instructions are available.

ii) Jobs are compared to other jobs to determine a relative value.

iii) It is a fairly easy system to explain to employees.

(iv) There are no limits to the value which may be assigned to each factor.

(v) The plan does not require a translation from points to money. It involves a comparative process wherein jobs are priced against other jobs rather than against some established numerical scale.

(vi) The reliability and validity of the system are greater than the same statistical measures obtained from group standardized job analysis plans.

(vii) The limited number of factors (usually 5) tends to reduce the possibility of overlapping and over-weighting of factors.

Demerits: The system suffers from the following shortcomings:

(i) It is costly to install, and somewhat difficult to operate for anyone who is not acquainted with the general nature of job evaluation techniques.

(ii) Wage levels change from time to time, and their minor inconsistencies may be adjusted to bring all the jobs into alignment. Jobs in which discrepancies are too wide are discarded as key jobs.

(iii) Money rates, when used as a basis of rating, tend to influence the actual rate more than the abstract point.

(iv) The system is complex and cannot be easily explained to, and understood by, every day non-supervisory organisational employee.

(v) The use of five factors is a growth of the technique developed by its originations. Yet using the same five factors for all organisations and for all jobs in an organisation may not always be appropriate.

5.4. SCOPE OF JOB EVALUATION

The only monetary criteria that are available to assess the value of work on a regular basis are the salaries that are already paid for the work. These salaries comprise several components each of which contains a number of different features.

The values of these components feature in all jobs, affect each other and are also continually influenced by such pressures which they have very little to do with either the supply of labour or the demand for its product. Changes in the value of money and in the cost and standard of living, group or peer and individual pressures, industrial action or inaction, job evaluation itself with its aims at parity, new towns, redevelopment, taxation, local, national and industrial wage settlements, all have their effect on the salary and its value.

The pressures are continually changing, and their combined and single effects are never the same form one moment to another. If then the current salaries are to be used as the criteria for the evaluation of work they can be really appropriate for one fleeting moment only in a particular location. This means that all that job evaluation can do is to say that a given time the value of certain job was so much when compared with the other jobs in that location in that time.

Even while the work has been evaluated or while the evaluation is proceeding, the pressures will be applied and the salary and its worth will drift away from the evaluated value. Some salaries will drift more than others, but if we know what the work is worth, and compare the value with what we are compelled to pay, we shall have some measure of the direction and force of the pressure.

ANOMALIES IN SALARIES AND THEORY OF RELATIVE VALUES

One of the common anomalies, i.e., irregularity is apparent when an employee is paid a salary which is not related to the work he or she does but is a carryover form some previous occupation or employment. While this may be a source of dissatisfaction and may appear to be anomalous, it is in fact only anomalous if transference from one job to another is excluded from the criteria. For instance, the case of the old employee who is retained at a salary in excess of the value of the work he or she does is not anomalous unless we expressly exclude 'length of service' from the criteria.

This goes to prove how important it is that the criteria should be properly defined and understood lest every difference should be thought to be anomalous.

The concept of job evaluation is based on the theory of relative values, a theory which broadly implies that the value of anything depends on and is influenced by the values of other things. Thus, the value of work is relative to the value of other work, and so can be determined only by comparisons between kinds of work. The effect of this is seen when, if the salary for a job is raised, then the value of the salary paid to another job not so treated, is lowered. To restore the status quo ante it is necessary to raise the wage of the second job proportionately. Another part of this theory is that because of the internal and external economic pressures, the salaries that are to be used as indicators for finding out what work is worth should not by themselves be anomalous, otherwise, the evaluation will be affected by the anomalies themselves and so would become un reliable.

5.5. LIMITATIONS OF JOB EVALUATION

1. Job evaluation cannot be scientific though it is claimed to be so because it is based on judgment. It is not automatic and is subject to all human limitations.

2. Factors applied, though presumed to be independent, usually overlap. Thus weightage given to them and their reliability becomes questionable. Substantial differences exist between job factors and the factors emphasised in the market. These differences are wider in cases in which the average pay offered by a company is lower than that prevalent in other companies in the same industry or in the same geographical area.

3. The effectiveness of a job may differ for the workers, though the jobs are equal, on the basis of various factors. If wages of these jobs are disturbed, it will result into new kinds of problems.

4. It is not unusual to find wages differentials in case of highly specialized jobs because of the competition from other concerns who are ready to pay more. A large number of jobs are called *red circle jobs*. Some of these may be getting more and others less than the rate determined by job evaluation

5. It introduces inflexibility in wage structure. The demand and supply of labour is responsible for wage differentials to a great extent.

6. It gives a false impression about the accuracy of fixation of wages. In fact, much has to be done afterwards for eliminating wages controversies.

7. Usually the factors selected are skill, responsibility, effort and working conditions. Workers insist that few more should be added viz., supervision received, amount of over time, incentive plans etc.

8. Though many ways of applying the job evaluation techniques are available, rapid changes in technology and in the supply and demand of particular skills have given rise to problems of adjustment. These need to be probed. Job factors fluctuate because of changes in production technology, information system, and division of labour and such other factors. Therefore, the evaluation of a job today is made on the basis of job factors, and does not reflect the time job value in future. In other words, continuing attention and frequent evaluation of a job are essential.

9. A job evaluation frequently favours groups different from those which are favoured by the market. This is evident from the observations of Kerr and Fisher. They observe, "the jobs which tend to rate high as compared with the market are those of janitor, nurse and typist, while craft rates are relatively low. Weaker groups are better served by an evaluation plan than by the market; the former places the emphasis not on force but on equity.

10. Higher rates of pay for some jobs at the earlier stages than other jobs or the evaluation of a higher job higher in the organisational hierarchy at a lower rate than another job relatively lower in the organisational hierarchy often give rise to human relations problems and lead to grievances among those holding these jobs.

11. When job evaluation is applied for the first time in any organisation, it creates doubts and often fear in the minds of those whose jobs are being evaluated. It may also disrupt the existing social and psychological relationships.

12. Job evaluation takes a long time to install, requires specialised technical personnel, and may be costly. Therefore, its usefulness is restricted only to big concerns as its installation requires time and finance

13. When job evaluation results in substantial changes in the existing wage structure, the possibility of implementing these changes in a relatively short period may be restricted by the financial limits within which the firm has to operate.

CHECK YOUR PROGRESS

Q4. Discuss the limitations of job evaluation.

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5.6. SUMMARY

Job evaluation is a technique which aims at establishing fair and equitable pay structures in an organisation. It seeks to achieve this objective by bringing out the relative worth of jobs in terms of their complexity, skill requirement and working environments. It benefits all the arms of the

organisation- management, employees and also the customers receiving services from the employees. The data generated by job evaluation aids human resource planning, recruitment, promotion, training and other management development programmes. It also aids analysis of the organisation structures and the work systems/ procedures and contributes towards improving the productivity of the organisation.

5.7 GLOSSARY

- **Job Evaluation**: It is a technique which aims at establishing fair and equitable pay structure in an organisation.

5.8 ANSWER TO CHECK YOUR PROGRESS

1) Job evaluation is the process of establishing the value of jobs in a job hierarchy the primary objective of job evaluation is to find out the value of work. (refer 5.3.4)

2) Under this method no effort is made to break a job drawn into its elements or factors but the aim is rather to judge the jab as a whole and determine the relative values by ranking one whole job against another whole job. This usually is done by using a narrative position description but in many cases even this is omitted. With or without information concerning the job at hand, an individual or group of individuals rank the job in the order of their difficulties or value to the company.

3) *(i) The preparation of job descriptions,* which gives us basic job information, usually derived from a job analysis.
   (ii) The preparation of grade descriptions, so that different levels or grade of jobs may be identified. Each grade level must be distinct from the grade level adjacent to it; at the same time, it should represent a typical step in a continuous way and not a big jump or gap. After establishing the grade level, each job is assigned to an appropriate grade level on the basis of the complexity of duties, non-supervisory responsibilities and supervisory responsibilities.
   (iii)Selection of grades and key jobs. About 10 to 20 jobs are selected,

which include all the major departments and functions and cover all   the grades.

(iv)Grading the key *jobs.* Key jobs are assigned to an appropriate grade level and their relationship to each other studied.

(v) Classification of all jobs. Jobs are classified by grade definitions. All the jobs in the same grade receive the same wage or range of rates. For example, menials may be put into one class; clerks in another; junior officers in a higher class; and the top executive in the top class.

4) Refer 5.5

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5.10 TERMINALQUESTIONS

Q1. Explain the steps involved in preparing an evaluation plan for Point ranking.

Q2. Define Job evaluation. Also write down its scope in detail.

Q3. Discuss in detail the principles and pre-requisites of job evaluation.

Q4. Describe the methods of Job evaluation.

UNIT 6: JOB ANALYSIS AND JOB DESCRIPTION- CONCEPTS AND METHODS; TASK ANALYSIS

Structure:

6.1 Introduction
6.2 Objectives
6.3 Job Analysis
    6.3.1. Concept of Job Analysis
    6.3.2. Uses of Job Information

6.1 INTRODUCTION:

We presume that you are doing course to acquire or enhance your knowledge about the modern management concepts and techniques. This understanding should, undoubtedly improve your skills as a manager, especially as a manager of people. In order to be a good manager of people, it will also be imperative for you to have an adequate understanding of the jobs assigned to them as also the relative job differentials in terms of their level of difficulty, responsibility, knowledge and skill. In this unit, you will be dealing with the concepts and techniques of job analysis and description. Also you will learn about task analysis.

6.2 OBJECTIVES:

After going through this Unit, you should be able to:

- Define the concept of job analysis and job description,
- Identify the methods of job Analysis,
- Understand Task analysis, and
- Use Task Analysis for improving performance of individual employees and firms.

6.3 JOB ANALYSIS

6.3.1 CONCEPT OF JOB ANALYSIS

Organizations consist of jobs that have to be staffed. Job analysis is the procedure through which you determine the duties of these   positions and the characteristics of the people to hire for them. Job   analysis produces information used for writing job descriptions and   job specifications. The supervisor or human resources specialist   normally collects one or more of the following types of information via the job analysis:

- **Work activities:** first, one collects information about the job's actual work activities, such as cleaning, selling, teaching, or painting. This list may also include how, why, and when the worker performs each activity.

- **Human behaviours:** the specialist may also collect information about human behaviours like sensing, communicating, deciding, and writing. Included here would be information regarding job demands such as lifting weights or walking long distances.

- **Machines, tools, equipment, and work aids:** this category includes information regarding tools used, materials processed, knowledge dealt with or applied (such as finance or law), services rendered (such as counselling or repairing).

- **Performance standards:** the employer may also want information about the job's performance standards (in terms of quantity or quality levels for each job duty, for instance). Management will use these standards to apprise employees.

- **Job context:** included here is information about such matters as physical working conditions, work schedule, and the organisational and social context- for instance, the number of people with whom the employee would normally interact. Information regarding incentives might also be included here.

- **Human requirements:** this includes information regarding the job's human requirements, such as job-related knowledge or skills (education, training, work experience) and required personal attributes (aptitudes, physical characteristics, personality, interests)

6.3.2 USES OF JOB INFORMATION

Employers use job analysis information to support several human resource management activities, which are as follows:

1. **Recruitment and Selection:** Job analysis provides information about what the job entails and what human characteristics are required to perform these activities. This information, in the form of job descriptions and specifications, helps managers decide what sort of people to recruit and hire.

2. **Compensation:** Job analysis information is indispensable for estimating the value of each job and its appropriate compensation. Compensation (such as salary and bonus) usually depends on the job's required skill and education level, safety hazards, degree of responsibility, and so on- all factors one can assess through job analysis. Further more, many employers group job into classes. Job analysis provides the information to determine the relative worth of each job- and thus its appropriate class.

3. **Training:** the job description lists the job's specific duties and requisite skills- and therefore the training- that the job requires.

4. **Performance Appraisal:** A performance appraisal compares each employee's actual performance with his or her performance standards. Doing so requires knowledge of the job's duties and standards. Managers use job analysis to find out what these duties and performance standards are.

5. **Discovering Unassigned Duties:** Job analysis can also help reveal unassigned duties. For example, one's company's production manager says she is responsible for a dozen or so duties, such as production scheduling and raw material purchasing. Missing, however, is any reference to managing raw material inventories. On further study, one learn that none of the other manufacturing people are responsible for inventory management, either. One know from one's review of other jobs like these that someone should be managing inventories.

6. **Legal Compliance:** Job analysis also plays a big role in legal compliance, like EEO in the United States. The U.S. Federal Agencies' uniform Guidelines on Employee Selection stipulate that job analysis is a crucial step in validating all major human resources activities. For example, to comply with the Americans with Disabilities Act, employers should know each job's essential job functions- which, in turn, requires a job analysis.

6.3.3. PROCESS IN JOB ANALYSIS

There are six steps in doing a job analysis and these are:

Step 1: Decide how you will use the information, since this will determine the data you collect and how you collect them. Some data collection techniques - like interviewing the employee and asking what the job entails- are good for writing job descriptions and selecting employees for the job. Other techniques, like the position analysis questionnaire, do not provide qualitative information for job descriptions. Instead, they provide numerical ratings for each job. These can be used to compare jobs for compensation purposes.

Step 2: review relevant background information such as organisation's charts, process charts, and job descriptions. Organization charts show the organization wide division of work, how the job in question relates to other jobs, and where the job fits in the overall organization. The chart should show the title of each position and, by means of interconnecting lines, who reports to whom and with whom the job incumbent communicates.

Step 3: select representative positions. There may be too many similar jobs to analyse them all. For example, it is usually unnecessary to analyze the jobs of 200 assembly workers with a sample of 10 jobs will do.

Step4: Actually analyze the job- by collecting data on job activities, required employee behaviors, working conditions, and human traits and abilities needed to perform the job. For this step, use one or more of the job analysis methods.

Step 5: Verify the job analysis information with the worker performing the job and with his or her immediate supervisor. This will help confirm that the information is factually correct and complete. This review can also help gain the employee's acceptance of the job analysis data and conclusions, by giving that person a chance to review and modify the description of the job activities.

Step 6: Develop a job description and job specification. These are two tangible products of the job analysis. The job description is a written statement that describes the activities and responsibilities of the job, as well as its important features, such as working conditions and safety hazards. The job specification summarizes the personal qualities, traits, skills, and background required for getting the job done. It may be in a separate document or in the same document as the job description.

In some firms, job analysis is still a time consuming process. It might take several days to interview the employees and their managers, and to try to explain to them the process and the reason for the analysis. Increasingly, however, the same process might take just three or four hours. The steps might include: (1) Greet participants, and conduct very brief introductions; (2) briefly explain the job analysis process and the participants' roles in this process; (3) spend about 15 minutes determining the scope of the job one is about to analyze, by getting agreement on the job's basic summary; (4) identify the job's broad functional or duty areas, such as "administrative" and "supervisory"; (5) identify tasks within each duty area, using a flip chat or collaboration software; and finally (6) print the task list and get the group to sign off on it.

CHECK YOUR PROGRESS

1)   What are the uses of Job Analysis?

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6.4 JOB DESCRIPTION

Job description is a broad statement of the purpose, duties and responsibilities of a job or position. A job description is based on a detailed job analysis and usually summarises the essential information gathered through job analysis. They describe the main tasks and responsibilities of the job clearly in order to facilitate the systematic comparison of jobs for evaluation purposes. The kind of information and mount of detail contained in the job descriptions depend on the job evaluation plan to be used. However, in all cases they must be standardised and use a uniform phraseology. If job characteristics are set out differently from one job to another, systematic comparisons are likely to be hampered and one of the main advantages of job evaluation will be lost right from the beginning.

6.4.1. Writing Job Descriptions

The employer almost always uses the job analysis to (at least) produce a job description. A job description is a written statement of what the worker actually does, how he or she does it, and what the job's working conditions are. You use this information to write a job specification; this lists the knowledge, abilities, and skills required to perform the job satisfactory. There is no standard format for writing a job description. However, most description contains sections that cover:
1.   Job identification
2.   Job summary
3.   Responsibilities and duties

4.   Standards of performance and Working conditions

5.   Job specification

1. Job Identification: The job identification section (on top) contains several types of information. The job title specifies the name of the job, such as supervisor of data processing operations, marketing manager, or inventory control clerk. In the United States, the status under Fair Labour Standards Act (FLSA status) identifies whether a job is exempt or non exempt. Under the Fair Labour Standards Act, certain positions, primarily administrative and professional, are exempt from the act's overtime and minimum wage provision. A comparable system does not exist in India though mentioning unionised and non-unionised status will help in quick identification of job status; Date is the date the job description was actually written.

There may also be a space to indicate who approved the description and perhaps a space that shows the location of the job in terms of its facility/division and department/section. This section might also include the immediate supervisor's title and information regarding salary and/or pay scale. There might also be space for the grade/level of the job, if there is such a category. For example, a firm may classify programmers as programmer II, programmer III, and so on.

2. Job Summary: The job summary should of course summarize the essence of the job and include only its major functions or activities. Thus the telesales rep "… is responsible for selling college textbooks….." For the job of materials manager, the summary might state that the "materials manager purchases economically, regulates deliveries of, stores, and distributes all material necessary on the production line." For the job of mailroom supervisor, "the mailroom supervisor receives, sorts, and delivers all incoming mail properly, and he or she handles all outgoing mail including him accurate and timely posting of such mail."

While it's common to do so, include general statement like "performs other assignments as required" with care. Such statements do give supervisors more flexibility in assigning duties. Some experts, however, state unequivocally that "one item frequently found that should never be included

in a job description is a 'cop-out clause' like 'other duties, as assigned,' " since this leaves open the nature of the job- and the people needed to staff it. However, to avoid any ambiguities in case the assignments does not work out, it's advisable to make it clear in the job summary that the employer expects the job incumbent to carry out his or her duties efficiently, attentively, and conscientiously.

3. Responsibilities and Duties: This is the heart of the job description. It should present a list of the job's significant responsibilities and duties. As in figure 4-8, list each of the job's major duties separately and describe it in a few sentences. In the figure, for instance, the job's duties include "achieve quantitative sales goal…." And "determine sales priorities…" Typical duties for other jobs might include maintaining balanced and controlled inventories, making accurate postings to accounts payable, maintaining favourable purchase price variances, and repairing production-line tools and equipment.

This section may also define the limits of the jobholder's authority, including his or her decision-making authority, direct supervision of other personnel, and budgetary authority. For example, the jobholder might have authority to approve purchase requests up to $5,000, grant time off or leaves of absence, discipline department personnel, recommend salary increases, and interviews and hire new employees.

The manager's basic question here is, "how do I know what the job's duties are?" The answer, first, is from the job analysis itself; this should reveal what the employees on each job are doing now. Second, the manager will turn to various sources of standardized job description information. For many years the U.S. Labour Department's Dictionary of Occupational Titles was the basic souce that human resource managers both within and outside the government turned to for standard job descriptions, However, the government replaced the Dictionary with the new Standard Occupational Classification (SOC) *(www.bls.gov/soc/socguide.htm).* The SOC classifies all workers into one 23 major groups of jobs (see table 4.2) These in turn contain 96 minor groups of jobs, and these in turn include 821 detailed occupations, such as the marketing manager description. The employer can use descriptions like these t o indentify the job's

specific duties and responsibilities, such as "Determine the demand for products." From a practical pint of view, the employer may also use other popular sources of job description and job duties, such as *www.jobdescription.com;* more on this below.

4. Standards of Performance and Working Conditions: Some job descriptions contain a "standards of performance" section. This lists the standards the employee is expected to achieve under each of the job description's main duties and responsibilities.

Setting standards is never an easy matter. However, most managers soon learn that just telling subordinates to "do their best" doesn't provide enough guidance. One straightforward way of setting standards is to finish the statement, "I will be completely satisfied with your work when…." This sentence, if completed for each duty listed in the job description, should result in a usable set of performance standards. Here are some examples:

Duty: Accurately Posting Accounts Payable
1. Post all invoices received within the same working day.
2. Route all invoices to proper department managers for approval no later than the day following receipt.
3. An average of no more than three posting errors per month.

Duty: Meeting Daily Production Schedule
1. Producers no less than 426 units per working day.
2. Next work station rejects no more than an average of 2% of units.
3. Weekly overtime does not exceed an average of 5%

The job description may also list the working conditions involved on the job. These might include things like noise, hazardous conditions, or heat.

5. **Job Specifications:** The job specification takes the description and answers the question, "What human traits and experience are required to do this job well?" It shows what kind of person to recruit and for what qualities that person should be tested. The job specification may be a section of the job description, or a separate document entirely. Often the employer presents it as part of the job description.

Specifications for Trained versus Untrained Personnel: Writing job specification for trained employees is relatively straightforward. For example, suppose you want to fill a position for an accountant (or counsellor or programmer). In cases like these, your job specification might focus mostly on traits like length of previous service, quantity of relevant training, and previous job performance. Thus, it's usually not too difficult to determine the human requirements for placing already trained people on a job

The problems are more complex when you're filling jobs with untrained people (with the intention of training them on the job). Here you must specify qualities such as physical traits, personality, interests, or sensory skills that imply some potential for performing or for being trained to do the job. For example, suppose the job requires detailed manipulation in a circuit board assembly line. Here you might want to ensure that the person scores high on a test of finger dexterity. Your goal, in other words, is to identify those personal traits – those human requirements- that validly predict which candidates would do well on the job and which would not. Employers identify these human requirements through a subjective, judgemental approach or through statistical analysis (or both). Let's examine both approaches.

Specifications Based on Judgement Most job specifications come from the educated guesses of people like supervisors and human resource managers. The basic procedure here is to ask, "What does it take in terms of education, intelligence, training, and the like to do this job well?"

These are several ways to get educated guesses or judgements. You could simply review the job's duties, and deduce from those what human traits and skills the job requires. You can also choose them from the competencies listed in web-based job descriptions like those at *www.jobdescription.com* (for example, the typical solutions" and "Managers difficult or emotional customer situations.") O *NET online is another good option, job listing there include complete listings of educational and other experience and skills required.

Use Common Sense: In any case common sense when compiling a list of the job's human requirements. Certainly, job-specific human traits like those unearthed through job analysis- manual dexterity, say, or educational levels

are important. However, don't ignore the fact some work behaviours may apply to almost any job (although they might not normally surface through a job analysis).

For example, one researcher collected supervisor ratings and other information from 18,000 employees in 42 different hourly entry– level jobs in predominantly retail settings. Regardless of the job, here are the work behaviours (with examples) that he found to be "generic"- in other words, that seem to be important to all jobs. Similarly, in doing the job analysis, don't miss the forest for the trees. Consider a study of 50 testing engineers at a Volvo Plant in Sweden. When asked what determined job competence for a testing engineer, most of the engineers focused on traditional criteria such as "to make the engine perform according to specifications." But the most effective testing engineers defined the job's main task differently: "to make sure the engine provides a customer with a good driving experience."

As a result, these engineers went about their jobs testing and tuning the engines "not as engineers trying to hit a number, but as ordinary driver-imagining themselves as seniors, students, commuters, or vacationers." This sub-group of the testing engineers worked hard to develop their knowledge or customers' driving needs, even when it meant reaching out to people outside their own group. So, the job specifications for effective engineers turned out to be quite different than the initial survey revealed.

The point, says the researcher, is that in developing the job description and job specification, make sure you really understand the reason for the job and therefore the skills a person actually needs to be competent at it.

Job Specifications Based on Statistical Analysis: Basing job specifications on statistical analysis is the more defensible approach, but nit's also more difficult. The aim here is to determine statically the relationship between (1) some predictor or human trait, such as height, intelligence, or finger dexterity; and (2) some indicator or criterion of job effectiveness, such as performance as rated by the supervisor.

The procedure has five steps: (1) analyze the job and decide how to measure job performance; (2) select personal traits like finger dexterity that you

believe should predict successful performance; (3) test candidates for these traits; (4) measure these candidates' subsequent job performance; and (5) statistically analyze the relationship between the human trait (finger dexterity and job performance. Your objective is to determine whether the former predicts the latter.

This method is more defensible than the judgmental approach because equal rights legislation forbids using traits that you can't prove distinguish between high and low job performers. For example, hiring standards that discriminate based on sex, race, religion, national origin, or age may have to be shown to predict job performance. Ideally, this is done with a statistical validation study, as in the five –step approach above. In practice, most employers probably rely more on judgmental approaches.

Many employers and managers turn to the Web for a practical approach for creating job descriptions and specifications, as the "When You 're Your Own" feature illustrates.

6.4.2 Information Collection Methods

A variety of methods are available for gathering job information. The method that was historically linked to the concept of job analysis was observation which was supplemented by the interview. In recent years, a questionnaire, diaries, self-reports by employees and check-lists have been experimented with different degrees of success.

There are three main methods to gather and verify information needed for each job, namely (i) questionnaire to be filled-in by the employee and his or her immediate supervisor, (ii) an interview with the employee and his or her supervisors, and (iii) direct observations at the work place. There are also other sources of information which help the analysts to get a complete and clear picture of the job in question. The job analyst could use one of these methods or a combination of more than one of these methods depending on the work situations.

The relative advantages of these three methods are discussed below:

i) The Questionnaire: The use of a questionnaire has a number of advantages. First of all, it is the most cost –effective method, since it can elicit information from a wide number of employees and their immediate superiors in a relatively short period of time. The main task of the analyst becomes one of the planning the questionnaire well and checking the responses provided. Secondly, employees take an active part in completing the questionnaire, providing intimate detailed knowledge of their jobs which is not available elsewhere. Thirdly, the questionnaire has to be structured in advance, and this facilitates the processing of the results. In some cases, once the responses to the questionnaire have been verified, they can conveniently be used with little further processing to prepare a job description.

The questionnaire method does, however, have disadvantages – some of them serious. To start with, the people required to complete it must have a certain level of education, and even then questions may be interpreted in different ways so that the answers may be beside the point. Furthermore, not everyone is able to describe fully and exactly the tasks that constitute their job. One may, for example, over-emphasise some features of it and completely ignore other s even when they are important. There is less risk of this with a detailed questionnaire that includes a checklist of points, but questionnaire suited to all jobs is not easily drawn up and may be undeuly long. In practice, while a well structured questionnaire can get essential information quickly, it is virtually impossible to get complete comparable information solely by questionnaire, and this method is generally used in combination with interviews and direct observations.

ii) Interview: In practice, an interview is almost always necessary in order to obtain precise, complete and comparable information. The interview conducted by the analyst is an effective way of checking on the information already available on job. The analyst asks the job holders on the duties and main tasks on their job, generally working from a previously prepared list of questions as with a questionnaire. To know the full extent of a job through the interview, the analyst aims to obtain all the relevant facts about the job, such as:

- the title of the job holder,
- the title of the job holder's superior,
- the job titles and numbers of staff reporting to the job holder (This information can best be recorded by means of an organisation chart) and
- a brief description of the overall role or purpose of a job.

After the interview, the analyst draws up a report which is shown to the job holder and his or her immediate superior for approval. The analyst, this way deals straightway with the question of why the job exists at all. It is a fundamental question and is not always clearly understood by the job holder. The analyst usually drafts the report in the form of a job description, which effectively speeds up the preparatory work of job evaluation. It is not always easy to separate purpose from a description of activities, but it is important for an analyst to do so. For example, one might describe the job of the transport manager is to supervise the fleet of coaches the company has. It would be wrong on the analysts part to describe this as the purpose of the job. The purpose should show the necessity for the above is to act as an intermediate and coordinating link in the management chain, so that the general manager, tours can adequately control the whole operation through a team of a manageable size.

Interviews are time consuming. At least an hour or tow may be necessary for each case, plus the time spent by the analyst in drawing up his or her report and by the job holder and his or her immediate superior in checking it. In a large enterprise a team of analysts would be necessary.

The main difficulty of the interview lies in finding high quality analysts who can win the job holder's confidence. As has been noted, "too many imagine interviewing to be relatively simple whereas nothing could be farther from the truth." Obtaining information from a job holder about his or her job is not an easy task. Many workers show a natural distrust of the analyst who comes to examine their work, whilst others will give a lot of information, much of it useless. It is accordingly essential to have a well trained and experienced team of analyst if the interview is to be the only method used.

iii) Observation: Repetitive work is most suitable for direct observation of what the job holder actually does. Direct observation by the analyst can clear up points left unclear by the interview or questionnaire and give him or her an idea of the personal qualifications required, but the sight of an analyst in the work may well cause some stress and workers may dislike being observed. Observation is almost useless where the job calls for considerable personal judgment or intellectual ability, as in managerial or administrative jobs, it cannot possibly comprehend all the tasks in a work cycle that covers a week or month or that entails changes of tasks only at long intervals. Other than this a skilled and experienced person might make a difficult task look easy whereas, untrained and inexperienced person can make an easy task look difficult.

Sources of Information: Various sources are available to call out the correct and complete information on jobs.

i) Departmental Head: The departmental head will be more concerned with the total situation than the elements in it. A picture of the total situation is, however, very desirable and the analyst should have this in mind when framing the questions and approach to the detailed investigation. In a situation, for example, where delegation is either misunderstood or rejected, opportunities to introduce and discuss it can be developed.

It will be useless to attempt to analyse jobs which are disorganised or out of control unless the operation is intended to reveal or illustrate such a state of affair. Nevertheless, situations which are thought to be organised and controlled will soon be exposed if they are not, and the unintentional by-product of the exercise will be worthwhile.

ii) The Supervisor: The supervisor who is also a member of the management team is closer to the mechanics of jobs and systems than the line manager. It is reasonable to expect the supervisor to know what the people in his or her section are doing. To involve the supervisor in seeking information about jobs will be a real help to both himself or herself and to the analyst in precisely understanding what is being done and how it is being done.

iii) The Job-Holder: The person doing the job is the most important source of information about the job. However, it will be extremely important to establish

understanding and appreciation of the reasons for undertaking the exercise of job analyst. The analyst should be able to explain to the hob holders the purpose and benefits of job analyst before he or she begins to ask questions about the job.

iv) The Leaving Interview: This is a much neglected source of information. It is a situation full of promise as a fact revealed and should be treated as an opportunity not to be missed. If handled properly, the analyst can learn a great deal from a person leaving the job. The views about what a job is, what is going on, what are the personal relationships, what is the workers' view of the management and what sort of improvement would be useful to improve and clarify jobs from the resigning person's viewpoint would be very useful to the analyst and the organisation.

6.4.3. Designs of Job Analysis Questionnaire

It is difficult to design an omnibus format for job analysis questionnaire. Different formats may have to be used depending on the types of jobs to be evaluated and the job evaluation plans/methods to be used. At the manual or unskilled employee's level such as cleaner, office boy, etc., the job analysis consists of a simple description of actions taken in order to complete the job. In this case, a plan narrative statement would serve the purpose of job analysis. But, as one moves up in the hierarchy of the organisation, the complexity of the job increases, and it ceases to be self-explanatory. The role of the clerk, for example, his or her place in the organisation and the implications of the work and its effects on others, both alongside, above and below him or her are non self-evident. All this requires to be clearly put down. At a higher or managerial level, the issues become more complex and hence the need for job analysis is definitely greater. A similar situation exists in the case of service sector where the employees are in direct touch with the consumers.

A second and perhaps more complex aspect of this task is to decide the types of information to be gathered. As traditionally practiced, job analysis has focused on the formal, the rational and the prescribed behaviours and outcomes. However, it is widely known that formal arrangements are only one

aspect of the organisational realities. Ones' own experience as a manager would corroborate the fact that work gets done through a dynamic process of interaction between formal and informal behaviours, customs, norms and practices. Moreover, the actual results obtained may not always conform to official plans and expectations. Thus, for example, it is customary in many organisations for secretaries to serve coffee. This practice is an expectation which may not be mentioned in the formal list of duties. Employees very often develop personalised ways of operations. Official rules are sometimes ignored, thus changing the "real" job.

A typical job questionnaire usually used by the larger organisation is as follows:

Job Analysis Questionnaire

Name	:	Branch
Grade	:	Division
Job Title	:	Address
Length of time in job	:	Telephone No.

1) Position in the organization: Please draw a diagram to show the position of your job in the organisation. This should show the grades immediately above you and all the staff for whom you have managerial responsibility.

2) Reason for the job and formal objectives: Please state briefly the main reasons for your job and record any formal aims/objectives you are required to achieve.

3) Main job activities: Please list your main job activities within each of your areas of responsibility. Place them in descending order of importance as far as possible and estimate the average percentage of total time you spend on each.

4) Problems solving responsibility: Please describe the main problem solving demands of your job. In your account differentiate between the types of problem which fall to you. As far as possible, indicate the novelty, diversity and complexity of the subject matter. Describe any guidance available to you. Also mention the extent to which past experience is of value in reaching

solution. The extent to which the solution of your own problems involves recognising and accommodating interests outside your immediate areas of responsibility should be recorded.

5) Decision making responsibility: Please describe the sort of decisions you take in the course of your job. Explain the nature and extent of any limitations on your freedom of action to take decisions. Also explain how your decisions involve the commitment of resources for which your are directly accountable, and give an indication of costs involved.

6) Contribution: Describe any decisions to which your contribute and give an account of your influence.

7) Responsibility for staff management:

i) Please record below details of the staff for whom your have clear management responsibility.

Grade	Job Title (if any)	Number

ii) If you are required to exercise some form of control over personnel other than those for whom your are clearly accountable, please give details.

Grade Job Title	No. of Staff	Nature and Extent of Control	Professions Involved

8) Responsibly for representing your organization: Please describe the circumstances in which you are required your own organisation at meeting or discussion inside or outside the department.

Please state:

   a) The frequency of contacts (e.g., monthly/weekly/daily)

   b) Their purpose, and the levels at which contact is made

   c) the organisation involved, e.g., internal department, other ministries, trade unions, professionals or public institutions, industry or commerce, members of the public, etc.

d) The extent to which your contact involves the commitment of department resources or policies.

9) Knowledge, skills and experience: Please state below any form of qualifications, skills, techniques and experience that you consider to be essential to do your job effectively. Please note that it is not the intention that you should list your own personal qualification.

10) Additional information: If you consider that there is information concerning your job which has not been adequately covered under the headings above, but which you believe are important to give a complete picture of your job, please give details below.

11) Signature of Job holder   Date

6.4.4 USES OF JOB DESCRIPTION

Apart from being a basis for job evaluation, the job descriptions can be put to many uses. These are as under:

a) Supervisor- Employee Communication: The information contained in the Job Description outlines the work which the incumbent is expected to perform. Hence, it is an extremely useful document for both the supervisor and the subordinate for purposes of communication. Furthermore, it helps employees to understand just what work their associates are expected to perform, thus, facilitating integration of efforts at the work-site by the employees themselves.

b) Recruitment, selection, Promotion, Transfer: Information pertaining to the knowledge, skills and abilities required to perform the work to an acceptable standard, can be used as a sound basis on which to base standards are procedures for recruitment, selection, promotion and transfer.

c) Work Performance Appraisal: To be sound and objective, a performance appraisal system must be rooted in the work performed by the employees; such work is indicated by the duties in the job description. In such an approach, using each duty as the basis for discussion, the employee and the supervisor

agree on work performance goals for the period to be covered by the subsequent evaluation report, they also agree on the criteria to be used to determine the extent to which goals have been attained. The reports resulting from this methodology minimize subjectively by focussing attention on the job, as distinct from the personality traits, habits or practices of the employee. As a consequence, the results are more factual, valid and defensible than is the case in other types of systems.

d)   Manpower planning, Training and Development: these three processes are closely interrelated. The job description showing in specific terms, the knowledge, skill and ability requirements for effective performance of the duties, is a sound and rational basis for each of these processes. Analysis of various types of jobs at progressively more senior levels will indicate logical sources of supply for more senior posts, as part of manpower planning, it will also indicate the gap to be bridged in terms of knowledge, skill and ability, thus providing a sound basis for preparing job-related training and development programmes.

e)   Industrial Relations: Frequently issues arise in the industrial relations fields which have their origin in the work to be undertaken. In these instances the job description may be used to form a factual basis for discussion and problem resolution.

f)   Organization and Procedure Analysis: The duties and responsibilities outlined in the job description may be used to great advantage by management in analysing organisation and procedures, because they reveal how the work is organised, how the procedures operate and how authority and responsibility are apportioned.

CHECK YOUR PROGRESS

1.   How would you gather job information?

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6.5 TASK ANALYSIS

6.5.1. TASK ANALYSIS: CONCEPT

The traditional approach to ask analysis is characterized by two models: the British model and the American model. *The British model has emphasized analysis in terms of specific activities for which the job holder is held responsible whereas the American model has included an emphasis on the competencies needed for the job.* With both models the analysis is usually carried out by management with the help of experts, and in other respects as well the two models are quite similar. Both have been found to be useful in analysing semi-skilled and skilled work

It is becoming obvious, however that the traditional approach to task analysis is not suitable for the increasingly complex reality of organisational work. In particular, this approach is inadequate when it is applied to:

- Managing jobs that are more complex than those previously subjected to analysis,
- Jobs in public systems that are characterised by complex responsibilities, and
- Group or team tasks, which are increasingly emerging as a way of organising, work in industries.

What is needed in order to address the more complex jobs that characterise today's organisations is a different approach to task analysis.

Before we go any further we must be familiar with a few definitions in order to understand task analysis better. These are (see **Personnel: The Management of Human Resources, Stephen P. Robbins):**

- **An Activity or an Element:** A job element is the smallest unit into which work can be divided.
- **A task** is a distinct set of work activity carried out for a distinct purpose. For example, Tour costing is a task of tour executive.
- **A duty** is number of tasks. For example, Tour executives' duties include meeting and welcoming the client and explaining the itinerary.

- **A position** refers to one or more duties performed by one person in an organisation. There are at least as many positions as there are workers in the organisations, vacancies may create more positions than employees.
- **A job** is a type of position within an organisation. For example, a tour Company may employ six tour executives, than there are six positions but just one tour executive job.

Task analysis can be defined as the process of identifying the tasks of a particular job in a particular organisation context by activities, establishing performance criteria, determining required competencies, and analysing any discrepancies uncovered by this process. This definition, which is based on the concept of task suggested by the **Tavistock School,** indicates the following guidelines for successful task analysis:

1) Analysis should be under taken only after developing an understanding of the Particular organisational context involved. The rationale for this is that any job exists within a particular organisation, which has its own mission, philosophy, orientation, and goals. For the purposes of task analysis this article, "job" means a module of work assigned to a person occupying a particular position (or role) in an organisation.
2) The job should be broken down into specific activities performed and expected to be performed by the job holder or incumbent. An "activity" is an observable action often bound by time.
3) The activities should be grouped into tasks. A "task" is a set of related activities - a function that makes a distinct contribution to organisational goals.
4) Performance criteria and their indicates should be established.
5) The Performance required for effective performance of each task should be identified.
6) The discrepancies between perceived and actual performance and between importance attributed and importance reflected in time spent should be identified.

The type of Task Analysis suggested here may be useful to the organisation and the individual employees in several ways.

1) **Selection and Placement:** Better recruitment and selection devices can be prepared on the basis of a task analysis (especially competency analysis). Competency analysis can also help an organisation to place people in jobs in which they can be more effective (matching the role/job with people).

2) Work Planning, including the following:
   a) Setting individual tasks for a specific period
   b) Helping a job incumbent to decide priorities of task.
   c) Minimising overlap between jobs
   d) Identifying neglected tasks in a work unit
   e) Planning delegation
   f) Job enrichment

3) **Performance appraisal**, including:
   a) Negotiated tasks and activities to be performed
   b) Evaluation (by self and the supervisor) of the quality/quantity Standards of   task performance (both process and customs effectiveness)
   c) Analysis of factors helping and hindering task performances

4) **Potential appraisal,** including preparation of a system on the basis of the competency analysis, and actual potential appraisal work.

5) **Employee development,** including:
   a) Feedback on strength and weaknesses
   b) Performance counselling
   c) Training

6) **Team building,** especially:
   a) Better understanding of each other
   b) Locating areas of task conflicts and dealing with them
   c) Building linkages and mutually between jobs

6.5.2. STEPS IN TASK ANALYSIS

(A)   CONTEXTUAL ANALYSIS: It is essential to know the mission, orientation, and goals of the organisation of which the jobs a part. An understanding of the organisational context also helps in clarifying the general

orientation of the job. For example, the mission of hospital may be defined as providing effective medical care and related support to the parties wishing to use the hospital. The term "related support" may be an important dimension of the mission of the hospital it may imply that the jobs of the doctors and nurses also need to include "psychological support" as a task. If ask analysis were undertaken in this situation without the development of this understanding the observers may not "see" activities involving psychological support.

An example of hotel can be quoted here. The mission of a hotel may be defined as providing comfortable accommodation and customer care to the guests wishing to stay at the hotel. The "Customer Care" term may be an important dimension of the mission of the hotel as it may imply that the job of the hotel staff includes understanding the need of each guest and make them feels comfortable and relaxed, as a task. If task analysis were taken in this situation without development of this understanding the observes may not "see" activities involving customer care.

Those who undertake task analysis must first develop an understanding of the organisation's mission, which is the direction or combination of direction in which the organisation is moving. The mission includes such elements as a definition of the organisation's basic business how it markets its products of services and to whom; and its intentions with regard to profitability, growth, liquidity, values, treatment of employees and customers, and its stature in its field. Sometimes an organisation's mission exists in written and published form. *Regardless of whether a formal mission statement exists, those responsible for task analysis should summarize the mission are a one-statement and should keep this statement handy throughout the process of task analysis.*

The organisation's broad goals or objectives also must be identified. These goals may or may not be a part of the mission statement. A sampling of employees may be asked to state these goals, and then these various statements may be compared with any goal statement that exists in formal documents. This exercise is also helpful in terms of testing whether the employees know

the organisation's formally stated goals or whether the goals have changed since they were originally stated in documents.

The last phase of contextual analysis, an optional one, is to identify the main tasks of the organisation. Again, groups of employees may be asked to identify the tasks that pertain to each goal and to identify the jobs mainly responsible for these tasks. These employees statements then may be complied and discussed. Such an exercise is also useful to analyse employee statements. This exercise also helps in clarifying goals and tasks and in increasing employee's commitment to them.

(B)   ACTIVITY ANALYSIS: The second step is activity analysis. The successful completion of this step is dependent on a clear understanding of the qualities of an activity. Am activity has three characteristics:

1)   It is observable. For example, planning is not regarded as an   activity because it cannot be observed.

2)   It is descriptive. The behaviour concerned must be capable of being stated specifically in terms that describe rather than evaluate or interpret. For example, if behaviour on the part of a nurse is recorded as taking a patient's temperature, this behaviour qualifies as an activity; however, if the same behaviour were recorded as doing diagnosis, this phrase would be an interpretation of what had occurred and would and qualify as an activity.

3)   It is objective. An activity, when observed by more than one person, should be capable of being recorded in written form in the same way by all observers. This is not to say that all observers will record all activities in the same way, but that anyone reading the written record of all observers' descriptions of an activity would interpret these descriptions to be of same activity.

In addition, a distinction should make between an activity and a subactivity. An activity is a behaviour undertaken to accomplish a task, while a subactivity is one of a set of behaviours undertaken to complete an activity. For example, when a front office employee makes an entry in a guest register he or she is performing an activity whose subactivity might include taking the ledger from the shelf, opening the ledger, lifting a pen, and so forth.

Source of information about activities: There are three main contributors of information for activity analysis: (1) the job incumbent, (2) those who interact with the job incumbent (called "role-set members"), and (3) outside experts. The role-set members include the incumbent's supervisor, subordinates, colleagues, and in some cases other who interact with the incumbent (for example, minor passenger travelling alone and his or her family or relatives in the case of air hostess, as job incumbent). The outside experts may be task analysis, educators, specialists in the field, or the organisation's top management.

These three sets of contributors can produce a great deal of usable information based on their observations, their reports of the activities that the job incumbent actually completes, and their assessments of activities that the job incumbent is or should be expected to complete. The role-set members or experts, for example, may be asked to observe the job incumbent and write their observations in some systematic way (every five or ten minutes for example). In addition, they may be asked to write their expectations regarding activities that the job incumbent probably performs or should perform, even though they may not have observed any of these activities. A doctor, for instance, might write that he or she expects or would expect a nurse to monitor patients and notify the doctor when any patient needs immediate attention. The job incumbent can also write a report of activities actually performed and any additional ones that he or she expects to perform in the job in the future.

Collecting information on activities: Several methods can be used to prepare a comprehensive list of activities. The most commonly used methods are interviews, diari3es, log books, and questionnaires.

(C)   TASK DELINEATION: After activity analysis has been completed, the next step is *to group the activities into tasks and to name these tasks. This process, known as task delineation, involves subjective decision making and should be undertaken only by people who know and understand the job.*   There is no set rule regarding the number of tasks to be delineated. However, they should not be so few that one cannot review them and form a clear picture of a job. Similarly, there should not be so many that the differences among activities are

not readily apparent and that their numbers become cumbersome for performance appraisal and other purposes. The tasks should be balanced in terms of the number of activities each comprises. If one task has too many activities, it needs to be divided into two or more tasks. For example, when delineating a tour executive's tasks one should not call "handling tours" a task because too many activities are covered by this term. Instead, handling tours should be broken down into requiring special skills (such as tour costing), tour activities requiring few skills (such as getting the reconfirmation of hotel booking) and customer support. After the tasks have been delineated, it is a good idea to rate the importance of each to the job and to assess the percentage of time spent by the job incumbent on each.

(D)   COMPETENCY ANALYSIS: A job incumbent needs different types and levels of competencies in order to perform job tasks well. Competency analysis helps in identifying the competencies that are necessary for the tasks that have been delineated. *Competencies can be divided into five main types; knowledge, skills, abilities, orientation, and experience.* Of these five types, orientation may require some explanation. *Orientation is a general attitude reflecting the values of the job holder.* For example, in the case of an escort, respect for the tourist may be deemed to be an important orientation. Following is an example of an orientation description. Another process that may be completed is the identifying of the job incumbent's present level of each identified competency. A five-point scale is recommended of this purpose. The same group that establishes competencies-with the possible exclusion of the job incumbent, depending on his or her level of insight- may make this assessment.

(E)   PERFORMANCE ANALYSIS: The main purpose of performance analysis is to evaluate the impact of a job- how effective it is being done or has been done. This step consists of assessing how well ht ob incumbent has performed the tasks for which he or she is responsible.

The effectiveness of a task can be measured in terms of its outcome, or the end result, as well as in terms of its process, or how it is performed. Hard data may be gathered indicating both kinds of effectiveness. For example, one can evaluate the task of taking customer orders with regard to the number of

orders taken (outcome) as well as with regard to the time spent on the task or the number of mistakes made (process)

For each task it is advisable to identify only a few indicators of effectiveness: one or two for outcome effectiveness and one or two for process effectiveness. It is important to keep in mind that indicators must be specific, concrete task and should be undertaken by people who have extensive knowledge of and insight into the job. A group consisting of the job incumbent, the role-self members, and experts may brainstorm in order to identify a number of indicators and then select only the best alternatives.

(F)   DISCREPANCY   ANALYSIS: Discrepancy   analysis   of   any discrepancies that becomes obvious as a result of the previous five steps. For example, discrepancies may exist between activities reported by the job incumbent and those reported by the role-set numbers, between activities reported and those observed or expected, between the importance of a task and the time spent completing it, between needed competencies and existing competencies, and so on. These gaps may indicate a need for certain remedial measures, such as redefining the role, training, additional work planning, delegating, increased monitoring, or counselling.

It is a good idea to check periodically for discrepancies between the job definition as reflected in the delineated tasks and actual job performance. Information about performance can be obtained by any one or a combination of the following methods:

The job incumbent may monitor the time spent on each activity.

- The role-set members may analysis the importance attributed to various tasks versus the time spent on them; and/or
- Trained observers may observe the job incumbent for a few days.

Discrepancies   between   desired   activities   or   tasks   and   actual performance may then be noted and acted on accordingly.

6.6 SUMMARY

Jobs are subjected to analysis to find out precisely what the duties, responsibilities, working environment and other requirements of a job are and

to present these in a clear, concise and systematic way. The information gathered through job analysis can be used for a wide range of personnel and general management decisions. Job analysis is also a prerequisite to preparing job descriptions.

In this unit, you have also read about task analysis and proposed guidelines for successful task analysis. The analysis can be said to involve the following steps- Contextual analysis, Performance analysis and Discrepancy analysis.

CHECK YOUR PROGRESS

2) Discuss Activity Analysis?

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3) Explain why Task Analysis is seen as a Supervisory Tool.

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6.7 GLOSSARY

- **Job Analysis:** refers to the process of examining a job to identify its component parts and circumstances in which it is to be performed.
- **Job Description**: is a broad statement of the purpose, duties and responsibilities of a job or position.
- **Task Analysis:** can be defined as the process of identifying the tasks of a particular job in a particular organisational context by analysing any discrepancies uncovered by this process.

6.8 ANSWER TO CHECK YOUR PROGRESS

1. The main use of job analysis is job evaluation. Apart from job evaluation, the information gathered through job analysis may be used for a wide range of personnel and general management decisions.

There are three main methods to gather and verify information needed for each job, namely:
   a) questionnaire to be filled in by the employee and his or her immediate supervisor,
   b) An interview with the employee and his or her supervisors, and
   c) Direct observation at the work place.

2. Activity analysis is based on information. There are three main contributions of information for activity analysis. And there are several methods of collecting information from the contributors.

3. Task Analysis can help supervisors in designing training programmes, for performance appraisal and also for planning for work.

6.9 REFERENCES/ BIBLIOGRAPHY

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6.10 TERMINAL QUESTIONS

Q1. What is job analysis? How can you make use of the information it provides?

Q2. Explain how you would conduct a job analysis.

Q3. What items are typically included in the job description?

Q4. Define task analysis. Also mention in detail the steps involved in task analysis.

UNIT 7: RECRUITMENT AND SELECTION PROCESS; INDUCTION AND PLACEMENT; EMPLOYEE TRAINING AND DEVELOPMENT

Structure:

7.1 INTRODUCTION:

Selection of a suitable candidate is the most important function of Personnel Department. If a right candidate is not selected, such an error can prove to be very costly for an undertaking. Many organisations, therefore, have developed sophisticated recruiting and selection methods. Not only that, after selecting an employee, the most important and established part of the

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personnel programme is his induction and placement as well as to impart training to the new-comer. Thus every concern must have a systematic induction and training programme otherwise employees will try to learn the job by trial and error which can prove to be very costly method.

7.2. OBJECTIVE

After reading this unit, you will be able to understand the:
- Concept of Recruitment and Methods of recruitment
- Selection process
- Induction procedure
- Need and importance of training and development

7.3. RECRUITMENT: CONCEPT

Recruitment is a positive process of searching for prospective employees and stimulating them to apply for the jobs in the organization. In other words, the term requirement stands for discovering the source from where potential employees will be selected. The scientific recruitment leads to greater productivity, better wages, high moral, reduction in labour turnover and better reputation. It stimulates people to apply for jobs and hence it is a positive process.

Recruitment forms the first stage in the process which continues with selection and ceases with the placement of the candidate. It is the next step in the procurement function, the first being the manpower planning. Recruitment makes it possible to acquire the number and types of people necessary to ensure the continued operation of the organization. Recruitment is the discovering of potential applicants for actual or anticipated organizational vacancies.

In other words, it is a 'linking activity' bringing together those with jobs and those seeking jobs. Recruitment has been regarded as the most important function of personnel administration, because unless the right type of people are hired, even the best plans, organization charts and control systems would not do much good.

7.3.1. Sources of Recruitment

Basically there are two sources of recruitment:-

      (A)   Internal

      (B)   External

(A) Internal Sources: Best employees can be found within the organization. When a vacancy arises in the organization, it is given to an employee who is already on the pay-roll. Internal sources include promotion, transfer and in certain cases demotion. When a higher post is given to an employee who deserves that, it stimulates all other employees of the organization to work hard. The employees can be informed of such a vacancy by internal advertisement. The following are the internal sources:-

    (a)   Promotion   (b)   Demotion

    (c)   Transfers   (d)   Lay off

Advantages of Internal sources: The following are the advantages of internal sources:

1. **Improves morale.** When an employee from inside the organization is given the higher post, it helps in increasing the morale of all employees. Generally every employee expects promotion to a higher post (carrying more status and pay) if he fulfils the requirements.

2. **No error in selection.** When an employee is selected from inside, there is no possibility of errors in selection since every company maintains complete record of its employees and can judge them in a better manner.

3. **Promotes loyalty.** It promotes loyalty among the employees as they feel secured on account of chances of advancement.

4. **No hasty decision.** The chances of hasty decisions are completely eliminated as the existing employees are well tired and can be relied upon.

5. **Economy in training costs.** The existing employees are fully aware of the operating procedures and policies of the organization. The existing employees require little training and it results in the economy in training costs.

6. **Self-development.** It encourages self-development among the employees since they look forward to higher posts.

Disadvantages of Internal sources: The following are the disadvantages of internal sources:

1. It discourages capable persons from outside joining the concern.
2. It is possible that the requisite number of persons possessing qualifications for the vacant posts may not be available in the organization.
3. For posts requiring innovations and original thinking, this methods of requirement cannot be followed.
4. If only seniority is the criterion for promotion then the person filling the vacant post may not be really capable.

Inspite of the disadvantages, this is frequently used as a source of requirement.

(B) External Sources: All organizations have to depend on external sources for recruitment. These include the following:-

1. Advertisement. It is a method of recruitment frequently used for skilled workers, clerical and higher staff. Advertisement can be given in newspapers and professional journals. These advertisements attract applicants in great numbers and also of highly variable quality. Preparing good advertisement is a specialised task. If a company wants to conceal its name, a 'blind advertisement' may be given asking the applicants to apply to Post Box Number or to some advertising agency.

2. Employment Exchanges. Employment exchanges in India are run by the Government. For unskilled, semi-skilled, skilled, clerical posts etc., it is often used as a source of recruitment. In certain cases it has been made obligatory for the business concerns to notify their vacancies to the employment exchange. In the past, employers used to turn to these agencies only as a last resort.

3. Schools, Colleges and Universities. Direct recruitment from educational institutions for certain jobs which require technical or professional qualifications, has become very common practice. A close liaison between

the company and educational institutions helps in getting suitable candidates. The DCM and TATA follow this method of recruitment.

4. Recommendation of Existing Employees. The present employees know both the company and the candidate being recommended. Hence, some companies encourage their existing employees to assist them in getting applications from persons who are known to them. In certain cases, rewards may also be given if candidates recommended by them are actually selected by the company. If a recommendation leads to nepotism, it will impair the morale of employees.

5. Factory Gates. Certain workers present themselves at the factory gate every day for employment. This method of recruitment is very popular in India for unskilled and semi-skilled labour. The desirable candidates are selected by the first line supervisors. The major disadvantage of this system is that the man selected may not be suitable for the vacancy.

6. Casual Applicants. Those personnel who casually come to the company for employment may also be considered for the vacant post. It is most economical method of recruitment. In the advanced countries, this method of recruitment is very popular.

7. Central Applications File. A file is maintained of past applicants who were not selected earlier. In order to keep the file alive, applications on the files must be checked at periodical intervals.

8. Labour Unions. In certain occupations like building trades, hotels, maritime industry etc.,(i.e., industries where there is instability of employment) all recruits usually come from unions. It is advantageous from management point of view because it saves expenses of recruitment and screening. However, in other industries, unions may be asked to recommend candidates as a goodwill gesture or courtesy towards the union.

9. Labour Contractors. This method of recruitment is still prevalent in India for hiring unskilled and semi-skilled workers. The contractors keep themselves in touch with the labour and bring the workers at the places

where they are required. They get commission for the number of persons supplied by them.

10. Former Employees. In case employees have been laid off or leave the concern at their own, they may be taken back if they are interested in joining the concern (provided their record is good).

7.3.2. Factors Affecting Recruitment

All organizations, whether large or small, do engage in recruiting activity, through not to the same extent.

This differs with: (i) the size of the organization; (ii) the employment conditions in the community where the organization is located; (iii) the effects of past recruiting efforts which show the organization's ability to locate and keep good performing people; (iv) working conditions and salary and benefit packages offered by the organization- which may influence turnover and necessitate future recruiting; (v) the rate of growth of organization; (vi) the level of seasonality of operations and future expansion and production programmes; (Vii) cultural, economic and legal factors, etc.

Factors governing recruitment may broadly be divided as internal and external factors.

The internal factors are:

- (i) Recruiting policy of the organisation;
- (ii) Human resource planning strategy of the company;
- (iii) Size of the organisation and the number of employees employed;
- (iv) Cost involved in recruiting employees, and finally;
- (v) Growth and expansion plans of the organisation.

The external factors are:

- (i)   Supply and demand of specific skills in the labour market;
- (ii) Political and legal considerations such as reservation of jobs for SCs, STs, and so on.
- (ii) Company's image-perception of the job seekers about the company.

7.3.3. Pre - requisites of a Good Recruitment Policy

The recruitment policy of an organisation must satisfy the following conditions:

(i) It should be in conformity with its general personnel policies;

(ii) It should be flexible enough to meet the changing needs of an organisation;

(iii)   It should be so designed as to ensure employment opportunities for its employees on a long-term basis so that the goals of the organisation should be achievable; and it should be develop the potentialities of employees;

(iv) It should match the qualities of employees with the requirements of the work for which they are employed; and

(iv)   It should highlight the necessity of establishing job analysis.

The nature and extent of the recruitment programme depends on a number of factors, including the skills required, the state of the labour market, general economic conditions, and the image of the employer. A company which has a reputation of paying fair wages, providing good employee benefits and taking interest in employee welfare activities would attract a larger number of applicants than it needs without making any extra recruiting effort. Small companies which hire only a few persons each year may not need to do more than spread the word around the plant or office that a vacancy exists. However, as a result of regulations and pressures from society and the government, the recruitment programme now requires the employees to go out and actively seek job applicants from groups of those who may not otherwise apply for employment.

7.3.4. Methods or Techniques of Recruitment

Dunn and Stephens summarise the possible recruiting methods into three categories direct, indirect and third party.

(A)   **Direct Methods:** These include sending travelling recruiters to educational and professional institutions, employees' contacts with public, and manned exhibits. One of the widely used direct methods is that of sending of recruiters to colleges and technical schools. Most college recruiting is done in

co-operation with the placement office of a college. The placement office usually provides helps in attracting students, arranging interviews, furnishing space, and providing student resumes. For managerial, professional and sales personnel, campus recruiting is an extensive operation. Person reading for MBA or other technical diplomas are picked up in this manner. For this purpose, carefully prepared brochures, describing the organisation and the jobs it offers, are distributed among students, before the interviewer arrives. The DCM, TATA, and other enlightened firms maintain continuing contacts with institutions' placements officials with a view to recruiting staff regularly for different responsible positions.

Sometimes, firms directly solicit information from the concerned professors' about students with an outstanding record.

Many companies have found employees' contact with the public a very effective method.

Other direct methods include sending recruiters to conventions and seminars, setting up exhibits at fairs, and using mobile offices to go the desired centres.

(B)   **Indirect Methods:** Indirect methods involve mostly advertising in newspapers, on the radio, in trade and professional journals, technical magazines and brochures.

Advertising in newspapers and/ or trade journals and magazines is the most frequently used method, when qualified or experienced personnel are not available from other sources. Senior posts are largely filled by such methods when they cannot be filled by promotion from within.

Advertising is very useful for recruiting blue-collar and hourly workers, as well as scientific, professional, and technical employees. Local newspaper can be good source of blue-collar workers, clerical employees, and lower-level administration employees.

The main point is that the higher the position is in the organisation, or the more specialised the skills sought, the more widely dispersed advertisement is likely to be. The search for top executive might include

advertisements in a national periodical; while the advertisement of blue-collar jobs is usually confirmed to the daily newspaper or regional trade journals.

The classified advertisement section of a daily newspaper or the Sunday weekly edition of The Hindustan Times, The Times of India, The Tribune, Bharat Jyoti, The National Herald, The Free Press Journal, The Pioneer, Amrit Bazar Patrika, The Economic Times, The Hindu, The Indian Express etc.,cary advertisements for all types of positions. Such advertisements enable prospective candidates to screen themselves in order to find out whether they are fit for the job for which the advertisement has been issued.

In order to be successful, an advertisement should be carefully written. If it is not properly written, it may not draw the right type of applicants or it may attract too many applicants who are not qualified for the job. It should be so framed as to attract attention- for example, by the use of different sizes and type of print. The first line should limit the audience somewhat and the next few lines should further screen out the readers who do not possess the necessary qualifications. It should provide specific information on job requirements and opportunities for advancement, the benefits to be enjoyed by working in the company; and it should emphasise facts related to the dignity of the job and to its professional aspects. "Frilly advertisements, containing exaggerated claims and gimmicky appeals, are to be avoided." Advertising can be very effective if its media are properly chosen.

According to Advertisement Tactics and Strategy in Personnel Recruitment, three points need to be borne in mind before an advertisement is inserted. First, to visualise the type of applicant one is trying to recruit. Second, to write out a list of the advantages accompany offers; in other words, why the reader should work for the company. Third, to decide where to run the advertisement, not only in which area but in which newspaper having a local, state or nation-wide circulation.

Many organisations often place what is referred to as a blind advertisement, one in which there is no identification of the organisation. Respondents are asked to reply to a 'Post Office Box Number' or to a consulting firm that is acting as an intermediary between the applicant and the

organisation. The large organisations with regional or national reputation do not usually use blind advertisements.

Other methods include advertising in publications, such as trade and professional journal, and radio or television announcements, as is done by many Indian manufactures. Professional journals are read by people with specialised backgrounds and interests. Therefore, advertisements in these are generally selective.

(C)   **Third Party Methods:** These include the use of commercial or private employment agencies, state agencies placement offices of schools, colleges and professional associations, recruiting firms, management consulting firms, indoctrination seminars for college professors, and friends and relatives.

Private employment agencies are widely used. They charge a small fee from an applicant. They specialise in specific occupations: general office help, salesmen, technical workers, accountants, computer staff, engineers and executives. These private agencies are brokers who bring employers and employees together. The specialisation of these agencies enhances their capacity to interpret the needs of their clients, to seek out particular types of persons and to develop proficiency in recognising the talent of specialised personnel.

State or public employment agencies are known as Employment or Labour Exchanges, are the main agencies of public employment. They provide a clearing house for jobs and job information. Employers inform them of their personnel requirements, while job-seekers get information for them about the types of jobs that are referred to by employers. These agencies provide a wide range of services- counselling, assistance in getting jobs, information about the labour market, labour and wage rates.

Schools, Colleges and Professional Institutions offer opportunities for recruiting their students. They operate placement services where complete bio data and other particulars of the students are available. The companies that need employees maintain contact with the Guidance Counsellors of Employment Bureaus and teachers of business and vocational subjects. The prospective employers can review credentials and interview candidates for

management trainees or probationers. Whether the education sought involves a higher secondary certificate, specific vocational training, or a college background with a bachelor's, masters, or doctoral degree, educational institutions provide excellent source pf potential employees for entry-level positions in organisations. These general and technical/ professional institutions provide blue-collar applications, white-collar and managerial personnel.

Sometimes, the organisations provide work study Programme to the students or summer jobs for understanding a project in the establishment so as to get them interested in the organisation in question, and after completion of this, they may be absorbed by the companies concerned.

Professional organisation or recruiting firms or executive recruiters maintain complete information records about employed executives. These firms are looked upon as 'head hunters', 'raiders' and 'pirates' by organisations which lose personnel through their efforts. However, these same organisations may employ "executive search firms" to help them find executive talent. These consulting firms recommend persons of high calibre for managerial, marketing, and production engineers' posts.

Indoctrination seminars for colleges professors are arranged to discuss the problem of companies and employees. Professors are invited to take part in these seminars. Visits to plants and banquets are arranged so that the participant professors may be favourably impressed. They may later speak well of a company and help it getting the required personnel.

Employee Referrals: Friends and relatives of present employees are also a good source from which employees may be drawn. When the labour market is very tight, large employees frequently offer their employees bonuses or prizes for any referrals who are hired and stay with the Company for a specific length of time. Some companies maintain a register of former employees whose record was good to contact them when there are new job openings for which they are qualified. This method of recruitment , however, suffers from a serious defect that it encourages nepotism, i.e., persons of one's community or caste are employed, who may or may not fit for the job. Trade Unions also

provide manual and skilled workers in sufficient numbers. Under agreement they are agree as to who is to be given preferences. But in case of adverse industrial relations, this technique may create difficulties.

Casual Labour or Applicant at the Gate: Most industrial units rely to some extent on the casual labour which presents itself daily at the factory gate or employment office. However, this source is uncertain, and the candidates cover a wide range of abilities. Even then, many of our industries make use of this source to fill up casual vacancies.

Unconsolidated Applications: For positions in which large number of candidates are not available from other sources, the companies may gain in keeping files of applications received from candidates who make direct enquires about possible vacancies on their own, or may send unconsolidated applications. The information may be indexed and filed for future use when there are openings in these jobs. If necessary, the candidates may be requested to keep the organisation posted with any change in their qualifications, experience or achievements made.

Voluntary Organisations, such as private clubs, social organisations, might also provide employees- handicapped, widowed or married women, old persons, retired hands, etc. In response to advertisements

Computer Data Banks: When a company desires a particular type of employee, job specifications and requirements are fed into a computer, where they are matched against the resume data stored therein. The output is a set of resumes for individuals who meet the requirements. This method is very useful for identifying the candidates for hard-to-fill positions which call for an unusual combination of skills.

CHECK YOUR PROGRESS

Q1. Define Recruitment.

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Q2. List the methods of recruitment.

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7.4. SELECTION: CONCEPT

The selection procedure is concerned with securing relevant information about an applicant. This information is secured in a number of steps or stages. The objective of selection process is to determine whether an applicant meets the qualifications for a specific job and to choose the applicant who is most likely to perform well in that job.

Selection is a long process, commencing from the preliminary interview of the applicants and ending with the contract of employment.

The hiring procedure is not a single act but it is essentially a series of methods or steps or stages by which additional information is secured about the applicant. At each stage, facts may come to light which may lead to the rejection to the applicant. A procedure may be compared to a series of successive hurdles or barriers which an applicant must cross. These are intended as screens, and they are designed to eliminate an unqualified applicant at any point in the process. This technique is known as the successive hurdles technique. Not all selection processes include all these hurdles. The complexity of a process usually increases with the level and responsibility of the position to be filled.

According to Yoder, "the hiring process is of one or many 'go, no-go' gauges. Candidates are screened by the application of these tools. Qualified applicants go on to the next hurdle, while the unqualified are eliminated." Thus, an effective selection programme is a non-random process because those selected have been chosen on the basis of the assumption that they are more likely to be "better" employees than those who have been rejected. Below chart gives the hiring requirements as outlined by Yoder.

Chart 7.1. Hiring Requirements

Types of Qualifications or Specifications	Types of Gauges

1.Arbitrary
   Security
   Sex
   Age
	1.Application blank
	2. Security check
	3.Police records
	4.Personnel records

2.Physical health and adequacy	Physical Examination
3.Skills (including specialised knowledge)	1.Application blank 2. Education, training, apprenticeship 3.Grades 4.Employment records 5.References 6.Biography 7.Trade tests
4.Experience	1. Application blank 2.Biography 3.Employment records 4.References 5. Interviews
5. Aptitude (including intelligence)	1.Employment records 2.Personnel appraisals 3.References 4.Tests
6.Interests	1. Application blank 2.Reference 3.Biography 4.Test in
7.Emotional maturity, moods, motivations	1.Biography 2. Employment records 3.Tests

8.Attitudes	1. Interviews 2. References 3.Personnel appraisals 4. Attitude-morale scales.

Selection processes or activities typically follow a standard pattern, beginning with an initial screening interview and conducting with the final employment decision. The traditional selection process includes: preliminary screening interview; completion of application form; employment tests; comprehensive interview; background investigations, physical examination and final employment decision to hire

7.4.1. Essentials of Selection Procedure

The selection procedure adopted by an organisation is mostly tailor made to meet its particular needs. The thoroughness of the procedure depends upon three factors:

First, the nature of selection, whether faulty or safe, because faulty selection affects not only the training period that may be needed, but also results in heavy expenditure on the new employee and the loss may be incurred by the organisation in case the job-occupant fails on his job.   Second, the policy of the company and the attitude of the management. As a practice some companies usually hire more than the actual number needed with a view to removing the unfit persons from the jobs. Third, the length of the probationary or the trial period. The longer the period, the greater the uncertainty in the minds of the selected candidate about his future.

The hiring process can be successful, if the following preliminary requirements are satisfied:
  (i) Some one should have the authority to hire. This authority comes from the employment requisition, as developed by an analysis of the work-load and work force.
  (ii) There must be some standard or personnel, with which a prospective employee may be compared, i.e., there should be available, beforehand, a comprehensive job description and job specifications as developed by a Job Analysis.
  (iii)   There must be a sufficient number of applicants from whom the required number of employees may be selected.

7.4.2. Steps in Selection Procedure

There is no shortcut to an accurate evaluation of a candidate. The hiring procedures are, therefore, generally long and complicated. Many employers make use of such techniques and pseudo-sciences as phrenology, physiognomy, astrology, graphology etc., while coming to hiring decisions. However, in modern times, these are considered to be unreliable measures. The following steps are involved in the selection process:-
  1. Reception of Applicants
  2. Scrutiny of Application
  3. Preliminary Interview
  4. Application Blank
  5. Employment Tests
  6. Interview
  7. Checking Refernces
  8. Approval of the Supervisor
  9. Physical Examination
  10. Selection and Placement
  11. Induction.
All these steps are explained below in detail:-

1. Reception of Applicants. The various determinants send requisition to Personnel Department stating the number of vacancies existing in the department. The selection process starts when an application is received by the Personnel Department. If the applicant personally comes to deposit his application he may be interested in getting some specific information regarding the company. The receptionist's attitude towards the applicant must be positive.

2. Scrutiny. All applications received have to be scrutinised by the Personnel Department in order to eliminate those applicants who do not fulfil job requirements. For example where the minimum qualification for a job is B.Com, a person possessing B.A.degree (who might have applied for the job) will be out rightly rejected. He may be informed of his rejection.

3. Preliminary Interview. The basic purpose of preliminary interview is to screen out the unsuitable or unqualified candidates. It is generally very brief. The personality of the candidate can be immediately evaluated and if found suitable, application blank may be given to him. However, ruddiness and discourtesy must be avoided and the rejected candidate must go with this feeling that he has been treated fairly.

4. Application Blank. It is an application form to be filled in by the candidate who clears the preliminary interview. This form plays a very vital role in selection. It should be designed in such a manner that just by reviewing its contents, and application may be rejected.

Generally the application blank contains the following particulars:
(a) Identifying information such as name, address, sex, marital status, number of children, other dependents, height, weight, birth place etc.
(b) Education example, school, college, professional languages, known and extent of proficiency in speaking, reading, writing, etc;
(c) Experience
(d) Health
(e) Extracurricular activities
(f) References

(g) Psychological factors eg; reasons for leaving jobs, journalks, likings and disliking etc;

The candidates are required to fill up the application form in their own handwriting. In certain cases the candidates are asked to write a resume. The scope and contents must be mentioned in the application form itself.

5. **Employment Tests**. These tests provide information about a candidate not available from applicant blank or interview. It is a cheap selection device whereby an effort is made at the selection stage to see whether the candidate is capable of doing his prospective job or not. The following tests are usually applied in the selection process:-

(i) Personality Tests. These tests measure certain characteristics such as emotional maturity, sentiments, conflicts, ascendance, sociability, objectivity etc. of a candidate. Whether a candidate is having a sick personality or healthy personality can be determined by these tests.

(ii) Achievement Tests. These tests are also known as proficiency tests. The skill already acquired by the candidate either through his education or experience can be judged through these tests. Such skill is essential for the job being considered. A candidate for the post of a stenographer may be given a test in type and shorthand. A truck driver may be asked to drive a truck.

(iii) Aptitude Tests. It is very important to known as to whether the selected candidate will be capable of learning the job or not. Test designed to measure the learning capacity of the candidates are known as aptitude tests. Aptitude tests measure whether an individual has the capacity or latent (hidden) ability to learn a given job, if he is given adequate training.

(iv) Intelligence Tests. These tests measure the mental ability or mental alertness of an applicant. These include verbal and written tests.

(v) Interest Tests. These tests are designed to know the interests of the candidates in terms of his likings and disliking. Men and women have different types of interests. The interests which have occupational significance include intellectual, social, esthetic, religious, literature, music etc.

The various tests discussed above have certain limitations. These are explained below:-

(a) Tests cannot be relied upon in isolation. Many qualifications of the candidate can be known at the interview or training.

(b) Tests have also a high margin of error through it is generally believed that the results are exact and accurate.

(c) It is not possible to predict the success of the candidate on the basis of such tests.

6. **Interview**. The most delicate aspect of the selection procedure is' interview'. "The employment interview is for the purpose of determining the suitability of the applicant for the job and of the job of the applicant".

The information about the candidate which cannot be obtained from the application blank, tests and group discussion, may be secured easily if the interview is planned well in advance and is conducted by the interview tactfully. The interview should possess the following qualifications:-

(a) He should have a complete knowledge of the job.

(b) His approach should be objective and he should think critically, systematically and analytically.

(c) He should have experience in conducting interviews.

(d) He should not be over talkative.

(e) He should have maturity and poise.

Types of Employment Interview:

(a) Preliminary Interview. It is of few minutes duration in order to see the worth of a candidate. It must be conducted very carefully by some expert as many desirable applicants may be eliminated at the outset.

(b) Stress Interview. The applicant is intentionally put under a stress by the interrupting him, criticising his view points and keeping silent after he has finished speaking. It also requires that the interview must be tactful and skilful.

(c) Background Information Interview. This type of interview is conducted when the history of applicant has to be known in terms of his experience, education, health, interests, likes dislikes etc.

(d) Discussion interview. It is a non-directive interview conducted informally by giving an opportunity to the interviewee to speak his mind freely.

(e) Group Interview. It is an interview of certain applicants in a group. It saves time of the busy executives. Reaction of the applicants with each other can also be seen by the interviewer.

Coverage of the Interview: The coverage of the life history during the interview is designed to provide the information regarding (a) experience and education (b) gaps in employment history (c) academic achievements (d) likes and dislikes (e) information on health, financial and domestic problems (f) marital status (g) extra-curricular activities.

When the candidates are answering questions, the interviewer can judge a number of traits such as:

(i) Sense of humour (ii) Mannerism (iii) Quickness of reaction (iv) Fluency of speed (v) Ability to organise thoughts (iv) physical vigour (vii) Appearance (viii) Cultural Level (ix) Shrewdness and sophistication (x) Quick witticism.

7. Checking references. An applicant may be asked in the application blank to supply two types of references (a) character reference and (b) experience reference. It provides information regarding behaviour of the applicant. A notable limitation of this method is that it lacks standardisation and objectivity. It is natural in case of character reference to give names of references of only those persons who would always write favourably for the applicant. It is very rare to get a frank opinion about the candidate.

8. Approval of the Supervisor. The candidate is then sent to the line manager for the approval. The Personnel Department cannot take a final decision regarding selection because the candidate has to actually work under the line mangers that are directly responsible for the results of an organisation.

At this stage, it is not in the interest of the company to reject the candidate summarily. Instead he may be sent to some other departments.

9. Physical examination. Only those candidates should be selected who are physically fit. It may not be the last step in the selection procedure if

physical as well as mental fitness is of utmost importance in a specific job. In certain cases an employee may be sent to the psychiatrist. "Modern policy uses the physical examination, not to eliminate applicants, but to discover what jobs they are qualified to fill. The examination should disclose the physical characteristics of the individual that are significant from the stand point of his efficient performance of the job he may enter or of those jobs to which he may reasonably expect to be transferred or promoted".(Dale Yoder)

If a person with a poor health is selected, it may lead to the following complications:

(a)   He may spread that disease among other workers.

(b) He may remain absent from duty or resign after some time.

(c)   The industrial organisation may have to pay claims under the labour laws e.g., Workmen's Compensation Act.

After a candidate is finally selected, a notification is sent to the pay roll department for inclusion his name in the pay roll. Usually an appointment is made on probation in the beginning. The probation period may ranges from two months to two years. If the work and conduct of the employee is found satisfactory, he will be confirmed. It is also in the interest of the organisation to prepare a waiting list and inform the candidates. In case a person does not join after being selected, the next person on the waiting list may be called.

CHECK YOUR PROGRESS

Q3. What are the essentials of selection process?

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7.5. INDUCTION

Induction is a technique, by which a new employee is rehabilitated into his surroundings and introduced to the practices, polices and purposes of the organisation. In other words, it is a welcoming process- the idea is to welcome a newcomer, make him feel at home and generate in him a feeling that his own job, however small, is meaningful and significance as a part of the total organisation.

7.5.1. Objectives of Induction

When a newcomer joins an organisation, he is a stranger to the people, work-place and work environment. He may feel insecure, shy and nervous. The first few days may be anxious an disturbing ones for him. He may have anxiety caused by not following the usual practices prevalent in the organisation, disillusionment or defensive behaviour. Induction leads to reduction of such anxieties, dispels the irrational fears of the present employees and hold colleagues responsible for assisting the newcomer so that he may feel confident.

There is another reason for effective induction. It helps minimise what might be called the really shock some new employees undergo. This reality shock is caused by the incompatibility between what the employees expect in their new jobs and the realities they are confronted with. The newcomer may expect: (i) opportunities for advancement; (ii) social status and prestige- the feeling of doing something important and the recognition of this by others; (iii) responsibility; (iv) opportunities to use special aptitudes and educational background; (v) challenge and adventure; (vi) opportunity to be creative and original, and (vii) lucrative salary. But when these expectations are often not fulfilled and, therefore, result in frustrating experience for new employees, experiences of which include jobs with low initial challenge, inadequate feedback and in inadequate performance appraisals. This result is "reality shock". Orientation can help overcome this problem by providing for more realistic expectations on the part of new employees and more understandings on the part of the supervisors.

Finally, the purpose of induction is to introduce the new employee and the organisation to each other, to help them become acquainted, and to help them accommodate each other. The newcomer is explained what is expected of him and for this, he is explained the rules, regulations, policies and procedures that directly affect him. He is made aware of how his job fits into the overall operation of the organisation, his own duties and responsibilities, and to whom be should look for when he has any problem.

Induction Procedure

An organisation has no obligation to make integration of the individual into the organisation as smooth and anxiety-free as possible. Whether that is achieved through a formal or informal placement orientation programme depends on the size of the organisation and the complexity of the individual's new environment. Many organisations develop formal orientation programmes. These might include a tour of the offices or plant, a talk about the history of the organisation, and short discussion with a representative of the Personnel Department who will describe the organisation's benefit plans. Other organisations may utilise an informal orientation programme which might include being assigned to another senior employee who will not only introduce the new worker to other workers but show him other things too.

There is no model induction procedure. Each industry develops its own procedures as per its needs. The procedure should basically follow these steps:

First, the new person needs time and a place to report to work.

Second, it is very important that the supervisor or the immediate boss meet and welcome the employee to the organisation.

Third, administrative work should be complicated. Such items as vacations, probationary period, medical absences, and suggestion systems should be covered.

Fourth, the departmental orientation can be conducted. This should include a get- acquainted talk, introduction to the department, explanation of the functions of the department, and job instruction and to whom he should look for help when he has any problem.

Fifth, verbal explanations are supplemented by a wide variety of printed material, employee hand books, flyers, employee manuals, house-journals, picture stories, comics and cartoons, pamphlets, etc. Along with short guided tour around the plant.

Orientation programmes usually cover things like employee compensation benefits, personnel policies, the employee's daily routine, company organisation and operations, and safety measures and regulations. The new employee's supervisor is often given an orientation checklist, personnel policies, the employee's daily routine, company organisation and operations, and safety measures and regulations.

7.6. PLACEMENT

Once an offer of employment has been extended and accepted, the final stage in procurement function is to be concluded, namely, that of placement of the individual on the new job and orienting him to the organisation.

"Placement" may be defined as "the determination of the job to which an accepted candidate is to be assigned, and his assignment to that job. It is matching of what the supervisor has reason to think he can do which the job demands (job requirement): it is a matching of what he deserves (as strain, working conditions)," companionship with others, promotional possibilities, etc. A proper placement of a worker reduces employee turnover, absenteeism and accident rates, and improves morale.

After selection the employee is generally put on a probation period, ranging from six months to one year, after which his employment may be confirmed, provided that during this period, his work has been found to be satisfactory. Only in very rare cases is the employee, once placed, asked to quit, and even then it is only when there is something very serious against him or he is found guilty of continued negligence in the performance of his duties.

7.7. EMPLOYEE TRAINING AND DEVELOPMENT

Every organisation needs to have well trained and experienced people to perform the activities that have to be done. If the current or potential job

occupant can meet this requirement, training is not important. But this is not the case, it is necessary to raise the skill levels and increase the versality and adaptability of employees. Inadequate job performance or a decline in productivity or changes resulting out of job redesigning or a technological breakthrough requires some type of training and developments efforts. As the job become more complex, the importance of employee development also increases. In a rapidly changing society, employee training and development are not only an activity that is desirable but also an activity that an organisation must commit resources to if it is to maintain a viable and knowledgeable work force.

'Training,' 'education' and 'development' are three terms frequently used. On the face of it, there might not appear any difference between them, but when a deep thought is given, there appear some differences between them. In all 'training' there is some 'education' and in all 'education' there is some 'training'. And the two processes cannot be separated from 'development.' Precise definitions are not possible and can be misleading; but different persons have used these activities in different ways.

Training is a process of learning a sequence of programmed behaviour. It is application of knowledge. It gives people an awareness of the rules and procedures to guide their behaviour. It attempts to improve their performance on the current job or prepare them for an intended job. Development is a related process. It covers not only those activities which improve job performance but also those which bring about growth of the personality; help individuals in the progress towards maturity and actualisation of their potential capacities so that they become not only good employees but better men and women. In organisational terms, it is intended to equip persons to earn promotion and hold greater responsibility. Training a person for a bigger and higher job is development. And this may well include not only imparting specific skills and knowledge but also inculcating certain personality and mental attitudes.

7.7.1. Need for Training

Training is necessary both for existing and new employees. It increases the skill of the employees. New machines, new tools, new methods and need for increasing the productivity make training still more important. "Training is not something that is done once to new employees; it is used continuously in every well-run establishment.

Training programme should not be started as a fashion by copying other organisations as it would be simply wastage of money. The training programme should be undertaken if the need for the same is apparent. Such a need can be assessed from job descriptions.

Further, interviews and records of comparative performance may also indicate need for training. The factors usually indicating the training need are given below:

(a)Frequent accidents   (b) Low quality (c) Higher production cost (d) Employees feeling absence of pride in job resulting into carelessness and gossip (e) Ignorance of objectives.

Management also discovers the training needs by taking following steps:

(i) If the employees' performance is below the standard, training is immediately required.

(ii) Certain production problems also indicate training needs. These indicators include frequent accidents, low productivity and quality, higher production cost, excessive gossip, high rate of labour turnover and absenteeism, excessive grievance etc.

(iii) By conducting interviews and giving questionnaires, views of employees and executives can be obtained regarding the training needs.

(iv) the expansion of business in future, installation of new plants, new technology etc., require the planning of man power training in advance so that requirement of the new jobs are met well in time.

In case of a small scale concern, training will be given by a supervisor or skilled man whereas in case of a large unit, there may either be a full time training officer or training department. The training methods may be (a) Lecture method if trainees number is large (b) Recitation method (if trainees

are few) which includes question and answer technique (c) Demonstration method (d) Conference group discussion method.

7.7.2. Importance and Advantages of Training

"Training is a means of preparing rank-and-file employees for promotion to supervisory positions and for improving their competence and capability while they hold such leadership assignments" (Dale Yoder). Training is a continuous and never ending process.

The following advantages can be derived from a scientific training programme:-

1. Better Performance: It results in better performance of employees both in terms of quantity and quality of output. Putting an untrained person on the job is just like sending an untrained boxer in the ring.

2. Economy in Training Costs: The learning time is reduced considerably by training. In the absence of a systematic training programme, training costs will be higher as the employees will indulge in self-training.

3. Elimination of Wastage: Machines and material are handled economically resulting in the elimination of all types of wastages. It also leads to reduction in the cost of production.

4. Less Supervision: Supervision of trained employees is reduced to a great extent as they want to do the job with the least supervision.

5. Less Accidents: Training also helps in reducing accidents. Generally lack of training in equipment and safety measures, are responsible for majority of accidents.

6. High Morale: The basic human need is to possess needed skill for the job they are doing. Training satisfies this need of employees. It also increases the morale of employees.

7. Reduction in Labour Turnover: It reduces labour turnover and introduces stability and flexibility of employees. if employees are given training in various jobs, short term adjustments can be made in case of need by transferring employees from one department to another department.

8. Standard Methods: It helps in standardising the methods of performing the work resulting into commission of fewer mistakes.

9. Few Mistakes: It reveals the mistakes committed after selections are more than other employees will commit few mistakes after training.

7.7.3. Training Principles and Techniques

According to Pigors and Myers, training principles and techniques include:
- (a) The trainee must want to learn. His motivation to improve his job performance or to learn a new skill must be high.
- (b) There should be some reward at the conclusion of training viz., promotion or a better job.
- (c) The trainer should tell the trainee as to whether he is learning the job correctly. This is known as feedback.
- (d) This is best accomplished through learning by doing rather than by listening.
- (e) The material to be learned should be developed in stages.
- (f) When the trainees give correct response, he has learned the job.

7.7.4. Training Procedure

- (a) First of all the instructor must be prepared. He should know both his job and how to teach it. On the basis of job analysis and job description, various operations should be planned. In order to avoid delays, everything must be ready before training starts.
- (b) The next step is the preparation of the trainee. The fact that the employee is learning the job for the first time should be kept in mind. The importance of the job, its relationship with the other jobs and importance of rapid and effective learning should be explained.
- (c) The operations should then be presented carefully and patiently. The sequence of the entire job is explained by taking one point at a time.
- (d) The performance of the trainee should then be tried by asking him to explain each step and then do the practical.

(e) The employee is then put on the job. In the follow up action, his performance should be frequently checked and questions should be encouraged.

7.7.5. Types of Training

The following are the different types of training programmes.

1. Induction training
2. On-the-Job training
3. Crafts training
4. Training for promotion
5. Refresher training

1. **Induction training:** When an individual successfully clears all the steps explained earlier, he is selected. Induction is concerned with the problem of introducing or orienting a new employee to the organisation,(Edwin B.Flippo). It consists of familiarising new employees with their jobs, introduction with his fellow workers, company policies etc. It is considered as a part is selection process.

2. **Job training:** This type of training is given to the workers in the handling of machines, equipments and materials. The workers become more proficient and delay is avoided in accumulation of work. The methods followed for job training include on the job training and vestibule training.

3. **Craft Training**: Training may be given to employees in the different crafts by an experienced craftsman. The learning period is comparatively longer and the method followed for such training is apprenticeship training.

4. **Training for Promotion:** In almost all the organisations, some vacant posts are filled up by internal recruitment i.e.,by promotion. The status and responsibilities increase by promotion. The employees must be given training before they actually occupy the higher positions.

5. **Refresher Courses**: Refresher courses are organised for existing employees for giving them training in latest developments in the field of technology in collaboration with educational institutions. In certain cases,

this training precedes employment. Refresher courses are also-termed as Public Vocational School Training.

CHECK YOUR PROGRESS

Q4. Explain the need for training in tourism industry.

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Q5. Write down the types of training.

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7.8 SUMMARY

In this unit, you have learned the concept and process of recruitment and selection and also the importance of induction and placement in the organisation. Recruitment occupies an important place in the human resources management. While recruitment is concerned with encouraging people to seek jobs in the organisation, selection involves choosing the right people for the jobs through a process of elimination. Tests and interviews are the two important elements in t the selection process. This unit has also discussed the training principles and types of training and importance and need of training. The basic purpose of the training is to develop skills and efficiency of the employees. Training is not only beneficial to the employees but also beneficial to the employers.

7.9 GLOSSARY

- **Recruitment:** is searching for prospective candidates and stimulating them to apply for jobs.
- **Selection:** is the system of functions and devices adopted in a give company to ascertain whether the candidate's specifications are matched with the job specifications and requirements or not.
- **Placement:** is the determination of the job to which an accepted candidate is to be assigned and his assignment to the job.

- **Induction:** is the process of receiving and welcoming an employee when he first joins a company and giving him the basic information he needs to settle down quickly and happily and start work.
- **Training**: The term training refers to the acquisition of knowledge, skills, and competencies as a result of the teaching of vocational or practical skills and knowledge that relate to specific useful competencies. Training has specific goals of improving one's capability, capacity, and performance.

7.10 ANSWER TO CHECK YOU PROGRESS

1) Recruitment refers to the process of attracting, screening, and selecting a qualified person for a job. All companies in any industry can benefit from contingency or retain professional recruiters or outsourcing the process to recruitment agencies. (Refer 7.3)

2) (a) Direct Methods (b) Indirect Methods (c) Third Party Methods (refer 7.3.4)

3) Refer 7.4.1

4) Better Performance, Economy in Training Costs, Elimination of Wastage, Less Supervision, Less Accidents, High Morale, Reduction in Labour Turnover, Standard Methods, Few Mistakes (refer 7.7.1 and 7.7.2)

5) Induction training, Job training, Craft Training, Training for Promotion Refresher Courses (refer 7.7.5)

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7.12 TERMINAL QUESTIONS

Q1**.** What is testing in selection? Explain the importance of tests and interviews in selection process.

Q2. Induction is guided adjustment of employer to the organisation and his work environment. Discuss.

Q3. What is recruitment? What are the important sources of recruitment and techniques of recruitment for hi-tech industries?

Q4. What is selection? Explain the selection process for selecting   Manager (Food and Beverage) for a 5-star Hotel.

Q5. What are training needs? Explain the methods of identifying traning needs.

UNIT 8: PERFORMANCE APPRAISAL, MONITORING, TRANSFER, PROMOTION AND REWARDS; GRIEVANCES AND DISCIPLINARY ISSUES

Structure:
8.1 Introduction
8.2 Objectives
8.3 Performance Appraisal: Concept
      8.3.1. Terminology used in Performance Appraisal
      8.3.2. What should be rated?
      8.3.3. Methods, Techniques for appraising Performance
8.4 Promotions
      8.4.1. Concept
      8.4.2. Purpose of Promotions
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8.1 INTRODUCTION

After training, and developing employees, their performance should be appraised and accordingly they should be given promotions, transfers and rewards. Also there is a strong need to understand grievances and the causes

of these grievances. Thus in chapter, we shall study these aspects of the employees so that they stay in the organisation happily and satisfied.

8.2. OBJECTIVE

After studying this chapter, you should be able to :
- Describe appraisal process,
- Purposes and procedures of transfers,
- Meaning, purpose and types of promotions,
- Meaning of grievance and causes of misconduct and grievances, and
- Disciplinary issues

8.3. PERFORMANCE APPRAISAL CONCEPT

Once the employee has been selected, trained and motivated, he is then appraised for his performance. Performance appraisal is the step where the management finds out how effective it has been at hiring and placing employees. If any problems are identified, steps are taken to communicate with the employee and to remedy them. A "performance appraisal" is a process of evaluating an employee's performance of a job in terms of its requirements. Heyel observes; "It is the process of evaluating the performance and qualifications of the employees in terms of the requirements of the job for which he is employed, for purposes of administration including placement, selection for promotions, providing financial rewards and other actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally."Others regard it as a "process of estimating or judging the value, excellence, qualities or status of some object, person or thing." Individually and collectively, it is a part of all the other staffing processes, viz., recruitment, selection, placement and indoctrination.

8.3.1. Terminology used in Performance Appraisal

Employee appraisal techniques are said to have been used for the first time during the First World War, when, at the instance of Walter Dill Scott, the US Army adopted the "Man-to-man" rating system for evaluating military personnel. During the 1920-30 period, rational wage structures for hourly paid

workers were adopted in industrial units. Under this system, the policy of giving grade wage increments on the basis of merit was accepted. These early employee plans were called merit rating programmes, which continued to be so called up to the mid-fifties. By then, most of these plans were of the rating-scale type, where emphasis was given to factors, degrees and points. In the early fifties, however, attention began to be devoted to the performance appraisal of technical, professional and managerial personnel. Since then, as a result of experiments and a great deal of study, the philosophy of performance appraisal has undergone tremendous changes. Consequently, a change has also taken place in the terminology used. Now, the older phrase merit rating is largely restricted to the rating of hourly paid employees, and is used frequently in developing criteria for salary adjustments, promotions, transfers, etc. The later phrase, personnel appraisal, places emphasis on the development of the individual as and widely used to evaluate technical, professional and managerial personnel.

Prof. Beach has provided a useful chart, showing the changes in the terminology of employee appraisal which have taken place since 1920.

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CHART 8.1 Trends in Employee Appraisal

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Item	Former Emphasis	Present Emphasis
Terminology	Merit Rating	Employee Appraisal Performance Appraisal
Purpose	Determine qualifications for wage increase, transfer, promotion, lay-off	Development of the individual; improved performance on the job; and provide emotional security
Application	For hourly-paid workers	For technical, professional, and managerial employees
Factors Rated	Heavy emphasis upon personal traits	Results, accomplishments, performance
Techniques	Rating scales with emphasisupon scales,	Mutual goal-setting, criticalincident; Performance

	Statistical manipulation of data for comparison purposes	standards; less dents; group appraisal
Post-Appraisal Interview	Superior communicates his rating to employee and tries to sell his evaluation to him; seeks to have employee con- form to his view	Superior stimulates employee to analyse himself and set own objectives in line with job requirements; superior is helper and counsellor

Mutual goal-setting, critical incidents; group appraisal; Performance standards; less quantitative Superior stimulates employee to analyse himself and set own objectives in line with job requirements; superior is helper and counsellor. The appraisal of individuals in an employment has been labelled and described by experts over the years in different ways. Common descriptions include performance appraisal, merit rating, behavioural assessment, employee evaluation, personnel review, progress report, staff assessment, service rating and fitness report. Some personnel authorities use such concepts interchangeably, while others interpret some of these appraisal phrases differently. However, the term performance appraisal or evaluation is most widely used.

8.3.2. What should be rated?

The seven criteria for assessing performance are:

1. **Quality:** The degree to which the process or result of carrying out an activity approaches perfection.

2. **Quantity:** The amount produced, expressed in monetary terms, number of units, or number of completed activity cycles.

3. **Timeliness:** The degree to which an activity or a result produced.

4. Cost Effectiveness: The degree to which the use of the organisation's resources (e.g. human, monetary, technological, material) is maximised in the sense of getting the highest gain.

5. Need for Supervision: The degree to which a job performer can carry out a job function without supervisory assistance.

6. Interpersonal Impact: The degree to which a performer promotes feelings of self-esteem, goodwill and co-operation among co-workers and subordinates.

7. Training: Need for training for improving his skills knowledge

The above criteria relate to past performance and behaviour of an employee. There is also the need for assessing the potential of an employee for future performance, particularly when the employee is tipped for assuming greater responsibilities.

CHECK YOUR PROGRESS

Q1. Define Performance Appraisal.

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8.3.3. Methods, Techniques for appraising Performance

Several methods and techniques of appraisal are available for measurement of the performance of an employee. The methods and scales differ for obvious reasons. First, they differ in the sources of traits or qualities to be appraised. The qualities may differ because of differences in job requirements, statistical requirements and the opinions of the management. Second, they differ because of the different kinds of workers who are being rated, viz., factory workers, executives or salesmen. Third, the variations may

be caused by the degree of precision attempted in an evaluation. Finally, they may differ because of the methods used to obtain weightings for various traits.

There is little agreement on the best method to evaluate managerial, professional or salaried performance. Different authors have suggested different approaches. For example:

Rock and Lewis have classified the methods into two broad categories, viz., the narrow interpretation and broad interpretation of appraisal. The former is considered as "a post-mortem of a subordinate's performance by his superior during a pre-determined period of time, often, the preceding year. It involves assessment of performance vis-a-vissuch as the traits or characteristics' rating scale, the ranking method, the employee comparison method and performance standard method are included under this category." The latter, "also known as accountability management, management by objectives or management by end-results, involves a broad purview, and aims at improving the entire managing process and the individual managers on a year round basis."

Robbins gives three categories, viz., (i) Single-trait, single subject, in which subjects are not compared with any other person and each trait is measured alone. The checklist, the numerical and graphic scale methods are more popular of such category, (ii) Single-trait, multiple-subject, in which the subjects are compared with other subjects. Group order ranking, individual ranking and pair comparison methods belong to this category. (Hi) Multiple-trait, single-subject, in which force choice rating is done by either the subject himself or the evaluation, into traits offered for evaluation.

The widely used categorisation is that given by Strauss and Sayles. They have classified performance appraisal methods into traditional, and newer or modern methods. The traditional methods lay emphasis on the rating of the individual's personality traits, such as initiative, dependability, drive, responsibility, creativity, integrity, leadership potential, intelligence, judgement, organising ability, etc. On the other hand, newer methods place more emphasis on the evaluation of work results — job achievements — than

on personality traits. Results oriented appraisals tend to be more objective and worthwhile, especially for counselling and development purposes.

CHART 8.2.Methods of Performance Appraisal

	(A) Traditional Methods		**(B) Modern Methods**
1.	Straight Ranking Method	1.	Assessment Centre
2.	Man-to-man Comparison	2.	Appraisal by Results or Management by Objectives
3.	Method		
4.	Grading	3.	Human Asset Accounting Method
5.	Graphic Rating Scales		
6.	Forced Choice Description Method / Forced Distribution Method		
7.	Check Lists		
8.	Free Essay Method		
9.	Critical Incidents		
10.	Group Appraisal		
11.	Field Review		

A.   OLDER METHODS:

1.   Straight Ranking Method: It is the oldest and simplest method of performance appraisal, by which the man and his performance are considered as an entity by the rater. No attempt is made to fractionalize the ratee or his performance; the "whole man" is compared with the "whole man"; that is, the ranking of a man in a work group is *done* against that of another. The relative position of each man is tested in terms of his numerical rank. It may also be done by ranking a person on his job performance against that of another member of a competitive group by placing him as number one or two or three in total group, i.e., persons are tested in order of merit and placed in a simple grouping.

This is the simplest method of separating the most efficient from the least efficient; and relatively easy to develop and use. But the greatest

limitation of this method is that in practice it is very difficult to compare a single individual with human beings having varying behaviour traits. Secondly, the method only tells us how a man stands in relation to the others in the group but does not indicate how much better or worse he is than another. Thirdly;,the task of ranking individuals is difficult when a large number of persons are rated. Fourth, the ranking system does not eliminate snap judgements, nor does it provide us with a systematic procedure for determining the relative ranks of subordinates. To remedy this defect, the paired comparison technique has been evolved.

2.   Man-to-Man Comparison Method: This technique was used by the USA army during the First World War. By this method, certain factors are selected for the purpose of analysis (such as leadership, dependability and initiative), and a scale is designed by the rater for each factor. A scale of man is also created for each selected factor. The each man to be rated is compared with the man in the scale, and certain scores for each factor are awarded to him. In other words, instead of comparing a "whole man" to a "whole man," personnel are compared to the key man in respect of one factor at a time. This method is used in job evaluation, and is known as the factor comparison method. In performance appraisal, it is not of much use because the designing of scales is a complicated task.

3.   Grading Method: Under this system, the rater considers certain features and marks them accordingly to a scale. Certain categories of worth are first established and carefully defined. The selected features may be analytical ability, co-operativeness, dependability, self-expression, job knowledge, judgement, leadership and organising ability, etc. They may be: A - outstanding; B - very good; C - good or average; D - fair; E -poor; and - B (or B -) very poor or hopeless.The actual performance of an employee is then compared with these grade definitions, and he is allotted the grade which best describes his performance. Such type of grading is done in semester examinations and also in the selection of candidates by the public service commissions.

4.   Graphic or Linear Rating Scale: This is the most commonly used method of performance appraisal. Under it, a printed form, one for each person to be rated. According to Jucius, these factors are: employee characteristics and employee contribution. In employee characteristics axe included such qualities as initiative, leadership, co-cooperativeness, dependability, industry, attitude, enthusiasm, loyalty, creative ability, decisiveness, analytical ability, emotional ability, and co-ordination. In the employee contribution axe included the quantity and quality of work, the responsibility assumed, specific goals achieved, regularity of attendance, leadership offered, attitude towards superiors and associates, versatility, etc. These traits are then evaluated on a continuous scale, wherein the rather places a mark. Somewhere along a continum.

5.   Forced Choice Description Method: This method was evolved after a great deal of research conducted for the military services during World War II. It attempts to correct a rater's tendency to give consistently high or consistently low ratings to all the employees. The use of this method calls for objective reporting and minimum subjective judgement. Under this method, the rating elements are several sets of pair phrases or adjectives (usually sets of four phrases two of which are positive, two negative) relating to job proficiency or personal qualifications. The rater is asked to indicate which of the four phrases is most and least descriptive of the employee. The following statements are illustrative of the type of statements that are used:

   (a)   Makes little effort and individual instruction;
   (b)   Organises the work well;
   (c)   Lacks the ability to make people feel at ease;
   (d)   Has a cool, even temperament;
   (e) Is punctual and careful;
   (f)   Is a hard worker and co-operative;
   (g)   Is dishonest and disloyal;
   (h) Is overbearing and disinterested in work.

      In each illustration above, two of the above phrases are relatively favourable terms, while the other two are relatively unfavourable. The

favourable terms earn a plus credit, while unfavourable terms get no credit. The employee also gets plus credit if one of the negative phrases is checked as being least characteristic. The method has certain drawbacks such as while choosing two statements from each series, the rater is unable to introduce personal bias or halo effect, as only one of the favourable and of the unfavourable phrases in each series is related to success or failure on the job. Further, he also does not know how 'high' or 'low' he is evaluating the individual because he has no access to the scoring key. This increases the overall objectivity of this method.

However, this method is not clearly superior to traditional rating methods. Trained technicians are required to prepare sets of series for each occupational group. And most managers do not like to "rate in the dark." Further, such tests are expensive to develop, because of the particular job and company. Again, most of the raters become irritated with the tests because they are not being trusted. Finally, the results of evaluation do not prove useful for counselling and training purposes because the rater is ignorant of how he is evaluating the individual.

6.   Forced Distribution Method: This method was evolved by Joseph Tiffin after statistical work. This system is used to eliminate or minimise raters' bias, so that all personnel may not be placed at the higher end or at the lower end of the scale. It requires the rater to appraise an employee according to a pre-determined distribution scale. Under this system, it is performance and promo ability. For this purpose, a five-point performance scale is used without any descriptive statement. Employees are placed between the two extremes of 'good' and 'bad' job performances; for example, 10 per cent are placed at the top end of the scale, given superior or outstanding merit; 20 per cent given good rating (i.e., above the average); 40 per cent satisfactory (or average); 20 per cent fair; and 10 per cent unsatisfactory (or below average or poor). This forced distribution method assumes that, of the total personnel, 10 per cent must go to the top grade, 20 per cent to the second grade, 40 per cent to the middle grade, 20 per cent to the grade next to the lowest end of the scale, and 10 per cent of the lowest grade.

In addition to job performance, employees are rated for promotability. A three-point scale is often used for this purpose:

(a) Very likely promotional material;

(b) May or may not be promotional material; and

(c) Very unlikely to be promotional material.

The good point of this system is that by forcing the distribution in this manner, the problem of different appraisers using different parts of the scale is avoided. Second, this method tends to eliminate or reduce bias; but its use in wage administration leads to low morale and low productivity. Third, the method is highly simple to understand and very easy to apply in organisations.

7.   Checklist: Under this method, the rater does not evaluate employee performance; he supplies reports about it and the final rating is done by the personnel department. A series of questions are presented concerning an employee to his behaviour. The rater, then, checks to indicate if the answer to a question about an employee is positive or negative. The value of each question may be weighed equally or certain questions may be weighed more heavily than others. An example of a checklist is given below:

(1) Is the employee really interested in his job?   **Yes /no**

(2) Is he regular on his job?   **Yes /no**

(3) Is he respected by his subordinates?   **Yes /no**

(4) Does he show uniform behaviour to all?   **Yes /no**

(5) Does he keep his temper?   **Yes /no**

(6) Is he always willing to help other employees?   **Yes /no**

(7) Does he follow instructions properly?   **Yes /no**

(8) Does he give recognition and praise to employees

forwork done well?   **Yes /no**

(9) Is the equipment maintained in order?   **Yes /no**

(10) Does he ever make mistakes?   **Yes /no**

This method suffers from bias on the part of the rater because he can distinguish positive and negative questions. Secondly, a separate checklist must be developed for different classes of jobs. This process can be expensive

and time consuming. Thirdly, it is difficult to assemble, analyse, and weigh a number of statements about employee characteristics and contributions.

8.   Free Essay Method: Under this method, the supervisor makes a free form, open-ended appraisal of an employee in his own words and puts down his impressions about the employee. He takes note of these factors:

 (a) Relations with fellow supervisors and personnel assigned to him;

 (b) General organisation and planning ability;

 (c) Job knowledge and potential;

 (d) Employee characteristics and attitudes;

 (e) Understanding and application of company policies and procedures;

 (f) Production, quality and cost control;

 (g) Physical conditions; and

 (h) Development needs for future.

The description is always as factual and concrete as possible. No attempt is made to evaluate an employee in a quantitative manner.There are several advantages of this method. An essay can provide a good deal of information, especially if the supervisor is asked, for instance, to give two or three examples of each judgement he makes. The explanations will give specific information about the employee, and can reveal even more about the supervisor.

9.   Critical Incident Method: This method was developed following research conducted by the armed forces in the United States during World War II.

The essence of this system is that it that it attempts to measure workers' performance in terms of certain 'events' or 'episodes' that occur in the performance of the ratee's job. These events are known as *critical incidents.* The basis of this method is the principle that "there are certain significant acts in each employee's behaviour and performance which make all difference between success and failure on the job."

The supervisor keeps a written record of the events (either good or bad) that can easily be recalled and used in the course in the course of a periodical or formal appraisal. Feedback is provided about the incidents during performance review session. Various behaviours are recorded under such

categories as the type of job, requirements for employees, judgement, learning ability, productivity, precision in work, responsibility and initiative.

To give an illustration, a materials manager may be trained to look for and recognise the following critical incidents in a purchasing agent's performance.

(i) He treated salesman in a markedly discourteous fashion;

(ii) He helped a buyer to prepare an unusually difficult purchase order;

(iii) He persuaded a local vendor to stock a particularly important Material needed by the firm.

(iv) He rejected a bid that was excessively over-priced.

(v) He failed to return an important phone call; and

(vi) He improved the design of the internal material requisition form.

These critical incidents are discovered after a thorough study of the personnel working on a job. The collected incidents are then ranked in order of frequency and importance.

This method provides an objective basis for conducting a discussion of an individual's performance. Vague impression and general remarks are avoided, for the supervisor is trained to record accurately the actual incidents from the daily activities of an employee. This approach reduces the "recency" effect (most recent incidents get too much emphasis) of most performance ratings.

However, this method has significant limitations. These include: (i) Negative incidents and generally more noticeable than positive ones. (ii) The recording of incidents is a chore to the supervisor and may be put off and easily forgotten. (iii) Very close supervision may result, which may not be to the liking of an employee. (iv) Managers may unload a series of complaints about incidents during an annual performance review session. The feedback may be too much at one time and appear as a punishment.

10. **Group Appraisal Method:** Under this method, employees are rated by an appraisal group, consisting of their supervisor and three or four other supervisors who have some knowledge of their performance. This supervisor explains to the group the nature of his subordinates' duties. The group then

discusses the standards of performance for that job, the actual performance of the job-holder, and the causes of their particular level of performance, and offers suggestions for future improvement, if any.

The advantage of this method is that it is thorough, very simple and is devoid of any bias, for it involves multiple judges. But it is very time-consuming.

11.   Field Review Method: Under this method, a trainer employee from the personnel department interviews line supervisors to evaluate their respective subordinates. The appraiser is fully equipped with definite test questions, usually memorised in advance, which he puts to the supervisor. The supervisor is required to give his opinion about the progress of his subordinates, the level of the performance of each subordinate, his weaknesses, good points, outstanding ability, promotability, and the possible plans of action in cases requiring further consideration. The questions are asked and answered verbally. The appraiser takes detailed notes of the answers, which are then approved by the supervisor and placed in the employee's personal folder. The success of this system depends upon the competence of the interviewer. If he knows his business, he can contribute significantly to a reasonably accurate appraisal. Moreover, he keeps the supervisor on his toes by this evaluation and minimises bias and prejudice on his part.

This system is useful for a large organisation, and does not suffer from the weaknesses which are evident in other systems. The over-all ratings are obtained by largely using a three-way categorisation, viz., outstanding, satisfactory and unsatisfactory. It relieves the supervisor of the need for filling out appraisal forms. The main defect is that it keeps two management representatives busy with the appraisal.

(B) NEWER OR MODERN OF APPRAISAL AND CAREER DEVELOPMENT

As we have seen, most traditional methods emphasise either on the task or the worker's personality, while making an appraisal. In order to bring about

a balance between these two, modern methods have been developed. Of such methods, the most important are:

1. Appraisal by Results or Management by Objectives
2. Assessment Centre Method
3. Human Asset Accounting Method.

1.   APPRAISAL BY RESULTS OR MANAGEMENT BY OBJECTIVES (MBO): This method has been evolved by Peter Drucker. MBO is potentially a powerful philosophy of managing and an effective way for operationalising the evaluation process. It seeks to minimise external controls and maximise internal motivation through joint goal setting between the manager and the subordinate and increasing the subordinate's own control of his work. It strongly reinforces the importance of allowing the subordinate to participate actively in the decisions that affect him directly.

Management by objectives can be described as "a process whereby the superior and subordinate managers of an organisation jointly identify its common goals, define each individual's major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contributions of each of its members.

From another point of view, MBO has been defined as: (1) a system approach to managing and organisation, where those accountable for directing the organisation first determine where they want to take the organisation; (2) a process requiring and encouraging all key management personnel to contribute their maximum to achieving the overall objectives; (3) an effort to blend and balance all the goals of all key personnel; and (4) an evaluation mechanism.

Objectives of MBO: MBO has an objective in itself. The objective is to change behaviour and attitudes towards getting the job done. In other words, *it is results-oriented; it is performance that counts. It is management system and philosophy that stress goals rather than methods*. It provides responsibility and accountability and recognises that employees have needs for achievement and self-fulfilment. It meets these needs by providing opportunities for

participations in goal-setting process. Subordinates become involved in planning their own careers.

2.   ASSESSMENT CENTRE METHOD: The Assessment centre concept was initially applied to military situations by Simoniet in the German Army in the 1930s and the War Office Selection Board of the British Army in the 1960s. The purpose of this method was and is to test candidates in a social situation, using a number a assessors and a variety of procedures. The most important feature of the assessment centre is job-related simulations. These stimulations involve characteristics that managers feel are important to the job success. The evaluators observe and evaluate participants as they perform activities commonly found in these higher level jobs.

Under this method, many evaluators join together to judge employee performance in several situations with the use of a variety of criteria. It is used mostly to help select employees for the first level (the lowest) supervisory positions. Assessments are made to determine employee potential for purposes of promotion. The assessment is generally done with the help of a couple of employees and involves a paper-and-pencil test, interviews and situational exercises. Some of the other features of this system are:

(i)   The use of situational exercises (such as an in-basket exercise, business game, a role-playing incident and leaderless group discussion);

(ii)   Evaluators are drawn from experienced managers with proven ability at different levels of management.

(iii) They evaluate all employees, both individually and collectively, and each candidate is given one of the three categories: more than acceptable; less than acceptable and unacceptable;

(iv)   A summary report is prepared by the members, and a feedback on the face-to-face basis is administered to all the candidates who ask for it.

The Assessment Centres generally measure interpersonal skills and other aspects such as: organising and planning; interpersonal competence (getting along with others), quality of thinking, resistance to stress, orientations (motivations) to work, dependence on others, other community communication and creativity. The ability to organise, plan and make

decisions, as in basket simulations and scores obtained on paper and pencil, psychological tests, are important to the overall assessment score.

Procedure: The Assessment centre programme commonly used follows. This procedure, First, a leadership group is established; each member supporting a predefined position, but the group must arrive at consensus. Then a task force is used with an appointed leader, who decides on a course of action. Simulation games and in-basket exercises are used to test organisational and planning abilities. Oral report is made by the candidate, which tests his communication skills and straight into job's present position. Personal interviews and projective tests are used to assess work motivation, career orientation, and dependence on others. Paper and pencil tests measure intellectual ability.

3.   HUMAN ASSET ACCOUNTING METHOD: The   human   asset accounting method refers to activity devoted to attaching money estimates to the value of a firm's internal human organisation and its external customer goodwill. If able, well-trained personnel leave a firm, the human organisation is worthless; if they join it, its human assets are increased. If distrust and conflict prevail, the human enterprise is devalued. If teamwork and high morale prevail, the human organisation is a very valuable asset.

The current value of a firm's human organisation can be appraised by developed procedures, by undertaking periodic measurements of "key casual" and "intervening enterprise" variables. They key casual variables include the structure of an organisation's management policies, decisions, business leadership, strategies, skills and behaviour. The intervening variables reflect the internal state and health of an organisation. They include loyalties, attitudes, motivations, and collective capacity for effective interaction, communication and decision-making. These two types of variable measurements must be made over several years to provide the needed data for the computation of the human asset accounting.

CHECK YOUR PROGRESS

Q2. Lsit the methods of Performance Appraisal.

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8.4 PROMOTIONS

8.4.1. Concept

"Promotion " is a term which covers a change and calls for greater responsibilities, and usually involves higher pay and better terms and conditions of service and, therefore, a higher status or rank.

According to Scoot and Clothier: "promotion is the transfer of an employee to a job which pays more money or none that carries some preferred status."

A promotion may be defined as an upward advancement of an employee in an organization to another job, which commands better pay/wages, better status/prestige, and higher opportunities/challenges, responsibility, and authority, better working environment, hours of work and facilities, and a higher rank.

Promotion is a bit different from upgrading, which is concerned with minor promotions, promotions within grade or horizontal promotions

8.4.2. PURPOSE OF PROMOTIONS

A promotion is a vertical move in rank and responsibility. Involved in a promotion may be some measure of skill; and responsibility, e.g., it may be from a machinist B grade to a machinist A grade, or it may involve an entirely different type of work, for example, from salesman to a sales manager or from a fitter Grade III to fitter Grade II, or from a clerk to the post of a section in-change. Promotions are usually given:

(i) To put the worker in a position where he will be of greater value to the company and where he may derive increased personal satisfaction and income from his work;

(ii) To remove a worker from his job as an alternative to avoid the embarrassment of firing or demoting him;

(iii) To recognize an individual's performance and reward him for his work so that he may have an incentive to forge ahead. Employees will have little motivation if better jobs are reserved for outsiders;

(iv) To increase an employee's organizational effectiveness;

(v) To build up morale, loyalty, and a sense of belonging on the part of the employees when it is brought home to them that they would be promoted in they deserve it;

(vi) To promote job satisfaction among the employees and give them an opportunity for unbroken, continuous service;

(vii) To provide a process of "selective socialization." Employees whose personalities and skills enable them to fit into an organization's human relations programme tend to stay on; while those whose personalities with those of the organization clash tend to leave;

(viii) To attract suitable and competent workers for the organization;

(ix) To create among employees a feeling of contentment with their present conditions and encourage them to succeed in the company.

Watkins, Dodd and others mention that purposes of promotion are:

(a) To furnish an effective incentive for initiative, enterprise an ambition;

(b) To conserve proved skill, training and ability;

(c) To reduce discontent and unrest;

(d) To attract suitable and competent workers; and

(e) To suggest logical training for advancement.

As Yoder and other observe, "promotion provides incentive to initiative, enterprise, and ambition; minimizes discontent and unrest; attracts capable individuals; necessitates logical training of advancement and forms an effective reward for loyalty and co-operation, long service, etc."

Promotions have a salutary effect on the satisfaction of the promoted person's needs for esteem, belonging and security. They also afford an opportunity for greater self-actualization through more varied and challenging assignments.

8.4.3. Types of Promotions

Promotions may be multiple chain promotions which provide for a systematic linking of each position to several others. Such promotions identify multi-promotional opportunity through clearly defined avenues of approach to and exit from each position in the organization.

In an up or out promotion, a person must either earn a promotion or seek employment in many universities and elsewhere. Many universities and other organizations follow this practice. Such promotions often lead to termination of services.

Dry promotions are those which are given in lieu of increases in compensation, i.e., when all compensation is adjusted upward to keep pace with the cost of living we have dry promotions.

Promotions becomes a delicate problem not in the matter of selection of the right incumbent for the right job, but it poses a constant challenge to executives at all levels and impels them to chalk or a well-though –out programme by which the best and the most capable individuals may find an opportunity to go up to the top. The procedure for promotion, therefore, starts righty at the bottom from the shop floor and ends with the managing director of a company.

All promotions should be on a trial basis (from 6 months to one year) for if the promoted person is not found capable of handling his job, he may be reverted to his former post and former pay scale.

CHECK YOUR PROGRESS

Q3. How would you define Promotions?

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8.5 TRANSFERS

Yoder and associates have defined transfer as "a lateral shift causing movement of individuals from one position to another usually without involving any marked change in duties, responsibilities, skills needed or compensation."

A transfer is a horizontal or lateral movement of an employee from one job, section, department, shift, plant or position to another at the same or another place where his salary, status and responsibility are the same. It generally does not involve a promotion, demotion or a change in job status other than movement form one job or place to another

8.5.1. Purposes of Transfers

Transfers are generally affected to build up or more satisfactory work team and to achieve the following purposes:

(a) To satisfy such needs of an organisation as may arise out of a change in the quantity of production, fluctuations in work requirements, and changes in the organisational structure; the introduction of new lines of production, the dropping of existing product lines, the reallocation of, or reduction in the work force due to a shortage or a surplus in the same section so that lay-offs may be avoided; filling in of the vacancies which may occur because of separations or because of the need for suitable adjustments in business operations. Such transfers are known as production transfers, flexibility transfers, or organisational transfers. The purpose of such transfers is to stabilise employment in an organisation. They are generally controlled centrally through and by the personnel department.

(b) To meet an employee's own request, when he feels uncomfortable non the job because of his dislike of his fellow workers, or because better opportunities for his future advancement do not exist there, or because   of

family circumstances which may compel him to change the place of his residence. Such transfers generally have their root in faulty selection and erroneous placement, and are known as personal transfers. They enable employees to feel at home in the work of their choice.

(c) To utilise properly the services of an employee when he is not performing satisfactorily and adequately and when the management feels that he may be more useful or suitable elsewhere, where his capacities would be better utilised. Such transfers are called remedial transfers. They act as follow-up measure of the selection-and-placement procedure and help employees to adjust themselves to suitable jobs.

(d) To increase the versatility of the employee, by shifting him from one job to another so that he may have ample opportunities for gaining a varied and broader experience of work. Such transfers are known as versatility transfers. They make it possible for an employee to enjoy the facility of job enrichment, which in turn gives to the management a more effective and experienced employee for higher job.

(e) To adjust the work force of one plant with that of another particularly when one is closed down for reasons beyond the control of the employer. Such transfers are known as plant transfers and are generally effected on humanitarian grounds to ensure that persons who have been long in service of an organisation are not thrown out of employment.

(f) To replace a new employee by an employee who has been in the organisation for a sufficiently long time. Such transfers are known as replacement transferred from night shift to morning shift or from the first to the second shift (as in the case of women workers who may like to look after their children and do the necessary domestic work in the morning hours). Such transfers are known as shift transfers.

(g) To help employees work according to their convenience so far as timings are concerned; for example, an employee is transferred from night shift to morning shift or from the first to the second shift (as in the case of women workers who may like to look after their children and do the necessary

domestic   work in the morning hours). Such transfers are known as shift transfer.

(h) To penalise the employee transfers are also done, under which either a difficult trade union activist or intriguer or sealawyer may be transferred to a remote branch or office   where he cannot continue his activities. In Government organisations, this practice is widespread, and is also preferred by the employee to the grim alternative of disciplinary action.

(i) Transfers for the maintenance of a tenure system. In senior administrative services of the Government and also in industries, or where there is a system of annual intake of management trainees such transfers are common. Here the employee holds a certain job for a fixed tenure but he is made to move from job to job with a view to enabling him to acquire a variety of experience and skills and also to ensure that he does not get involved in politicking informal groups.

8.5.2. Procedure of Transfers

Intra-departmental transfer or transfers within the same section of the same department are decided by the foreman or plant manager, and these are affected without the issue of any transfer order to the employee. He may be given oral instructions. The personnel manager, however, must be informed of such transfers.

Inter-departmental transfers or transfers from one department to another are decided by mutual consultations among the departmental heads/plant managers when such transfers are of a permanent nature or of long duration. Written orders, signed by the personnel manager are issued to the employee.

Transfers from one place or unit to another place or unit, involving a considerable change in working conditions and cost to the company, have to be made in writing, after giving due notice to the employees. But, as far as possible, such transfers are generally discouraged.

CHECK YOUR PROGRESS

Q4. What are the procedures of transfers?

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8.6 GRIEVANCES

There is hardly a company or an industrial concern which functions absolutely smoothly at all times. In some, the employees have complaints against their employers, while is others it is the employers who have a grievance against their employees. These grievances may be real or imaginary, valid or invalid, genuine or false. Broadly speaking, a complaint affecting one or more workers constitutes a grievance. The complaint may relate to the quantum of wages, the mode of payment, payment for overtime work, leave, interpretation of service agreements, working conditions, promotions, seniority, transfers, work assignments, dismissal or discharge, or a complaint against a foreman, against the quality of the plant or the parts used in it, machinery, or the food available in the canteen. "Where the points at dispute are of a general applicability or are of a considerable magnitude, they fall outside the scope of this procedure, that is, the grievance handling procedure."

8.6.1. What is a Grievance?

It is rather difficult to definite a grievance. Personnel experts, however, have attempted to distinguish between *dissatisfaction, complaint, and grievance*. Generally speaking, dissatisfaction is any state or feeling of dissatisfaction which is orally made known by one employee to another is known as a complaint. A complaint becomes a grievances when this dissatisfaction, which is mostly related work, is brought to the notice of the management.

Sometimes this definition is modified to include the fact that a complaint should be in writing and not expressed verbally. Some organisations understand the word grievance in a broader sense; they insist that a complaint should be processed through normal *grievance* procedure channels. The word *grievance* has, therefore, been variously defined by different authorities.

Dale Yoder, for example, defines it as "a written complaint filed by an employee and claiming unfair treatment."[1] Keith Davis, on the other hand, defines it as "any real or imagined feeling of personal injustice which an employee has concerning his employment relationship."[2]

According to Jucius, " a grievance is any discontent or dissatisfaction, whether expressed or not, whether valid or not, arising out of anything connected with the company which an employee thinks, believes or even feels to be unfair, unjust or inequitable."[3]Pigors and Myers observe that the three terms_ dissatisfaction, complaint and grievances_ indicate clearly the nature of dissatisfaction. According to them, *dissatisfaction* is anything that disturbs and employee, whether he expresses it in words or not. A *complaint* is a spoken or written dissatisfaction which is brought to the notice of the management or trade union representatives.

A grievance, on the other hand, is simply a complaint which has been ignored, over-ridden or, in the employee's opinion, dismissed without consideration; and the employee feels that an injustice has been done, particularly when the complaint was presented in writing to a management representative or to a trade union official.

Beach ha defined a grievance as "any dissatisfaction or feeling of injustice in connection with one's employment situation that is brought to the notice of the management" A grievance is sometimes described as "anything which an employee thinks or feels is wrong, and is generally accompanied by an actively disturbing feeling."

Flippo says: "It (the grievance) is usually more formal in character than a complaint. It can be valid or ridiculous, and must grow out of something connected with company operations or policy. It must involve an interpretations or application of the provisions of the labour contract."

The International Labour Organization defines a grievance as "a complaint of one or more workers in respect of wages, allowance, conditions of work and interpretation of service stipulations, covering such areas as overtime, leave, transfer, promotion, seniority, job assignment and termination of service."

In the opinion of the National Commission on Labour, "Complaints affecting one or more individual workers in respect of wage payments, overtime, leave, transfer, promotion, seniority,, work assignment and discharges constitutes grievances."

On an analysis of these various definitions, it may be noted that:

(i) Grievance is word which covers dissatisfaction and which has one or more of the following characteristics:

    (a) It may be unvoiced or expressly stated by an employee;

    (b) It may be written or verbal;

    (c) It may be valid and legitimate, untrue or completely false, or ridiculous, and

    (d) It may arise out of something connected with the organization or work.

(ii) An employee feels that an injustice has been done to him.

In other words, *grievances are feelings, sometimes real, sometimes imagined, which an employee may have in regard to his employment situations.*

Whether there is any discontent among employees, it is bound to result in a turmoil which may affect the interests of the management very adversely. Grievances generally give rise to unhappiness, frustration, discontent, indifference to work, poor morale: and they ultimately lead to the inefficiency of workers and low productivity. A personnel administrator should, therefore, see to it that grievances are redressed at the earliest possible moment, failing which the whole edifice of the organization may tumble down. He must know and understand the causes which lie behind grievances, and how these may be straight. He should assist the foreman and supervisor and other members of the line staff to ensure that grievances are properly handled by them.

8.6.2. Causes or sources of Grievances

From a practical point of view, it is probably easier to list those items that don't precipitate grievances than to let the ones that do. Just about any factor involving wages, hours or conditions of employment has and can be used on the basis of grievance.

An employee is dissatisfied and harbours a grievance when he feels that there has been an infringement of his rights, that his interests have been jeopardised. This sense of grievance generally arises out of misinterpretation or misapplication of company policies and practices.

Calhoon observes: "Grievances exist in the minds of individuals, are produced and dissipated by situations, are fostered or healed by group pressure, are adjusted or made worse by supervisors, and are nourished or dissolved by the climate in the organization which is affected by all the above factors and by the management."

Bethel and others have given typical examples of workers' grievances. These are:

(i)   Connecting Wages: (a) Demand for individual adjustment; the worker feels that he is underpaid; (b) Complaints above incentives; piece rates are too low or too complicated; (c) Mistakes in calculating the wages of a worker.

(ii) Connecting Supervision: (a) Complaints against discipline; the foreman picks of him; inadequate instructions given for job performance; (b) Objections to having a particular foreman; the foreman playing favourite; the foreman ignores complaints; (c) Objections to the manner in which the general methods of supervision are used: there are too many rules; regulations are not clearly posted; supervisors indulge in a great deal of snooping.

(iii) Concerning Individual Advancement: (a) Complaint that the employee's record of continuous service has been unfairly broken; (b) Complaint that the claims of senior person have been ignored; that seriously has been wrongly determined; that younger workers have been promoted ahead of older and more experienced employees; (c) Charges are made that

disciplinary discharge or lay-off has been unfair; that the penalty is too severe for the offence that is supposed to have been committed, that the company wanted to get rid of the employer; hence the charges against him.

(iv) General Working Conditions: (a)Complaints about toilet facilities been inadequate; about inadequate and/or dirty lunch rooms; (b)Complaints about working conditions; dampness, noise, fumes and other unpleasant or unsafe conditions, which can be easily corrected; overtime is unnecessary; an employee loses too much time because materials are not supplied to him in time.

(v) Collective Bargaining: (a) The company is attempting to undermine the trade union and the workers who belong to that union; the contract with labour has been violated; the company does not deal effectively or expeditiously with union grievance; (b) The company does not allow the supervisors to deal with, and settle, the grievances of the employees; (c) The company disregards precedents and agreements already arrived at with the workers and/or their trade union.

In a study undertaken by S. Chandra, the following causes have been given of employee grievances:

(i) Promotions; (ii) amenities; (iii) Continuity of service; (iv) compensation; (v) Disciplinary action; (vi) Fines; (vii) Increments; (viii) Leave; (ix) Medical benefits; (x) Nature of the job; (XI) Payment of wages; (xii) Acting promotion; (xiii) Recovery of dues; (xiv) Safety appliance; (xv) Superannuation; (xvi) Supersession; (xvii) Transfer; (xviii) Victimisation; and (xix) Condition of work.

To sum up, employees grievances may be due to;

(i) Demands for individual wage adjustments;

(ii) Complaints about the incentive system;

(iii) Complaints about the job classifications;

(iv) Complaints against a particular foreman;

(v) Complaints concerning disciplinary measures and procedures;

(vi) Objections to the general methods of supervision;

(vii) Loose calculation and interpretation of seniority rules, and unsatisfactory interpretation of agreements;

(viii) Promotions;

(ix) Disciplinary discharge or lay-off;

(x) Transfer for another department or another shift;

(xi) Inadequacy of safety and health services/devices;

(xii) Non-availability of materials in time;

(xiii) Violation of contracts relating to collective bargaining;

(xiv) Improper job assignment; and

(xv) Undesirable or unsatisfactory conditions of work.

The management, too, has grievances against its employees. These concerns are:

(i) Indiscipline;

(ii) Go slow tactics;

(iii) Non-fulfilment of the terms of the contracts signed between the management and the workers of their trade union;

(iv) Failure of the trade union to live up to its promises to the management;

(v) Questionable methods adapted by trade uni0ons to enlist   members;

(vi) Trade union rules which conflict with the terms of contract   arrived at between a trade union and the management;

(vii) Trade union rules which conflict with the terms of contract   arrived at between a trade union and the management;

(vii) Irresponsible charges made against the management by trade union leaders in the form of statements to the press, or leaflets, or public speeches.

It should be noted that some grievances are more serious than other since they are usually more difficult to settle. Discipline cases and seniority problems (including promotions, transfer, and lay-offs) would to p this test. Others would include grievances growing out of job evolution and work assignments, overtime, vacations, incentive plans and holidays.

CHECK YOUR PROGRESS

Q5. Discuss the causes of Grievances**.**

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8.7. DISCIPLINARY ISSUES

8.7.1. What is discipline?

According to Dr. Spriegel, "Discipline is the force that prompts an individual or a group to observe the rules, regulations and procedures which are deemed to be necessary to the attainment of an objective; it is force or fear of force which restrains an individual or a group from doing things which are deemed to be destructive of group objectives. It is also the exercise of restraint or the enforcement of penalties for the violation of group regulations." "Discipline in the broad sense means orderliness- the opposite of confusion.... It does not mean a strict and technical observance of rigid rules and regulations. It simply means working, co-operating, and behaving in a normal and orderly way, as any responsible person would expect an employee to do."

"Discipline may be considered as a force that prompts individuals or groups to observe the rules, regulations and procedures which are deemed to be necessary for the effective functioning of an organisation."
"Discipline, used as a noun and preceded by the adjective 'good', means that the worker willingly abides by company rules and executive order..." Disciplinary action or to be in 'discipline' means that steps are taken to correct disobedience and, if possible, its cause."

Webster's Dictionary gives three meaning of the discipline. "First, it is the training that corrects moulds, strengthens or perfects. Second, it is control

gained by enforcing obedience. The third meaning is punishment or chastisement."

Ordway Tead observes: "Discipline is the orderly conduct of affairs by the members of an organisation who adhere to its necessary regulations because they desire to co-operate harmoniously in forwarding the end which the group has in view and willingly recognise that , to do this their wishes must be brought into a reasonable unison with the requirements of the group in action."

The simple definition of discipline may be that it is a process of training a worker so that he can develop self-control and can become more effective in his work. It is an attitude of mind, a product of culture and a particular environment which impels an individual to willingly co-operate in the observance of the rules of the organisation so which he belongs. This conformity and willingness to work for the objectives of his organisation have to come from within, through at times they may have to be imposed by an external agency. The purpose of this imposed disciplinary process is the development and furtherance of the type of performance from the individual worker that will e conductive to the achievement of organisation goals.

On the basis of various definitions cited above, the main characteristics of discipline may be noted:

(i) It is a determinative and positive willingness which prompts individuals and groups to carry out the instructions that have been issued, and abide by the rules of conduct and the standards of work which have been established to ensure the successful attainment of organisational goals.

(ii) It is a negative approach which encourages individuals to undertake some activities and which restrains them form undertaking other.

(iii) It is a punitive or big stick approach which imposes a penalty or punishment if the rules and regulations, which have been laid down by an organisation, are ignored or disobeyed.

The disciplining of a worker is related to the conditioning process. It is desirable for the worker to act in a certain way when a specific set of conditions prevails, and the worker is encouraged to perform accordingly.

8.7.2. Causes of Indiscipline and Misconduct

In order to understand the causes of indiscipline and consequent friction in an establishment or factory, the whole problem needs to be analysed not only in terms of specific individuals or groups, but also in terms of the actual situation and the underlying motives behind an act of indiscipline.

Discipline is the result of a training body and mind by which a person subjects himself to someone's authority for his own development and advantage. The rules of discipline, which a person is called upon to accept, must not, however, violate the rights of the individual. These rights are:

(a) The right of every man to be treated as an individual and respected as a person;

(b) the right of every man to have a voice in his own affairs, which includes his right to contribute, to the best of his ability, to the solution of common problems;

(c) the right of every individual to have a recognition of his contribution to the common good;

(d) The right of every person to develop his highest abilities and to make us of them;

(e) The right of every man to justice and fair play;

(f) The right to get fair wages for the work he has done; and

(g) The right to security of service.

These rights place certain implied obligations on the employers. They should:

(a) Provide measures which would ensure conditions of safety for the employee as well as good and healthy working conditions for him;

(b) Provide the worker with work, raw material, tools and equipment, and give him effective means for the realisation of his goals and aspirations;

(c) Pay a reasonable wage to the employee for the work he does, which shouldbe in terms of his contract of service;

(d) Ensure that their business is conducted strictly in accordance with the laws of the country; and

(e) Indemnify the employee for all the liabilities or losses or expenses he has incurred in consequence of his obedience of his employer's orders or in the effective performance of his duties.

CHECK YOUR PROGRESS

Q6. Write down the causes of Indiscipline.

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8.8 SUMMARY

Most companies have some formal or informal means of appraising their employees' performance. Performance appraisal means evaluating an employee's current and/or past performance relative to his or her performance standards. Based on which promotionsand transfers are to be made. Thus in this chapter, you have learned about performance appraisal and its methods. Also you have been apprised about the various causes or sources of grievances and misconduct in the organisation.

8.9 GLOSSARY

- **Performance Appraisal:** A meeting between a manager and one of his or her employees to let the employees know how effectively he or she has met company standards, and to let the manager know how well he or she is doing in hiring and training employees.
- **Transfers:** A transfer is a relocation of an employee to the same class in a different department or job site or to a related classification within the same salary range.
- **Promotion:** A promotion is the appointment of a current, active classified employee ("employee") to a position in a higher salary range than the one to which the employee is presently assigned. A promotion is also advancement to a position that requires performing accountabilities of

significantly increased complexity or responsibility. Most promotions will occur as a result of a job posting.

- **Grievance:** A grievance may be any genuine or imaginary feeling of dissatisfaction or injustice which an employee experiences about his job and its nature, about management policies and procedures.

- **Discipline:** Discipline in the workplace is the means by which supervisory personnel correct behavioural deficiencies and ensure adherence to established company rules. The purpose of discipline is correct behaviour. It is not designed to punish or embarrass an employee.

8.10 ANSWERS TO CHECK YOUR PROGRESS

1) Performance Appraisal is defined as a "process of estimating or judging the value, excellence, qualities or status of some object, person or thing." (Refer 8.3)

2) (A) Traditional Methods: (i) Straight Ranking method (ii) Man-to-Man Comparison Method (iii) Grading (iv) Graphic Rating Scales (v) Forced Choice Description Method (Vi) Forced Distribution Method (vii) Check lists (viii) Free Essay Method (ix) Critical Incidents (x) Group Appraisal (xi) Field Review (B) Modern Methods: (i)   Assessment Centre (ii) Appraisal by Results or Management by Objectives (iii) Human Asset Accounting Method

3) "Promotion " is a term which covers a change and calls for greater responsibilities, and usually involves higher pay and better terms and conditions of service and, therefore, a higher status or rank. (refer 8.4.1)

4) *Intra-departmental transfer* or transfers within the same section of the same department are decided by the foreman or plant manager, and these are affected without the issue of any transfer order to the employee. He may be given oral instructions. The personnel manager, however, must be informed of such transfers. *Inter-departmental transfers* or transfers from one department to another are decided by mutual consultations among the departmental

heads/plant managers when such transfers are of a permanent nature or of long duration. Written orders, signed by the personnel manager are issued to the employee.

5)   (i) Demands for individual wage adjustments;
        (ii) Complaints about the incentive system;
        (iii) Complaints about the job classifications;
        (iv) Complaints against a particular foreman;
        (v) Complaints concerning disciplinary measures and procedures;
        (vi) Objections to the general methods of supervision;
        (vii) Loose calculation and interpretation of seniority rules, and unsatisfactory interpretation of agreements;
        (viii) Promotions;
        (ix) Disciplinary discharge or lay-off;
        (x) Transfer for another department or another shift;
        (xi) Inadequacy of safety and health services/devices;
        (xii) Non-availability of materials in time;
        (xiii) Violation of contracts relating to collective bargaining;
        (xiv) Improper job assignment; and
        (xv) Undesirable or unsatisfactory conditions of work.

6) In order to understand the causes of indiscipline and consequent friction in an establishment or factory, the whole problem needs to be analysed not only in terms of specific individuals or groups, but also in terms of the actual situation and the underlying motives behind an act of indiscipline.

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8.12 TERMINAL QUESTIONS

Q1. What is the purpose of performance appraisal tools?

Q2. Discuss the pros and cons of performance appraisal tools.

Q3. What are the purposes of promotions? Also discuss the types of promotions.

Q4. Discuss in detail the purposes of transfers.

Q5. What is a grievance? Elaborate upon the various causes of grievances.

BLOCK 3: INTRODUCTION TO ORGANIZATIONAL BEHAVIOUR

UNIT 9: MEANING, DEFINITION AND IMPORTANCE OF ORGANIZATIONAL BEHAVIOR

Structure:

9.1   Introduction

9.1   INTRODUCTION

The importance of organizations has attracted the attention of a wide assortment of intellectuals leading to the emergence of a wide, important, and distinctive field of organizational study and research, known as "Organizational Behavior". The science of OB has developed by using general concepts and then altering their application to a particular situation. In an organization there is a need for harmonious relationship among people and processes, which make it up. To attain organizational efficiency and effectiveness management must understand problems involving the elements of organization like people and structure and managers need to develop their interpersonal skill. Organization behavior (OB) is a field of study that investigates the impact that individuals, group and structure have on behavior

within organization. OB offers both challenges and opportunities for managers.

9.2   OBJECTIVES

The unit will enable you to:
- Understand the meaning and definition of organization and its elements.
- Gain insights on the Organizational Structure.
- Acquire the complete knowledge of concept of organization behavior.
- Role of behavior science to study organizational behavior.
- Understand the challenges and opportunities for organization behavior.

9.3 CONCEPT OF ORGANISATION

Organizations have existed for as long as people have worked together. Organization is a group of people working together, cooperatively under "authority" towards achieving goals and objectives that mutually benefit the participants and the organization. Managers get things done through other people. They make decisions, allocate resources and direct the activities of others to attain goals. All managers perform the management functions like: Planning, Organizing, Directing / Leading, Controlling and Staffing. Managers do their working an organization.

Organizations have existed in some form or the other since the advent of human development. Organizations emerge and exist in the society. However for management purposes it is vital to have an understanding about organizations. Because organizational behavior and behavior of the people working in the organization are interrelated. Organizations are groups of people who work independently towards some purpose.

Organization consists of people who interact with each other to achieve a set of goals. Hence organization can be defined as human group deliberately and consciously created for the attainment of certain goals with rational co-ordination of closely relevant- activities. The characteristics of an organization are:
- Each organization has some objectives or set of objectives.

- It is a group of people who are interrelated.
- Relationship between organization and   its members is contractual.
- In the organization there is a coordination of closely relevant acclivities of the members and all members contribute to commonly agreed goals.
- Each organization has a definite structure where in various individual are fitted.
- Every organization has some specified norms and standards of behavior.

These characteristic differentiate an organization from other social organization like family, clan, community etc. Such characteristics are important from the point of view of management. There are three kinds of work which must be performed whenever an organization comes into being viz. Division of Labour, Combination of Labour and Co-ordination.

Organization Process

The organization process is the forming of structural interpersonal relationship. In this process, the manager differentiates and integrates the activities of his organization.

Differentiation is the process of departmentalization or segmentation of activities on the basis of some homogeneity. Integration is the process of achieving unity of effort among various departments (segments or subsystems). The process of organization involves the following steps:

- Determination of organizational goals or objectives.
- Determination of task requirements to achieve the goal.
- Division of tasks in to different jobs to find out how many personnel will be needed to complete the task.
- Grouping of jobs in to departments to take advantage of specialization and efficiency.
- Selection of personnel to fill the jobs.
- Assignment of work positions to the individuals.
- Granting the authority to the people to carry out the duties of their jobs.
- Determination of superior subordinate relationship.
- Determining span of management.

- Setting up co-ordination mechanism.

9.4 ORGANIZATIONAL THEORY

To attain organizational efficiency and effectiveness management must understand problem involving the elements like people, structure and change. The theory is a systematic grouping of interrelated principles. Theory is the study of structure, functioning, and individuals within them. Organization theory contains philosophical assumptions and value orientations regarding the nature of human behavior. It provides the ground for management activities in a number of significant areas of organizations behavior. There are three types of organizational theory developed during the last hundred years.

Classical Theories

During the late 18th century certain concepts about *bureaucracy, administrative theory* and *scientific management* were developed. These concepts came to be known as the Classical Theories, which described an organization as "the structure of relationships, power, objectives, roles, activities, communications and other factors that exist when persons work together".

Classical Organization Theory presents two distinct steams: Scientific Management stream and Administrative Management stream. Scientific Management theory was primarily concerned with problems at operation level, not on managerial process, while Administrative theory viewed the organizational problems from the top level.

1) Bureaucracy: Max Weber, a German social scientist is regarded as the father of bureaucracy. The features of bureaucracy included:

- **Rules and Regulations**- These are formally fixed and specify the official duties in a given structure. The position of authority is formally distributed in order to give commands for discharging duties. Within the framework of rules, the behavior is subjected to controls.
- **Hierarchy**- A common feature among all bureaucracies, hierarchy is established by delegating power and authority. This starts from the top and goes down the ladder according to laid down procedures.

- **Recruitment**- Qualifications are prescribed for recruitment. Training is a mode for importing skills and job security is ensured in conformity with rules. The duties, responsibilities and reporting relationships are structured in a command hierarchy.

    There are also opportunities for specialization and a certain amount of stability is provided through a bureaucratic organizational structure. There are certain drawbacks also in a bureaucratic structure:

- Rules and regulations are rigid. This inflexibility deters the pace of change or reacting to crisis situations.
- Functions are directed in mechanical way with no scope for human relations or emotions.
- Inordinate delays occur in decision making and implementation because of hierarchical functioning and rigid procedures.

2) Administrative Theory: Fayol was father of Administrative Management Theory. He has given fourteen principles of management.

- **Division of work**-To attain higher productivity, work must be entrusted to specialists in related fields.
- **Authority & Responsibility** -Formal authority is derived from manager's official position and responsibility is closely related to authority.
- **Unity of Command**- To reduce confusion and conflicts, each employee should receive instructions from only one superior.
- **Subordination** of individual interests to common interests is needed,
- **Remuneration –** Remuneration paid to the personnel should be fair.
- **Discipline**- It means obedience to authority, observance of the rules of services; respect for agreement, superiors; sincere efforts for completing given jobs etc.
- **Unity of Direction**-It implies one head and one plan for a group of activities having the same objectives.

- **Centralization**- It means reservation of authority at certain limited points. The management must decide the degree of centralization or decentralization of the authority on the basis of nature of circumstances.
- **Scalar chain**- It means the hierarchy of authority from the highest executive to the lowest one for the purpose of communication.
- **Order**- It is related to the arrangement of things and people.
- **Equity**- It means equality, of fair treatment and justice.
- **Stability of tenure of personnel**- Workers should be assured security of job by management
- **Initiative**- It means freedom to think out and execute a plan.
- **Esprit de corps**-It is the principle of "Unity is strength". Management should create team spirit among the employees.

3) Scientific Management: Whereas the earlier two classical theories focussed on macro structural aspects, the Scientific Management Theory emphasized upon the micro aspects.

Fredrick Winston Taylor described four principles of Scientific Management:

- Develop a science for each element of man's work which replaces the old rule-of-thumb method.
- Scientifically select and then train, teach and develop a workman.
- Management should cooperate with workers.
- Equal division of work and responsibility amongst the management and workers.

Neo-Classical Theory

The Neo-classical approach tried to improve upon the classical viewpoint by bringing in the human element. This provided a trust towards *participative management* and *democratization of organizational power structures.* It stood for more liberty for employees, a bigger role in decision making and openness in communication with managers and among themselves.

In fact this view point agreed for meeting the human requirements and raising satisfaction among the members of an organization, rather than being suspicious or doubting their capabilities. The aim here was to relax rigidity.

Neo Classical Theory offers modification in organization structure as flat structure, with decentralization of authority and existence of informal organization. The main propositions of neoclassical theory are as follows:

1. The organization in general is a social system.

2. The social environments on the job affect people and are also affected by them and not management alone.

3. In the formal organization, informal organization also exists and it affects and is affected by formal organization.

4. A conflict between organizational and individual goals often exists which increases the importance of integration between these two.

5. Man is interdependent and his behaviour can be predicted in terms of social and psychological factors.

6. Man is diversely motivated and wants to fulfill different   types of needs.

7. Man's approach is not always rational. Often he behaves irrationally in terms of the rewards which he seeks from the work.

8. Communication is necessary as it carries information to the functioning of the organization and the feelings and sentiments of the people who work in it.

9. Team-work is essential for co-operation and sound organizational functioning. This work is not automatic but has to be achieved through behavioral approach.

The Systems Approach

Under this viewpoint, an organization is viewed as a system consisting of five parts:

- inputs
- process
- output

- feedback, and
- environment

The systems approach emphasizes upon the inter-dependence of every segment of the organization which through interaction form a unitary whole.

With new technological innovations and more managerial experiences, new perspectives keep emerging for a better understanding of organizations. One should remember that the process of understanding organizations and choosing the organizational structure is an ongoing process.

9.5 ORGANIZATION STRUCTURE

Organization structure refers to the division of labour as well as patterns of coordination, communication, work flow and formal power that direct organizational activities.

In brief organization structure can be viewed as the established pattern of relationship among various components or parts of organization. Generally formal organization structure refers to the followings.

- The pattern of formal relationships and duties;
- The activities and tasks assigned to different departments and people in the organization;
- Coordination of these activities or tasks;
- The hierarchical relationships within the organizations ,and
- The policies, procedures, standards, evaluation systems etc that guide the activities and relationships of people in the organization.

Following are the advantages of organization structure:

- It acquaints everybody with the make up of a company such as its size, basis of division of activities, co-ordination etc.
- It reveals whether not the span of management is wide or narrow.
- It reveals many of the deficiencies in the organization structures such as one man might be reporting to two persons.
- It reveals whether the organization is evenly balanced.

9.5.1 Elements of Organization

An organization structure defines how job task are formally divided, grouped and coordinated. There are six key elements that manager needs to address when they design their organization structure. These are: Span of Control, Work Specialization, Chain of Command, Centralization and Decentralization, Formalization and Departmentalization.

(i) Work Specialization: The work can be performed more efficiently if employees are allowed to specialize. Work Specialization or division of labour is the degree to which tasks in the organization are subdivided into separate jobs. The essence of it is that, rather than an entire job being done by an individual, it is broken down in to a number of steps and each step is being completed by a separate individual.

(ii) Chain of Command: The chain of command is an unbroken line of authority that extends from the top of the organization to the lowest echelon and explains who reports to whom. This element includes the understanding of concepts like: Authority, Unity of Command, Unity of Direction etc.

(iii) Span of Control: It refers to the number of people directly reporting to the next level in the organizational hierarchy. It tells the numbers of subordinates a manager can efficiently and effectively direct. In tall organizational structures there are narrow spans of management and with many levels between the top and lower level managers. There is a long chain of command and decision making process is slower. On the other hand flat organization structures have fewer management levels with wide span.

Fig 9.1.Flat Organisation Structure

(iv) Centralization and Decentralization: The term centralization means that formal decision making authority is held by a small group of people, typically those at the top of the organizational hierarchy. In contrast decentralization means that the lower level personnel provide more input or are actually given the discretion to make decisions. Centralization is a characteristic of small organizations. Most organizations begin with centralized structures as the founder makes most of the decisions. But as organizations grow, they diversify and their environments become more complex. Consequently larger organizations tend to decentralize.

Fig 9.2. Tall Organisation Structure

(v**) Formalization**: It is the degrees to which organizations standardize behavior through rules, procedures, formal training and related mechanism. Organization adopts several ways to formalize things. They prepare manuals, statutes, charts etc. Organization manuals and statures define relationship between various offices and describe the duties, rights and privileges of various position holders, formalization may increase efficiency, but it can also create problem as rules and procedures reduce flexibility.

(vi) Departmentalization: It is the process of dividing work of organization into various units or departments. The basis of

departmentalization has general applicability and can be applied in different situations. The more commonly used basis is:

- **Functions** like Marketing, Finance, Personnel, Research & Development etc.
- **Products** like Inbound Operation, Outbound Operation, Conference & Conventions, Documentation section in a travel agency.
- **Territory** like the Regional divisions of Air India (North, South, East, West)
- **Customers**: caterings to different segments of customers like tour operator having separate departments for catering, business travelers, LTC travelers, Incentive travel.

Grouping of activities exclusively on one basis is, however, rarely possible. In modern organizations, at some stage or the other, more than one basis has to be used.

9.5.2. Common organizational structure:

We are now describing some of the more common organizational structure in use.

(i) Functional structure: It often develops in small organization. Units and subunits are created on the basis of function. A particular function and all activities connected with it are placed in same unit. Thus vertical and horizontal elaboration of every functional unit and ultimately of the whole of the structure takes place. These are organizations which have a structure based on functions like marketing, finance, production etc. Here all persons performing similar functions are placed under one functional head.

(ii) Product / Service based structures: In this category comes an organization which offers a variety of products or services and builds a structure where each service or product is a division of its own. In other words, the activities are structured according to their services or products. For example an organization in the hospitality industry may have one division of hotels, another of restaurants and another of airline catering. Each of these divisions resembles a separate business, focuses its own operations and is responsible for its own costs and profitability. Yet, each division is not a

separate enterprise in the true sense because the ultimate authority and control rests with the central authority.

Fig.9.3 Product/service based structures

(iii) **Spatial based structures:** In the tourism industry some organizations go for division of their activities by structuring them on geographical lines, i.e. through a network of regional offices. The services are divisionalised according to customers or a regional basis.

(iv) **Conglomerate structures:** Some organizations grow through acquiring other businesses. In such conglomerate structures, the business or companies acquired are maintained as subsidiaries. However, the autonomy of the subsidiary is determined by deciding on the nature of control, authority and line of communication between the subsidiary and the parent company.

(v) **Matrix structures:** In mathematics, matrix means an array of vertical columns and horizontal rows. In a matrix organization structure, the employees work under a dual authority. One line of command is functional or divisional while the second depicts a project based approach in a specialized area. This means that a person is accountable to two heads at one time. One is the usual head under whom the person works and the other, the head of the project which may be for a limited duration. Often, the matrix structure is

known as a multiple command system as it is combination of product and functional organization.

It must be noted here that there is no one structure that is perfect for any organization. The efficacy of any structure adopted is proved through an evaluation of the course of its operations. However, an appropriate structure could be one that:

• enables operational efficiency for achieving organizational goals, and
• Provides such a structure where individual jobs can be adjusted at case.

Fig1.4. Matrix Structure

There are certain factors to be kept in mind while choosing a structure. These include:

6) Size of the organization
7) Objectives of the organization
8) The market and environment
9) Range, nature and scope of business
10) Technology to be adopted, etc.

9.6 CONCEPT OF ORGANIZATIONAL BEHAVIOR

Organizational Behavior (OB) is the study of what people think, feel and do in and around organization. OB is the systematic study of individual, team and structural characteristic that influence behavior within organization. It is a

field of study and is a distinct area of expertise with a common body of knowledge. It studies three determinants of behavior: Individuals, Groups and Structure.

Further, OB applies the knowledge gained about individuals, groups and effect of structure on behavior in order to make organizations work more effectively. Organizational Behavior is concerned with the study of what people do in an organization and how that behavior affects the performance of the organization. And because OB is specifically concerned with employment related situations, it emphasizes behavior as related to Jobs, work absenteeism, employee turnover, productivity, human performance, and management.

Why study organizational behavior?

Study of OB is essential because every one in the work force needs to understand, predict and influence behavior (both our own and that of others) in organizational setting. Marketing students learn marketing concepts and computer science students learn about circuitry and software code. But everyone benefits from organizational behavior knowledge to address the people issues when trying to apply marketing, computer science and other ideas.

OB knowledge helps to influence the organizational events by understanding and applying concepts in, motivation, communication, conflict, team dynamic, group structure and processes, learning, work design, attitude development, work stress and other topics.

Behavior generally is predictable, if we know how the person perceived the situation and what is important to him or her. While people's behavior may not appear to be rational to an outsider, there is reason to believe. It usually is intended to be rational and it is seen as rational by them. An observer often sees behaviors as non rational because the observer does not have access to some information and does not perceive the environment in the same way. Certainly there are differences between individuals. Placed in similar situations, all people don't act exactly alike.

Fig 9.5.Reasons for Studying Organizational Behaviour

However, there are certain fundamental consistencies underlying the behavior of all individuals that can be identified and then modified to reflect individual differences. These fundamental consistencies are very important, because they allow predictability. Since behavior is predictable, the systematic study of behavior is needed. It means to make reasonably accurate predictions or looking at relationships; attributing to causes and effect. Based on scientific procedure, by collecting data under controlled conditions and interpreting these data, conclusion is drawn on behavior.

9.7 CONTRIBUTING DISCIPLINES TO THE STUDY OF ORGANIZATION BEHAVIOR

Organization, being composed of human beings, behavior related problems are encountered. These problems can be solved efficiently   by the application of behavior science. Behavior science is the scientific study of human behavior. It is a multidisciplinary study. The traditional predominant disciplines from which organizational behavior knowledge has developed are: Psychology, Sociology, Anthropology, Political science and Economics. Some

other emerging fields like Communications, Information Systems, Marketing and Women's studies are identified from which organizational behavior knowledge is acquired. The disciplines and relevant OB topics are presented below:

Discipline	Area of study /Contribution	Unit of analysis	Out put.
Psychology	Learning, Motivation, Personality, Perception, Emotions, Training , Leadership effectiveness, Job Satisfaction, Individual Decision-making, Performance Appraisal, Attitude Measurement, Employee Selection, Work design, Work stress	Individual	Study of OB
Sociology	*Group dynamics, Work teams, Communication, Power, Conflict, Intergroup behavior *.Formal organization theory, Organizational technology, Organization change, Organizational culture	Group Organizati on system	Study of OB

Social Psychology	Behavioral change, Attitude change, Communication, Group processes, Group Decision making	Group	Study of OB
Anthropology	*Comparative values, Comparative attitudes, Cross-cultural analyses *Organizational culture, Organizational environment.	Group Organization system	Study of OB
Political Science	Conflict, power, Intraorganizational policies	Organization system	Study of OB

The contributions of psychology have been mainly at the individual or micro level analysis of behavior while the other four core disciplines have contributed to macro concepts such as group processes and organization.

- **Psychology:** Psychology is a science of behavior. It studies processes of human behavior, such as learning, thinking, memory, sensation, perception, emotion, feeling, and personality. Its contributions to behavioral science, as applied to managerial practices, are in the field of learning, perception, motivation, individual and group decision-making, pattern of influence and change in organization, group process, vocational choice and satisfaction, communication, and personnel selection and training. In fact there is a separate branch of industrial psychology which deals with the application of psychological facts and principles to the problems concerning human relations, in organizations.

- **Sociology:** It specifically studies social groups, social behavior, society, customs, institutions, social class status, social mobility and prestige. It has also developed subfields of Political Sociology, Industrial Sociology, Sociology of

Law, Family Sociology, Educational Sociology and Sociology of Religion. To the managerial practice, its contribution is mainly in the field of bureaucracy, role structures, social system theory, group dynamics, effect of industrialization on the social behavior, etc.

- **Anthropology:** It particularly studies civilization, forms of cultures and their impact on individuals and groups, biological features of man and evolutionary pattern, speech and relationship among languages. Anthropology contributes in understanding the cultural effects on organizational behavior, effects of value systems, norms, sentiments, cohesion, and interaction.

- **Economics** contributes in understanding the decision process, methods of allocating scarce resources in the organizations, and the impact of economic policy on organizations.

- **Political science** provides clue to conflicts in organizations, power and authority structure, and overall administrative process.

- **Role of Behavioral science:** The behavioral science offers several ides to management as to how human factor should be properly emphasized to achieve organizational objectives. This becomes more important especially because of the changing dimensions of human behavior. Behavioral science provides this opportunity by analyzing human behavior for understanding and prescribing means for shaping human behavior to a particular direction.

(i) Understanding Human Behavior: Human behavior can be understood at the individual level, interpersonal level, group level and inter group level.

- **Individual Level:** It provides for analyzing why and how an individual behaves in a particular way. Human behavior is a complex phenomenon and is affected by a large number of factors-psychological, social, and cultural, and others. Behavioral science integrates these factors to provide simplicity in understanding human behavior.

- **Interpersonal Level:** Behavioral science provides means for understanding the interpersonal relationships (Superior-Subordinate and among Peers) in the organization. Analysis of reciprocal relationship, role

analysis, and transactional analysis are some of the common methods which provide such understanding.

- **Group Level:** Though people interpret any thing at their individual level, they are often modified by group pressures, which thus become a force in shaping human behavior. Hence individuals should be studied in groups. Managerial knowledge of understanding group behavior and group dynamics is very important for organizational morale and productivity.

- **Intergroup Level:** The organization is made up of many groups that develop a complex of relationships. Understanding the effect of group relationships is important for managers in today's organization. Behavioral science provides means to understand and achieve co-operative group relationships.

(ii) Controlling and Directing Behavior: After understanding the mechanism of human behavior, managers are required to control and direct the behavior so that it conforms to standards required for achieving organizational objectives. Thus managers are required to control and direct the behavior at all levels of individual interaction. For this purpose, behavioral science helps managers in many areas: use of power and sanction, leadership, communication and building organization climate conducive for better interaction.

(iii) Organizational Adaptation: In this age of environmental variability, the real job of a manager is to provide continuity in organizations because the organizations have to adapt themselves to the environmental

Changes by making suitable internal arrangements .Application of behavior Sciences helps in identifying need for change and then implementing the changes without adversely affecting the need satisfaction of organizational people.

9.8 CHALLENGES AND OPPORTUNITIES FOR OB

Responding to Globalization

Organizations are no longer constrained by national borders. Globalization means economic, social and cultural connectivity and interdependence with people in other parts of the world. Globalization influences several aspects of organizational behavior- some good, some not so good. Globalization is applauded for increasing organizational efficiency and providing a broader net to attract valuable knowledge and skills. It potentially opens up new career opportunities and provides a greater appreciation of diverse need and perspectives. But globalization also presents new challenges. Firms also need to adjust their organizational structures and forms of communication to assist their global reach.

Globalization adds more diversity to the workforce, which affects the organizations culture and introduce new forms of values-based conflict among employees. Since organizational behavior is influenced by Globalization thus, people are paying more attention to cross-cultural differences.

Globalization has important implications for how we learn about organization behavior. Globalization affects a manager's people skills in at least two ways. First if you are a manager, you are increasingly likely to find yourself in a foreign assignment. Once there, you will have to manage a workforce that is likely to be very different in needs, aspirations, and attitudes from the ones you were used to back home. Second in your own country, you are going to find yourself working with bosses, peers, and other employees who were born and raised in different cultures.

Managing Work Force Diversity

On one side Globalization focuses on differences among people from different countries, workforce diversity addresses differences among people within given countries. Actually, workforce diversity means that organizations are becoming more heterogeneous in terms of genders, race and ethnicity. Diversity, if positively managed, can increase creativity and innovation in organizations as well as improve decision making by providing different perspectives on problems. When diversity is not managed properly, there is

potential for higher turnover, more difficult communication and more inter personal conflicts.

Coping with Temporariness

Today, change is an ongoing activity for most managers. In the past, managing could be characterized by long periods of stability, interrupted occasionally by short periods of change. Managing today would be more accurately described   as long periods of ongoing change, interrupted occasionally by short periods of stability. Today's managers and employees must learn to cope with temporariness. They have to learn to live to live with flexibility, spontaneity and unpredictability.

Information Technology and OB

The Internet and other forms of information technology are changing our lives. They are connecting people around the planet and allowing small businesses in developing countries to compete in the global marketplace. Within organizations, information technology blurs the temporal and spatial boundaries between individuals and the organizations that employ them. It redesigns jobs, reshapes the dynamics of organizational power and politics, and creates new standards for competitive advantage through knowledge management.

The study of OB provide important insights into helping you better understand a work world of continual change, how to overcome resistance to change, and how best to evolve an organizational culture that thrives on change.

9.9   SUMMARY

In this units we introduce you to the field of organization behavior, outline the main reasons why you should know more about it, describe the fundamental perspectives behind the study of organization. It has given you a detailed idea about the concept of organization, its structure and elements. You have come to know about various contributing disciplines to study the OB and their role. Organizational behavior knowledge is not only for managers and

leaders. It is relevant and useful to any one who works in and around organizations.

9.10   REFERENCES

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9.11 REVIEW QUESTIONS

Q.1. Explain the concept of Organization. Write down its characteristics important steps in the process of organizing.

Q.2. Discuss the contribution of Fayol to the theory of organization.

Q.3. Write notes on:

(a) Administrative theory

(d) Bureaucracy

(e) Scientific management

Q.4.What is the various elements of Neoclassical Organization Theory?

Q.5.Explain the following:

(i) Chain of Command

(ii) Span of Control

(iii) Centralization and Decentralization

(iv) Departmentalization

Q.6. What is Behaviour Science? What are its contributing disciplines and their area of   application?

Q.7. Discuss the role of Behaviour Sciences in Management.

UNIT 10: PERCEPTION AND MOTIVATION IN ORGANIZATIONS

Structure:

10.1   INTRODUCTION

People throughout the organization need to develop better ways to perceive the world around them and learn about the consequences of their actions. *Perception* is the process of receiving information about and making sense of the world around us. It involves deciding   which information to notice, how to categorize this information, and how to interpret it within the framework of our existing knowledge. Perceptual process is the dynamics of selecting, organizing, and interpreting external stimuli.

10.2 OBJECTIVES

After reading this unit, you should be able to:

- Outline the perceptual process.
- Explain how we perceive others.
- Describe the Attribution Theory and Attribution Errors.
- Describe how shortcuts can assist in or distort our judgement of others.

- Understand process of motivation and its nature.
- Explain various theories of motivation.

10.3 PERCEPTUAL PROCESS

Perceptual process consists of several sub processes. These are – Stimulus, Registration & Selective Attention, Interpretation, Emotions and Behavior. Perceptual process begins when environmental stimuli are received through our senses.

- **Selective Attention:** Our five senses are constantly bombarded with stimuli. Some things are noticed, but most are screened out. This process of filtering information received by our senses is called selective attention.

One influence on selective attention is the size, intensity, motion, repetition, and novelty of the target (including people). Selective attention depends more on the object and context. It is also affected by characteristics of the perceiver. We tend to remember information that is consistent with our values and attitudes and ignore information that is inconsistent with them. Selective attention is also affected by our expectations. In organizational settings, expectations prevent decision makers from seeing opportunities and competitive threats.

- **Perceptual Organization and Interpretation:** After selecting stimuli, we usually simplify and "make sense" of them. This involves organizing the information into general categories and interpreting it. We rely on perceptual grouping principles to organize people and objects into recognizable and manageable patterns or categories.

- **Emotion and Behavior:** Final stage of the perception process is the resultant behavior. A response may be overt, such as, action etc or covert, such as, change in attitude etc.

10.4. FACTORS INFLUENCING PERCEPTION

Individuals may look at the same thing, yet perceive it differently. A number of factors operate to shape and sometimes distort perception. These factors can reside in the *perceiver*, in the object or *target* being perceived, or in the context of the *situation* in which the perception is made.

- **The Perceiver:** When an individual looks at a target and attempts to interpret what he or she sees, that interpretation is heavily influenced by personal characteristics of the individual perceiver. The focus of our attention appears to be influenced by our interests. Because our individual interests differ considerably, what one person notices in a situation can differ from what others perceive.

Objects or events that have never been experienced before are more noticeable than those that have been experienced in the past. Finally, expectations can distort your perceptions in that you will see what you expect to see. If you expect police officers to be authoritative, young people to be unambitious, you may perceive them as such regardless of their actual traits.

- **The Target:** Characteristics of the target that is being observed can affect what is perceived. Loud people are more likely to be noticed in a group than are quiet ones. So, too, are extremely attractive or unattractive individuals. Motion, sounds, size, and other attributes of a target shape the way we see it.

Objects that are close to each other will tend to be perceived together rather than separately. As a result of physical or time proximity, we often put together objects or events that are unrelated.

Persons, objects, or events that are similar to each other also tend to be grouped together. The greater is the similarity, the greater the probability that we will tend to perceive them as a common group.

- **The Situation:** The context in which we see objects or events is important. Elements in the surrounding environment influence our perceptions. You are more likely to notice your employees goofing off if your boss from the head office happens to be in town. Again, the situation affects your perception. The time at which an object or event is seen can influence attention, as can location, light, heat, or any number of situational factors.

10.5. PERSON PERCEPTION: MAKING JUDGMENTS ABOUT OTHERS

(a) Attribution Theory and Attribution Errors

When we observe people, we attempt to develop explanations of why they behave in certain ways. Our perception and judgment of a person's actions, therefore, will be significantly influenced by the assumptions we make about that person's internal state. Attribution theory has been proposed to develop explanations of the ways in which we judge people differently, depending on what meaning we attribute to a given behavior. Basically, the theory suggests that when we observe an individual's behavior, we attempt to determine whether it was internally or externally caused. That determination, however, depends largely on three factors: (1) distinctiveness, (2) consensus, and (3) consistency.

Internally caused behaviors are those that are believed to be under the personal control of the individual. *Externally* caused behavior is seen as resulting from outside causes; that is, the person is seen as having been forced into the behavior by the situation. If one of your employees is late for work, you might attribute his lateness to his partying into the wee hours of the morning and then oversleeping. This would be an internal attribution. But if you attribute his arriving late to a major automobile accident that tied up traffic on the road that this employee regularly uses, then you would be making an external attribution.

Distinctiveness refers to whether an individual displays different behaviors in different situations. Is the employee who arrives late today also the source of complaints by co-workers for being a "goof-off"? What we want to know is whether this behavior is unusual. If it is, the observer is likely to give the behavior an external attribution. If this action is not unusual, it will probably be judged as internal.

If everyone who is faced with a similar situation responds in the same way, we can say the behavior shows **consensus**. Our late employee's behavior would meet this criterion if all employees who took the same route to work were also late. From an attribution perspective, if consensus is high, you would be expected to give an external attribution to the employee's tardiness, whereas if other employees who took the same route made it to work on time, your conclusion about the cause of being late would be internal.

Finally, an observer looks for consistency in a person's actions. Does the person respond the same way over time? Coming in 10 minutes late for work is not perceived in the same way for the employee for whom it is an unusual case (she hasn't been late for several months) as it is for the employee for whom it is part of a routine pattern (she is regularly late two or three times a week). The more consistent the behavior, the more the observer is inclined to attribute it to internal causes.

The findings of Attribution Theory explain that there are errors or biases that distort attributions. For instance, there is substantial evidence that when we make judgments about the behavior of other people, we have a tendency to underestimate the influence of external factors and overestimate the influence of internal or personal factors. This is called the **fundamental attribution error** and can explain why a sales manager is prone to attribute the poor performance of his/her sales agents to laziness rather than to the innovative product line introduced by a competitor. There is also a tendency for individuals to attribute their own successes to internal factors such as ability or effort while putting the blame for failure on external factors such as luck. This is called the **self-serving bias** and suggests that feedback provided to employees in performance reviews will be predictably distorted by recipients depending on whether it is positive or negative.

(b) Perceiving Others through Social Identity

The social identity process explains how we perceive ourselves and others. We party identity ourselves in terms of our membership in social groups and have an emotional attachment. For example, some one might have a social identity as an Indian, a graduate from IIM and an employee of IBM. Along with a social identity, people have personal identity-characteristics that make them unique and distinct from people in any particular group. This comparison process includes creating a homogeneous image of our own social groups and different homogeneous images of people in other groups. We also tend to assign more favourable features to our own groups and less favorable features to other groups. This perceptual process makes our social world easier

to other groups. This perceptual process makes our social world easier to understand. However, it also becomes the basis for stereotyping people in organizational settings.

Frequently used shortcuts in judging others

We use a number of shortcuts when we judge others. They allow us to make accurate perceptions rapidly and provide valid data for making predictions. However, they are not foolproof. They can and do get us into trouble. An understanding of these shortcuts can be helpful toward recognizing when they can result in significant distortions.

(a) Selective Perception

Since we cannot assimilate all that we observe, we take in bits and pieces. But those bits and pieces are not chosen randomly; rather, they are selectively chosen according to our interests, background, experience, and attitudes. Selective perception allows us to "speed-read" others, but not without the risk of drawing an inaccurate picture. Because we see what we want to see, we can draw unwarranted conclusions from an ambiguous situation. If there is a rumor going around the office that the company's sales are down and that large layoffs may be coming, a routine visit by a senior executive from headquarters might be interpreted as the first step in management's identification of people to be fired, when in reality such an action may be the furthest thing from the mind of the senior executive.

(b) Halo Error / Halo Effect

When we draw a general impression about an individual on the basis of one prominent characteristic, such as intelligence, sociability, or appearance, Halo Error / Halo Effect occurs. It we meet a client who speaks in a friendly manner, we tend to infer a host of other favorable qualities about that person. If a colleague doesn't complete tasks on time, we tend to view his or her other traits unfavorably. In each case, one trait important to the perceiver forms a general impression, and this impression becomes the basis for judgments about other traits.

Halo error is most likely to occur when concrete information about the perceived target is missing or we are not sufficiently motivated to search for it. Instead, we use our general impression of the person to fill in the missing information.

Halo error would cause the supervisor to rate the tardy employee lower on all performance dimensions because the tardiness created a negative general impression of that employee. The punctual employee would tend to receive higher ratings on all performance dimensions even though his or her performance level is really the same as that of the tardy employee. Consequently, halo error distorts our judgments and can result in poor decision making.

(c) Stereotyping in Organizational settings

It is the process of assigning traits to people based on their membership in a social category. In other words, stereotypes define people by the demographic or other observable groups to which they belong. It is the shortcut way in which we judge someone on the basis of our perception of the group to which that person belongs.

Problems with stereotyping

One problem is that stereotypes do not accurately describe every person in that social category. For instance, research has found that people with physical disabilities are stereotyped as being quit, gentle-hearted, shy, insecure, dependent, and submissive. Although this may be true of some people, it is certainly not characteristic of everyone who has a physical disability.

In organizations, we frequently hear comments that represent stereotypes based on gender, age race, ethnicity, even weight: "Women won't relocate for a promotion"; "men aren't interested in child care"; "older workers can't learn new skills"; "Asian immigrants are hardworking and conscientious"; "overweight people lack discipline." From a perceptual

standpoint, if people expect to see these stereotypes, that are what they will perceive, whether they are accurate or not.

(d) Self-Fulfilling Prophecy

Self-fulfilling prophecy occurs when our expectations about another person cause that person to act in a way that is consistent with those expectations. In other words, our perceptions can influence reality. The following four steps illustrate the self-fulfilling prophecy process using the example of a supervisor and subordinate.

- **Expectations formed**- The supervisor forms expectations about the employee's future behavior and performance. These expectations are sometimes inaccurate, because first impressions are usually formed from limited information.

- **Behavior toward the employee**- The supervisor's expectations influences his or her treatment of employees. Specifically, high-expectancy employees (those expected to do well) receive more emotional support through nonverbal cues (e.g. more smiling and eye contact), more frequent and valuable feedback and reinforcement, more challenging goals, better training, and more opportunities to demonstrate their performance.

- **Effects on the employee**-The supervisor's behaviors have two effects on the employee. First, through better training and more practice opportunities, a high-expectancy employee learns more skills and knowledge than a low-expectancy employee. Second, the employee becomes more self-confident, which results in higher motivation and willingness to set more challenging goals.

- **Employee behavior and performance**- With higher motivation and better skills, high-expectancy employees are more likely to demonstrate desired behaviors and better performance. The supervisor notices this, which supports his or her original perception.

- **Employee Loyalty-** Assessment of an employee's loyalty or commitment is highly judgmental. What is perceived as loyalty by one decision maker may be seen as excessive conformity by another. An employee who questions a top-

management decision may be seen as disloyal by some, yet caring and concerned by others. As a case in point, **whistleblowers** - Individuals who report unethical practices by their employer to outsiders-typically act out of loyalty to their organization but are perceived by management as troublemakers.

10.6. SPECIFIC APPLICATIONS IN ORGANISATION

Why is perception important in the study of OB? Simply because people's behavior is based on their perception of what reality is, not on reality itself? Person in organisation always judge each other. Manager appraise their employees' performances, attitude towards works etc. In many cases like Employment Interview, Performance Expectation, Performance Evaluation, Employee Effort, and Employee Loyalty the management's judgement have important consequences. The proper understanding of the concepts of Person Perception like stereotyping, whistleblowers, Halo Error / Halo Effect, Self-Fulfilling Prophecy help the individuals to improve their perception. A person understands and sensitivity to the feelings, thoughts, and situation of others helps in improving perception.

10.7 MOTIVATION: MEANING AND NATURE

Motivation is the process of channeling a person's inner drives so that he wants to accomplish the goals of the organization. Motivation is a behavioral concept by which we try to understand why people behave as they do. It concerns those dynamic processes which produce a goal-directed behaviour. A goal-directed behaviour always begins with the individual feeling certain needs (also referred to as drives or motives). These needs give an emerging thrust to the individual toward certain goals or incentives which he perceives (rightly or wrongly) as possible satisfier of his needs.   Thus one may perceive food, water and friends as the possible satisfiers of his hunger, thirst and affiliation needs and may be motivated to achieve these goals. So, what controls human behaviour and gives direction to it is not the goal or the incentive but the need. The goal which is external to the individual only

provides him with the opportunity for satisfying his internal needs. We can show the motivation process by means of a diagram thus.

Needs ——— Interpretation ——— Goal-directed Accomplishment
(Motives) of goals/incentives behaviour of goals and according to one's need-reduction perception

Nature of Motivation

The following characteristics of motivation reveal the complexities in understanding motivation:

8. Motivation is an internal feeling. It is a psychological phenomenon which is created within an individual.
9. Person in totality not in part, is motivated. Each individual in the organization is a self-contained and inseparable unit and his needs are interrelated.
10. Individuals differ in their motivation.
11. Motivations of each individual change from time to time, even though he may continue to behave in the same way.
12. Motivations are expressed differently. The ways in which needs are eventually translated into actions also vary considerably between one individual and another. The reactions of individuals to successful or unsuccessful fulfillment of needs may also differ.
13. Motivation is a complex Phenomenon. It is difficult to explain and predict the behavior of workers. The introduction of an apparently favorable motivational device may not necessarily achieve the desired ends if it brings opposing motives into play. For example, in a factory, when blue-green lighting was introduced to reduce eye strain, the output of men workers increased but that of women workers decreased. On investigation it was found that the latter disliked the change in lighting because they felt that the new type of lighting had made them look "simply ghastly".
14. Motivation is the product of anticipated values from an action and the perceived probability that these values will be achieved by the action.

Motivation = Valence (anticipated values) x Expectancy

DETERMINANTS OF MOTIVATION

Where as in the past, money was regarded as the only cause of human behavior, today in industry there is great concern with the multi-motivational determinants of behavior. The earlier monistic approach to motivation, under which man was supposed to act only to increase his monetary rewards, has now given place to a more complete pluralistic explanation which recognizes that a man works to fulfil a variety of needs. It is now recognized that motivation is the result of inter-play among three groups of factors: (a) influences operating within the individual; (b) influences operating within the organization: and (c) influences operating the external environment, i.e., exogenous variable.

• **The Individual**- To understand what motivates employees; we must know something of their aims, needs and values. Human needs are both numerous and complex. Some of these needs are hard to describe and identify because people hide their real needs beneath an overlay of socially acceptable behavior.

• **Organizational Climate**- The climate of an organization also plays an important part in determining worker's motivation. A worker may work poorly in one organization but much better in another because of the change in the organizational climate. Some important components of organizational climate are as follows:

1. Individual autonomy, i .e. the degree of freedom from accountability to others.

2. Position structure, i.e., the extent of direct supervision and formalization.

3. Reward orientation, i.e., the extent of incentives provided for higher effort and performance.

4. Consideration, i.e., the extent of socio-emotional support provided by others.

5. Conflict, i.e., the extent of expression of differences and blocking of each other.

6. Progressiveness and development, i.e., the scope of growth of self, other members and the organization as a whole.

7. Risk taking, i.e., the extent of freedom to experiment with new ideas.

8. Control, i.e., the degree of checks imposed on the members' behavior.

The climate of an organization is determined by a number of variables such as its leadership style, economic condition, structure, technology, characteristics of its people and so on.

• **Exogenous Variables**- A worker's life is divided into two watertight compartments, one inside the factory and the other outside of it. The two are closely bound together so that the trouble and joys of off-the-job life cannot be put aside when reporting for work in the morning, nor can factory mattes be dropped when returning home after work. Culture, customs and norms, images and attributes conferred by society on particular jobs, professions and occupations, and the worker's home life-all play a strong motivational role. An individual, for example, may find that his work has a substantial degree of respect and social acceptance accorded by society quite apart from holding a position in a particular organization.

10.8. MOTIVATION THEORIES

Since various people have been involved in finding out the answer of the questions related to what motivates people, their approaches have differed resulting into a numbered of theories concerning motivation. Though all these theories try to focus attention on the basic issue, they differ considerably. These theories concerning motivation try to provide explanations for the behavior-outcome relationship. The various theories are grouped in to three categories:

4. Theories associated with human needs- Theories given by Maslow, Herzberg,and McClelland;

5. Theories associated with basic nature of human beings- Theories given by McGregor,Urwick,and Argyris;

6. Theories associated with expectancy of individuals- Theories given by Vroom, Porter and Lawler.

Maslow's Hierarchy of Needs Theory

It's probably safe to say that the most well-known theory of motivation is Abraham Maslow's **hierarchy of needs**. He hypothesized that within every human being there exists a hierarchy of five needs. These needs are:

6. **Physiological needs**: It includes hunger, thirst, shelter, sex, and other bodily needs.

7. **Safety needs**: It includes security and protection from physical and emotional harm

8. **Social needs**: It includes affection, belongingness, acceptance, and friendship

9. **Esteem needs**: It includes internal esteem factors such as self-respect, autonomy, and achievement; and external esteem factors such as status, recognition and attention

10. **Self-actualization needs**: It is the drive to become what one is capable of becoming; includes growth, achieving one's potential, and self-fulfillment.

Self Actualization

Esteem

Social

Security

Physiological

Fig. No.10.1.   Maslow's hierarchy of needs

As each of these needs becomes substantially satisfied, the next need becomes dominant. As seen in figure the individual moves up the steps of the hierarchy. From the standpoint of motivation, the theory would say that although no need is ever fully gratified, a substantially satisfied need no longer motivates. So if you want to motivate someone, according to Maslow, you need to understand what level of the hierarchy that person is currently on and focus on satisfying those needs at or above that level.

Maslow separated the five needs into higher and lower orders. Physiological and safety needs were described as **lower- order needs** and Social, Esteem, and Self-actualization needs as **higher- order needs.** The differentiation between the two orders was made on the premise that higher-order needs are satisfied internally (within the person), whereas lower-order needs are predominantly satisfied externally (by such things as pay, union contracts and tenure). In fact, the natural conclusion to be drawn from Maslow's classification is that in times of economic plenty, almost all permanently employed workers have their lower-order needs substantially met.

Analysis of the Theory: Maslow's needs hierarchy is one of the best-known organizational behaviour theories and is still widely cited. However, scholars have mostly dismissed Maslow's theory because it is much too rigid to explain the dynamic and unstable characteristics of employee needs. Researchers have found that individual needs do not cluster neatly around the five categories described in the model. Moreover, gratification of one need level does not necessarily lead to increased motivation to satisfy the next higher need level.

Herzberg's Two-Factor Theory

The two-factor theory (sometimes also called motivation-hygiene theory) was proposed by psychologist Frederick Herzberg. In the belief that an individual's relation to work is basic and that one's attitude toward work can very well determine success or failure, Herzberg investigated the question, "What do people want from their jobs?" He asked people to describe in detail, situations in which they felt exceptionally good or bad about their jobs. According to Herzberg, the factors leading to job satisfaction are separate and distinct from those that lead to job dissatisfaction. Therefore, managers who seek to eliminate factors that can create job dissatisfaction may bring about peace but not necessarily motivation. According to Herzberg, the absence of certain job factors tends to make workers dissatisfied. However, the presence of these same factors in themselves does not produce high levels of motivation. They merely help avoid dissatisfaction and the problems it creates, such as absenteeism, turnover and grievances. Herzberg called these factors

maintenance or hygiene factors since they are necessary to maintain a reasonable level of satisfaction. He concluded that there are **ten maintenance factors**, namely:

11. Fair company policies and administration
12. A supervisor who knows the work
13. A good relationship with one's supervisor
14. A good relationship with one's peers
15. A good relationship with one's subordinates
16. A fair salary
17. Job security
18. Personal life
19. Good working conditions
20. Status

To build high levels of motivation and job satisfaction, a different set of factors is necessary. However, if these factors are not present, they do not in themselves lead to strong dissatisfaction. Herzberg called these the **Motivators or Satisfiers**. These are *six* in number:

7. Opportunity to accomplish something significant
8. Recognition for significant accomplishments
9. Chance for advancement
10. Opportunity to grow and develop on the job
11. Chance for increased responsibility
12. The job itself.

As the lists indicate, the motivators are job-centered; they relate directly to the content of the job itself. In contrast, maintenance factors relate more to the conditions and environment in which the work is done.

Herzberg's theory and Maslow's theory compared

To a certain extent, Herzberg's theory also fits in with the earlier discussion of Maslow's needs hierarchy theory. As shown in figure, the maintenance factors mainly satisfy physiological security, social and some

esteem needs. The motivators are directed at some part of esteem and self-fulfillment needs.

Herzberg's model has been applied in the industry and has given several new insights. One of these insights is job enrichment. This job enrichment applies to improvement of jobs in such a way that they have more motivators than before. This idea behind job enrichment is to keep maintenance factors constant or higher while increasing motivational factors. Job enrichment is different from job enlargement practiced earlier to make job more attractive. In job enlargement the basic idea is to change the job to become more implicated and varied so that monotony goes off, while job enrichment seeks to bring more motivators to the job by attaching more responsibility, more intrinsically satisfying work conditions and more power over the environment. Thus, Herzberg's model has solved the problems of managers who were wondering why their fancy personnel policies failed to motivate their employees adequately. However, Herzberg's model is not applied in all conditions.

Fig.No.10.2.Herzberg's theory and Maslow's theory compared
Analysis of the Herzberg's Theory

MCCLELLAND'S THEORY OF NEEDS

McClelland's theory of needs was developed by David McClelland and his associates. The theory focuses on three needs: achievement, power, and affiliation. They are defined as follows:

- **Need for Achievement**: The drive to excel, to achieve in relation to a set of standards, to strive to succeed.
- **Need for Power**: The need to make others behave in a way that they would not have behaved otherwise.
- **Need for Affiliation**: The desire for friendly and close interpersonal relationship.

Individuals with a high need to achieve prefer job situations with personal responsibility, feedback, and an intermediate degree of risk. When these characteristics are prevalent, high achievers will be strongly motivated. The evidence consistently demonstrates, for instance, the high achievers are successful in entrepreneurial activities such as running their won business and managing a self-contained unit within a large organization.

A high need to achieve does not necessarily lead to become a good manager, especially in large organizations. People with a high achievement need are interested in how well they do personally and not in influencing others to do well.

The needs for affiliation and power tend to be closely related to managerial success. The best managers are high in their need for power and low in their need for affiliation. In fact, a high power motive may be requirement for managerial effectiveness.

THEORIES ASSOCIATED WITH BASIC NATURE OF HUMAN BEINGS

McGregor's Theory X and Theory Y:

Douglas McGregor proposed two distinct views of human beings: one basically negative, labeled **Theory X**, and the other basically positive, labeled **Theory Y**. After viewing the way in which managers dealt with employees, McGregor concluded that a manager's view of the nature of human beings is based on a certain grouping of assumptions and that he or she tends to mold his or her behaviour toward employees according to these assumptions.

Under Theory X, the four assumptions held by managers are:

5. Employees inherently dislike work and, whenever possible, will attempt to avoid it.

6. Since employees dislike work, they must be coerced, controlled, or threatened with punishment to achieve goals.

7. Employees will avoid responsibilities and seek formal direction whenever possible.

8. Most workers place security above all other factors associated with work and will display little ambition.

In contrast to these negative views about the nature of human beings, McGregor listed the four positive assumptions that he called. Theory Y:

5. Employees can view work as being as natural as rest or play.

6. People will exercise self-direction and self-control if they are committed to the objectives.

7. The average person can learn to accept, even seek, responsibility.

8. The ability to make innovative decisions is widely dispersed throughout the population and is not necessarily the sole province of those in management positions.

The Assumptions of Theory Y suggest a new approach in management. It emphasizes on the co-operative endeavor of management and employees. The attempt is to get maximum output with minimum amount of control and direction. Generally, no conflict is visible between organizational goals and individual goals. Thus, the attempts of employees which are in their best interests are also in the interests of organization.

Vroom's Expectancy Theory:

Currently, one of the most widely accepted explanations of motivation is Victor Vroom's expectancy theory. Although it has its critics, most of the research evidence is supportive of the theory. Expectancy theory argues that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual.

In more practical terms, expectancy theory says that an employee will be motivated to exert a high level of effort when he or she believes that effort will lead to a good performance appraisal; that a good appraisal will lead to organizational rewards such as a bonus, a salary increase, or a promotion; and that the rewards will satisfy the employee's personal goals. The theory, therefore, focuses on three relationships.

1. *Effort-performance relationship*. The probability perceived by the individual that exerting a given amount of effort will lead of performance.

2. *Performance-reward relationship*. The degree to which the individual believes that performing at a particular level will lead to the attainment of a desired outcome.

3. *Rewards-personal goals relationship*. The degree to which, organizational rewards satisfy an individual's personal goals or needs and the attractiveness of those potential rewards for the individual.

| Individual effort | 1 | Individual performance | 2 | Organizational rewards | 3 | Personal goals |

1. Effort-performance relationship
2. Performance-reward relationship
3. Rewards-personal goals relationship

Expectancy theory helps explain why a lot of workers aren't motivated on their jobs and merely do the minimum necessary to get by. This is evident when we look at the theory's three relationships in a little more detail. The key to expectancy theory is the understanding of an individual's goals and the linkage between effort and performance, between performance and rewards, and finally, between the rewards and individual goal satisfaction.

As a contingency model, expectancy theory recognizes that there is no universal principle for explaining everyone's motivations. Additionally, just

because we understand what needs a person seeks to satisfy does not ensure that the individual perceives high performance as necessarily leading to the satisfaction of these needs.

10.9. SUMMARY

What individuals perceive from their work situation will influence their productivity. Whether or not a job is actually interesting or challenging is irrelevant. Moreover employee's needs are changing .Diverse workforce typically have diverse needs and values. These influence what organisations should and should not do to fulfill the needs. This chapter has introduced you to two fundamental activities in human behaviour in work place: perception and motivation.

In this chapter we look at the Perceptual process, Factors Influencing Perception, and Theories related to Perception and its use in making Judgments about others. In the next section we also review the key Motivation Theories to determine their relevance.

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10.11 REVIEW QUESTIONS

Q.1.Define Perception and Outline the perceptual process.

Q.2.What is Attribution Theory? Write down its implications in organizational behaviour.

Q.3. What is stereotyping? Explain with example how stereotyping can create perceptual distortion.

Q.4. Describe how shortcuts can assist in or distort our judgement of others.

Q.5. Outline the process of motivation and its nature.

Q.6.Compare and contrast Maslow's hierarchy of needs Theory with Herzberg's two-Factor Theory.

Q.7. Write down the implications of McGregor's Theory X and Theory Y for managers.

UNIT 11: PROCESS OF LEARNING IN THE STUDY OF ORGANIZATION BEHAVIOUR

Structure:

11.1   INTRODUCTION

Learning is an important part of knowledge management and influence ability, role perceptions, and motivation of individuals. All complex behaviour is learned. If we want to explain and predict behavior, we have to understand how people learn. Because learning is a process that leads to relatively permanent change in behavior.

11.2. OBJECTIVES

After reading this unit, you should be able to:

* Understand Learning and its components.

- Explain the theories of learning.
- Distinguish between the schedules of reinforcement
- Explain the methods of shaping behavior.
- Understand the application of learning in OB.

11.3. CONCEPTUAL MEANING OF LEARNING

Learning is another important psychological process of determining human behaviour. According to the Dictionary of Psychology, learning means 'the process of acquiring the ability to respond adequately to a situation which may or may not have been previously encountered, and the favourable modification of response tendencies consequent upon previous experience. We shall never see someone "learning". We can see changes taking place but not the learning itself.

Learning is a relatively permanent change in behavior (or behavior tendency) that occurs as a result of a person's interaction with the environment. Learning occurs when the learner behaves differently. For example, we can see that you have "learned" computer skills when you operate the keyboard and windows more quickly than before. Learning occurs when interaction with the environment leads to behavior change. This means that we learn through our senses, such as through study, observation, and experience. Learning is essential for open systems thinking and knowledge management because the organization's survival and success depend on employees learning about the external environment. Learning also influences individual behaviour and performance.

First, people acquire skills and knowledge through learning opportunities, which gives them the competencies to perform tasks more effectively. Second, learning clarifies role perceptions. Employees develop a better understanding of their tasks and relative importance of work activities. Third, learning motivates employees. Employees are more motivated to perform certain tasks because they learn that their effort will result in desired performance.

Learning Explicit and Tacit Knowledge

When employees learn, they acquire both explicit and tacit knowledge. Explicit knowledge is organized and can be communicated from one person to another. The information you receive in a lecture is mainly explicit knowledge because the instructor packages and consciously transfers it to you. Explicit knowledge can be written down and given to others. Tacit knowledge is not documented; rather it is action-oriented and known below the level of consciousness. Tacit knowledge is acquired through observation and direct experience. For example, airline pilots learn to operate commercial jets more by watching experts and practicing on flight simulators than through lectures. They acquire tacit knowledge by directly experiencing the complex interaction of behavior with the machine's response. The concept / definition of learning has four important points**:**

1. Learning involves a change in behavior. This change may be good or bad from organizational point of view. Learning generally leads to improved behavior, but people can learn unfavorable behaviors like holding prejudices, restricting their outputs.

2. The change in behavior must be relatively permanent. Temporary changes fail to represent learning. For example behavioral changes due to fatigue or temporary adaptations are not a part of learning.

3. Learning takes place when there is a change in actions. A change in an individual's thought process or attitudes, if accompanied by no change in behavior, would not be learning.

4. The practice or experience must be reinforced in order for learning to occur. If reinforcement does not accompany the practice or experience, the practice or experiences will disappear.

11.4. COMPONENTS OF LEARNING PROCESS

Various components of learning are Drive, Cue Stimuli, Response, Reinforcement, and Retention.

- **Drive:** It is any strong stimulus that impels action. Without drive learning does not take place because drive arouses an individual and keeps him ready to respond. Drives are basically of two types - primary or physiological drives and secondary or psychological drives. These two categories of drives often interact. Individuals operate under many drives at the same time. To predict behaviour, it is necessary to establish which drives are stimulating the most.

- **Cue Stimuli:** Cue stimuli are any objects existing in the environment as perceived by the individual. The idea here is to discover the conditions under which a stimulus will increase the probability of eliciting a specific response. There may be two types of stimuli so far as their results in terms of response are concerned: *generalization* and *discrimination*.

   Generalization occurs when a response is elicited by a similar but new stimulus. If two stimuli are exactly alike, they will have the same probability of evolving a specified response, but the more dissimilar the stimuli become, the lower will be the probability of evoking the same response. The principle of generalization has important implication for human learning. It makes possible stability in man's actions across the time. The individual can borrow from past learning experiences to adjust more smoothly to new learning situations. However, there are certain negative implications of generalization for learning. A person may make false conclusion because of generalization. For example, stereotyping or halo effect in perception occurs because of generalization.

   Discrimination is opposite of generalization. This is a process whereby an organism learns to emit a response to a stimulus but avoid making the same response to a similar but somewhat different stimulus. For example a supervisor can discriminate between two quality high producing workers one with low quality and other with high quality.

- **Response:** The stimulus results in responses. Responses may be in the physical form or may be in terms of attitudes, perception and other phenomena. Usually learning psychologists attempt measurement of learning in behavioral terms, that is, responses must be operationally defined and preferably physically observable.

- **Reinforcement:** Reinforcement is a fundamental condition of learning. Without reinforcement, no measurable modification of behaviour takes place. Reinforcement may be defied as environmental events affecting the probability of occurrence of responses with which they are associated.

- **Retention:** The stability of learned behaviour over time is defined as retention and the converse is forgetting. Some of the learning is retained over a period of time while other may be forgotten. Extinction is a specific form of forgetting.

11.5. THEORIES OF LEARNING

Three theories have been identified to explain the process by which we acquire patterns of behavior. These are otherwise also known as Theories of Learning. These theories are:

        (d) Classical conditioning
        (e) Operant Conditioning
        (f) Social Learning

(a) Classical conditioning: It is a type of conditioning in which an individual responds to some stimulus that would not ordinarily produce such a response. Essentially, learning a conditioned response involves building up an association between a conditioned stimulus and an unconditioned stimulus. Unconditioned stimulus invariably caused the individual /organism to react in a specific way. The artificial stimulus or conditioned stimulus is originally neutral. But when it is applied in combination with an unconditioned stimulus, it eventually produces a response. For example, at one manufacturing plant, every time the top executives from the head office were scheduled to make a visit, the plant management would clean up the administrative offices and wash the windows. This went on for years. Eventually, employees would turn

on their best behavior and look prim and proper when-ever the windows were cleaned-even in those occasional instances when the cleaning was not paired with the visit form the top brass. People had learned to associate the cleaning of the windows with a visit from the head office.

Classical conditioning is passive. Something happens and we react in a specific way. It is elicited in response to a specific, identifiable event. As such, it can explain simple reflexive behaviors. But most behavior-particularly the complex behavior of individual in organizations- is emitted rather then elicited. It is voluntary rather than reflexive. For example, employees choose to arrive at work on time, ask their boss for help with problems, or "goof off" When no one is watching.

(b) Operant Conditioning: Operant Conditioning is a type of conditioning in which desired voluntary behavior leads to a reward or prevents a punishment. Operant Conditioning argues that behavior is a function of its consequences. People learn to behave to get something they want or to avoid something they don't want. Operant behavior means voluntary learned behavior in contrast to reflexive or unlearned behavior. The tendency to repeat such behavior is influenced by the reinforcement or lack of reinforcement brought about by the consequences of the behavior. Reinforcement therefore strengthens a behavior and increases the likelihood that it will be repeated.

A commissioned salesperson wanting to earn a sizable income finds that doing so is contingent on generating high sales in his/her territory. Of course, the linkage can also work to teach the individual to engage in behaviors that work against the best interests of the organization. Assume that your boss tells you that if you will work overtime during the next three-week busy season, you will be compensated for it at the next performance appraisal. However, when performance appraisal time comes, you find that you are given no positive reinforcement for your overtime work. The next time your boss asks you to work overtime, what will you do? You'll probably decline! Your behavior can be explained by operant conditioning: If a behavior fails to be positively reinforced, the probability that the behavior will be repeated declines.

(c) Social Learning: Individuals can also learn by observing what happens to other people and just by being told about something, as well by direct experiences. So, for example, much of what we have learned comes from watching models-parents, teachers, peers, motion picture and television performers, bosses, and so forth. This view that individuals can learn through both observation and direct experience has been called Social-Learning Theory. Three main elements of social learning theory are: *Behavioral Modeling; Learning Behavior Consequences; and Self-Reinforcement*

(i) Behavioral Modeling: People learn by observing the behaviors of a role model on the critical task, remembering the important elements of the observed behaviors, and then practicing those behaviors. Behavioral modeling works best when the model is respected and the model's actions are followed by favorable consequences. For instance, recently hired college graduates should learn by watching a previously hired college graduate who successfully performs the task. Behavioral modeling is a valuable form of learning because tacit knowledge and skills are mainly acquired from others in this way. It is difficult to document or verbally explain how a master baker kneads dough better than someone less qualified. Instead, we must observe these subtle actions to develop a more precise mental model of the required behaviors and the expected responses. Behavioral modeling also guides role perceptions. Leaders model the behavior that they expect from others, for example.

Behavioral Modeling and Self-Efficacy - Behavioral modeling increases self efficacy because people gain more self-confidence after seeing someone else do it than if they are simply told what to do. This is particularly true when observers identify with the model, such as someone who is similar in age, experience, gender, and related features. You might experience this when working in a student support group. You form a "can-do" attitude when another student similar to you describes how he or she was able to perform well in a course that you are now taking. You learn not only what has to be done, but that others like you have been successful at this challenge.

(ii) Learning Behavior Consequences: A second element of social learning theory says that we learn the consequences of behavior in ways other

than through direct experience. In particular, we learn by logically thinking through the consequences of our actions and by observing the consequences that other people experience following their behavior. On the first point, we often anticipate desirable or adverse consequences through logic. We expect either positive reinforcement or negative reinforcement after completing an assigned task and either punishment or extinction after performing the job poorly because it is a logical conclusion based on ethical values. We also learn to anticipate consequences by observing the experiences of other people. Consider the employee who observes a co-worker receiving a stern warning for working in an unsafe manner. This event would reduce the observer's likelihood of engaging in unsafe behaviors because he or she has learned to anticipate a similar reprimand following those behaviors.

　　(iii) Self-Reinforcement: The final element of social learning theory is self-reinforcement**.** Self-reinforcement occurs whenever an employee has control over a reinforcer but doesn't "take" the reinforcer until completing a self-set goal. For example, you might be thinking about taking a break while reading after finishing the rest of the chapter and not before. You could take a break right now, but you don't use this privilege until you have achieved your goal of reading complete chapter. The work break is a form of positive reinforcement that is self-induced. You use the work break to reinforce completion of a task. Self-reinforcement has become increasingly important because employees are given more control over their working lives and are less dependent on supervisors to dole out positive reinforcement and punishment.

11.6. METHODS OF SHAPING BEHAVIOR: LEARNING THROUGH REINFORCEMENT

　　Learning takes place on the job as well as prior to it. Hence managers are usually concerned with how they can teach employees to behave in ways that give the most benefit to the organisation. This shaping of behavior can be done by systematically reinforcing each successive step that moves an individual closer to the desired response. There are four ways in which we can

shape behavior or do behavior modification. These are through *positive reinforcement, negative reinforcement, punishment, and extinction*.

- *Positive reinforcement*- Positive reinforcement occurs when the intro-duction of a consequence increases or maintains the frequency or future probability of a behavior. Receiving a bonus after successfully completing an important project usually creates positive reinforcement because it typically increases the probability that you use those behaviors in the future.

- *Negative reinforcement*- Negative reinforcement occurs when the removal or avoidance of a consequence increases or maintains the frequency or future probability of a behavior. Supervisors apply negative reinforcement when they stop criticizing employees whose substandard performance has improved. When the criticism is withheld, employees are more likely to repeat behaviors that improved their performance. Negative reinforcement is sometimes called avoidance learning because employees engage in the desired behaviors to avoid unpleasant consequences (such as being criticized by your supervisor or being fired from your job.)

- *Punishment*- Punishment occurs when a consequence decreases the frequency or future probability or a behavior. It may occur by the supervisor's introducing an unpleasant consequence or removing a pleasant consequence. An example of the former would be where an employee is threatened with a demotion or discharge after treating a client badly. The latter form of punishment would occur when a salesperson must give up a cherished parking spot to another employee who has higher sales performance for the month.

- *Extinction*- Extinction occurs when the target behavior decreases because no consequence follows it. For example, if an employee makes practical jokes that are potentially dangerous or costly, this behavior might be extinguished by discouraging others from praising the employee when he or she engages in these panks. Behaviour that is no longer reinforced tends to disappear; it becomes extinct. In this respect, extinction is a do-nothing strategy.

In most situations, positive reinforcement should follow desired behaviors and extinction (do nothing) should follow undesirable behaviors. This is because there are fewer adverse consequences when applying these

contingencies compared with punishment and negative reinforcement. However some form of punishment (dismissal, suspension, demotion, etc.) may be necessary for extreme behaviors, such as deliberately hurting a co-worker or stealing inventory. Indeed, research suggests that, under certain conditions, punishment maintains a sense of equity. However, punishment and negative reinforcement should be applied cautiously because they generate negative emotions and attitudes toward the punisher (e.g., supervisor) and organization.

Administering Reinforcement

As it has been established that reinforcement is necessary for learning, a manager must administer it in such a say that it has its maximum effects. If reinforcement is administered properly, it will increase the strength of desired organizational behaviour and the probability of its being repeated. Following aspects must be taken into account in administering the reinforcement.
3. Selection of Reinforcement
4. Contingent Designing of Reinforcement
3. Reinforcement Scheduling

Schedules of Reinforcement

Along with the types of consequences, behavior modification identifies the schedule that should be followed to maximize the reinforcement effect. In fact, there is some evidence that scheduling the reinforcement affects learning more than the size of the reinforcement. The two major types of reinforcement schedules are **continuous** and **intermittent**. A **continuous** reinforcement schedule reinforces the desired behavior each and every time it is demonstrated. For example, let us take the case of someone who has historically had trouble arriving at work in time. Every time he is not tardy his manager might compliment him on his desirable behavior.

In an **intermittent** schedule, on the other hand, not every instance of the desirable behavior is reinforced, but reinforcement is given often enough to make the behavior worth repeating. An intermittent reinforcement can be of a

ratio or **interval** type. Reinforcement can also be classified as **fixed** or **variable**. Intermittent techniques for administering rewards can, therefore, be placed into **four categories**.

When rewards are spaced at uniform time intervals, the reinforcement schedule is of the **fixed-interval** type. The critical variable is time, and it is held constant. This is the predominant schedule for most salaried workers in North America, when you get your paycheck on a weekly, semimonthly, monthly, or other predetermined time basis, you are rewarded on a fixed-interval reinforcement schedule.

If rewards are distributed in time so that reinforcements are unpredictable, the schedule is of the **variable-interval** type. A series of randomly timed unannounced visits to a company office by the corporate audit staff is an example of a variable-interval schedule.

In a **fixed-ratio** schedule, after a fixed or constant number of responses are given, a reward is initiated. For example, a piece-rate incentive plan is a fixed-ratio schedule; the employee receives a reward based on the number of work pieces generated. When the reward varies relative to the behavior of the individual, he or she is said to be reinforced on a **variable-ratio** schedule. Salespeople on commission are examples of individuals on such a reinforcement schedule. The reward then is variable in relation to the number of calls the salesperson makes.

Reinforcement Schedules and Behavior- Continuous reinforcement schedules can lead to early satiation, and under this schedule behavior tends to weaken rapidly when reinforcers are withheld. However, continuous reinforcers are appropriate for newly emitted, unstable, or low-frequency responses. In contrast, intermittent reinforcers preclude early satiation because they don't follow every response. They are appropriate for stable or high-frequency responses.

In general, variable schedules tend to lead to higher performance than fixed schedules. For example, most employees in organizations are paid on fixed-interval schedules. But such a schedule does not clearly link performance

and rewards. The reward is given for time spent on the job rather than for a specific response (performance).

In contrast, variable-interval schedules generate high rates of response and more stable and consistent behavior because of a high correlation between performance and reward and because of the uncertainty involved-the employee tends to be more alert since there is a surprise factor.

11.7 SOME SPECIFIC ORGANIZATIONAL APPLICATION

- **Using Lotteries to Reduce Absenteeism-** Management can use learning theory to design programs to reduce absenteeism. For example, an organization has used a lottery to reward its employees for attendance. But only employees who have not missed a day of work during the previous six months are eligible. This lottery follows a variable-ratio schedule. A good attendance record increases an employee's probability of winning. Yet having perfect attendance is no assurance that an employee will be rewarded. Consistent with the research on reinforcement schedules, management credits the lottery with significantly reducing the company's absence rate.

- **Well Pay vs. Sick Pay-** Most organizations provide their salaried employees with paid sick leave as part of the employee's fringe benefit program. The reality is that sick leave programs reinforce the wrong behavior-absence from work. Organizations should reward attendance, not absence. It should reward an employee who has stayed healthy and have not file medical claims by paying them.

- **Employee Discipline-** Disciplining employees for undesirable behaviors only tells them what not to do. It doesn't tell them what alternative behaviors are preferred. Managers are reinforced for using discipline because it produces an immediate change in the employee's behavior.

- **Developing Training Programs-** Most organizations have some type of systematic training program. Knowledge of learning helps to   improve the effectiveness of their training programs. Social-learning theory offers such a guide. It tells us that training should offer a model to grab the trainee's attention; provide motivational properties; help the trainee to file away what

he or she has learned for later use; provide opportunities to practice new behaviors; offer positive rewards for accomplishments; and, if the training has taken place off the job, allow the trainee some opportunity to transfer what he or she has learned to the job.

- **Creating Mentoring Programs-** A successful mentoring program can be built on modeling concepts from social learning theory. Mentors are role models. Top managers who are concerned with developing employees who will fit into the organization and with preparing young managerial talent for grater responsibilities should give careful attention to who takes on mentoring roles. The creating of formal mentoring programs-in which Individuals are officially assigned a mentor-allows senior executives to manage the process and increases the likelihood that protégés will be molded the way top management desires.

- **Self Management-** Organizational applications of learning concepts are not restricted to managing the behavior of others. These concepts can also be used to allow individuals to manage their won behavior and in so doing, reduce the need for managerial control. This is called self-management.

11.8. SUMMARY

This chapter has looked at the individual variable-Learning. Learning is mainly cognitive (thinking) process, but is influenced by and has an influence on human behavior. In this chapter we define learning, explain learning process, present three popular learning theories, and describe how managers can facilitate employee learning through reinforcement and influence behaviour by reinforcement schedules.

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11.10. REVIEW QUESTIONS

Q.1. Define Learning and write down the component of Learning Process.

Q.2. Explain the following:

   (a) Classical conditioning

   (b)Operant Conditioning

Q.3. What is Social Learning Theory? Discuss.

Q.4. Describe the different Schedules of Reinforcement.

Q.5. Write down the four ways of shaping behavior through learning process.

UNIT 12: ORGANIZATIONAL COMMUNICATIONS: MEANING, TYPES, FORMS AND NETWORKS

Structure:

12.1   INTRODUCTION

The whirling global scenario in modern time has put tremendous pressure on Organizations' to keep pace with the technological advancement and Organizational communication for its continuous growth and development. Communication has undoubtedly plays an important role to keep Organizational informative and in continuous touch with interdepartmental personnel and various other business partners. Though Organizational Communication is a specialized branch of general communication, there is no basic difference between the two. The process is the same and so are the principles that regulate them. The difference lies in their application to situations. Whereas general communication plays many

roles in the world at large, Organizational communication is specifically concerned with business activities, which are well-defined.

Business activities are of two types, internal and external. Among the internal activities are: maintaining and improving the morale of employees, giving orders to workers, prescribing methods and procedures, announcing policies and organizational changes, and keeping the management informed. The external activities relate to selling and obtaining goods and services, reporting to the government and the shareholders on the financial condition and business operations, and creating a favourable climate for conducting business. Every activity, internal or external, leads to some result.

Therefore the main purpose of every communication in business is to obtain some result that is, to secure an action by the receiver. The sender expects him to do something on receiving the message- write a cheque, place an order, approve an action, send some information, etc. To achieve this drawing attention, arousing interest or creating desire, developing conviction, and inducing action organizational communication should be effective. The main features that lend Organizational communication a distinct identity are as follows:

5. It is characterized by certain formal elements such as commercial and technical vocabulary, the use of graphic and audio-visual aids and conventional formats.
6. It deals with various commercial and industrial subjects.
7. It is impartial and objective as extreme care is taken to convey information accurately and concisely.
8. It has comparatively a high concentration of certain complex writing techniques and procedures.

To sum up, we may define organizational communication as the use of effective language for conveying a commercial or industrial message to achieve a predetermined aims and objectives.

12.2 OBJECTIVES

The unit will enable you to:

- Understand the nature of basic communication in an organization.
- Gain insights on the Organizational Communication Process.
- Acquire the complete knowledge of communication forms and networks.

12.3   MEANING OF ORGANIZATIONAL COMMUNICATION

Communication means an exchange of ideas, opinions, information and understanding between two or more persons. It is derived from the Latin word "*Communis*" which means common.

According to Keith Davis, "Communication is the process of passing information and understanding from one person to another".

According to Newman and Summer, it is an exchange of facts, ideas, opinions or emotions by two or more persons.

Allen Louis defines it as the sum of all the things one person does when he wants to create understanding in the minds of another.

Simply stated, communication means the process of passing information and understanding from one person to another. A proper understanding of information is one very important aspect of communication. If the information is not understood by the receiver in the same meaning in which its sender wants him to understand it, the very purpose of communication is defeated. This may result in confusion, chaos and organizational inefficiency, leading to non-fulfillment of business goals. It means that it is an exchange of ideas, facts, opinions, or emotions between two or more persons to create common ground of understanding. In short, communication is not merely transmission of information from one person to another but also correct interpretation and understanding of the information. It is not to get something *off the mind* of the person transmitting it, but to get something *into the mind* and actions of the person receiving it. Fig.4.1 exhibit the organizational communication model.

Fig. 12.1: Organizational Communication Model

IMPORTANCE OF COMMUNICATION

The classicists ignored the importance of communication, for they believed that a business unit was only a technical and formal structure. However, after the thirties, as a result of the Hawthorne experiments, it was realized for the first time that every organization structure is a social system involving the interactions of people working at different levels and proper communication among them is necessary for achieving the goals of the organization. It is the basis to an organization's existence from the birth of the organization on through its continuing life. When communication stops, organized action comes to an end automatically.

PURPOSES OF COMMUNICATION

Some important purposes which communication serves are mentioned as under:

1. Communication is needed to enable employees to perform their functions effectively and efficiently.
2. Communication is needed in the *recruitment* process to persuade potential employees of the merits of working for the enterprise.

3. Communication is needed in the area of *orientation* to make people acquainted with peers, superiors and with company's rules and regulations.
4. Communication is needed to acquaint the subordinates with the *evaluation* of their contribution to enterprise activity.
5. Communication is needed to *teach employees about personal safety* on the job.
6. Communication is of vital importance in *projecting the image* of an enterprise in the society.
7. Communication helps the manager in his *decision making process.*
8. Communication helps in achieving *coordination.* In a large organization, working on the basis of division of labour and specialization, there is need for coordination among its component parts.
9. Communication promotes *cooperation and industrial* peace. Most of the disputes in an enterprise take place because of either lack of communication or improper communication.
10. Communication increases *managerial efficiency.* It is said that the world of modern management is the world of communication and the success of a manager in the performance of his duties depends on his ability to communicate.

In summary, it can be outlined that purposed of communication are:

3. To provide the attitudes necessary for motivation, cooperation and job satisfaction (i.e., willingness to work); and

4. To provide the information and understanding necessary for group effort (i.e., the skill to work).

12.4   GROWTH AND PRINCIPLES OF EFFECTIVE COMMUNICATION

Communication is a science as old as mankind. Right from the time of inception, man felt the need to communicate. Initially he made use of signs and symbols to transmit his message. Later on, it was replaced by words and languages. It was in the early 40's and 50's that communication as an inter-disciplinary subject began to gain ground. For example, in Anthropology the study of body gesture in different culture came under the scrutiny of

Anthropologists. The Physiology of speech and speech pathology at this time focused interest on oral presentation, interpretation, voice, diction and debate. The success of manager depends on how well he communicates. Therefore, Communication is the most vital management tool.

Principles of Effective Communication

The management, in order to have effective communication, should keep the following principles of communication in mind:

10. The manager who wants to communicate must clear in his mind about the objectives of his communication. He should know what he wants to communicate. As W.H. Whyte has remarked, "the great enemy of communication is the illusion of it." Many executive mistake the form of communication for its matter and pay too much attention to media and devices and too little to purpose and context.

11. Communication should be adequate and complete in all respects. If all the necessary information has not be supplied, people make assumptions about the missing information.

12. The communication should be in easily understandable language.

13. The medium of communication must be carefully selected. The medium to be selected depends on the subject matter, urgency of communication, situation etc.

14. Messages should not be mutually conflicting and should be in line with the overall objectives and policies of the concern.

15. There should be follow up of communication to know whether or not the receiver has understood the message correctly and to know his reaction. Feedback is necessary to ensure understanding.

16. There is also a need for the right climate in the organization. There should be a good superior-subordinate relationship characterized by openness and trust so that everybody may feel free to communicate and to make suggestions on his own.

17. The communicator should not act in any way which contradicts his message. A communicator is judged not only by what he says but also by

what he does. Actions speak louder than words. Hence, the action of the communicator should be in line with the message conveyed.

18. Every executive should realize that the grapevine is a powerful channel in an organization. Generally, it is better to use the grapevine than to try to fight it.

There should be provision for adequate training facilities to the executives for improving their skills in report-writing, effective speaking, lecturing, interviewing and listening.

12.5 PROCESS OF ORGANIZATIONAL COMMUNICATION

Communication is a word of Latin origin; it means sharing-sharing of information or intelligence. The most common medium of communication is language. While speaking we often resort to physical gestures. We wave our hands, shrug our shoulders, smile and nod to reinforce what we say. Besides, there are several other means of communication available to us. We use non-linguistic symbols such as traffic lights, road signs, railway signals to convey information relating to the movement of vehicles and trains. We also use telegraphic code for quick transmission of message and secret codes for communicating defence and other highly confidential information. For communication all these codes are valid in their special frames or reference and it is related to linguistic communication. Whether formal or informal, the basic communication process is still the same. It involves six steps of ideation, encoding, transmission, receiving, decoding and acting.

Communication is a process, the main components of which are *sender, message, channel, receiver* and *response.* Communication starts in the mind of the sender. Sender is the person who conveys the message (the subject matter of communication. The sender translates the message into words, symbols or some other form. This is known as encoding of message. The encoded message once developed is transmitted through some media which is known as the communication channel. It may be spoken or written. Or, it may be communicated non-verbally by a smile, a nod or a shrug of the shoulder. Once, transmitted, the message is received and the receiver attaches meaning to it

(decoding). The person who receives the message is known as the receiver. The receiver sends his response to the sender of the message. Such response is known as *feedback.* Without feedback, the sender cannot be certain if the message was received and the proper meaning attached to it. With feedback, any distortion in meaning can be corrected by another communication. Thus, communication is a circular process. Exhibit 1.2 shows these components and their relationships.

Sender	Message	Encoding	Channel	Receiver	Decoding	Message

Feedback

Fig 12.2: Communication Process with feedback

The first thing to note is that in every communication situation there are two parties, a *sender* and a *receiver,* who interact within a common frame of reference. Without a common background, purpose and interest there can be no effective communication.

An important factor in the communication process is the existence of cooperation between the sender and the receiver. If you speak to a person who is totally lost in his thoughts or use a language he does not understand, no communication will take place.

Communication, in fact, is a social function and each community develops a common medium for the purpose. The medium may consist of a language or code- a set of symbols which stand for certain ideas, feelings, notions, things, etc.

To encode a *message,* relevant symbols are selected and arranged into a pattern to convey meaning.

The choice of the *channel* and the type of symbols is determined by the situation. When addressing a conference of research workers a scientist uses technical language. He speaks distinctly and makes suitable gestures to drive

home his points. On the other hand, when he talks to his wife and children he uses simple everyday language and speaks in an informal manner.

When the sender transmits a message, he expects a *response.* The response may be immediate or deferred, favourable or unfavourable. He may, for instance, send a letter of congratulations to a friend on his success in an examination and receive an immediate reply. On another occasion, an application for leave may not be granted. But for this reason it has not ceased to be a communication, only it has not produced the desired response.

The sender is naturally interested in knowing how his message has been received. The observation of the receiver's response is called *feedback.* Immediate feedback is possible only in face to face interaction or telephonic conversation. Such communication has one significant advantage. The sender can promptly adjust the tenor of his communication. But oral communication by its very nature is ephemeral.

For many of our needs we resort to written communication. Though in written communication there is no immediate feedback, yet it has other virtues which more than compensate for this shortcoming. It gives you better control over what you wish to say.

You can edit, review and revise as often as you like. You can reproduce, multiply, store or retrieve it to suit your needs. Further, it is convenient in as much as you can write at leisure and the reader can handle it at his own convenience.

Now let us take a specific situation to illustrate the communication process. Suppose as a shopkeeper you have to place an order for a bulk quantity of Lux soap. You write a letter (message) and send it by post (channel), to a wholesaler, and he dispatches the requisite quantity of soap (response) to you. On receipt you examine the soaps (feedback) to assure yourself that it is the same which you had ordered.

But all communication situations are not like the one described above. In many cases the message fails to produce the desired response because of a *semantic gap* between the sender and the receiver. The failure occurs because the sender may not be clear about his objective or he may use inappropriate

language to convey his ideas. It also occurs if the receiver is not able to understand and interpret the message properly. Therefore, a great deal of importance is attached to acquiring skills of communication in all spheres of life.

12.6   TYPES OF ORGANIZATIONAL COMMUNICATION

Each business house is concerned with two types of communication: external and internal: Externally, it has to communicate with other business houses, banks, press, government offices, customers and general public. Internal communication consists in transmitting information within the organization. Internal communication may again be of two types: *formal or official and informal.*

FORMAL COMMUNICATION

Much of the communication in an organization is what we call formal communication. Formal communication flows along prescribed channels which all members desirous of communicating with one another are obliged to follow. It flows in formally established channels and is concerned with work-related matters. All orders, instructions and decisions are communicated to the subordinates through this channel. Formal communication flows in four directions. Downward, upward, laterally between the departments and between the organization (Horizontal communication) and external environment as shown in Fig. 1.3.

Fig. 12.3: Forms of Formal Communication

DOWNWARD COMMUNICATION:

Communications which flow from superiors to the subordinates are known as downward communications. The Managing Director communicating with the departmental heads, a manager giving a directive to an assistant manager or a supervisor, a foreman instructing a worker, are all engaged in the process of downward communication. Orders, individual instructions, policy statements, job-sheets, circulars, etc., fall under downward communication. These communications are the medium through which the superior *directs* the efforts of his subordinates, *defines* the goals of the organization and the sub-group, *tells* the subordinates what is expected of them, what resources are available, how well they are doing, etc; and *administers* reward and punishment. There can be several media of downward communication such as written orders, posters and bulletin boards, company periodicals and hand-books, information racks, loud-speakers, grapevine, annual reports, group meetings and the labour union. Of all these, orders are the most important. It is eminently suited to an organization in which the line of authority runs distinctly downwards, with each rank clearly below another, to which it is directly related. It gives specific directives about the job being

entrusted to a subordinate and to explain policies and organizational procedures.

UPWARD COMMUNICATIONS

If the managers have to transmit information down the line of authority, they have also to receive information continuously emanating from levels below them. Communication which flows from the subordinates to superiors is known as upward communications. These communications generally act as a feedback. They enable the management to know how far downward communications have been understood and carried out. They also help the management to know the grievances or suggestions of the subordinates and the way in which the management is seen by the subordinates. It provides with necessary feedback to management and act as a kind of lubricant in greater harmony and cohesion.

HORIZONTAL COMMUNICATIONS

These are also known as lateral or cross-wise communications. Communication between departments or people on the same level in the managerial hierarchy of an organization may be termed as horizontal communication. They refer to communications among the subordinates who are working on the same level of the organization. Such communications help coordinate the activities of different departments. It is the most frequently used channel of communication. The production foreman and the maintenance foreman communicate directly without going through their managers. Workers communicating with other workers, clerks exchanging information with one another and supervisor holding a coffee-break session to discuss some organizational problems are all engaged in this type of communication.

In this way, lateral communications avoids the much slower procedure of directing communications through a common superior. Face-to-face exchange of views or a brief conservation over the telephone is very convenient for horizontal communication.

Horizontal communication is extremely important for promoting understanding and coordination among various departments. Not much

imagination is needed to visualized the embarrassing situations that lack of coordination might create for the organization.

EXTERNAL COMMUNICATIONS

These are communications with external agencies, like current and potential customers, government departments, competitors, trade unions, financial institutions, raw material suppliers, etc. These communications aim at building the company's image and influencing policies and decisions in company's favour.

INFORMAL COMMUNICATION

In addition to the formal channels of communication, there exists in every organization an informal channel, often called as the grapevine, that does not arise out of the organizational needs, but that is, nevertheless, an integral part of its communication system.

Keith Davis rightly points out that the grapevine is more a product of the situation that it is of the person. Certain situations like insecurity of services, uncertainty over promotion, special increments to a particular employee, certain innovations in the organization likely to affect the job prospects of the employees are sure to activate the leader of the grapevine so that very soon all kinds of rumours have spread in the organization.

Rumours that are all the time spreading in any organization follow the grapevine. This structure less network of informal communication flourishes in all organizations because communication is a natural human tendency.

People who know each other in the organization talk together informally. One thing they have in common is the organization they work for, so they talk about the happenings in the organization.

The grapevine carries two types of information: work-related and people-related. Employees want to know what is going on in the organization. When they are not kept informed through formal channels, they seek information from the grapevine. Likewise, they are curious about the people they work with.

The grapevine carries the type of personal information not generally communicated through formal channels.

For example, a manager cannot announce his bad mood officially to his subordinates. The best way to do this would be to put this information on the grapevine so that it reaches the subordinates informally.

Grapevine acts as a kind of safety valve for the pent-up emotions of the subordinates and it may even raise the morale of workers.

Some Characteristics of a Grapevine

7. Grapevine information is mostly oral. But it can be written also, as in the case of two employees working in two branches of a company exchanging information through e-mail.
8. Although the general impression is that the grapevine operates like a long chain in which 'A' tells 'B', 'B' tells 'C', 'C' tells 'D' and so on, but research shows that it follows a cluster chain, which means that 'A', instead of telling one person, tells 3 or 4 persons each. In other words, only a few in the grapevine spread the information.
9. Research on grapevine accuracy shows that out of the total communication bits; well over three-fourths are accurate. But the inaccurate bits, though a small in proportion are more devastating in effect.
10. A grapevine is more a product of the situation that it is of the person. For example, one can find grapevine humming with activity during periods of excitement and insecurity, such as during a threat of a lay-off.
11. A grapevine has remarkable speed. Its fast speed makes it quite difficult for the management to stop rumours or to significant news in time to prevent rumour formation.
12. A grapevine helps management in interpreting its policies to the workers and communicating their reactions and feelings to the management.

How the grapevine operates

Professor Keith Davis, who has done some research on the nature of grapevine or the informal channel of communication, classifies it into four

basic types: single strand, gossip, probability, and cluster. The single strand chain involves the passing of information through a long line of persons to the ultimate recipient. 'A' tells 'B', who tells 'C', who tells 'D', and so on, till the information has reached most of the concerned persons.   In the gossip chain, 'A' actively seeks and tells everyone. The probability chain is a random process in which 'A' transmits the information to others in accordance with the laws of probability and then others tell to others in similar fashion. This chain may also be called random.

In the cluster chain, 'A' tells a selected person who may in turn relay the information to other selected individuals. Most of the informal communication follows this chain as shown in fig 1.4.

GOSSIP

SINGLE STRAND   PROBABILITY   CLUSTER
Fig12.4 Transmission of information along the grapevine

- **Control of Rumour:** Researchers have shown that rumour is a product of *interest* and *ambiguity* in a situation. If a person has no interest in a situation, he has no cause to spread rumour about it. Similarly if, there is no ambiguity in a situation, a person has no cause for spreading rumours. Hence, a manager can prevent rumour by not allowing these two causes to develop.

12.7   FORMS OF ORGANIZATIONAL COMMUNICATION

Broadly speaking, there can be three forms of communication: oral, written and non-verbal.

Oral Communication

In oral or verbal communication, information is given directly, either face to face or through a telephone or intercom system. Generally, in meetings, lectures, interviews, conferences, etc. the communication is oral. Some of the merits or oral communications are:

- It is a time and money saving device.
- As there is an element of personal touch, it is comparatively more effective.
- Doubts can be clarified on the spot and the communication can be understood easily.
- Important points may be emphasized through body language.
- The effects of communication can be easily measured.
- It provides for greater flexibility.

Oral communication, however, suffers from certain limitations. These are:

- It is not useful where the parties are very far from each other, even beyond telephonic range.

- It is not suitable for lengthy communications.
- There is no permanent record of communication.
- Sometimes, oral communication is not taken seriously by the receiver.
- If the communicator is poor in vocal expression, oral communications are likely to be misunderstood and misinterpreted.

Written Communication

Written communication, which is always is black and white can take the form of a report, statement, circular, note, manual, handbook, letter, memo, etc. Some of the merits of written communication are as follows:

- It is suitable for lengthy communications.
- If the parties are far from each other, even beyond telephonic range, written communication is the only way out.
- It can be kept as a permanent record and at times be referred to as evidence.
- There are fewer chances of missing out a point,
- Written communication serves as a solid base for taking action against a subordinate who disobeys it.

Some of the disadvantages of written communication are as follows:

- There is a greater chance of the communication being misunderstood.
- It is very time consuming.
- There is no scope for face to face discussion.
- It is difficult to maintain secrecy about the matter communicated.
- It suffers from a lack of flexibility.
- Poorly written messages followed by numerous clarifications both written and oral, may lead to a lot of confusion.

Non-Verbal Communication

All of us constantly send clues about our feelings- not by what we say, but by what we do. *This is called non-verbal communication.* Much non-verbal communication is expressed through the body- the facial expression, posture, gestures, etc. A number of non-verbal clues play an important role in oral

communication. When we meet a stranger with whom we have to interact we form our first impressions about him by observing his physical characteristics, his body movements, his facial expression, and the way he is dressed. Though these first impression may not be accurate, they are important as they influence our understanding of what he says, and thus affect our reaction to it. We would like to emphasize that non-verbal communication is no substitute for verbal communication: it merely supplements and reinforces what we say. There are, however, occasions when non-verbal clues may believe verbal communication.

For example, a tiny, shabbily dressed person may create a poor first impression but he may later prove to an engaging interlocutor. Buts such instances are not many.

12.8   NETWORKS OF ORGANIZATIONAL COMMUNICATION

An organization's effectiveness depends upon the performance of numerous small groups which function and interact within the overall organizational system. Since the activities of these small groups depend to a great extent upon their information flow, communication networks or the arrangement of interconnecting lines is one area in which the groups may be made more efficient.

All communication networks possess some basic characteristics which differentiate them from each other. These are as follows:

5.   Size of Network: The size of network is measured in terms of the number of employees it interconnects. Some communication networks are very big, others are small. In general, the larger the loop, the greater are the problems of communication. However, large loops with several interconnecting communication links have been found to be more effective where problems are more complex and ambiguous.

6. Extent of Modification Taking Place in the Message: In some communication networks the same original message flows through all the stages without modification but in some others a change in the message occurs as it passes through different links.

7.   Feedback or Closure: Communication networks also differ from each other in the way in which their communication cycles close. In some networks the cycle closes as the receiver of the message acknowledges its receipt and accepts it. But in some others the cycle does not close because the receiver does not accept the message but attempts to alter it.

8.   Communication Pattern: Communication networks also differ from each other in the extent to which they are centralized or decentralized.

Four major types of small-group communication networks are shown in Fig. 1.5. These are the Circle, Free (Decentralized) Circle, Wheel and Chain networks. Each black circle represents an individual in a working group, and the solid line connects the individual with the other members of the group he or she normally interacts with in performing a task.

Fig. 12.5: Communication Networks

- **Single Chain:** A single chain communication network exists between a superior and his subordinate. Since there may be a number of levels in an organization, each individual within those levels is both superior as well as subordinates, except the person at the top or bottom. Often we find such a communication network in bureaucratic organization.

- **Wheel:** In wheel network, all subordinates under one superior communicate through him only as he is the hub of the wheel. They are not allowed to communicate among themselves. Thus, there is no horizontal communication. In this network, problem of coordination is the main drawback.

- **Circle:** In circular network, the communication moves in a circle. Each person can communicate with his adjoining two persons. In this network, communication flow is slow.

- **Free or Decentralized:** In this network, each person can communicate with others freely. In this network, communication flow is fast but problem of coordination exists. This is followed in free-form organization or in task force.

Early classical studies of simple communication networks carried out by Bavelas and Barrett in laboratory conditions have shown that each network causes different levels of morale, speed and accuracy as shown in Table 1.1. It will be seen from this table that the wheel and chain networks give the best job performance but they also have the lowest morale and show less flexibility to changes. In a circle or free network, since every one in the group is free to utilized whatever channels to communication he desires, most of the group's time is spent in discussion and useless debates and very little work is accomplished. But the morale in such groups is high because each person's device is appreciated and carefully evaluated.

Table 12.1: Performance of the Circle, Chain and Wheel Communication Networks

	Circle	**Chain**	**Wheel**
Speed of performance	Slow	Fast	Very fast

Accuracy	Poor	Good	Good
Flexibility to Change	Very fast	Slow	Slow
Emergence of leadership	None	Marked	Very pronounced
Morale	Very good	Poor	Very Poor

On the other hand, experiments by M.E. Shaw, using more complex problems have shown that the circle is faster and makes fewer mistakes than the wheel. The reason for this seems to lie in the fact that when the task is complex, individual s may refuse to accept the dictates of the central person without sufficient information. This forces the central person to handle more and more messages. In consequence, the speed of performance is slowed down. This in not so in circle network.

12.9   BARRIERS TO ORGANIZATIONAL COMMUNICATION

There is no such thing as perfect communication. Understandably, there are frequent errors and misunderstandings in communication which tend to distort communication and promote disorganization. Several types of barriers prevent us from transmitting our ideas meaningfully. It is hard to identify these barriers. The reason is obvious: it is difficult to realize fully whether the message we get is complete and correct, or truncated and distorted. For example miscommunication can originate at three levels: at the level of the transmitter, of the medium, or of the receiver. In technical parlance, anything that obstructs free flow of communication is called 'noise'. The feedback gives only a partial clue for determining whether the communication has succeeded or failed. Another problem is the identification of the criteria on the basis of which one would evaluate the effectiveness of communication. However, despite these problems, one must identify the barriers that hinder the process of effective communication in order to be able to keeping in check their negative effect. Studies have revealed certain common barriers and suggested ways to remove them. Some of these barriers operate in all types of

communication while others may be more relevant for organizational communication. These different barriers of communication may be classified as semantic barriers, emotional or psychological barriers, organizational barriers and personal barriers.

Semantic Barriers

Semantic is the science of meaning, as contrasted with phonetics, the science of sounds. Semantic barriers arise from limitations in symbols such as words, pictures, actions, etc. with which we communicate. Following types of semantic barriers are more prominent:

1. Faulty Translations: Every manager receives various types of communication from superiors, peers, subordinates and he must translate information destined for subordinates, peers and superiors into language suitable to each. Approximate understanding of words and the consequent faulty translations lead to impaired efficiency of communication breakdown.

2. Symbols with Different Meanings: Communication symbols usually have a variety of meanings, and one has to choose one meaning from many. In verbal communication, a particular word may have a variety of meanings. In such a situation, often there is a possibility that the receiver of the symbols may attach quite different meanings as compared to intended by the sender and communication breaks down.

3. Badly Expressed Message: Lack of clarity and precision in a message makes it badly expressed. Poorly chosen and empty words and phrases, jargons, failure to clarify implications etc. are some common faults found in this case.

4. Specialist's Language: It is often found that technical personnel and special groups tend to develop a special, peculiar and technical language of their own. This increases their isolation from others and builds a communication barrier.

5. Unclarified Assumptions: There are certain uncommunicated assumptions which underline practically all meanings. Though a message appears to be specific, its underlying assumptions may not clear to the receiver.

6. Interpretation of Words: Most of the communication is carried on through words, whether spoken or written. But words are capable of communicating a variety of meanings. It is quite possible that the receiver of a message does not assign the same meaning to a word as the transmitter had intended.

7. Bypassed Instructions: Bypassing is said to have occurred if the sender and the receiver of the message attribute different meanings to the same word or use different words for the same meaning.

8. Denotations and Connotations: Words have two types of meanings: denotative and connotative. The literal meaning of a word is called its denotative meaning. It just informs and names objects without indicating any positive or negative qualities. Words like 'table', 'book', accounts', and 'meeting' are denotative.

In contrast, connotative meanings arouse qualitative judgments and personal reactions. 'Honest', 'competent', 'cheap', 'sincere, etc., are connotative words.

Emotional or Psychological Barriers:

Emotional or psychological factors are the prime barriers in interpersonal communication. The meaning ascribed to a message depends upon the emotional or psychological status of both the parties involved.

In a communication, apart from the message, there is a meta-message, that is, what one gets out of a message when decoding. These barriers to communication are just as effective as an actual physical wall. They let through some communication but hold back other, thereby, making communication inadequate. This 'half-way' communication gets 'half-way' results. Some emotional barriers are as follows:

1. Attitudes and Opinions: Personal attitudes and opinions often act as a barrier to effective communication. If information agrees with our opinions and attitudes, we tend to receiver it favourably. It fits comfortably in the filter of our mind. But if information disagrees with our views or tends to run contrary to our accepted beliefs, we don't react to it favourably.

2. Premature Evaluation: Premature evaluation is the tendency of prematurely evaluating communications, rather than to keep an uncompromised position during the interchange. Such evaluation stops the transfer of information and begets in the sender a sense of futility. This barrier can be remedied by empathy, non-evaluating listening, where the communicator is listened to in a non-committal and unprejudiced way so that sagacious decision and action can follow.

3. Loss by Transmission and Poor Retention: When communication passes through various levels in the organization, successive transmissions of the same message are decreasingly accurate. It is said that in case of oral communication, about 30% of the information is lost in each transmission. Studies show that employees retain only 50 per cent of communicated information.

4. Inattentiveness: The preoccupied mind of a receiver and the resultant non-listening is one of the major chronic psychological barriers. It is a common phenomenon that people simply fail to react to bulletins, notices, minutes and reports.

5. Closed mind: A person with a closed mind is very difficult to communicate with. He or she is a person with deeply ingrained prejudices and they are not prepared to reconsider his opinions. If closed-minded people can be encouraged to state their reasons for rejecting a message or a proposal, they may reveal deep-rooted prejudices, opinions and emotions.

6. Status-Consciousness: Status consciousness exists in every organization and is one of the major barriers to effective communication. Status consciousness proves to be a very serious barrier to face-to-face communication.

7. Unsolicited communication: Unsolicited communication has to face stronger barriers than solicited communication. If anyone seeks advice, it should be presumed that he or she will listen to it. But if a sales letter comes to me unsolicited, it is not very sure that he or she will pay much attention to it.

Physical Barriers

These are environmental factors which prevent or reduce the sending or receiving of communication. They include physical distance, distracting noise, and similar interferences. These are as follows:

1. **Noise**: Noise is quite often a barrier to communication. If factories, oral communication is rendered difficult by the loud noise of machines. Electronic noise like blaring often interferes in communication by telephone or loudspeaker system. The word 'noise' is also used to refer to all kinds of physical interference like illegible handwriting, smudged copies of duplicated typescript, poor telephone connections, etc.

2. **Time and Distance**: Time and Distance also act as barriers to the smooth flow of communication. The use of telephone along with computer technology has made communication very fast and has, to a large extent, overcome the space barrier.

Organizational Barriers

An organization being a deliberate creation for the attainment of certain specified objectives, day to day happenings within it require being regulated in such a manner that they contribute to attain these objectives in the most efficient manner.

This is usually done by prescribing various policies, rules, regulations and procedures, lying down of norms of behaviour, instituting a reward and punishment system, etc.

All the inner processes, including communication in different directions, are markedly affected by these prescriptions. As such, major organizational barriers may be as follows:

1. **Organizational Rules and Regulations**: Organizational rules and regulations affect the flow of communication by prescribing the subject-matters to be communicated and also the channel through which these are to be communicated. The rules may restrict the flow of certain messages and may leave many important ones.

2. **Organizational Policy:** The general organizational policy regarding communication acts as an overall guideline to every one in the organization

regarding how he is normally expected to behave in this matter. The policy might be in the form of explicit declaration in writing, or, as is very commonly the case, it has to be interpreted from the behaviour of organization members, particularly people at the top.

3. **Status Relationships:** The placing of people in superior/subordinates capacity in the formal organization structure also blocks the flow of communication and more particularly in upward direction.

4. **Organizational Facilities:** Organizational facilities provided for smooth, adequate, clear, and timely flow of communication may take a number of forms. Some of these are meetings, conferences, complaint box, suggestion box, open door system, social and cultural gatherings, etc. If these are not properly emphasized, generally people fail to make effective communication.

5. **Complexity in Organization Structure:** In an organization where there are number of managerial levels, communication gets delayed, chances of communication getting distorted are more and the number of filtering points are more.

Personal Barriers

While the organizational factors, no doubt, have important influences operating on communication, a host of factors internal to the two parties-sender and receiver-to this process, also exert important influences on its operation, as communication is basically an inter-personal process and these barriers are relevant in the case of downward and upward communication.

Barriers in Superiors

The role of superiors in communication is very vital. Because of their hierarchical relationships with subordinates, they act as barriers in a number of ways discussed below:

1. Attitudes of Superiors: The attitudes of superiors towards communication in general or in any particular direction affect the flow of messages in different directions.

2. Fear of Challenge to Authority: A person in the organization always tries to get a higher position and prestige to satisfy his needs. As such, managers in general try to withhold the information coming down the line or going up as frequent passing of information may disclose their weakness.

3. Insistence on Proper Channel: One of the basic features of superiors exercising the authority is that they wish to remain in communication links and they do not like any type of bypassing in communication.

4. Lack of Awareness

5. Ignoring Communication

6. Lack of Time

Barriers in Subordinates

Vertical communication in either direction can take place only when subordinates also actively participate in this process. There are various factors in the subordinates that adversely affect such active participation on their part. Two factors are more important in the case of subordinates and these are responsible for blocking communication in upward direction:

1. **Unwillingness to Communicate:** Sometimes, subordinates do not communicate upward certain information because they are not willing to do so.

2. **Lack of Proper Incentive:** Lack of motivation to communicate also refrains subordinates to communicate upward.

12.10 SUMMARY

Organizational communication is the process by which individuals stimulate meaning in the minds of other individuals by means of verbal or nonverbal messages in the context of a formal organization. Communication allows people to exchange thoughts by one of several methods. There are auditory means, such as speaking or singing, and nonverbal, physical means, such as body language, sign language, touch or eye contact.

Communication happens at many levels (even for one single action), in many different ways, and for all beings, and some machines. Many or all, fields of study dedicate some attention to communication.

So when speaking about communication it is very important to be sure about what kind of communication we are speaking about, mainly: *what types of things are communicated*, between *what agents* and *with what kind of results*? Four areas of interest in communication can be cited as communication by extra-organizational individuals seeking organizational acceptance, communicating organizational change, gender differences in organizational communication and pedagogical approaches to influencing organizational communication effectiveness.

12.11 REFERENCES

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12.12 REVIEW QUESTIONS

Q: 1: Write a note on the importance of communication in an organization?

Q: 2: "Communication is sharing of understanding." Comment

Q: 3: Elaborate the growth and principles of communication?

Q: 4: Define communication and describe the important steps involve in a communication process.

Q: 5: Write short note on:

    a. Formal and Informal Communication

    b. Principles of Effective Communication

    c. Barriers to Effective Communication

Q: 6. Discuss the psychological barriers to effective communication?

Q: 7: What do you understand by grapevine? What is its importance in an organization?

BLOCK 4: ORGANIZATION EFFECTIVENESS

UNIT 13: LEADERSHIP: MEANING, TYPES AND PROCESS THEORIES

Structure:

13.1 INTRODUCTION

Leadership is the ability to influence individuals or groups toward the achievement of goals. Leadership is a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent. Leaders carry out this process by

applying their leadership attributes, such as beliefs, values, ethics, character, knowledge, and skills. **Leadership**, as a process, **shapes the goals** of a group or organization, **motivates behavior** toward the achievement of those goals, and helps define group or organizational culture. It is primarily a process of influence.

13.2 OBJECTIVES

After studying this unit you should be able to:
- Define leadership
- Distinguish between leader and manger
- Discuss the styles of leadership
- Describe the theories of leadership

13.3 DEFINITIONS OF LEADERSHIP

A traditional definition of leadership: **Leadership** is an interpersonal influence directed toward the achievement of a goal or goals. Three important parts of this definition are the terms interpersonal, influence, and goal.

- *Interpersonal* means between persons. Thus, a leader has more than one person (group) to lead.
- *Influence* is the power to affect others.
- *Goal* is the end one strives to attain.

Basically, this traditional definition of leadership says that a leader influences more than one person toward a goal.

Leadership can also be defined as *a dynamic relationship based on mutual influence and common purpose between leaders and collaborators in which both are moved to higher levels of motivation and moral development as they affect real, intended change*. Three important parts of this definition are the terms relationship, mutual, and collaborators.

Relationship is the connection between people. *Mutual* means shared in common. *Collaborators* cooperate or work together. This definition of leadership says that the leader is influenced by the collaborators while they work together to achieve an important goal.

13.4 LEADERSHIP VERSUS MANAGEMENT

A leader can be a manager, but a manager is not necessarily a leader. The leader of the work group may emerge informally as the choice of the group.

If a manager is able to influence people to achieve the goals of the organization, without using his or her formal authority to do so, then the manager is demonstrating leadership.

According to John P. Kotter in his book, *A Force for Change: How Leadership Differs From Management* (The Free Press, 1990), managers must know how to lead as well as manage. Without leading as well as managing, today's organizations face the threat of extinction. **Management** is the process of setting and achieving the goals of the organization through the functions of management: planning, organizing, directing (or leading), and controlling.

A manager is hired by the organization and is given formal authority to direct the activity of others in fulfilling organization goals. Thus, leading is a major part of a manager's job. Yet a manager must also plan, organize, and control. Generally speaking, leadership deals with the interpersonal aspects of a manager's job, whereas planning, organizing, and controlling deal with the administrative aspects. Leadership deals with change, inspiration, motivation, and influence. Management deals more with carrying out the organization's goals and maintaining equilibrium.

The key point in differentiating between leadership and management is the idea that employees willingly follow leaders because they want to, not because they have to. Leaders may not possess the formal power to reward or sanction performance.

However, employees give the leader power by complying with what he or she requests. On the other hand, managers may have to rely on formal authority to get employees to accomplish goals.

Table 13.1: Manager vs Leader

Manager	Leader

• Engages in day-to-day caretaker work: maintains and allocates resources	• Formulates long-term objectives to reform system: plans strategy and tactics
• Exhibits supervisory behaviour: makes others maintain standard job behaviour	• Exhibits leading behaviour: acts to create change in others that is consistent with long-term objectives
• Administers subsystems within organizations	• Innovates for entire organization
• Asks how and when to engage in standard practice	• Asks what and why to change standard practice
• Acts within established culture of organization	• Creates vision and meaning for organization
• Uses transactional influences: uses rewards,sanctions and formal authority to get compliance	• Uses transactional influences: induces change in values, attitudes, and behaviour using personal examples and expertise
• Relies on control strategies to get things done by subordinates	• Uses empowering strategies to make followers internalize values
• Status quo supporter and stabilizer	• Status quo challenger and change creator
• Has Positional Power	• Has Personal Power
• Is Rational	• Is a Visionary

13.5 STYLES OF LEADERSHIP

Leadership style is the manner and approach of providing direction, implementing plans, and motivating people.

There are three different styles of leadership: Authoritarian (autocratic), Participative (democratic), and Delegative (free reign). Although most leaders use all three styles, one of them becomes the dominate one.

• **Authoritarian (autocratic):** This type is used when the leader tells the employees what he wants done and how he wants it done, without getting the advice of the people. Some people think that this style includes yelling, using demeaning language, and leading by threats and abuse of power. This is not the authoritarian style...it is an abusive, unprofessional style of leadership.

- **Participative (democratic**): This type of style involves the leader including one or more employees in on the decision making process (determining what to do and how to do it). However, the leader maintains the final decision making authority. Using this style is not a sign of weakness, it is a sign of strength that your employees will respect.

- **Delegative (free reign):** In this style, the leader allows the employees to make the decision. However, the leader is still responsible for the decisions that are made. This is used when employees are able to analyze the situation and determine what needs to be done and how to do it. You cannot do everything! You must set priorities and delegate certain tasks.

13.6 SALIENT FEATURES OF LEADERSHIP

8. A leader must have followers
9. Leadership is a working relationship between the leader and his followers
10. The purpose of leadership is to achieve some common goal or goals
11. A leader influences his followers willingly and not by force
12. Leadership is a social interaction-influence process between the leader and his followers
13. Leadership is a power relationship in which power and influences are evenly distributed
14. Leadership is a continuous and dynamic process of influencing behaviour

13.7 THEORIES OF LEADERSHIP

13.7.1 Trait Theories

In the 1920's and 1930's, leadership research focused on trying to identify the traits that differentiated leaders from non-leaders. These early leadership theories were content theories, focusing on "what" an effective leader is, not on 'how' to effectively lead. The **trait approach** to understanding leadership assumes that certain physical, social, and personal characteristics

are inherent in leaders. Sets of traits and characteristics were identified to assist in selecting the right people to become leaders.

Physical traits include being young to middle-aged, energetic, tall, and handsome. Social background traits include being educated at the "right" schools and being socially prominent or upwardly mobile. Social characteristics include being charismatic, charming, tactful, popular, cooperative, and diplomatic. Personality traits include being self-confident, adaptable, assertive, and emotionally stable. Task-related characteristics include being driven to excel, accepting of responsibility, having initiative, and being results-oriented.

Trait theories intended to identify traits to assist in selecting leaders since traits are related to leadership effectiveness in many situations. The trait approach to understanding leadership supports the use of tests and interviews in the selection of managers. The interviewer is typically attempting to match the traits and characteristics of the applicant to the position. For example, most interviewers attempt to evaluate how well the applicant can work with people.

Trait theory has not been able to identify a set of traits that will consistently distinguish leaders from followers. Trait theory posits key traits for successful leadership (drive, desire to lead, integrity, self-confidence, intelligence, and job-relevant knowledge) yet does not make a judgment as to whether these traits are inherent to individuals or whether they can be developed through training and education. No two leaders are alike.

Furthermore, no leader possesses all of the traits. Comparing leaders in different situations suggests that the traits of leaders depend on the situation. Thus, traits were de-emphasized to take into account situational conditions (contingency perspective).

The problem with the trait approach lies in the fact that almost as many traits as studies undertaken were identified. After several years of such research, it became apparent that no such traits could be identified. Although some traits were identified in a considerable number of studies, the results were generally inconclusive. Some such traits which were identified were as follows:

- *technical skill*
- *friendliness*
- *task motivation*
- *application to task*
- *group task supportiveness*
- *social skill*
- *emotional control*
- *administrative skill*
- *general charisma*
- *intelligence*

13.7.2 BEHAVIORAL APPROACH TO LEADERSHIP

To measure traits, researchers had to rely on constructs, which lacked reliability, and, given differing definitions, also lacked validity. After the problems with the trait approach became evident, researchers turned to an examination of leader behaviors. With behaviors, researchers could rely on empirical evidence. Behaviors, contrary to traits, could be observed. It was thus decided to examine the behaviors of successful (again, by whatever means success was measured) leaders.

The initial phases of the behavioral research seemed as frustrating as the trait approach -- the number of behaviors identified was staggering. However, over time, it appeared that the key behaviors could be grouped or categorized.

The behavioral theorists identified determinants of leadership so that people could be trained to be leaders. They developed training programs to change managers' leadership behaviors and assumed that the best styles of leadership could be learned.

The most prominent studies were those undertaken by the University of Michigan and by Ohio State University.

Interestingly, both studies arrived at similar conclusions. Both studies concluded that leadership behaviors could be classified into two groups.

13.7.2.1 Michigan Studies

From 1947, the Institute for Social Research, at the University of Michigan, carried out a large scale programme of research into "the organisational structure and the principles of leadership and management which result in the best performance." The study concluded that managers can be *job centred / production centered or employee centred* and that the latter were more effective. The distinction was seen as a continuum such that an increase in the degree of job centred behaviour represented a decrease in the degree of employee centred behaviour and vice versa.

- Jo Centered / Production centered behavior: when a leader pays close attention to the work of sub- ordinates, explains work procedures, and is keenly interested in performance.
- Employee centered behavior: when the leader is interested in developing a cohesive work group and in ensuring employees are satisfied with their jobs.

The Michigan studies conclusions were further developed in the Ohio State Studies who showed that the two end of the Michigan continuum were not opposites but relatively independent of each other.

Both the production-oriented and the people-oriented leadership behaviors appear to offer positives and negatives. However, since showing high concern for both people and production need not necessarily be inconsistent in one leader, it was concluded that such leaders might have an edge over those who show a propensity to act in only one of these dimensions.

13.7.2.2 Ohio State Studies

Initiated by *Carroll Sharple*, these studies took place at about the same time as the Michigan Studies. The latter studies posed a continuum such that an increase in the degree of job centred behaviour represented a decrease in the degree of employee centred behaviour and vice versa.

Researchers at **Ohio State leadership** found results which suggested two basic leader behaviors or styles.

- Initiating structure behavior: when the leader clearly defines the leader-subordinate, establishes formal lines of communication, and determines how tasks are to be performed.
- Consideration behavior: the leader shows concern for sub-ordinates and attempts to establish a warm, friendly, and supportive climate.

Unlike the Michigan Studies, these two behaviors were not viewed as opposite ends of a continuum, but as independent variables. Thus the leader can exhibit varying degrees of both initiating structure and consideration at the same time.

13.7.2.3 University of Iowa

Another approach to leader behavior focused on identifying the best leadership styles. Work at the University of Iowa identified democratic (participation and delegation), autocratic (dictating and centralized) and laissez-faire styles (group freedom in decision making). Research findings were inconclusive.

13.7.3 Tannenbaum & Schmidt's Leadership Continuum

The successful leader knows that employees want to take part in making decisions that will have an impact on their work environment. However, the successful leader also knows that the amount of participation that is possible or desirable varies with the situation. Thus the decision participation dimension of leadership behaviour can range from autocratic to democratic. Autocratic leader make the decisions by themselves and then communicate them to group members. Democratic leaders solicit input from group members or even turn the decision making role over to the group.
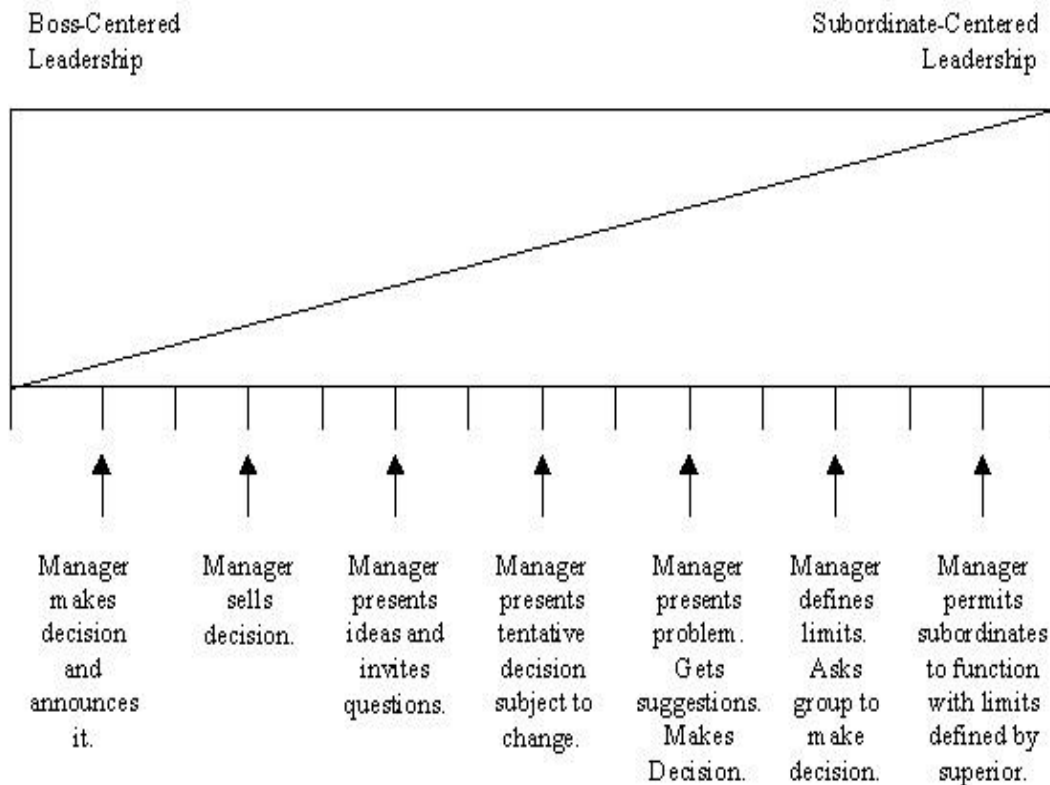
Fig. 13.7.2: Leadership Continuum

According to Tannenbaum & Schmidt, the decision participation factor manifests itself in the form of a leadership continuum, as shown above. The continuum of leader behaviour ranges from a boss centered approach to a subordinate centered based on a wide range of situational factors that delimit the amount of subordinate participation. Factors affecting the decision of how to lead:

1. Factors in the manager: Value systems, Training, Confidence in the subordinates, Own leadership/managerial inclinations, Feelings of security in an ambiguous situation

2. Factors in the subordinates: Greater freedom and discretion can be allowed the individual or teams if they: Have a high need for independence; Are ready to assume responsibility; Have a relatively high tolerance for ambiguity; Are interested in the problem and feel it is important; Have the necessary

knowledge and experience; Understand and identify with the goals of the organization; Have learned to expect a share in the decision making

3. Factors in the Situation: *a. Type of Organization:* Tradition/climate/culture; Policies; Size of Groups- Number of subordinate; Dispersion of subordinates; Information security required; b. *Group / team / individual effectiveness:* Experience with working together; Self-image; Group / team confidence working together; Cohesiveness; mutual acceptance; c. *The Problem itself:* Not more difficult than their experience; Related to the workers; Severity of the consequences; *d. The Pressure of Time.*

13.7.4 The Managerial Grid

The dimensions identified at the University of Michigan provided the basis for the development of the managerial grid model developed by Robert Blake and Jane Mouton. It identifies five various leadership styles that represent different combinations of concern for people and concern for production. Managers who scored high on both these dimensions simultaneously (labeled team management) performed best.

The Managerial Grid utilizes the Concern for People versus Concern for Production dichotomy proposed by both the Ohio State and University of Michigan studies.

The **assumption** made by Blake and Mouton is that **there is a best leadership style** (behavior). The best set of behaviors is assumed to be **9, 9 -- a high concern for production, coupled with a high concern for employees**. On the basis of the Managerial Grid, 1, 1 leadership (Impoverished) is the least desirable style. A representation of the Grid is as follows:

Fig. 13.7.3: The Managerial Grid

THE MANAGERIAL GRID

Managers with a high concern for people and a low concern for production are identified in the Grid as practicing *Country Club Management* (grid position 1,9). These managers have a tendency to give thoughtful attention to the needs of the people involved in the organization and in creating a comfortable, friendly atmosphere. We all know of some Country Club Managers: these are the ones who have lots of social interaction, may put company sports teams or service projects high on his list.

Those who operate at the other extreme are identified as *authority-obedience managers* (grid position 9,1). These managers focus on productivity with little concern for individuals. They focus on streamlining operations so that the human resources interfere as little as possible with the other resources. Many of us also know these kinds of managers, and frequently label them as tyrants or "slave-drivers." They get the work done, but at the sacrifice of some of the human resources.

The *impoverished manager* (grid position 1,1) tends to focus on doing no more than is the absolute minimum to get the required work done, and keep his superior off his back. He or she tends to have very little concern for either the human element or the production level of the team. Impoverished managers don't last long in responsible organizations.

The 5,5 manager is categorized as the *Organization Man.* This is a manager who is constantly trying to balance the concerns of the workforce and

the concern with getting out the work. He or she constantly tries to compromise between the two competing forces, keeping morale reasonable but not excellent and production close to expectations without significantly exceeding them. He or she tends to burn out rapidly as they keep both elements neither happy nor unhappy.

The ideal manager is identified by Blake and Mouton as the *Team Manager*, with a grid position of 9,9. The team manager understands that need for high concern for both the human and the other resources of the organization; these managers work toward helping their people improve their commitment, developing relationships of trust and respect with employees and others, and in enhancing productivity through a focus on common vision and mission.

13.7.5 Contingency Theories

Successful leaders must be able to identify clues in an environment and adapt their leader behavior to meet the needs of their followers and of the particular situation. Even with good diagnostic skills, leaders may not be effective unless they can adapt their leadership style to meet the demands of their environment.

13.7.5.1 Fiedler's Contingency Model

Fred E. Fiedler's **contingency theory** postulates that there is no best way for managers to lead. Situations will create different leadership style requirements for a manager. The solution to a managerial situation is contingent on the factors that impinge on the situation. In other words, Fred Fiedler believes that leadership effectiveness depends on both the leader's personality and the situation. Certain leaders are effective in one situation but not in others. Fiedler's model assumes that group performance depends on:

- Leadership style, described in terms of task motivation and relationship motivation.
- Situational favourableness, determined by three factors:

    1. Leader-member relations - Degree to which a leader is accepted and supported by the group members.

2. Task structure - Extent to which the task is structured and defined, with clear goals and procedures.

3. Position power - The ability of a leader to control subordinates through reward and punishment.

High levels of these three factors give the most favourable situation, low levels, the least favourable. Relationship-motivated leaders are most effective in moderately favourable situations. Task-motivated leaders are most effective at either end of the scale.

Fiedler suggests that it may be easier for leaders to change their situation to achieve effectiveness, rather than change their leadership style.

13.7.5.2 Hersey-Blanchard Situational Leadership

The Hersey-Blanchard Situational Leadership theory is based on the amount of direction (task behavior) and amount of socio-emotional support (relationship behavior) a leader must provide given the situation and the "level of maturity" of the followers.

Task behavior is the extent to which the leader engages in spelling out the duties and responsibilities to an individual or group. This behavior includes telling people what to do, how to do it, when to do it, where to do it, and who's to do it. In task behavior the leader engages in one-way communication.

Relationship behavior is the extent to which the leader engages in two-way or multi-way communications. This includes listening, facilitating, and supportive behaviors.

In relationship behavior the leader engages in two-way communication by providing socio-emotional support. Maturity is the willingness and ability of a person to take responsibility for directing his or her own behavior. People tend to have varying degrees of maturity, depending on the specific task, function, or objective that a leader is attempting to accomplish through their efforts.

Hersay & Blanchard's approach focuses a great deal of attention on the characteristics of employees in determining appropriate leadership behaviour.

This theory suggests that leadership style should be matched to the maturity of the subordinates. Maturity is assessed in relation to a specific task and has two parts:

- Psychological maturity - Their self-confidence and ability and readiness to accept responsibility.
- Job maturity - Their relevant skills and technical knowledge.

As the subordinate maturity increases, leadership should be more relationship-motivated than task-motivated. For four degrees of subordinate maturity, from highly mature to highly immature, leadership can consist of four leadership styles:

5. Directing / Telling
6. Coaching / Selling
7. Supporting / Participating
8. Delegating

According to this theory, leader behaviors fall along two continua, (1) directive behavior, and (2) supportive behavior. This categorization is not dissimilar to those of the Ohio State Leadership studies and the University of Michigan studies.

Table 13.7..2 : Hersey Blanchard Leadership Model

Blanchard Situational Leadership Model **Leader Behavior Categories**	
Directive Behavior	**Supportive Behavior**
• one-way communication • followers' roles spelled out • close supervision of performance	• two-way communication • listening, providing support & encouragement • facilitate interaction • involve follower in decision making

This model expands on previous approaches by taking situational variables into account.
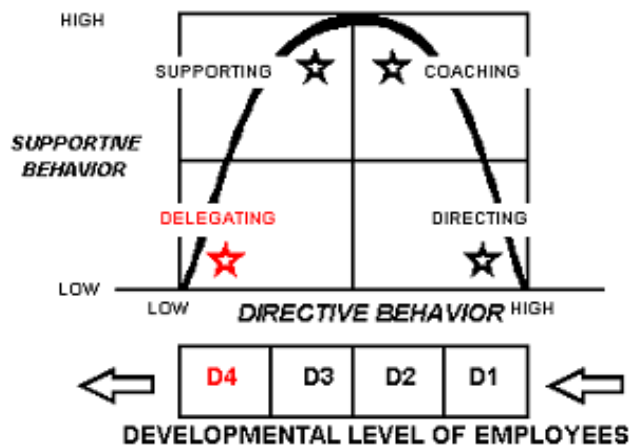
For Blanchard the key situational variable, when determining the appropriate leadership style, is the readiness or developmental level of the subordinate(s). Their model posits 4 such developmental levels:

- D1: LOW COMPETENCE - HIGH COMMITMENT
- D2: SOME COMPETENCE - LOW COMMITMENT
- D3: HIGH COMPETENCE - VARIABLE COMMITMENT
- D4: HIGH COMPETENCE - HIGH COMMITMENT

The Blanchard model combines the behavior grid (similar to the Blake- Mouton Managerial Grid) with the Developmental Levels of subordinates to arrive at some conclusions about appropriate leadership styles. In other words, *the Developmental Level of the Subordinates determines which of the four leadership styles (S1, S2, S3, or S4) is correct.*

Fig.13.7.5: Hersey Blanchard Leadership Model

Once the maturity level is identified, the appropriate leadership style can be determined. The four leadership styles are telling, selling, participating, and delegating. High task/low relationship behavior (S1) is referred to as "telling." The leader provides clear instructions and specific direction. Telling style is best matched with a low follower readiness level. High task/high relationship behavior (S2) is referred to as "selling." The leader encourages two-way communication and helps build confidence and motivation on the part of

the employee, although the leader still has responsibility and controls decision making. Selling style is best matched with a moderate follower readiness level. High relationship/low task behavior (S3) is referred to as "participating." With this style, the leader and followers share decision making and no longer need or expect the relationship to be directive. Participating style is best matched with a moderate follower readiness level. Low relationship/low task behavior (S4) is labeled "delegating." This style is appropriate for leaders whose followers are ready to accomplish a particular task and are both competent and motivated to take full responsibility. Delegating style is best matched with a high follower readiness level.

13.7.6 Likert's Management Styles

Dr. Rensis Likert has conducted much research on human behavior within organizations, particularly in the industrial situation. He has examined different types of organisations and leadership styles, and he asserts that to achieve maximum profitability, good labor relations and high productivity, every organisation must make optimum use of their human assets. The form of the organisation which will make greatest use of the human capacity, Likert contends, is; highly effective work groups linked together in an overlapping pattern by other similarly effective groups. Organisations at present have widely varying types of management style and Likert has identified four main systems:

Management Styles

-       The **exploitive - authoritative system**, where decisions are imposed on subordinates, where motivation is characterised by threats, where high levels of management have great responsibilities but lower levels have virtually none, where there is very little communication and no joint teamwork.

-       The **benevolent - authoritative system**, where leadership is by a condescending form of master-servant trust, where motivation is mainly by rewards, where managerial personnel feel responsibility but lower levels do not, where there is little communication and relatively little teamwork.

- The **consultative system**, where leadership is by superiors who have substantial but not complete trust in their subordinates, where motivation is by rewards and some involvement, where a high proportion of personnel, especially those at the higher levels feel responsibility for achieving organisation goals, where there is some communication (both vertical and horizontal) and a moderate amount of teamwork.

- The **participative - group system**, which is the optimum solution, where leadership is by superiors who have; complete confidence in their subordinates, where motivation is by economic rewards based on goals which have been set in participation, where personnel at all levels feel real responsibility for the organisational goals, where there is much communication, and a substantial amount of cooperative teamwork.

This fourth system is the one which is the ideal for the profit oriented and human-concerned organisation, and Likert says that all organisations should adopt this system. Clearly, the changes involved may be painful and long-winded, but it is necessary if one is to achieve the maximum rewards for the organisation.

13.8 SUMMARY

Leadership as the process of influencing others toward achieving group goals. The art of leadership concerns the skill of understanding leadership situations and influencing others to accomplish group goals. Leadership plays a central part in understanding group behavior for it's the leader who usually the direction toward goal attainment. Therefore, a more accurate predictive capability should be valuable in impoving group performance. Leadership has the ultimate aim of raising the level of human conduct and the ethical aspiration of people.

Different leadership styles are distinguished. In this unit, leadership styles are diviede into three types: Authoritarian (autocratic), Participative (democratic), and Delegative (free reign).

The discussion of various theories is highly useful to leaders in more than one way.

13.9 GLOSSARY

- **Leadership:** The incremental influence that one individual exerts upon another and that causes the second person to change his behavior voluntarily.
- **Leader Behaviour:** The kinds of behavior that leaders actually perform in a group.
- **Managerial Grid:** Theory of leadership based on a particular optimal style of leadership that includes balance of concern for production and for people. Basic leadership and group development activities are undertaken in managerial grid interventions to bring about desired leadership and individual group behaviours.
- **Pathe Goal Model:** A contingency theory of leadership based upon expectancy theory which suggestes that the characteristics of the follower and environmental factors should determine which of four leasership styles is most appropriate.

13.10 CHECK YOUR PROGRESS

Q.1- What is Leadership? Why is there a need for leadership?

Q.2- Are Leadership and Management different from one another? If so, how?

Q.3- What is Fiedler's contingency model? Has it been supported in research?

Q.4- Write brief note on the following:

      (a) Leadership styles

      (b) Trait Theories

      (c) Behavioral Approach to Leadership

13.11 ANSWERS TO CHECK YOUR PROGRESS

    Q.1- Sec. 13.3

    Q.2- Sec. 13.4

    Q.3- Sec. 13.7.5.1

    Q.4- (a) Sec. 13.5

        (b) Sec. 13.7.1

        (c) Sec. 13.7.2

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13.13 SUGGESTED READING

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13.14 LONG TERM QUESTIONS

- Define Leadership. Explain the various styles of leadership.
- What is managerial grid? Contrast its approach to leadership with the Ohio State and Michigan Groups.
- Examine the difference between trait theory and behavioural theory of leadership.
- Does leadership make any difference to the effectiveness of an organization? Defend your position.
- What is the different approaches of leadership? Discuss the trait theory of leadership.

	UNIT 14: GROUP BEHAVIORS IN ORGANIZATION

<u>**Structure:**</u>

14.1 INTRODUCTION

Individual behavior undergoes a change when an individual becomes member of a group. The group changes his perception and attitudes and develops in him ways of behaving that are different from what one would predict on the basis of various theories of individual behavior. For better

understanding of organization behavior, therefore one must also know about the group behavior.

In common parlance, every random collection of people whether it be a crowd on the street corner watching some event or people in a city bus etc.

14.2 OBJECTIVE

The unit will enable you to:

- Understand the concept of groups
- Understand the types and characteristics of group
- Explaining the reasons for joining the group
- Understand the five stages of group formation
- Explaining the Group Behavior Model
- Explaining the technique of Decision Making

14.3 DEFINITION

A group is defined as two or more individuals, interacting and independent who have come together to achieve particular objectives. "A number of people who communicate face to face with one another often over a span of time" Homas (1950).

According to Schein a group is "Any number of people who-

(1)   Interact with one another and
(2)   Are psychologically aware of one another and
(3)   Perceive themselves to be a group" Schien (1972)
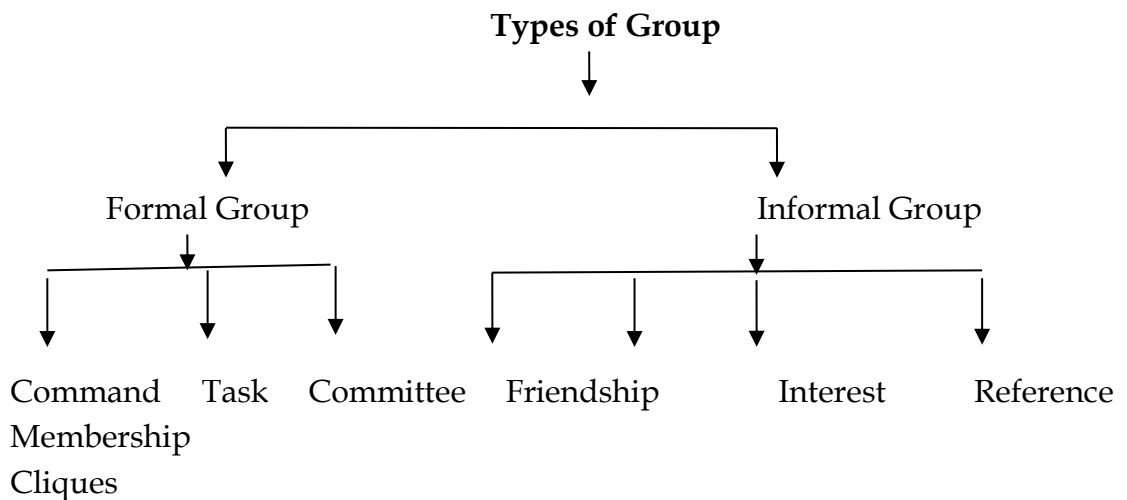
organizational psychology.

"A group has common needs relating to task, group and individuals and each group develops its own" group personality" (Adair 1986).

According to Handy the most important criteria of group is that its people must perceive themselves to be a group thus as he say a dozen individual in a pub by random chance are not a group although they may interact (talk) have a common objective (drink and socialize) and be aware of each other. These according to Handy are not enough without this self perception by members to make them a group so we

find that when members get too large perceiving themselves to be no longer group but a crowd, start dividing themselves into smaller collections, start finding names, or a private territorial or a ritual which will give them individual identity thus from the above discretion it is clear that group has emotional substance.

14.4 TYPES OF GROUPS

A group is defined as two or more individuals, interacting and interdependent who have come together to achieve particular objectives. Groups can be either formal or informal:

Types of Group

Formal Group   Informal Group

Command   Task   Committee   Friendship   Interest   Reference
Membership
Cliques

8.   Formal Groups: A well defined work group with proper organization's structure. A formal group is set up by organization to carry out work in support of the organization's goal. In formal groups the behavior that one should engage in are stipulated by and directed toward organizational goals. Formal groups may be of following types:

d) **Command Groups**: A command group consists of a manager and the employees who report to him i.e. it is defined in terms of hierarchy. Membership in the group arises from each employee's position in the organizational chart.

e) **Task Group**: It is made up of employees get together to complete a particular task or project. A task group's boundaries are not limited to

hierarchical boundaries. It can cross command relationships. A employee's membership in the group arises from the responsibilities delegated to the employee. Task group may be temporary i.e. till the end of the project or it may be open ended.

f) **Committee**: - A group of people officially delegated to perform a function such as investigating, considering, reporting or acting on matter.

9.   Informal Group: An organization's informal groups are groups that evolve to meet social or affiliation needs by bringing people together based on shared interest or friendship. Thus informal groups are alliances that are formed with no organizational or formal structure relationship. These groups are naturally formed in response of the people need of social contact. These groups can be formed due to several reasons like for e.g. proximity i.e. when people work together, meet every day they develop common friendship. Informal Group can be of following types:

f)   **Friendship Groups**: - These groups often form because the individual members have one or more common characteristics. E.g. people of same age, same view, same office etc

g)   **Interest Groups**: - People with common interest, those who may or may not be aligned into common command or task group may affiliate to attain a specific objective with which each is concerned.

h)   **Reference Group**: - Sometimes people use a group as a basis for comparison in making decision or forming opinions.

When a group is used in this way it is called as reference group. E.g. for most people family is a reference group while other include friends, co workers etc.

i)   **Membership Groups**: - When a person does not belong to formal or informal group that group is called as membership group (affiliation group).

In this each member would be expected to contribute to the group's well being and would enjoy the benefits arising from group membership's friendship.

j)   **Cliques**: - A relatively permanent informal group that involves friendship.

14.5   WHY DO PEOPLE JOIN GROUPS

People join group due to several reasons:

9. **Security**: - By joining a group individual can reduce the insecurity of standing alone. People feel stronger have fewer self doubts and are more resistant to threats when they are part of a group.

10.   **Status**: - Inclusion in a group that is viewed as important by others provides recognition and status for its members.

11.   **Self Esteem**: - Groups can provide people with feelings of self-worth. That is in addition to conveying status to those outside groups membership can also give increased feelings of worth to the group members themselves.

12.   **Affiliation**: - Groups can fulfill social needs; people enjoy the regular interactions that come with group membership. For many people these on the job interactions are their primary source for fulfilling their needs for affiliations.

13.   **Power**: - What cannot be achieved individually often becomes possible through group action as there is power in numbers.
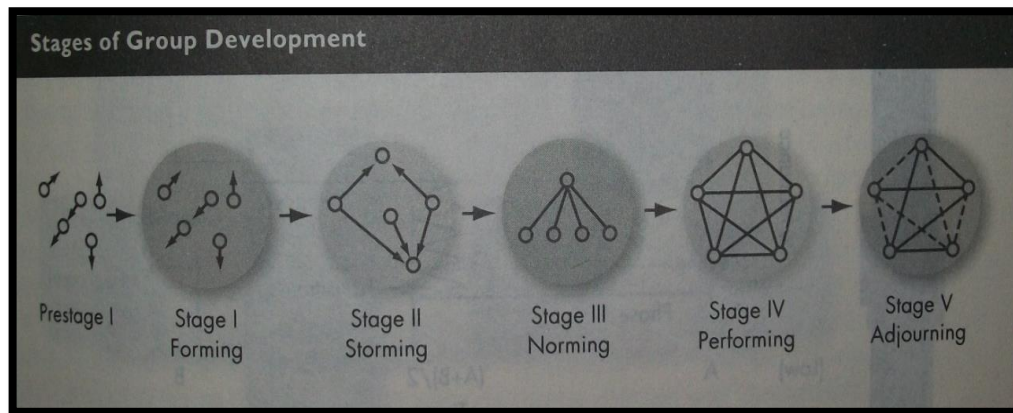
14.   **Goal Achievement**: - There are times when it takes more than one person to accomplish a particular task – there is a need to pool talents, knowledge, or power in order to complete a job. In such instances management will rely on the use of a formal group.

15.   **Companionship**: – groups provide members to simply be in the company of other people.

16.   **Achievement: –** groups have the capability to achieve more than individuals acting alone.

14.6 STAGES OF GROUP DEVELOPMENT

The five stage model of group development was proposed by Bruce Tuckman in 1965.(initially it was four stage but later he added a fifth stage, Adjourning, in the 1970)r and authority

Stage 1 : Forming

When a group is initially formed, its members cannot accomplish much until they agree on what there purpose is, how they will work together etc. Answering these questions bring group members first face to face interaction to obstacles like maturity, uncertainty, anxiety and disagreement over power and authority.

Stage 2 : Storming

This stage is one of intra-group conflict. Members accept the existence of the group, but resist the constraints the group imposes on individual. Further there is conflict over who will control the group. After mutual acceptance on group leader, the remaining group member must sort out where they fit in the group. Even if all the group members accept the group leader then also group enter the phase of conflict and challenges. By the end of this stage a clear hierarchy of leadership exists within the group.

Stage 3: Norming

In this stage close relationship develop and group demonstrate cohesiveness. Entering and conducting cohesion phase requires intervention by group member who is emotionally unaffected by power and authority issue. Here group members recognize where they fit in and group agrees on how it will operate. Anew leader may emerge or existing leader may become more aware of how much others in the group contribute. The Norming stage
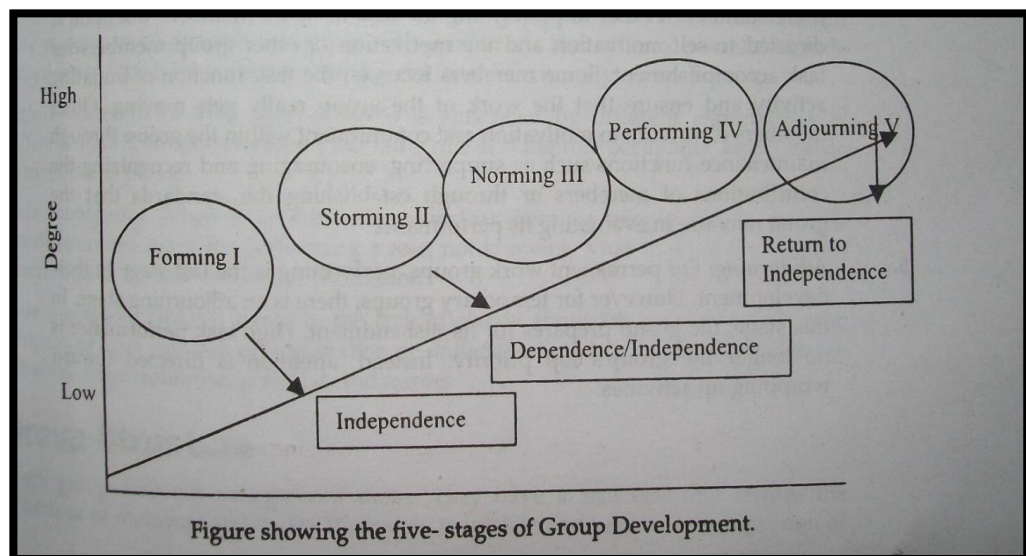
is complete when the group structure solidifies and the group has assimilated a common set of expectations of what defines correct member behavior.

Stage 4: Performing

The structure at this point is fully functional and accepted. Group energy has moved from getting to know and understand each other to perform the task. Members attention is directed towards self motivation and motivation of other group members for task accomplishment. Some members focus on the task function of initiating activity and ensure that the work of group really gets going. Other members contribute to motivation and commitment within the group through maintenance function such as supporting, encouraging and recognizing the contribution of members or through establishing the standards that the group may use in evaluating its performance.

Stage 5: Adjourning

For the permanent work groups, performing is the last stage in their development. However for temporary groups there is adjourning stage. In this stage the group prepares for its disbandment. High task performance is no longer the group's top priority. Instead attention is direct toward wrapping activities.

Figure showing the five- stages of Group Development.

14.7 CHARACTERISTICS OF AN EFFECTIVE GROUP

Douglas Mc Gregor in his book "The Human side of Enterprise" gives the following characteristics of group.

• **Informal Climate**: - The climate in an effective group tends to be informal, comfortable and relaxed. There is no sign of boredom. The group seems to be involved in his own task. The climate in an ineffective group reflects boredom and tension.

• **Task relevant discussion and participations** :- In an effective group only discussion which are pertinent to task take place and virtually every one participates in them while in an ineffective group few dominates the discussion and generally the discussion goes off the tack and/or revolves around few.

• **Common Goal**: - In an effective group there is tradeoff between individual and group goals. Every member of the effective group consider group goal as their personal goal and work together for its achievement.

• **Disagreement**: - In an effective group disagreement among members on any issue neither completely suppressed nor permitted to result in open warfare. Efforts are made to convince every member about the correct viewpoint.

• **Candour**:- In an effective group there is little evidence of veiled personal attack or hidden agendas. People give frank expression to their ideas.

• **Action Plan** :- In an effective group assignments are very clear, everyone knows his responsibilities And authority well and everyone is given timely feedback on his performance and is also helped by leader to meet there goal.

• **Leadership**: - In an effective group leadership shifts from one person to another according to the need of the situation, it never fixed to one place or person.

14.8 WORK GROUP BEHAVIORS

Groups in organization are more than collection of individual employees and there are some effective groups and some ineffective group thus the question arises that why are some group efforts more successful than others, the answer to that question is complex but it includes variables such as

the ability of group's member, size of the group, level of conflict, and the internal pressure on members to conform to the group's norms. It is based on this model:-

❖   **External conditions imposed on the group:** Work group is a part of subsystem embedded the larger system; group does not exist in isolation. They are the part of the larger organization. These external conditions include:

Organization's overall strategy, its authority structures, formal regulations, resources, employee selection process, performance evaluation and reward system, culture and physical work setting. An *Organization's overall strategy* outlines the organization's goals and the means for attaining these goals. Organizations have *authority structure* that defines who reports to whom, who make decisions and what decisions individuals or groups are empowered to make.

Organizations create rules, procedures, policies, job descriptions and other forms of *formal regulations* to standardize employees behavior.

The presence or absence of *resources* such as money, time, raw materials and equipment which are allocated to the group by organization – have a large bearing on group's behavior.
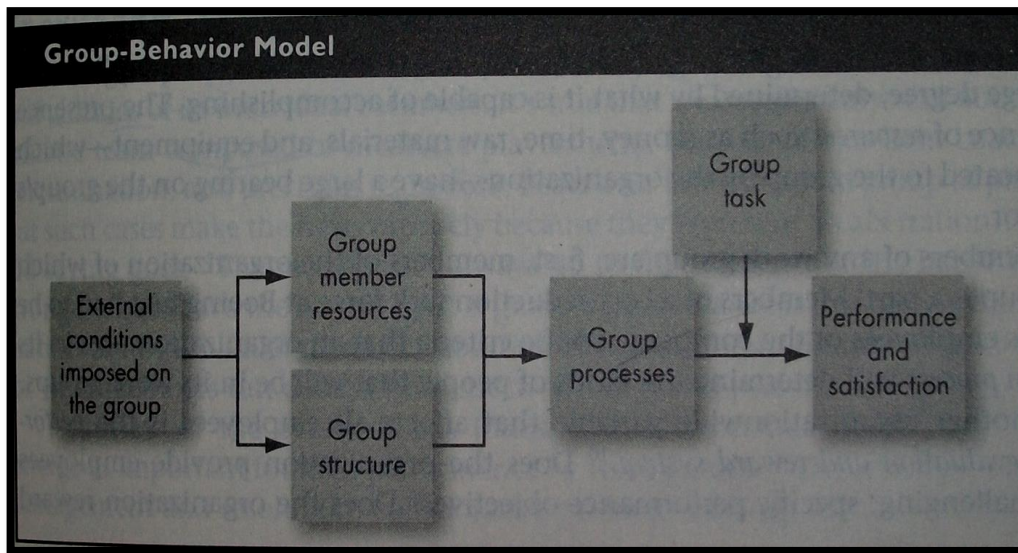
Members of any work group are first, members of the organization of which the group is a part, and to become the member of any organization the individual need to be hired by the organization, so the criteria that an organization uses in its *selection process* will determine the kinds of people that will be in its work group.

Another organization wide variable that affects all employees is the *performance evaluation and reward system*. Since work groups are part of larger organization system, group member's behavior will be influenced by how the organization evaluates performance and what behavior rewarded.

Every organization has an unwritten *culture* that defines standards of acceptance and unaccepted behavior of employees. After dew months most employees understand their organization's culture. They know things like how to dress for work etc and members of work groups have to accept the standard

implied in the organization's dominant culture if they are to remain in good standing.

Finally the *physical work setting* that is imposed on the group by external parties has an important bearing on work behavior.

Group Behavior Model

❖ **Group Member Resources:** A group's potential level of performance is to great extent, dependent on the resources that its members individually bring to the group. It includes knowledge, skills and abilities and personality characteristics.

• **Knowledge, skills and abilities:** Part of group's performance can be predicted by assessing the knowledge, skills and abilities of its individual members. A group's performance is not merely the summation of its individual members' abilities but these abilities set parameters for what members can do and how effectively they will perform in a group. A review of evidence has found that interpersonal skills consistently emerge as important for high performance by work groups. These include conflict management & resolution, collaborative problem solving and communication. For instance members need to identify the type and source of conflict confronting the group and to implement an appropriate conflict resolution strategy; to identify

situations requiring participative group problem solving and to utilize the degree and type of participation; and to listen non evaluatively and to appropriately use active listening technique.

- **Personality Characteristics:** There has been great deal of research on the relationship between personality traits and group attitudes and behavior. The general conclusion is that attributes that tend to have positive connotation in our culture tend to be positively related to group productivity, morale and cohesiveness. These include traits such as flexibility, openness, initiative etc. In contrast negatively evaluated characteristics such as dominance etc tend to be negatively related to dependent variable. These personality traits affect group performance by strongly influencing how the individual will interact with other group members.

❖   **Group structure:** A group's structure is the internal framework that defines members' relations to one another over time. They are not unorganized mob rather they have structure that shapes the behavior of the member and makes it possible to explain and predict a large portion of individual behavior within the group as well as performance   of the group itself. The most important elements of group structure are leadership, roles, norms, status, group size, composition of the group and degree of group cohesiveness.

3. **Leadership:** A major responsibility in working with group is the recognition of leadership forces is the recognition of leadership forces.. Almost every group has a formal leader. The leader can play an important in the work group success. He is appointed by management and can exercise legitimate sanctioned power. The formal leader possesses the power to discipline and/or fire member of his member group. He is identified by titles such as supervisor, departmental manager, project leader etc.

4. **Role**: A **role** can be defined as a tendency to behave, contribute and interrelate with others in a particular way. That is role is a set of expected behavior patterns attributed to someone occupying a given position in a social unit. Roles may be assigned formally, but more often are defined through the process of role differentiation. Role differentiation is the degree to which different members of a group have specialized functions.

Functional (task) roles are generally defined in relation to the tasks the team is expected to perform. The understanding of the role behavior would be dramatically simplified if each one of us choose one role and play it out regularly and constantly. However individual play multiple roles while adjusting their roles to group in which they are. Different group impose different role requirement on individual.

- **Characteristic of roles:**
5.   Roles are impersonal. It is a position that determines the expectations, not the individual.

6.   An organizational role is that set of expected behavior applicable to particular position vis-à-vis a particular job.

7.   It is fairly difficult to explain roles in exact terms. It is the most complex organized response pattern the human being is capable of undertaking.

8.   Roles are learned quickly and can result in major changes in behavior.

- **Role Identity**: Role identity is certain attitudes and behavior consistent with a role. People have ability to shift role rapidly when they identify the situation demands so. For example when a worker is promoted as supervisor his attitude will change from pro union to pro management.

- **Role Perception**: Role perception is an individual's view of how he or she is supposed to act in a given situation. Based on our own belief we engage in certain type of behavior.

- **Role Expectations**: Role expectations are defined as how others believe you should act in a given situation. How you behave is determined to a large extent by the role, defined in the context within which you are operating.

- **Role Conflict**: Role conflict is a situation in which an individual is confronted by divergent role expectations. Role conflict like other forms of conflict can be a major source of stress. Excessive stress can cause problems for individual employee and for organizations that employ them.

10.   **Norms**: Norms are the rule of conduct that has been established by group members to maintain consistency in behavior. Norms tell members what they ought to do, and, what they ought not to do under certain circumstances. Group control members through norms. From individual point of view they

tell what is expected of him in certain situation. Norms differ among groups, communities etc but they all have norms. According to Hackman norms have five characteristics:

> ➢ Norms summarizes and simplify group influence processes. They resolve impersonal differences in group and ensure uniformity of action.
> ➢ Norms apply only to behavior-not to private thoughts and feelings
> ➢ Norms are usually developed gradually, but the process can be shortened if members so desire.
> ➢ Not all norms apply to everyone. High status members often enjoy more freedom to deviate from the "letter of the law" than do other members.

• **Types of Norms:** A work group's norms are unique to each work group. Yet there are common classes of norms that appear in most work groups.

> ➢ Performance Related processes: Work groups typically provide their members with explicit cues on how hard they should work, how to get the job done, their level of output etc. these norms deal with performance related process and have an extremely powerful effect on an individual employee's performance
> ➢ Appearance factors: Some organizations have formal dress codes. However even in their absence, norms frequently develop to dictate the kind of clothing that should be worn to work.
> ➢ Allocation of resources: The norms can cover pay, assignment of difficult jobs, and allocation of new tools and equipment
> ➢ Informal Social arrangement: These norms can originate in the group or in the organizations and cover pay, assignment of difficult jobs and allocation of new tools and equipment.

11. **Status**: Status is a socially defined position or rank given to group or group members by others. Individual group members are also distinguished by the amount of status they have within the group – ie the degree of worth and respect they are accorded by group members. Status is an important factor in understanding human behavior because it is a significant motivator and has

major behavioral consequences when individual perceives a disparity between what they believe their status to be and what others perceive it to be.

> Formal Status: may be formally imposed by organization through position and titles.
> Informal Status: status may be informally acquired by such characteristics as education, gender, skill and experience. Anything can have status value if others in the group evaluate it as status conferring.
> Status is an important characteristic of groups because it affects group structure and dynamics.
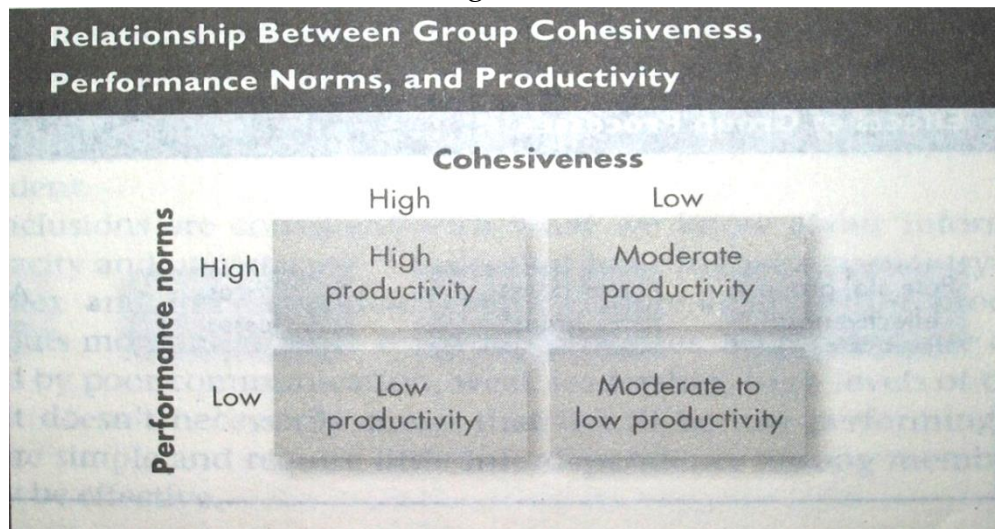
12. Size of the Group: The size of the group can have profound implication on how the group behaves internally and with regard to other groups. It is an important factor determining the number of interactions of individuals a group. The size of the group should be 3- 13 depending on the group objectives. For high quality decision making the size should be 3-5. In a small group face to face interaction is quiet easy and uncomplicated, members can easily communicate with each others. Research evidence proves that small groups are better. On the other hand in large group's members have a better chance of finding people they like to be with. The potential for greater variety of talent is also greater. Bu the disadvantages of the size is more than the advantages. Larger groups therefore apart from being relatively less manageable offer greater chances of differences among members. As group size increases leaders tend   to become more directive and satisfaction starts to decline.

13. Composition: Most group activities require variety of skills and knowledge. Given this requirement it would be reasonable to conclude that heterogeneous groups would be more likely to have diverse abilities and information should be effective. When a group is heterogeneous in terms of gender, opinions, personalities, abilities, kills and perspectives there is increased probability that the group will possess the needed characteristics to complete its task effectively.

14. Group Cohesiveness: The cohesiveness of the group refers to the degree to which group members are attracted to each other and are motivated to stay in the group. According to Shaw members of highly cohesive group are more

energetic in group activities and are less likely to be absent from group meetings and are happy when group succeed and become sad when group fails whereas members of less cohesive group are less concerned about the group activities. Cohesiveness is important because it has been found to be related to the group's productivity.

Studies consistently show that the relationship of cohesiveness and productivity depends upon performance related norms established by the group. If performance related norms are high (for e.g. high output, quality of work, co-operation with individuals outside the group), a cohesive group will be more productive than will a less cohesive group. But if cohesiveness is high and performance related norms are low productivity will be low. If cohesiveness is low and performance related norms are high productivity increases, but less than in the high cohesiveness/high norm situation. When cohesiveness and performance related norms both are low productivity will tend to fall into low to moderate range.

Relationship Between Group Cohesiveness, Performance Norms, and Productivity

Performance norms	Cohesiveness High	Cohesiveness Low
High	High productivity	Moderate productivity
Low	Low productivity	Moderate to low productivity

To encourage group cohesiveness following things can be done:

   h) Make the group smaller
   i) Encourage agreement with group goals
   j) Increase the time members spend together

k) Increase the status of the group and the perceived difficulty of attaining membership in the group
l) Stimulate competition with other groups
m) Give rewards to the group rather than to individual
n) Physically isolate the group

❖ **Group Process:** The next component of our group behavior model considers the process that go on within the group- the communication patterns used by members for information exchange, group decision process, leader behavior, power dynamics, conflict interactions and the like.

Why process is important to understand in group behavior model. The answer to this question is the reasons of "social loafing" as we found that 1+1+1 doesn't necessarily add up to three. In group task where each member contribution is not clearly visible there is tendency for individuals to decrease the efforts i.e. social loafing illustrates a process loss as a result of using groups. But group processes can also produce positive result. That is group can create output greater than the sum of their inputs.

Synergy is the term meaning an action of two or more substance that result in an effort that is different from the individual summation of the substance. Social loafing represents negative synergy ,i.e. the whole is less than the sum of its parts. On the other hand research team work together towards drawing several diverse skills of various individuals to produce more meaningful result that is they produce positive synergy.

Another line of research that help us to better understand the group process is the social facilitation effect. It refers to the tendency for performance to improve or decline in response to the presence of others. While this effect is not entirely a group phenomenon – people can work in the presence of others and not be members of group- the group situation is more likely to provide the condition for social facilitation to occur.

❖ **Group Tasks:** The impact of group processes on the group's performance and member satisfaction is also moderated by the task that the group is doing. The evidence indicates the complexity and interdependence influence the group effectiveness.

Task can be generalized as simple or complex task. Complex task are ones that tend to be novel or non routine. Simple ones are routine and standardized. More the Complex the task are   the more the group will benefit from discussion among members on alternative work methods. If the task is simple group members don't need to discuss any alternative they only need to follow the standardized operating procedure for doing the job. On the other hand task that have higher uncertainty those that are complex and interdependent require more information processing, this in turns puts more importance on group processes. So just because a group is characterized by poor communication, weak leadership, high levels of conflict and the like, it doesn't necessarily mean that it will be low performing. If the group's task are simple and require little interdependence among members, the group still may be effective.

❖ **Performance:** To discuss about group performance firstly we should recognize that work groups are the part of larger organization and that factors such as the organization's strategy, authority structure, selection procedure and reward system can provide a favorable or unfavorable climate within which the group operate. So manager should never look groups in isolation, rather they should begin by assessing the degree of support provided to the group by the external conditions. It is obviously lot easier for the work group to be productive when the overall organization of which it is part is growing and it has both top management's support and abundant resources. Similarly a group is more likely to be productive when its members have the requisite skills to do the group task and the personality characteristics that facilitate working together

A number of structural factors show relationship to performance. Among the more prominent are role perception, norms, status inequities, size of the group, its demographic makeup, group task and cohesiveness.

❖ **Satisfaction:** The group size satisfaction relationship is what one should intuitively expect larger groups are associated with lower satisfaction. As size increases opportunity for participation and social interaction decreases, as does the ability of members to identify with the group's accomplishments. At

the same time, having more members also promote tension, conflict, formation of subgroups which all act to make the group less effective.

14.9 GROUP DECISION MAKING

The most common form of group decision taking place in face to face interacting groups. Interacting group often censor themselves and pressure individual   members towards conformity of opinion. Once the manager has decided that group decision making approach will be used, than he will decide on the technique best suited for decision making .Several techniques are :-

➢ **Brainstorming:** It is an idea generation process that specifically encourages any and all alternatives, while withholding any criticism of those alternatives. In a typical brainstorming session about 6 to 10 people sit and discuss the problem. The group leader states that problem in a clear manner so that all participants understand it. No criticism is allowed and all the alternatives are recorded for later discussion and analysis.

Brainstorming is good technique for generating as many alternatives as possible. Brainstorming is meant to overcome pressure for conformity in the interacting group that retard the development of creative alternatives. Groups that use brainstorming have been shown to produce significantly more ideas than groups that do not.

➢ **Nominal Group Technique (NGT):** It is a group decision making method in which individual members meet face to face to pool their judgment in a systematic but independent fashion. The nominal group technique restricts discussion or interpersonal communication during the decision making process, hence the term nominal. Group members are all physically present as in a traditional committee meeting but members operate independently. NGT has following steps:

   e) Individuals silently list their ideas
   f) Ideas are written on a chart one at a time until all ideas are listed
   g) Discussion is permitted but only to clarify the ideas. No criticism is allowed
   h) A vote is taken by ballot or other recordable means.

NGT is a good technique to use in a situation where group members fear criticism from others. The main advantage of NGT method is that it permits to meet the group formally but does not restrict independent thinking.

➢ **Delphi Technique:** This technique is originated at the Rand Corporation to gather the judgments of experts for use in decision making. It is similar to NGT except that it does not require physical presence of the group's member. Experts at remote locations respond through Questionnaire. A coordinator summarizes the response to the questionnaire and the summary is sent back to the experts. The expert then rate the various alternatives generated and the coordinator tabulate the result.

➢ **Electronic Meetings:** This method blends the nominal   group technique with sophisticated computer technology. Issues are presented to participants and they type their responses onto their computer screen. Individual comments as well as aggregate votes are displayed on the projection screen.

➢ **Devil's Advocacy:** In this method an individual or a group is given the role of critic. This person or persons (called as Devil's advocate) has the task of coming up with the potential problem related to proposed decision. This helps organization avoid costly mistakes in decision making by identifying potential pitfalls in advance

➢ **Quality circles and Quality teams:** Quality circles are small group that voluntarily meet to provide input for solving quality or production problems. Quality circle are often generated from bottom up they provide advice to the managers who still have the decision making authority, quality circle members cannot force their recommendations to be followed, they can only give advice. Quality Teams in contrast are included in total quality management and other quality improvement efforts as a part of change in the organizational structure. Quality teams are generated from top down and are empowered to act on their own recommendations.

➢ **Self Managed teams:** Self managed teams make many of the decision that were once reserved for managers, like work scheduling, staffing etc. unlike

quality circles whose role is advisory, self managed teams are delegated authority in the organizational decision making process.

TYPE OF GROUP					
Effectiveness Criteria	Interacting	Brainstorming	Nominal	Delphi	Electronic
Number of ideas	Low	Moderate	High	High	High
Quality of ideas	Low	Moderate	High	High	High
Social pressure	High	Low	Moderate	Low	Low
Money costs	Low	Low	Low Moderate	Low	High
Speed	Moderate	Moderate	High	Low	High
Task orientation	Low	High	Moderate	High	High
Potential for interpersonal conflict	High	Low		Low	Low
Feelings of accomplishment			High		
Commitment to solution	High to Low	High	Moderate	Moderate	High
Develops group cohesiveness	High	Not applicable	Moderate	Low	Moderate
	High	High		Low	Low

Evaluating Group Effectiveness

Before choosing a group decision making technique the manager carefully analysis the situation and evaluate the group members than the best method for accomplishing the objective of the group decision making can be selected for e.g.:-

The need for expert input would be best facilitated by Delphi technique. Decision that concerns quality or production would benefit from Quality circle. If group members are reluctant to contribute ideas that nominal group technique is best suited.

14.10 OBSTACLES TO GROUP PRODUCTIVITY

Managers should be well aware of the obstacles to the group productivity so that they can overcome these obstacles. The obstacles are:-

❖ **Breakdown in Role Development:** Breakdown in role ambiguity, role conflict or role overload. Any of these obstacles will effect group productivity. It includes:

➢ **Role Ambiguity:** It means the prescribed behavior of the employee is not clear. Whether the group is formal or informal not much about the group's role

expectation is neither written nor much communicated thus when a new situation or changing conditions arises group seems to confuse as what is expected from them is not much clear and when certain role is not clear or incomplete it leads to role ambiguity or uncertainty.

➢ **Role Conflict:** When an individual is confronted by divergent role expectations the result is role conflict. It exists when an individual finds that compliance with one role requirement may more difficult the compliance with another. It may take the form of

Person-role conflict: It means the requirement of person's role violate his or her personal values, needs and attitude.

Intra-role conflict: Arises when different people's expectations for a role are incompatiable.it means if one person role satisfies one person the other will get dissatisfied.

Inter-role conflict: Occurs when the multiple roles performed by a person involves incompatible expectation.

➢ **Role Overload:** It is a situation where expected roles exceed a group member's abilities. It arises not from nature of a particular role but from number of roles person takes on.

❖ **Groupthink:** According to Irving Janis, groupthink is "a deterioration of mental efficiency, reality testing and moral judgment resulting from in-group pressures "Thus the overemphasis on consensus and agreement leads members to be unwilling to evaluate group member's ideas critically. This hinders decision making and becomes an obstacle to group productivity.

❖ **Social Loafing:** Social loafing occurs when one or more group members rely on the effort of other group members and fail to contribute their own time, effort, thoughts or other resources to a group. This may create real drag on the group's effort and achievement. When a group carries out a task it is harder to attribute the group's output to individual contribution some group member may engage in social loafing or doing less than their share of the work on the assumption that group's result will not indicate the individual's failure to contribute. A number of method for countering social loafing exist such as

having identifiable individual contribution to the group product and member self evaluation system.

❖ **Production Blocking:** Production blocking is limiting another person's output by getting in his or her way. Production blocking occurs when too many employees are trying to work in a given amount of space or when the organizational has poorly planned the use of its facilities. It can also occur when the organizational assigns more than the optimal number of employees to carry out a task.

14.11 SUMMARY

A group is defined as two or more individual interacting and independent, who have come together to achieve particular objectives. There are two types of group's i.e. formal group and informal group. Bruce Tuckman gave five stages of group formation; they are Forming, Storming, Norming, Performing and Adjourning.

The performance of some groups is better than others the reason for that is difficult to answer but it includes certain variables that determine group performance and satisfaction.

There are techniques for making decisions like brainstorming, Delphi technique and nominal group technique. Like every concept has two aspects likewise group behavior has certain barriers or obstacles that affect the productivity of group

14.12 GLOSSARY

- **Group**: - It is defined as two or more individuals, interacting and interdependent, who have come together to achieve particular objectives.
- **Formal Groups**:- A designated work group defined by organization's structure
- **Command Group**: - A command group consists of a manager and the employee who report to him.
- **Task Group**: - A task group is made up of employees who work together to complete a particular task or project.

- **Informal Group**:- An organization's informal groups are groups that evolve to meet social or affiliation needs by bringing people together based on shared interest or friendship.
- **Friendship Groups**:- Groups often develop because the individual members have one or more common characteristics.
- **Interest Groups**:- People who may or may not be aligned to common command or task groups may affiliate to attain a specific objective with which each is concerned. This is a interest group.
- **Reference Groups**:- Sometimes people use a group as a basis for comparison in making decision or forming opinion.
- **Membership Groups**:- When a person does belong to a group(formal or informal groups to which employees actually belong) the group is called a membership group.
- **Brainstorming**:- It is good technique for generating alternatives. The idea behind brainstorming is to generate as many ideas as possible, suspending evaluation until all of the ideas have been suggested.

14.13 CHECK YOUR PROGRESS

Q1. Define group? Illustrate why do people join groups?

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Q2.Explain the different types of groups?

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Q3. Discuss the different characteristics of groups?

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Q4. A group is defined as two or more individuals, interacting and interdependent who have come together to achieve particular objectives.

(True / False)

Q5. A……………………group is made up of employees who work together to complete a particular task or project.

Q6. In……………………technique experts are not require to be physically present but they can respond through questionnaire.

Q7. In……………………technique of group decision making several and all types of alternatives or ideas are generated.

Q8. In……………………stage close relationship develop and group demonstrate cohesiveness.

Q9. The……………………refers to the degree to which group members are attracted to each other and are motivated to stay in the group.

Q10. ……………………are the rule of conduct to maintain consistency in behavior of the group.

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14.16 LONG TERM QUESTIONS

Q1.   Describe the five stages of group development?

Q2.   Explain the work group behavior model?

Q3.   Throw a light on various techniques adopted by organization for group decision making?

Q4. Discuss various barriers / obstacles that affect group productivity?

Q5. What is cohesiveness? How is cohesiveness related to performance? What implication does this relationship have for   improving productivity in the organization?

Q6. Define Group Structure and explain the elements which come under group structure?

Q7. Write short note on: -   a) Role

                                  b) Norms

14.17 ANSWER TO CHECK YOUR PROGRESS

Ans 1.   See Sec 14.3 & 14.5

Ans 2.   See Sec 14.4

Ans 3.   See Sec 14.7

Ans 4.   True

Ans 5.   Task

Ans 6.   Delphi technique

Ans 7.   Brainstorming

Ans 8.   Norming

Ans 9.   Cohesiveness

Ans 10.   Norms

UNIT 15: MEANING AND CONCEPT OF ORGANIZATION EFFECTIVENESS

Structure:

15.1 INTRODUCTION

The study of organizational effectiveness has long been the province of those in the management sciences. In recent years, however, workplace consultants and strategists have become increasingly interested in designing physical environments that promote organizational success. Although there are many ways to measure success, a number of factors consistently show up in effectiveness metrics. These include the following:

* Achieving organizational mission
* Product/service quality and value

- Customer satisfaction
- Capacity for innovation and creativity
- Adaptation to organizational and technological change
- Effective information sharing and communication
- Employee attraction and retention
- Effective group and individual work
- Quality of work life
- Developing partnerships and alliances
- Operational efficiency
- Image and branding

For any given organization, measures of effectiveness vary, depending upon its mission, environmental context, nature of work, the product or service it produces, and customer demands. Thus, the first step in evaluating organizational effectiveness is to understand the organization itself—how it functions, how it is structured, and what it emphasizes.

15.2 OBJECTIVE

After reading this unit, you should be able to:
- Understand the meaning and concept of Organizational effectiveness
- Understand Organizational culture and its implications to organizational effectiveness
- Learn about factors that build and nurture favorable organizational culture
- Understand different organizational life cycle stages
- Understand the importance of organizational effectiveness
- Understand the characteristics of effective organizations

15.3 CONCEPT

Organizational effectiveness is the concept of how effective an organization is in achieving the outcomes the organization intends to produce. Effectiveness is characterized by the ability to do what you set out to do.

Additionally though, they defined it as partly about the organization and partly about the individuals within that organization.

At the organizational level it's about:

- Executing on direction and strategies to consistently fulfill your mission and get the result that you established
- Funding innovation (from throughout the organization) to keep moving the organization ahead
- Improving the way the organization works and executes – continuously
- Managing the 'white spaces' between the organizational boxes – such as managing risk; developing the right spirit among teams; collaborating on the right things with the right people, at the right time.

From an individual's point of view, it's about being able to do more than 'just the job'; it also includes:

- Channeling ideas and innovative thoughts up through the organization
- Leveraging 'my' sphere of influence and control to govern 'in the moment' and in response to real-time needs
- Having the right information and knowledge to make the appropriate judgment calls and decisions

While this is a wide range of definitions, none of the above is wrong. It's more about the different perspectives executives have based on their experiences, and potentially, on how they are measured as effective leaders of organizational effectiveness.

The idea of organizational effectiveness is especially important for non-profit organizations as most people who donate money to nonprofit organizations and charities are interested in knowing whether the organization is effective in accomplishing its goals.

However, scholars of nonprofit organizational effectiveness acknowledge that the concept has multiple dimensions and multiple definitions. For example, while most nonprofit leaders define organizational effectiveness as 'outcome accountability,' or the extent to which an organization achieves specified levels of progress toward its own goals, a

minority of nonprofit leaders define effectiveness as 'overhead minimization,' or the minimization of fundraising and administrative costs.

15.4 DEFINITION

Organizational effectiveness is defined "as the ability of an organization to maximize its performance within a competitive external environment".

It is achieved when organizational resources are optimally utilized by creating suitable structures, processes and systems, cultures and people fully aligned to organization's business purpose and direction. An organization is a consciously coordinated entity with indefinite boundary that functions on a continuous basis to achieve common goal or set of goals. An organizational structure defines how roles are defined, task, task are allocated relationship are reported, and the formal coordination and interaction pattern that the organization would follow.

Organizations need to undergo continuous improvement in their process and system so as to bring transform in their inputs and outputs.

This involves continually assessing and reassessing not only the outcomes of business processes but also the process and systems to see what improvement can be made to streamline and improve methods so as to keep making positive contribution to the overall effectiveness.

Ahisholm (1998) suggested four key challenges than are organization facing in today's scenario:

5. Rapid advancement of technology
6. Globalization
7. Operational and process complexity
8. Shift in values and beliefs

According to Richard et al. (2009) organizational effectiveness captures organizational performance plus the myriad internal performance outcomes normally associated with more efficient or effective operations and other external measures that relate to considerations that are broader than those simply associated with economic valuation (either by shareholders, managers, or customers), such as corporate social responsibility.

Several consultancies define it as the intersection of business strategy, human resources and operations management.

Wikipedia defines it as 'the concept of how effective an organization is in achieving the outcomes the organization intends to produce.

According to Mayo "Effectiveness is a function of Productivity resulting from employee satisfaction."

According to Fayol "Effectiveness is a function of clear authority and discipline within an Organization"

According to **Etzioni** organizational effectiveness is the degree to which an organization realizes its goals. Etzioni considers "organizational effectiveness" another name for "goal achievement

15.5 ORGANIZATIONAL EFFECTIVENESS AND CULTURE

Culture is a set of norms, values and assumptions that are available to the staff and thus it is inseparable from action and process. It is also defined as a learned set of rules written or verbal that instructs the individual about working effectively with each other and with their environment. It not only defines the ways to act but also the ways to react so it acts as an important component of individual capacity to live in the organization. In other words "it is the way we do things around here". Trice & Beyer (1993) has defined culture as the "unique pattern shared assumptions, values and norms that shape the socialization, symbols, language, narratives and practices of a group of people".

Schein Edgar defines organizational culture as 'the residue of successes within an organization. According to him culture is the most crucial and difficult organizational attribute to change as it is long lasting compared to all other physical attributes of the organization. He states that there are three level of organizational attributes that contributes to its culture namely those attributes can be felt, seen and heard by the uninitiated observer. These include facilities, offices, furnishings, awards, recognition and dress code and the way each person visibly interacts with each other and outsiders. At the second level are the organization's slogans, stories, mission statement, operational creeds

and values that are expressed often and repeatedly. These cultural elements of the organization can be understood by interviewing the employees of the organization about their attitudes. At the third and deepest level are the organization's underlying and tactic assumptions which are usually invisible and not cognitively identified in everyday interaction among organizational members.

Normal regular employees are unaware of these organization assumptions. Only those members of the organization who have been serving the organization for long time and understand organization culture at its deepest can understand these assumptions. They have got acclimatized to these attributes over time, thus reinforcing the invisibility of their existence. Therefore according to Schein organizational culture gets formed from shared history, values and adaptation, further organizational change is not possible without making changes that affect its culture.

Schein states that organizational culture develops in response to two major challenges that ever organization faces that are:

- **External adaptation and survival:** External adaptation and survival refers to the way an organization copes with and responds to its ever-changing environment
- **Internal adaptation**: Internal Adaptation refers to the establishment and maintenance of the effective and harmonious relationship in work situation among members of the organization.

Thus organizational culture may be defined as the overall attitude of the people within the organization. It contributes a great deal to the achievement of its objective and in improving its effectiveness. In a recent survey of business leaders it was found that 70% agreed with the statement 'culture is the true source of competitive advantage'. 91% agreed that 'culture erodes if not actively nurtured. 'Many features of the organizational performance get blocked due to the inherent diversity of the organizational membership. On one hand it can bring in healthy and necessary differences while on the other it may create conflict and lack of synergy.

Changing external environment on one hand and shifting expectation of managers as they move along different career stages, on the other, require a change in approach towards managing and leading.
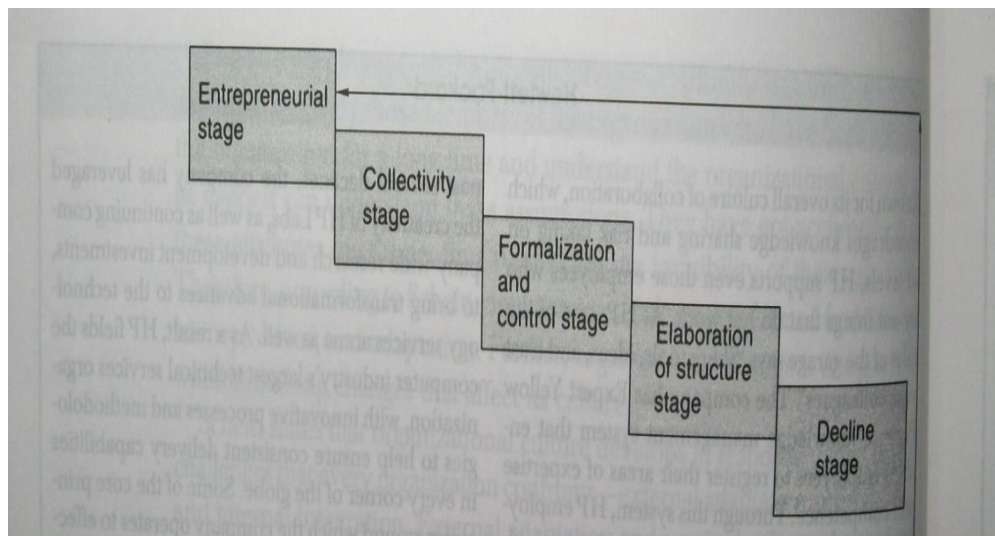
The basic of building and nurturing a favorable organizational culture requires focused attention on teamwork, leadership development conflict management, inculcating best practices and values.

Thus harmonizing, aligning, and integrating people processes and system, culture and organizational structure to the business objective and direction lead to achievement of organizational effectiveness.

15.6 ORGANIZATIONAL LIFE CYCLE STAGES

Every organization undergoes life cycle stages. However what matters the most is the management of these stages in a manner that it remains on the path of growth. This mainly depends on the leader and his capability to create a culture for innovation in the organization. In this competitive world lifecycle's predictable patterns help organizations and their managers to develop greater insight as to what problems need to be corrected first. These problems may be operational and cultural. The management's ability to handle problems effectively and to create new market opportunities differentiates successful from unsuccessful business.

There are five organiztional's life cycle stages they are:-

Organization Life Cycle Stage

➢ **Entrepreneurial Stage:** The organization is in its nascent stage. Although its goals are ambiguous they have high level of creativity.

➢ **Collectivity Stage:** Innovation continues in this stage and the organizational mission is identified. Communication is informal and its employee are highly committed to the organizational objectives and goals

➢ **Formalization & Control Stage:** In this stage organizational structure stabilizes and formal rules and procedure put in place. However innovation is given back seat while greater emphasis is placed on efficiency and stability a sequence

➢ **Elaboration of structure stage:** Products and services are diversified at this level. the structure become more complex with multiple departments giving rise to multiple reporting relationships. This is the stage in which decision making get decentralized.

➢ **Decline Stage:** This is the stage when management looks for always to maintain market positions and look for new opportunities. In this phase organizational effectiveness really matters in terms of coming out with new ideas to exploit existing or emerging opportunities.
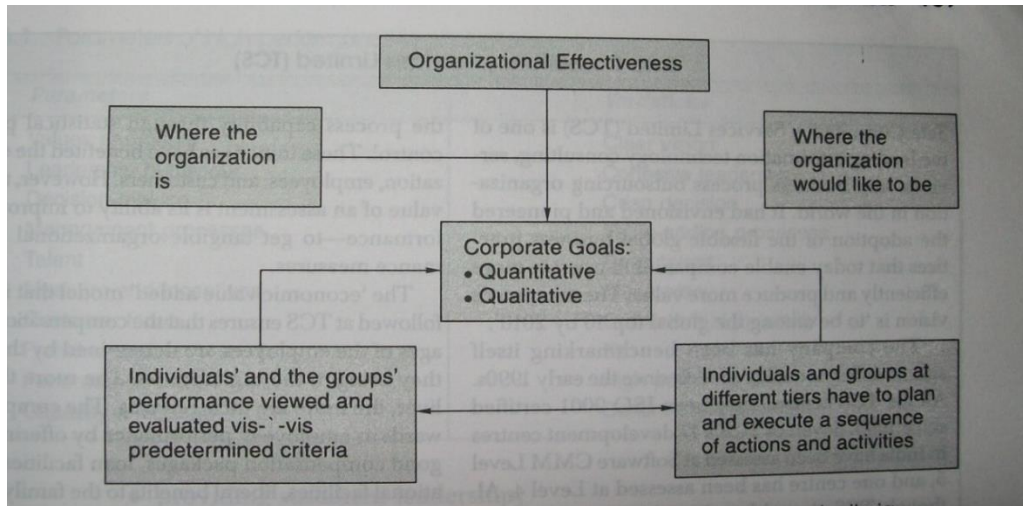
15.7 ORGANIZATIONAL EFFECTIVENESS CRITERIA

An organization may achieve its goals but ultimate test of its success lies in the measurement of its result which contributes to the achieving of those goals. Those responsible and accountable for directing the organization must first determine where an organization stands and what it wants to achieve in a particular period. This must then be translated into subnormal (or objectives and results) a component of the goal's organization must achieve. Individual and group performance have to be view and evaluated Vis a Vis a predetermined criteria. Certain objectives and goal may be qualitative while others may be quantitative. Qualitative objectives need to be converted into quantitative objectives as much possible. To achieve the desired result individual s and group at different tiers have to plan and execute a sequence of actions and activities.

Some of commonly used criteria for evaluating organizational effectiveness are such as productivity, efficiency, profit, quality, accidents growth absenteeism, turnover, dividend payment share price, earning per share etc are quantitative in nature and can be measured by using well defined variables however there are number of criteria that have impact on achievement of quantitative criteria but cannot be easily measured as they are qualitative in nature. Some of the vital qualitative criteria are –

- Job satisfaction
- Motivation
- Morale
- Control
- Conflict/cohesion
- Flexibility/adaptation
- Goal consensus
- Internalization of organizational goals
- Role and norm congruence
- Managerial and interpersonal skills
- Information management and communication readiness

- Utilization of environment, value of human resources participation and shared influence, training and development and emphasis on achievement.

Model for Organizational Effectiveness Measurement Criteria

Measuring Organization effectiveness: To understand the criteria for measuring organization effectiveness let us first discuss what an ineffective organization would look like. It is like having:

- Missed targets and goals
- High levels of unmitigated risk
- Unnecessary turnover of leaders and high potential staff
- Lack of ROI on key strategic projects and investments
- Lower levels of customer / partner / supplier / employee satisfaction levels
- Cultural confusion - where we say one thing but do another
- Inadequate clarity of roles and accountabilities and the authority to make decisions
- Lack of nimbleness – encouraged by too many organizational layers, bureaucratic processes or governance, poor information relays, and policies that stifle common sense

- Firefighting as a strategy Impatience with solving the same problems multiple times; (and instead working to identify and act on root causes)

High Performance organization: Research shows that high performance organization can be distinguished from the rest by applying a yardstick on certain parameters. Leaders with clear vision well designed management processes, policies to attract and retain talent, customer focus, innovation and above all adaptability and capacity to change are some of things that make some organizations distinct from others.

15.8 CHARACTERISTICS OF EFFECTIVE ORGANIZATION

Effective organization has been found to possess certain characteristic that make them distinct from others they are:

- ❖ Providing sustained leadership
- ❖ Driving effective decisions
- ❖ Focusing people on performance
- ❖ Aligning the front line
- ❖ Driving a high performance culture

Thus performing, growing and developing organization create inbuilt mechanism to continuously improve their effectiveness by developing a culture that is conductive to create and respond to the environmental changes. These organizations have transparent systems and processes and a organizational structure wherein communication between tiers and within group is encouraged. People are receptive to feedback as measured in quantitative and qualitative terms. It would be imperative for any organization to focus on being effective for its long term sustainable growth and development.

Consequently, an effective organization likely has a set of merits that are:

- Holds individuals accountable for their individual performance. That means clarifying individuals' roles, responsibilities, and their authority to make decisions.

- Identifies and communicates 'acceptable' levels of risk (and the cost of not managing risk adequately)
- Measures a leader's behavioral impact and how that influences others' performance (or not)
- Clarifies 'what good looks like' since people cannot be effective if they don't understand the (qualitative and quantitative) performance standards
- Identifies the drivers for success to more consistently replicate performance
- Identifies critical feedback loops so individuals learn and develop confidence in their analysis and decisions
- Challenges everyone to perform at the next level in the organization

PARAMETERS	YARDSTICKS
Values And Goals	Clear Vision
Leadership Behavior	Cohesive Leadership
Decision Making	Crisp Decision
Management Processes	Value Adding Processes
Talent	Deep Talent
Measure & Incentives	Meritocracy
Customer Focus	Consistent High Quality
Frontline Support	Fit
Performance Culture	High Performance
Capacity To Change	Continuous Evaluation

Parameters of High Performance Organizations

ORGANIZATIONAL EFFECTIVENESS ASSESSMENT

Name:

Date:

Section / # Question Answers   Agree / Disagree

Section A Defining Organizational Effectiveness

1 I am clear on the mission for my organization

2 I can translate that mission into the goals and results required

3 I can translate those results into what I need to do in my specific role

4 I can translate the mission into leadership and team behaviors required of me

Section B Measuring Organizational Effectiveness

1 I am clear on the performance objectives and standards for my function

2 I am clear on my decision making authorities

3 I understand 'what good looks like' for my function

4 I am clear on my roles and responsibilities and accountabilities

5 I am clear on who I need to collaborate with to be successful in my role

7 My teams feel 'empowered' and supported to make decisions

8 We follow through on promises and commitments to next steps

Section C Managing the 'White Spaces'

1 The operating culture supports solving root causes not just symptoms

2 I would describe my function as 'implementation oriented'

3 Priorities for immediate action are clear

4 We build time and forum for assessing and embedding learning

5 There are mechanisms in place to formally support collaboration

6 I have developed a personal network that I collaborate with

7 I can channel my ideas and creative thoughts to those who

Make the policies and decisions

8 You can feel the 'hum' in my function

Section D Describing My Effectiveness

1 I would describe myself as an 'implementer'

2 I would describe myself as 'planner'

3 I am consulted on matters outside of my formal role/job

4 I have a high level of confidence in my ability to make the right decisions

5 I know where to find the information I need

6 I am working a level above my current roles and authorities

7 Others recognize the passion that I have for what I do

Format of Organization effectiveness assessment

15.9 APPROACHES TO ORGANIZATION EFFECTIVENESS

Organizational effectiveness research, there is little consensus emerged, either theoretically or empirically, as to what constitutes organizational effectiveness and how best to measure it.

Robbins asserts that effectiveness, like beauty, is in the eye of the beholder. Different groups (Stakeholders) judge organizations by different criteria.

D. Daft defines three contingency approaches to the measurement of organizational effectiveness:

1- Resource based approach assesses effectiveness by observing the beginning of the process and evaluating whether the organization effectively obtains resources necessary for high performance. Organizational effectiveness is defined as the ability of the organization to obtain scarce and valued resources. Ex: Low cost inputs, high quality raw materials. (In many not-for-profit organizations it is hard to measure output goals or internal efficiency.)
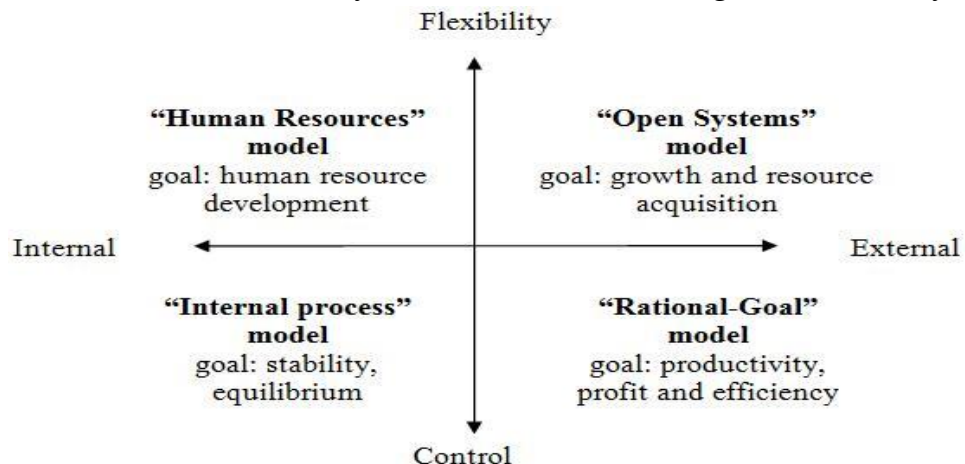
2- Internal process approach looks at the internal activities. Organizational effectiveness is measured as internal organizational health and efficiency. Ex: strong corporate culture.

3- Goal approach is concerned with the output side and whether the organization achieves its goals in terms of desired levels of output. Since organizations have multiple and conflicting goals, effectiveness cannot be assessed by a single indicator. Ex: operative goals.

E. The "**Competing Values Framework**" of **Quinn and Rohrbaugh** (1983) is a theory derived from research conducted on major indicators of effective organizations. Based on statistical analyses of a comprehensive list of effectiveness indicators, they discovered two major dimensions underlying the conceptions of effectiveness.

First dimension is related to organizational focus. Internal emphasis is on the well being and development of the people in the organization. External emphasis is on the well being and development of the organization itself with respect to its environment.

Second dimension is related to preference for structure and represents the contrast between "stability and control" and "change and flexibility".

5. Human Resources model emphasizes flexibility and internal focus and stresses cohesion, morale, and human resources development as criteria for effectiveness
6. Open Systems model emphasizes flexibility and external focus and stresses readiness, growth, resource acquisition and external support
7. Rational goal model emphasizes control and external focus and stresses planning, goal setting, productivity, efficiency as the criteria for effectiveness

8. Internal process model emphasizes control and internal focus and stresses role of information management, communication, stability and control.

F. Another approach was given by J. Barton Cunningham, after reviewing the relevant literature, concluded that seven major ways of evaluating organizational effectiveness existed:
  - ➢ Rational goal model
  - ➢ Systems resource model
  - ➢ Managerial process model
  - ➢ Organizational development model
  - ➢ The Bargaining model.

➢ **The Rational Goal Model:** The rational goal approach focuses on the organization's ability to achieve its goals. An organization's goals are identified by establishing the general goal, discovering means or objectives for its accomplishment, and defining a set of activities for each objective.The organization is evaluated by comparing the activities accomplished with those planned for. These criteria are determined by various factors.

➢ **The Systems Resource Model:** The systems resource model analyzes the decision-makers' capability to efficiently distribute resources among various subsystem's needs. The systems resources model defines the organization as a network of interrelated subsystems. These subsystems needs may be classified as:
  - Bargaining position - ability of the organization to exploit its environment in acquisition of scarce and valued resources;
  - Ability of the systems' decision-makers to perceive, and correctly interpret, the real properties of the external environment;
  - Ability of the system to produce a certain specified output;
  - Maintenance of internal day-to-day activities;
  - Ability of the organization to co-ordinate relationships among the various subsystems;

- Ability of the organization to respond to feedback regarding its effectiveness in the environment.
- Ability of the organization to evaluate the effect of its decisions;
- Ability of the organization' system to accomplish its goals.

➢ **The Bargaining Model:** Each organizational problem requires a specific allocation of resources. The bargaining model presumes that an organization is a cooperative, sometimes competitive, resource distributing system.

Decisions, problems and goals are more useful when shared by a greater number of people. Each decision-maker bargains with other groups for scarce resources which are vital in solving problems and meeting goals.

The overall outcome is a function of the particular strategies selected by the various decision-makers in their bargaining relationships. This model measures the ability of decision-makers to obtain and use resources for responding to problems important to them.

Each of the subsystems' needs should be evaluated from two focal points: efficiency and stress. Efficiency is an indication of the organization's ability to use its resources in responding to the most subsystems' needs. Stress is the tension produced by the system in fulfilling or not fulfilling its needs

➢ **The Managerial Process Model:** The managerial process model assesses the capability an productivity of various managerial processes -decision making, planning, budgeting, and the like -for performing goals.

The managerial process model is based on the intuitive concept of substantial rationality, which interrelates the drives, impulses, wishes, feelings, needs, and values of the individuals to the functional goals of the organization.

- **The Organizational Development Model:** This model appraises the organization's ability to work as a team and to fit the needs of its members. The model focuses on developing practices to foster:
- supervisory behavior manifesting interest and concern for workers;

- team spirit, group loyalty, and teamwork among workers and between workers and management;
- confidence, trust and communication among workers and between workers and management;
- more freedom to set their own objectives.

The model's procedure attempts to answer four main questions:

- Where are we?;
- Where do we want to go?;
- How will we get there?;
- How will we know when we do get there?

These questions can be divided into four areas: question one is concerned with diagnosis, question two with the setting of goals and plans, question three with the implementation of goals, and question four with evaluation.

This model is concerned with changing beliefs, attitudes, values, and organizational structures so that individuals can be better adopt to new technologies and challenges. It is a process of management by objectives in contrast to management by control.

➢ **The Structural Functional Model:** The structural functional approach tests the durability and flexibility of the organization's structure for responding to a diversity of situations and events.

According to this model, all systems need maintenance and continuity. The following aspects define this:

- security of the organization as whole in relation to the social forces in its environment (this relates to ability to forestall threatened aggressions or deleterious consequences from the actions of others);
- stability of lines of authority and communication (this refers to the continued capacity of leadership to control and have access to individuals in the system);
- stability of informal relations within the organization;
- continuity of policy making (this refers to the ability to reexamine policy an a continuing basis);

• homogeneity of outlook (this refers the ability to effectively orient members to organization norms and beliefs).

➢ **The Functional Model:** In the functional approach an organization's effectiveness is determined by the social consequences of its activities.

The crucial question to be answered is: how well do the organization's activities serve the needs of its client groups?

The appraisal of an organization's effectiveness should consider whether these activities are function or dysfunctions in filling the organization's goals.

These seven models have their strengths and shortcomings depending upon the organizational situation being evaluated. The choice of evaluation approach usually hinges on the organizational situation that needs to be addressed.

15.10 INCREASING ORGANIZATION EFFECTIVENESS AT WORKPLACE

How do you increase organizational effectiveness and the productivity of your workforce?

To increase organizational effectiveness, winning companies create sustainable competitive advantage by aligning their talent and business strategies.

Mergers or acquisitions, restructurings or shifts in business strategy are examples of fundamental organizational change that create strong demand for processes and systems to bring focus and restore the organization's capability to function effectively.

Our organizational effectiveness capability brings value to our clients' organizations by facilitating the integration and alignment of the business strategy with a workable talent management strategy.

At the heart of Right Management's organizational effectiveness capabilities, is our holistic approach to helping companies build and align the capabilities, processes, attitudes, and talent needed to more effectively implement its chosen strategy.

Organizational Effectiveness Solutions

- **Strategy Implementation:** Right Management's Strategy Implementation consulting services improve an organization's ability to successfully execute strategy. This is achieved by focusing on structure, people systems and processes, and to deliver great customer experiences.

- **Strategic Workforce Alignment:** Strategic Workforce Alignment is a unique interactive process for executives to quickly assess and prioritize various workforce strategies, employee needs and investments. Based on proven Six-Sigma methodologies, individuals use a specially designed diagnostic process called Right Navigator to prioritize (based on importance and satisfaction) a comprehensive set of organizational workforce strategies.

- **Change Management:** Right Management's Change Management offerings are designed to support change at all levels of the organization. Our change management programs assist executives to drive organizational change, empower managers to lead through change, and enable employees to navigate and respond to change appropriately.

Four Core Capacities for Organizational Effectiveness

- **Leadership Capacity:** The ability of all organizational leaders to create and sustain the vision, inspire, model, prioritize, make decisions, provide direction and innovate, all in an effort to achieve the organizational mission

- **Management Capacity:** The ability of a nonprofit organization to ensure the effective and efficient use of organizational resources

- **Technical Capacity:** The ability of a nonprofit organization to implement all of the key organizational and programmatic functions

- **Adaptive Capacity:** The ability a nonprofit organization to monitor, assess, respond to and create internal and external changes

15.11 SUMMARY

A clear purpose and direction is a must for organizational effectiveness. Organizational Structure, processes and systems, culture and employees must all be aligned to this objective for organizational success. Organizational

effectiveness is defined as ability of an organization to maximize its performance within a competitive external environment.

For organization effectiveness we need to provide healthy and effective culture within the organization and the basics of building and nurturing favorable organizational culture require focused attention on teamwork, leadership development, conflict management etc.

Every organization undergoes various lifecycle stages, which can be classified as entrepreneurial, collectivity, formalization and control and elaboration of structure stages. However management at all these stages must remain focused on the target of achieving the desired performance to make effective organization and this mainly depends upon the leader and his capability to create culture for innovation and creativity within the organization.

Some of the commonly used criteria for evaluation of organization effectiveness are productivity, efficiency, profit, growth, earning per share, turnover, dividend payment share price are the yardsticks which are quantitative in nature i.e. they can be measured and on that basis effectiveness of the organization can be measured.

There are certain yardsticks which cannot be measured e.g. sustained leadership, effective decision making etc are the examples of qualitative measurements as they cannot be measured but still are features of organization effectiveness.

Various approaches and methods of measurement have been discussed to explain organization effectiveness.

15.12 GLOSSARY

Organizational Effectiveness: It is the ability of an organization to maximize its performance within a competitive external environment.

- **Culture:** A set of norms, values and assumptions those are available to employees. It is thus inseparable from action and process.
- **Organizational Life cycle:** The various stages an organization goes through in its process of growth.

- **High Performance Organizations:** These are organizations that perform exceedingly well in terms of achievement of their goals.
- **Productivity:** It refers to accomplishment of objectives through the utilization of resources such as capital, workforce, machinery, infrastructure etc.

15.13 CHECK YOUR PROGRESS

Q1. Define Organizational Effectiveness?

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Q2. List the different Yardsticks on the basis of which high performance organization can be distinguished from low performance organization?

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Q3.Mention the characteristics possessed by effective organization?

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Q4. …………………..is a set of norms, values and assumptions that are available to the employee.

Q5. …………………..is the ability of an organization to maximize its performance within competititive external environment

Q6. Entrepreneurial stage is the nascent stage of the organization life cycle. (True / False)

Q7. Those yardsticks which cannot be measured are the examples of qualitative measurement   (True / False)

Q8. …………………..is the example of the yardsticks of quantitative measurement

Q9.Sustained Leadership is one of the important characteristics of effective organization.   (True/False)

Q10. …………………. is the stage when management looks for always to maintain market positions and look for new opportunities.

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15.15   SUGGESTED READING

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15.16   LONG TERM QUESTIONS

Q1. Discuss the stages of organization life cycle?

Q2. What is meant by organization culture? What are the factors that build a favorable organization structure?

Q3. Briefly discuss the approaches of organization effectiveness?

Q4.What is the important quantitative and qualitative criteria used to measure organization effectiveness?

Q5. How one can increase organizational effectiveness and the productivity of his workforce?

Q6. What is the advantage or importance of measuring organization effectiveness?

Q7. Draw the format of Organization effectiveness assessment chart.

15.17 ANSWERS TO CHECK YOUR PROGRESS

Ans1. See Sec 15.4

Ans2. See Sec 15.7

Ans3. See Sec15.8

Ans4. Culture

Ans5. Organizational Effectiveness

Ans6. True

Ans7. True

Ans8. Profit

Ans9. True

Ans10.Decline Stage

UNIT 16: ORGANIZATION CHANGES & ORGANIZATION DEVELOPMENT WITH CASE STUDIES EMERGING TRENDS AND PERSPECTIVE

<u>**Structure:**</u>

16.1 INTRODUCTION

There is nothing in the Universe which is permanent or remains same, except the change, and this is the fact of life; a fundamental aspect or truth of historical evolution. Change is inevitable in a progressive culture. Change in fact is accelerating in our society. Changes are taking place in almost every field of life whether it is political, scientific, technological and institutional areas etc. Organizations cannot completely isolate themselves from this environment instability. Change is introduced to them by internal and external forces. Meeting this challenge of change is the primary responsibility of management. An organization lacking the ability to adapt with the change has no future. Adaptability to change is a necessary quality of good management. Modern managers have the responsibility to devise management practices that best meet the new challenges and make use of the opportunities for the growth of the organization.

No discussion of managing change would be complete without including organizational development. Organizational Development is not an easily defined single concept. It is term used to encompass a collection of planned change interventions built on humanistic democratic values that seek to improve organizational effectiveness and employee well being.

16.2 OBJECTIVE

After reading this unit, you should be able to:

- Understand the concept of change and the forces that act as a stimulant to change
- Explain the sources of individual and Organizational resistance to change and remedies for it

- Explain different approaches to manage organizational change
- Understand the concept, assumptions and purpose of Organizational Development
- Understand the types of Organizational Development Activities
- Explaining Organizational development Interventions or Techniques
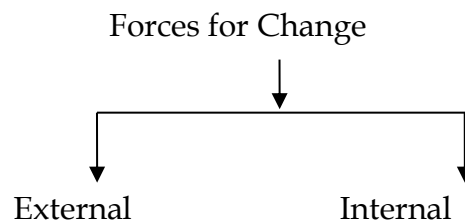- Brief Introduction to other Emerging Trends

16.3 DEFINITION

Organizational change refers to a modification or transformation of the organization's structure, processes or goods. Flexibility requires that organizations be open to change in all areas, including the structure of the organization itself. In a flexible organization, employees can't think of their roles in terms of a job description. They often have to change the tasks they perform and learn new skills. The most flexible organizations have culture that
   a) Value Changes
   b) Manager who know how to implement changes effectively

16.4 FORCES FOR CHANGE IN ORGANIZATIONS

More and more organizations today face a dynamic and changing environment that in turn requires these organizations to adapt. Change has become the norm in most organizations. Plant closing, business failures, mergers and acquisition and downsizing have become common experiences for most organizations. Addictiveness, flexibility and responsiveness are terms used to describe organizations that will succeed in meeting the competitive challenges that business face. In past organization could succeed by claiming excellence in one area- quality, reliability or cost. But this is not the case today. The current environment demands excellence in all areas.

Forces for Change

External   Internal

Forces For Change

Force	Examples
Nature of the work force	• More cultural diversity • Increase in professionals • Many new entrants with inadequate skills
Technology	• More computers and automation • TQM programs • Re-engineering programs
Economic shocks	• Security market crashes • Interest rate fluctuations • Foreign currency fluctuations
Competition	• Global competitors • Mergers and consolidations • Growth of specialty retailers
Social trends	• Increase in college attendance • Delayed marriages by young people • Increase in divorce rate
World politics	• Collapse of Soviet Union • Iraq's invasion of Kuwait • Overthrow of Haitian dictator

Different factors which effect the organization changes

3. **External Forces**: When the organization's general or task environment changes, the organization's success often rides on its ability and willingness to change as well. The modern manager is change conscious and operating in the constantly changing environment. Many external changes affect the modern organizations and make change inevitable. The genera environment has social, economic, legal, political and technological dimensions. Any of these can introduce the need for change. There are certain forces which affect the organization:

❖ **Technological Change**: Rapid technological innovation is a major force for change in organizations and those who fail to keep pace can quickly fall behind. According to C Handy, "the rate of technological changes is greater today than any time in the past and technological changes are responsible for changing the nature of jobs performed at all levels in the organization". Technological innovations bring about profound change because they are not changes in the way work is performed. Instead the innovation process promotes associated changes in work relationships and organizational structures.

❖ **Globalization**: - The global economy means competitors are likely to come from across the ocean. The power players in the global market are the multinational and Trans – national organizations. This has led companies to think globally. Globalization of an organization means rethinking the most efficient ways to use resources, disseminate and gather information and develop people. It requires not only structural changes but also changes in the minds of employees.

❖ **Social & Political Changes**: A firm's fate is also influenced by such environmental pressures as social and political changes. Many new legal provisions in the corporate sector get introduced every time that affects organizations.

❖ **Workforce Diversity**: Related to globalization is the challenge of workforce diversity. Workforce diversity is a powerful force for change in organizations.

❖ **Managing Ethical Behavior**: Employees face ethical dilemmas in their daily work lives. The need to manage ethical behavior has brought about several changes in organizations. Most centre on the idea that an organization must create a culture that encourages ethical behavior. Ethical behavior is expected in relationship with other organizations. Ethical behavior is expected in relationship with other customers, environment and society.

These challenges are forces that place pressure to change on organizations. Organizations cannot afford to be rigid and inflexible in the wake of environment al pressures, rather they must be dynamic and viable so that they survive.

4.   **Internal Forces:** Besides reacting to or anticipating changes on the outside, an organization may change because someone on the inside thinks a new way of doing thinks will be beneficial or even necessary. Pressures for change that originate inside the organization are generally recognizable in the

form of signals indicating that something needs to be altered. These internal forces are discussed below:-

❖ **Changes in Managing personnel**: One of the most frequent reasons for major changes in an organization is the change of executives at the top. No two managers have the same styles, skills or managerial philosophies. Thus changes in the managerial personnel are thus a constant pressure for change.

❖ **Declining Effectiveness**: Declining effectiveness is a pressure to change. A company that experiences losses is undoubtedly motivated to do something about it. Some companies react by instituting layoffs and massive cost cutting programmes, whereas others view the loss as symptomatic of an underlying problem, and seek out the cause of the problem.

❖ **Changes in work climate**: Changes in the work climate at an organization can also stimulate change. A workforce that seems lethargic, unmotivated and dissatisfied is a symptom that must be addressed. This symptom is common in organizations that have experienced layoffs may find it hard to continue to be productive. They may fear that they will be laid off as well and may feel insecure in their jobs.

❖ **Deficiencies in the existing system**: Another internal pressure for organizational change is the loopholes in the system. These loopholes may be un manageable spans of control, lack of coordination between departments, lack of uniformity in politics, noncooperation between line and staff etc.

❖ **Crisis**: A crisis may stimulate change in an organization; strikes or walkouts may lead management to change the wage structure. The resignation of a key member may lead the management to rethink over the composition of management team and its role in the organization.

❖ **Employee expectations** : changes in employee expectations also can cause change in organizations the forces may be:
  ➢ Employee's desire to share in decision making
  ➢ Employee's demand for effective organizational mechanism

➢ Higher employee expectations for satisfying jobs and work environment.

➢ Employee's desire for higher wages.

All these forces necessitate change in organizations. Besides these forces a company that hires a group of young newcomers may be met with a set of expectations very different from those expressed by older workers.

Although organizational changes are important, managers should try to institute changes only when they make strategic sense. A logical conclusion is that managers should evaluate internal forces for change with as much care as they evaluate external forces.

16.5 FORMS OF CHANGES

Change has become the norms in most organizations. Adaptiveness, flexibility and responsiveness are terms used to describe the organizations that will succeed in two basic forms of changes in organizations that will succeed in meeting the competitive challenges that business face. There are two basic forms of change in organization:

• **Planned changes**: Planned change is change resulting from a deliberate decision to alter the organization. It is an intentional, goal oriented activity. The goals of planned changes are

➢ First it seeks to improve the ability of the organization to adapt to changes in its environment.

➢ Second it seeks to change the behavior of its employees.

• **Unplanned Change**: Not all change is planned. Unplanned change is imposed on the organization and is often unforeseen. Responsiveness to unplanned change requires tremendous flexibility and adaptability on the part of organizations.

Role of change agents

Changes in organizations are inevitable, but change is a process that can be managed. The individual or group that undertakes the task of introducing

and managing a change in an organization is known as a change agent. Change agents can be of two types:

- **Internal Change Agents:** Change agents can be internal, such as managers or employees who are appointed to oversee the change process.

    Internal change agents have certain advantages in managing the change process they are:

  ➢ They know the organization's past history, its political system and its culture.
  ➢ Internal change agents are likely to be very careful about managing change because they must live with the results of their change efforts.

There are also disadvantages of using internal change agents they are:

  ➢ They may be associated with certain factions within the organization and may easily be accused of favoritism
  ➢ Internal change agents may be too close to the situation to have an objective view of what needs to be done.

- **External Change Agents:** Change agents can also be external such as outside consultants. They bring an outsider's objective view to the organization. External change agents have certain advantages:

  ➢ They may be preferred by employees because of their impartiality
  ➢ They have more power in directing changes if employees perceive the change agents as being trustworthy, possessing important expertise and having a track record that establishes credibility

There are also disadvantages of using external change agents they are:

  ➢ External change agents face certain problems, including their limited knowledge of the organization's history
  ➢ They may be viewed with suspicion by organization members.

16.6 RESISTANCE TO CHANGE

The sources of resistance to change can be categorized into two sources: individual and organizational

3. Individual Resistance: It is the nature of mankind that they resist change as they attach great preference to maintain the status quo. The following are the reasons:

❖ **Economic Reasons** : The economic reasons to fear change usually focus on one or more of the following:
  - Fear of technological unemployment
  - Fear of reduced work hours and consequently less pay
  - Fear of demotion and thus reduced wages
  - Fear of speed up and reduced incentive wages

❖ **Fear of the unknown**: Change often bring with it substantial uncertainty. Employees facing a technological change, such as the introduction of a new computer system, may resist the change simply because it introduces ambiguity into what was once a comfortable situation for them.
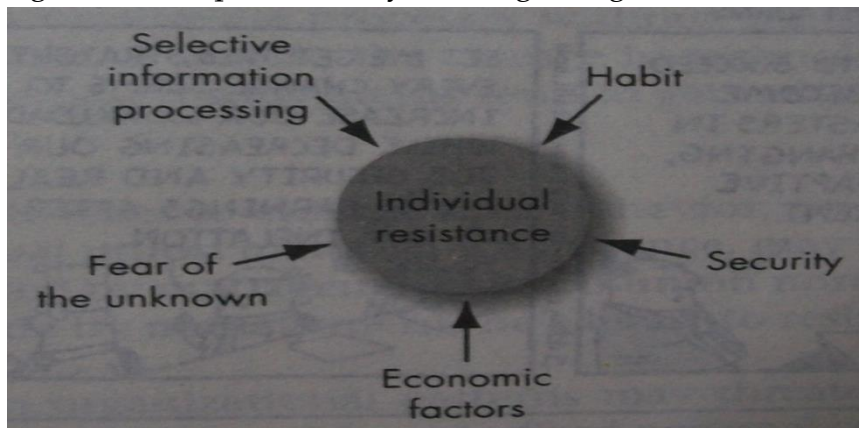
❖ **Fear of Loss:** When a change is impending, some employees may fear losing their jobs, particularly when an advanced technology is introduced. Employees may also fear losing their status because of a change. Another common fear is that changes may diminish the positive qualities.

❖ **Security**: people with high need of security are likely to resist change because it threatens their feeling of safety.

❖ **Status Quo**: The biggest and the soundest reason to resist the change is status quo. As human beings we are the creatures of habit. Change my pose disturbance to the existing comforts of status quo when confronted with change this tendency to respond in our accustomed ways become a source of resistance,. Change means they will have to find new ways of managing them and their environment, the ways that might not be successful as those currently used.

❖ **Peer Pressure**: Individual employees may be prepared to accept the change but resist it due to group. It has been found most of the employees resist change due to peer pressure who force them to resist change and not to accept it so the employee willing to accept the change do not accept it.

❖ **Disruption of Interpersonal Relationship**: Employees may resist change that threatens to limit meaningful interpersonal relationship on the job.

❖ **Social Displacement**: Introduction of change often results in disturbance in social relationship. Change may often result in breaking up of work groups. Thus when social relationship develop people try to maintain them and fight social displacement by resisting change.
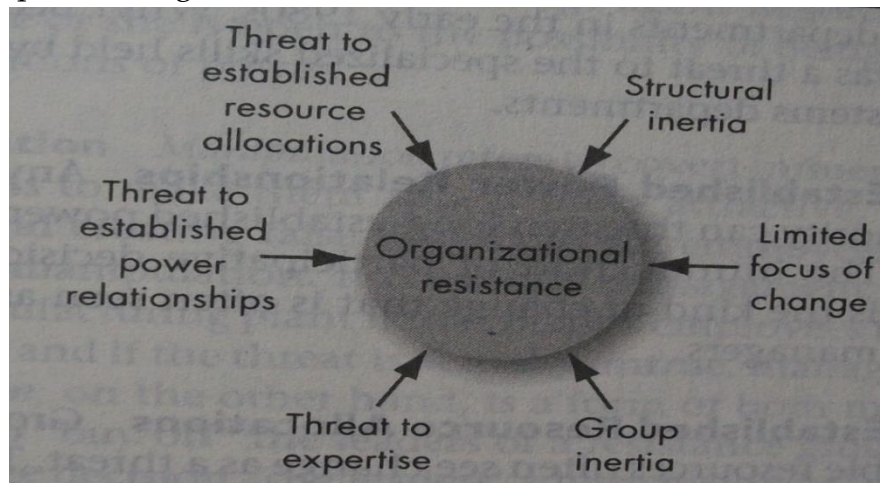

Sources of Individual Resistance to Change

4. Organizational Resistance: Organizations are highly conservative in nature, they actively resist change. Some of the organizational resistances are as follows:

❖ **Resource Constraints:** Non-availability of resources are one of the major organizational constraints as required financial, material, and human resource may not be available to make the desired changes in the organizations.

❖ **Structural Inertia**: Some organizational structures have inbuilt mechanism for resistance to change for e.g. where organization clearly spelled out job descriptions and job specification and written rules, regulations and procedures for employees to follow, they are shaped and directed to behave in certain way. When such organization is confronted with change, this structural inertia acts as a counter balance to sustain stability.

❖ **Sunk Costs**: Some organizations invest a huge amount of capital in fixed assets. If an organization wishes to introduce change, then difficulty arises because of these sunk costs.

❖ **Politics**: Organizational change may also shift the existing balance of power in an organization. Individuals or groups who hold power under the current arrangement may be threatened with losing these political advantages in the advent of change.

❖ **Threat to establish power relationships**: Any redistribution of decision making authority can threaten long established power relationship within the organization. Managers may therefore resist change that introduces participative decision making because they feel threatened.

❖ **Threat to expertise**: Change in organizational pattern may threaten the expertise of specialized groups. Therefore, specialists usually resist change.

❖ **Group Inertia**: Even if individual want to change their behavior, group norms may act as a constraint. For example if union norms suggests resistance to change made by management, will forcefully has to accept the resistance though otherwise the individual member of union may willing to accept the change.

Sources of Organizational Resistance to Change

16.7 MANAGING RESISTANCE TO CHANGE

Although resistance to change is common phenomenon in organizations, it must be noted that not all changes are resisted, much of the changes are accepted either willingly or none willingly both by organization and by individual, and we will find that much of the changes are accepted than resisted.

A manager to implement change should consider change as a feedback and that this feedback can be very productively used for implementing change.

One key to manage resistance is to plan for it and be ready with several strategies to handle the resistance. Some tactics have been suggested for use in dealing with resistance to change:

7. Education and Communication: Communication and awareness about the introducing change is essential, if employees are to adjust effectively. The details of the change, its importance and the reasons behind the change should be discussed with the employees and they should be involved in the process of change this will help them in easy acceptance of change as they will be aware of the change .

8. Participation: It is difficult for individual to resist a change decision in which they participated. Prior to making a change, they opposed can be brought into the decision process. When the employees are allowed to participate, they are more committed to the change.

9. Empathy & Support: Another strategy for managing resistance is providing empathy and support to employees who have trouble dealing with the change. Active listening is an excellent tool for identifying the reason behind the resistance for the change. An expression of concerns about the change can provide important feedback that managers can use to improve the change process.

10. Negotiation: Another way to deal with potential resistance to change is to exchange something of value for lessening of the resistance. Where group have power t resist at that time negotiation or agreement are helpful. it become relatively easy to avoid major resistance though negotiation.
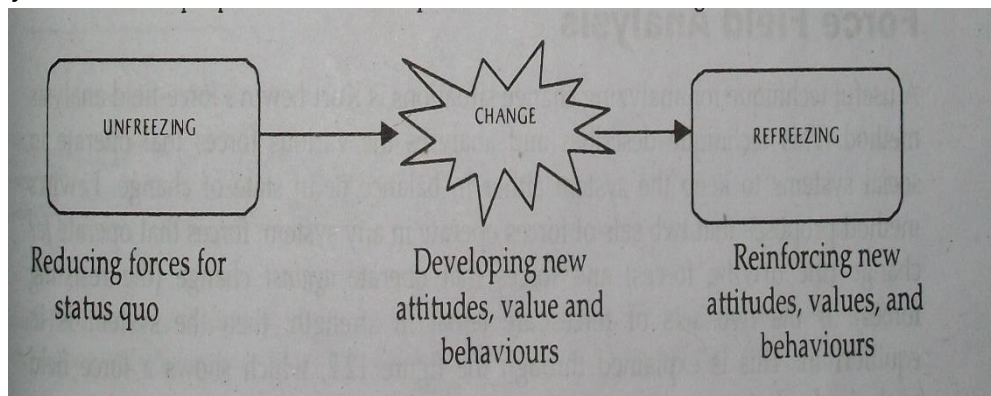
11. Manipulation and Cooptation: Manipulation refers to convert influence attempts. Twisting and distorting facts to make them appear more attractive, withholding undesirable information and creating false rumors to get employees to accept a change are all examples of manipulation. It involves giving individuals a desirable role in design or implementation of change.

12. Coercion: Coercion is the application of direct threats or force on the person resisting the change. Organization essentially forces people to accept change by explicitly or implicitly threatening them. Coercion is mostly applied where quick change is required so to curb resistance force is applied

16.8   APPROACHES / MODELS TO MANAGE ORGANIZATIONAL CHANGE

For most people, change is not easy and comfortable, though we somewhere know that change could be beneficial but still we feel comfortable in the similar settings and familiar ways of doing things. Because of this, change is most likely to succeed

➢ **Lewin's Change Model:** Kurt Lewin a social psychologist, noted for his work in organizational theory, developed a model of the change process that has stood the test of time and continues to influence the way organizations manage planned change. Lewin's model is based on the idea of force field analysis.

UNFREEZING	CHANGE	REFREEZING
Reducing forces for status quo	Developing new attitudes, value and behaviours	Reinforcing new attitudes, values, and behaviours

Lewin's Three step Model of Organizational Change

Steps in the change process:

- **Unfreezing:** The process begins with unfreezing, which is a crucial first hurdle in the change process. Unfreezing means melting resistance to change; the people who will be affected by the change come to accept the need for it. People tend to resist change because it increases anxiety and stress and it may threaten their self interests. Unfreezing involves encouraging individuals to discard old behaviors by shaking up the equilibrium state that maintains the status quo. Unfreezing on the part of individuals is an acceptance that change needs to occur. Resistance to change melts when events or information customer complaints, mounting losses, an accident – causes people to conclude that the status quo is unacceptable and that change is worth the effort. In essence, individual s surrenders by allowing the boundaries of their status quo to be opened in preparation for change.

Unfreezing the Status Quo

Change or Moving: If unfreezing succeeds, people want to make a change, but they still need to see a path to a better state. In the moving stage, new attitudes, values and behaviors are substituted for old ones. Organizations accomplish moving by initiating new options and explaining the rationale for the change as well as by providing training to help employees develop the new skills needed.

The transformation stage requires altering one or more characteristics of the work setting:

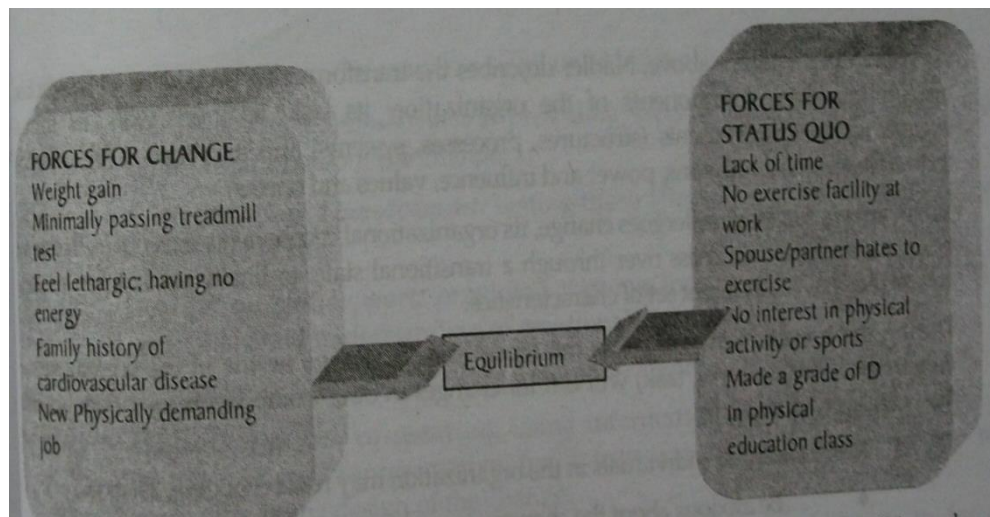- The structure and systems of the organizations.

- Social factors – characteristics of employees the way they interact the organizational culture.
- The organization's technology.
- The physical setting.

The implication is that changes in the work setting will lead to changes in individual behavior, which in turn will improve the organization's outcomes.

Refreezing: For the change to endure it must be reinforced as part of a new system. Lewin calls this step refreezing. Refreezing is the final step in the change process. In this step new attitude, values and behaviors are established as the new status quo. In some cases people affected by the change will clearly benefit from it. The resulting benefits will themselves reinforce the change. In other cases, the manager needs to take an active role in reinforcing the change. The new ways of operating should be cemented and reinforced. Managers should ensure that the organizational culture and formal reward system encourage the new behaviors and avoid rewarding the old ways of operating.

➢ **Force Field Analysis:** A technique for analyzing change situation given by Kurt Lewin's force field analysis method. This technique describes and analyses the various forces that operate in social systems to keep the system either in balance or in state of change. Lewin's method proposes two set of forces act on a system or organization one is the force that operates for change or want change (the driving force) and another is the force that operate against the change (the resisting force). If the two set of forces are equal in strength then the system is in equilibrium.

For behavioral change to occur, the forces maintaining status quo must be overcome. This can be done by increasing the forces for change, by weakening the forces for status quo or by combination of these actions.

Force Field Analysis of Equilibrium

➢ **Nadler's Organizational Model:** David Nadler's model helps in indentifying the internal forces that drive or inhibit changes. His model is based on open system models of organization.

Nadler through his model describes the transformation process as an interaction among four basic components of the organization:

- Its task
- Its individual
- Its formal organizational arrangements (structure, processes, systems)
- Its informal organization (patterns of communication, power and influence, values and norms)

When an organization undergoes change, its organizational components start out with one set of characteristics, then cross over through a transitional state to finally reach a future state where they have different state of characteristics.

During the transition as well as in the future state, a change in one of the organizational components will lead to changes in another component.

4. **Resistance:** It suggests the individual in the organization resist change as they may:
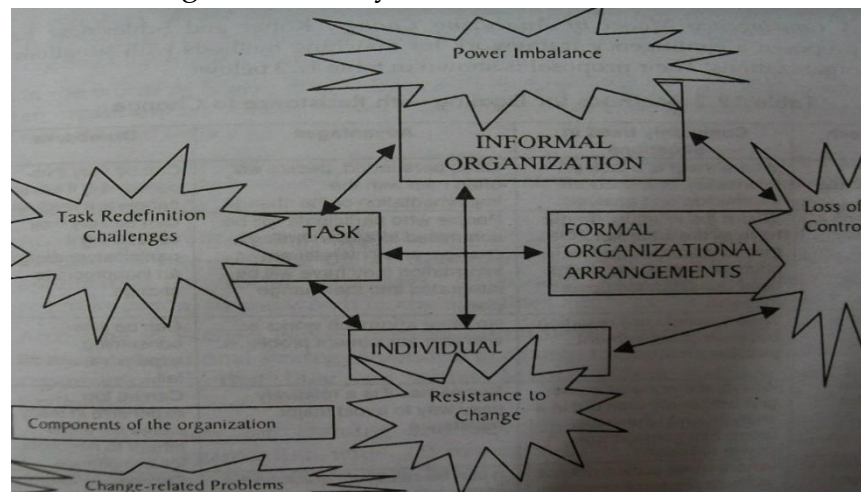
- Be anxious about the change

- Feel they will lose control, or
- Be Unable to cope, or
- Have a vested interest in the existing state of things

5. **Control**: During the transition and afterwards this formal structure may no longer be effective. Managers may lose the ability to monitor performance and make needed corrections

6. **Power**: Changes disrupt the existing balance of power, and specially during the transition state causes individual to engage in political (power seeking) behavior.

Awareness of these problem areas help managers to prepare themselves to implement change successfully

Nadler's Organizational Model

➤ **Contingency Model of Analyzing Change:** Kotler and Sclesinger have proposed a contingency framework for matching methods with situations of organizations. The various approaches in this model are explained below:

- **Education & Communication:** Providing facts and information, increased communication about the change.
- **Participation & Involvement**: Letting those affected have a voice in how the change will occur.

- **Facilitation & Support**: Providing training for change, effective listening, counseling and understanding of emotional reaction to change
- **Negotiation & Agreement**: bargaining over various aspects of change.
- **Manipulation & co- optation**: Using information about change selectively or sending a representative (or informal leader) from the group to participate in the design of the change
- **Explicit & Implicit Coercion:** Using power position and threats to force and compliance.

While implementing change managers must choose which approach best fits the situation. Each approach has its merits and demerits and hence they are appropriate in certain situations only.

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

Methods for Dealing with Resistance to Change

16.9 DEFINITION OF ORGANIZATION DEVELOPMENT

According to Wendell L French & Cecil H Bell Jr. "Organization Development is a systematic process for applying behavioral science principles and practices in organization to increase individual and organizational effectiveness".

According to Cummings & Worly, "Organization Development is a systematic application of behavioral science knowledge to the planned

development and reinforcement of organizational strategies, structures and process for improving an organization's effectiveness."

According to Burke, "Organization Development is a planned process of change in an organization's culture through the utilization of behavioral science technologies research and theory."

According to Schmuck & Miles, "Organization Development can be defined as a planned and sustained effort to apply behavioral science for system improvement, using reflexive, self analytic methods."

According to Burke & Hornstein, "Organization Development is a process of planned change, change of an organization's culture from one which avoids an examination of social processes (especially decision making, planning and communication) to one which institutionalizes and legitimizes this examination."

According to Warren Bennis, "Organization Development is a response to change, a complex educational strategy intended to change the beliefs, attitudes and structure of organization so that they can better adapt to new technologies, markets and challenges."

American Society for Training & Development defined "Organization Development as an effort
  (f) planned
  (g) Organization Wide
  (h) Managed from top in order to
  (i) Increase organizational effectiveness and health through
  (j) Planned intervention in the organization's ' using behavioral science knowledge"

From the above definition it is clear that organization development is an organization improvement strategy. The term Organization Development may be defined as a technique for bringing change in the entire organization.

Organization Development (OD) is about how people and organization function and how to get them to function better. OD programs are long term, planned, sustained efforts. It is based on knowledge from behavioral science disciplines such as psychology, sociology, anthropology.

The two major goals of OD program are:
* To improve the functioning of individuals, teams and the total organization
* To teach organization members how to continuously improve their own functioning.

16.10 OBJECTIVES OF ORGANIZATION DEVELOPMENT

The objectives of Organization Development as given by Wendell French are given below:

6. To build and enhance interpersonal trust, communication, cooperation and support among all individuals and groups through the organization.
7. To encourage an analytical problem solving approach in a team spirit.
8. To enhance the sense of belonging of individuals to the organization so that the individual and organizational goals are synchronized.
9. To extend the process of decision making to the lowest operational level
10. To increase personal responsibility for planning and implementing the plan

16.11 GOALS OF ORGANIZATIONAL DEVELOPMENT

Edwin B Flippo has given the following seven specific goals of Organization Development. They are:

7. Decision Making on the basis of competence rather than authority
8. Creatively resolving conflicts through confrontation designed to replace win-lose situations with win- win types.
9. Reducing dysfunctional competition and maximizing collaboration.
10. Increasing the degree of interpersonal trust and support.
11. Creating a climate in which human growth, development an renewal are a natural part of the enterprise's daily operation
12. Developing a communication system characterized by mutual openness and candour in solving organizational problems.

16.12 BASIC ASSUMPTION OF ORGANIZATION DEVELOPMENT

The assumption underlying Organization Development programs are:

9.   **Assumption of dealing with Individuals:** The two basic assumption about individuals in organizations are:

   c) Most individuals have drives towards personal growth and development. They want to develop their potential and therefore should be provided with an environment that is both supportive and challenging. In other words individual want personal growth and development which can be attained in a supportive and challenging work situation.

   d) Most individuals desire to make and are capable of making greater contribution towards achieving organization goals than most organizational environment permit. Organization must remove obstacles and barriers and reward success.

10.   **Assumption of dealing with groups:** These assumptions relate to the importance of the work teams:

   d.   The most psychologically relevant reference groups for most people are the work group. The work group greatly influences feelings of satisfaction and competence. Therefore individual goals should be integrated with group goals.

   e.   Work Groups are the best way to satisfy social and emotional needs at work. Therefore the growth of individual members is facilitated by relationships, which are open, supportive and trusting.

   f.   The assumptions of feelings adversely affect problems solving personal growth and satisfaction with one's work. An attitudinal and motivational problem in organization requires interactive and transactional solutions. Such problems have the greatest chance of constructive solutions if all parties in the system alter their mutual relationship co operation is always more effective than conflict.

11.   **Assumptions from designing organizations**: These assumptions relate to the importance of designing organizations

   d.   Traditional hierarchical forms of organization are obsolete. Therefore experimenting with new organization structure and new forms of authority
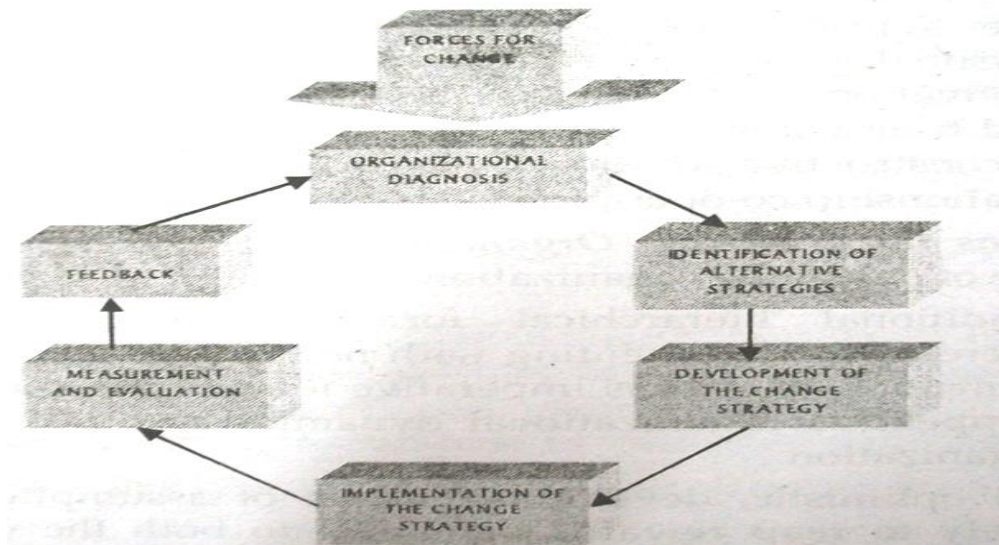
is imperative for creating cooperative rather than competitive organizational dynamics and is a primary task of the organization.

e.   An optimistic, developmental set of assumption about people is likely to reap rewards beneficial to both the organization and its members. Co operation is always more beneficial.

f.   People are an organization's most important resource. They are the source of productivity and profits and should be treated with care. An organization can achieve higher productivity only when the individual goals are integrated with organizational goals.

16.13 PURPOSE OF ORGANIZATIONAL DEVELOPMENT

The main purpose of Organizational Development according to Burton is to bring about system of organizational renewal that can effectively cope with environmental changes. In doing so, organizational development strives to maximize organizational effectiveness as well as individual work satisfaction".

Organizational Development Process

16.14 TYPES OF ORGANIZATIONAL DEVELOPMENT ACTIVITIES

The different types of Organizational Development activities may be divided into the following classifications:

a. For the Individual

b. Organizational Development for Two or Three People

c. Organizational Development for Teams or Groups

d. Organizational Development for Inter- group Relations

e. Organizational Development for Total Organization

➢ **Organizational Development for Individual:** Sensitivity training or T-groups (T for Training)was an early and most acceptable training technique for Organizational Development. The purpose of sensitivity training is to change the behavior or attitudes of the people through unstructured group interactions. In T groups about ten participants are guided by trained leader to increase their sensitivity to and skills in handling inter personal relationships. Members are brought together in a free and open environment away from work place with no work pressure in which participants are allowed to discuss freely guided by the trainer, as no formal agenda is provided. The role of the trainer is to motivate people to discuss freely and to express their ideas, beliefs and attitudes.

Sensitivity training is less frequently used by organization nowadays, and participants are usually screened to make sure they can withstand the anxiety raised by a T group. Precautions are also taken to ensure that attendance is truly voluntary.

➢ **Organizational Development for Two or Three People:** Transactional Analysis means when two people interact with each other, there results a social transaction. Transactional Analysis was pioneered by Eric Berne, Transactional Analysis encourages people to recognize the context of their communications. It encourages people t be more open and honest and to address the context of their messages.

Transactional Analysis concentrates on styles and content of communication (transactions or messages) between people. It teaches people to send messages that are clear and responsible. Transactional Analysis attempts to reduce destructive communication habits or "games" in which the intent or full meaning of messages is obscured.

➢ **Organizational Development for Teams & Groups:** The most accepted method for organizational development for teams and groups is process consultation. In process consultation, a consultant works with members of the organization to help them understand the dynamics of their working relationships in group or teams situations. The consultant helps the group member to change the ways they work together and to develop the diagnostic and problem solving skills they need for effective problem solving.

Teams: Smith have defined teams as a "a small number of people with complementary skills who are committed to a common purpose, common performance goals and an approach for which they held themselves mutually accountable." The most common types of teams are work teams, problem solving teams, management teams and virtual teams.

Groups: A work group is a group that interacts primarily to share information and to make decision to help each member perform within his area of responsibility. The work group provides more satisfaction when members have similar attitudes and values. The work group provides group members with opportunities for interaction with each other.

Team Building: Team building utilizes high interaction group activities to increase trust and openness among team members. Team building is a process of diagnosing and improving the effectiveness of a work group with particular attention to work procedures and inter personal relationship within it.

➢ **Organization Development for Inter-group Relations:** Inter-group development seeks to change the attitudes, stereotypes and perceptions that groups have of each other. Such stereotypes can have an obviously negative impact on the coordinative efforts between the departments. Although there are several approaches for improving inter group relations, the most sought after method is problem solving. In this method each group meets independently to develop lists of its perception of itself, the other group and how it believes the other group perceives it. Differences are clearly articulated and the groups look for the causes of disparities. Subgroups with members
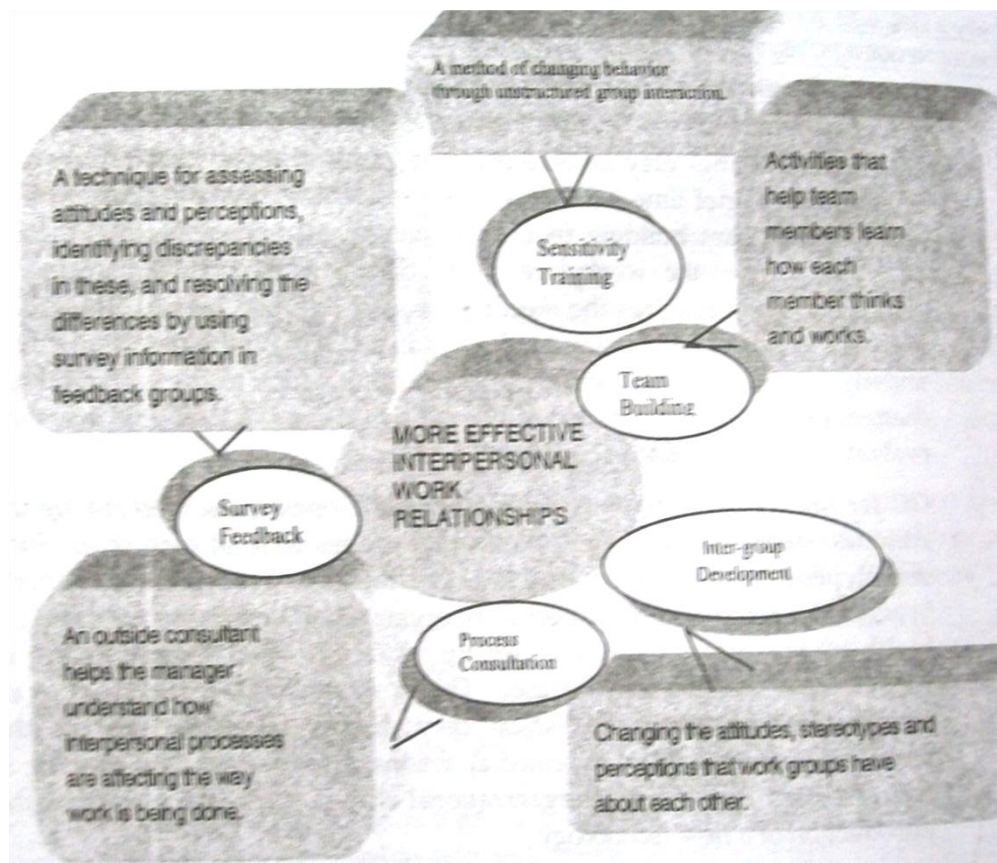
from each of the conflicting groups, can now created for further diagnosis and to begin to formulate possible alternative actions that will improve relations

➢ **Organizational Development for Total Organization:** Organizational Development attempts to develop the whole organization so that it can respond to change effectively. Change is so abundant in modern society that organization need all their parts working together in order to solve problems. The survey feedback technique can be best used to improve the operation of the total organization. In this data is collected through questionnaire method where every employee can participate and suggest his views, these are later tabulated. The data so collected then become the base for identifying problems and clarifying issues that may be creating difficulties for people.

16.15 ORGANIZATION DEVELOPMENT INTERVENTIONS

Organization Development interventions are sets of structured activities in which selected organizational units (target groups or individuals) engage in a task or sequence of task with the goals of organizational improvements and individual development.

The term Organization Development essentially focuses on techniques or programs to change people and the nature and quality of interpersonal work relationships. The common trends in these techniques are that each seeks to bring about changes in or among the organization's people. Some of the Organization Development interventions are explained below:

A method of changing behavior through unstructured group interaction.

A technique for assessing attitudes and perceptions, identifying discrepancies in these, and resolving the differences by using survey information in feedback groups.

Activities that help team members learn how each member thinks and works.

Sensitivity Training

Team Building

MORE EFFECTIVE INTERPERSONAL WORK RELATIONSHIPS

Survey Feedback

Inter-group Development

An outside consultant helps the manager understand how interpersonal processes are affecting the way work is being done.

Process Consultation

Changing the attitudes, stereotypes and perceptions that work groups have about each other.

Organizational Development Techniques

7. **Sensitivity Training:** Sensitivity Training is also known as Laboratory training, encounter groups and t- groups. It is a method of changing behavior through unstructured group interaction. If individual lack awareness of how others perceive them, then the successful T-group can affect more realistic self perceptions, greater group cohesiveness, and a reduction in dysfunctional interpersonal conflicts.

8. **Survey Feedback:** Survey Feedback makes use of questionnaires to identify discrepancies among member perceptions and attempts to solve these differences.

9. **Process Consultation:** The purpose of process consultation is for an outside consultant to assist a client (usually a manager) to perceive, understand and act upon process events. The consultant gives a client insight into what is

going on around him(the client), within him, and between him, and other people. The consultant then goes on to identify the processes that need improvement.

10. **Team Building:** Team Building utilizes high interaction group activities to increase trust and openness among team members. Team building can be applied within groups or at the inter group level where activities are interdependent.

Characteristics	Sensitivity Training	Team Development
2. Participants	Strangers	Fellow Workers
12. Location	Isolated	Isolated
13. Subject	"Here & Now"	Company Problems
14. Structure	Little or None	Some
15. Trainer	Yes	Yes
16. Feedback	Honest	Somewhat Honest

Sensitivity Training Vs Team Building

11. **Intergroup Development:** Inter group Development seeks to change the attitudes, stereotypes and perceptions that groups have of each other.

12. **Appreciative Inquiry:** Most Organizational Development approaches are problem centered, they identify problem then look for solution. Appreciative Inquiry instead of looking for problem to solve, this approach seeks to identify the unique qualities and special strengths of an organization which can then be built on to improve performance. That is, it focuses on organization's successes rather than on its problems.

16.16 CRITICISM OF ORGANIZATION DEVELOPMENT

Some important grounds on which Organization Development is criticized are as follows:

1.   There is not enough evidence to scientifically prove the effectiveness of Organization Development Techniques.

2. Organization Development concepts are little more than "advanced human relations"

3. Organization Development despite its proponent's claims is not a total system approach dealing with all facets of the system.

4. Organization Development's focus on planned, one time transformational change which worked well during the 60's & 70's (when changes were not so rapid or rather continuous) does not work so well today in a continuously changing environment which calls for continuous learning and change.

16.17   OTHER EMERGING CONCEPTS

Following is a brief description of few other new concepts which have of late emerged in the management field to improve the overall effectiveness of organizations:

4.   **Kaizen:** In Japan Kaizen means gradual unending improvement doing little things better, setting and achieving every high standard. In practice it requires ongoing and incremental change in the workplace so that real value is added. Each Kaizen group in Japan consists of 8 to 10 employees. In the initial one or two years the group focuses on the quantity or number of kaizens and the company rewards every kaizens irrespective of its quality. But in later years the focus shifts to the quality of kaizen which is now more precisely defined in terms of customer satisfaction, cost reduction or quality improvement. The company now gives different rewards to kaizens according to their quality. The method however is resented by some people because they say that it trivializes the process of seeking improvement. In their opinion all kaizens should be treated equally and should not be linked to monetary rewards.

5.   **Bench Marking:** Bench-marking is an ongoing investigation and learning experience ensuring that best world class corporate process and practices are discovered, adapted and implemented for improving productivity and performance of one's own system. Regarding the relationship between benchmarking and reengineering it is said that you can benchmark without

doing reengineering but you cannot reengineer without bench marking. Bench-marking can be categorized under four heads:

5. Internal– where comparison is done site-to-site, department-to-department or country-to-country, within the same organization.
6. Competitive- where products and processes are compared with those of direct competitors
7. Functional- in which performance in a specific functional area is compared across the industry
8. Generic- where performance in a universal work process is compared with that of the best organization.

Benchmarking usually involves five steps:

f) Selecting the products and processes that need to be benchmarked.
g) Choosing the process of benchmarking
h) Zeroing in on benchmarking partners
i) Collecting the relevant data
j) Analyzing and adapting the data collected.

Ideally a core group in the company should first get together and critically evaluate a list of processes from the best in the industry. Then they should score them on the basis of their relevance or importance to their organization. Initially the company should look locally at who is performing better than itself and then move on to external benchmarking, looking at other companies both within the country and abroad.

6. **Quality Consciousness:** Japanese management gives top priority to the quality of its product. They establish three types of rewards or certificate to ensure highest standards of quality. The Deming prize, the Malcolm Baldrige award and ISO 9000 certification are together called the Quality Trinity. Brief descriptions of each are as follows:

c) **The Deming Prize:** This prize was set up in Japan in 1951 by the Union of Japanese Scientists and Engineering in honour of Prof W. Edwards Deming. Two categories of applicants are eligible for the prize: complete manufacturing companies and independent divisions.

Total Quality Management (TQM): Deming's teachings have led to the emergence of the concept of Total Quality Management (TQM) which aims at continuously improving quality in the entire system by working horizontally across departments by working with suppliers to provide consistent quality and by working closely with customer to deliver superior value.

d) **Baldrige Quality Award:** Named after its former Secretary of Commerce America's answer to the Deming Prize is the Malcolm Baldrige Award which was instituted in 1987. As is shown in the following table this award lays maximum stress on customer satisfaction among its seven criteria:

Examination	Category/Item	Maximum Points
1.0	Leadership	95
2.0	Information & Analysis	75
3.0	Strategic Quality Planning	60
4.0	Human Resource Development & Management	150
5.0	Management of Process Quality	140
6.0	Quality and Operational Results	180
7.0	Customer Satisfaction	300
Total Points		1,000

Malcolm Baldrige National Quality Award Criteria

c) ISO 9000: With the development of international trade, the need for a common set of universally accepted quality procedures and methods become obvious and, therefore in early 1980 the International Organization for Standardization (ISO) set up technical committees to try to solve this problem. Seven year later the proposals of this committee were finalized which today form the nucleus of the ISO 9000 standards. These standards are a set of basic

rules for manufacturing a product or rendering a service which has now been accepted by 86 countries.

It should be well understood that ISO 9000 do not indicate the quality of the product or service. They are not product standards. They simply suggest the organization having ISO 9000 certificate is following the prescribed system for maintaining the quality of its product/service.

- ISO 9000: standards consist of the following numbers which relate to different quality spheres and have nothing to do with the degree of quality of product or service
- ISO 9001:   Quality systems model for quality assurance in design / development, Production, installation and servicing.
- ISO 9002: Quality systems model for quality assurance in production, installation And servicing only.
- ISO 9003: Quality systems model for quality assurance in final inspection and testing.
- ISO 9000 and ISO 9004 are not quality system models. They are only supporting guideline documents. The ISO 9000 provides guidelines for deciding which quality assurance model is most appropriate and relevant for the potential use.

Following are the **merits** of ISO 9000 accreditation:
   f)   It enhances customer confidence and credibility of the organization.
   g)   It improves organization's competitiveness both at home and abroad.
   h)   It ensures customer satisfaction through all stages – good design, reliable and safe performance, prompt delivery and efficient service
   i)   It provides the foundation for continuous quality improvements (KAIZEN).
   j)   It provides everyone in the organization from top to bottom and therefore is an excellent vehicle for Total Quality Management.

Shortcomings of ISO Certifications:
   f)   The certification is based on written records – things like quality manuals and documented procedures. Very little is done to verify the authenticity of this record from other sources.

g) Post Certification audit is not regularly done to ensure that the company is consistently applying the quality management system as documented.

h) Competition among the certifying agencies to attract to themselves as many companies as possible has made the certification process easy this has lead to compromising or overlooking on certain guidelines.

i) The certification process involves detailed paperwork, time and money.

j) ISO 9000 does not address the human factor which in fact affects quality even more than the materials and machines. It does not talk of how to bring out the best in people.

16.18 SUMMARY

Change is unavoidable in a progressive culture, to grow organization needs to change, and meeting this challenge of change is the primary responsibility of management. Adaptability to change is necessary quality of good management. Organizational change refers to a modification or transformation of the organization structure, process or goods. There are external forces for change due to technological, globalization, etc, workforce diversity and changes due to internal forces are work climate, changes in managerial personnel etc. There is Lewin Change Model, Nadler's Organizational Model, and Contingency Model of Analyzing Change.

Organizational Development is a systematic process for applying behavioral science principles and practices in organization to increase individual and organizational effectiveness. Some of the Organizational Development techniques are Sensitivity Training, Survey Feedback and Process Consultation and Team Building.

16.19 GLOSSARY

• **Organizational Change:** It refers to a transformation or modification of the organizational structure.

• **Unfreezing:** It means melting resistance to change; the people who will be affected by change come to accept the need for it.

- **Change / Moving:** In the moving stage, new attitudes, values and behaviors are substituted for old ones.
- **Refreezing:** It is the final step in the change process, in this step new value, behaviors and attitudes are established as the new status quo.
- **Organizational Development:** Is a systematic process for applying behavioral science principles and practices in organization to increase individual and organizational effectiveness.
- **Sensitivity training:** It is also known as Laboratory training , encounter groups, and T groups. It is a method of changing behavior through unstructured group interactions
- **Survey Feedback:** It make use of Questionnaires to identify discrepancies among member perceptions and attempt to solve these differences.
- **Process Consultation:** the purpose of process consultation is for an outside consultant to assist a client (usually a manager) to perceive, understand and act upon process events.
- **Team Building:** Team Building utilizes high interaction group activities to increase trust and openness among team members.

16.20 CHECK YOUR PROGRESS

Q1. What are the major reasons individual resist changes?

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……………………………………………………………………………………
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Q2. Define Organizational Development.

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Q3. Write short note on emerging trends in the organization?

……………………………………………………………………………………………

……………………………………………………………………………………………

…………………………………………………………………………………

Q4.Unfreezing   means   melting   resistance   to   change.
(True/False)

Q5. …………………………is a method which makes use of questionnaires to identify discrepancies among members perception and attempt to solve these differences

Q6. Sensitivity Training is a method of changing behavior through structured group interactions.   (True/False)

Q7. ……………………… refers to modification or transformation of the organization structure.

Q8. Explicit coercion means using power and position and threat to force change.   (True/False)

Q9. ……………………… is a systematic process for applying behavioral science, principles and practices in organization to increase individual and organization effectiveness.

Q10. ……………………… method is best suited for improving inter group relationship in the organization.

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16.23 LONG TERM QUESTIONS

Q1. Explain the concept of organizational change and state the forces that influence the change?

Q2. Why do organizations resist change? Discuss the ways to deal with the resistance?

Q3. Explain various models to manage organizational change?

Q4. "An organization must change with time or perish". Discuss

Q5. What are the objectives of Organizational Development? Why is organizational development criticize?

Q6. What do you mean by Organizational Development Interventions? Explain.

Q7. Write short note on:

a) Benchmarking

b) ISO 9000

16.24   ANSWERS TO CHECK YOUR PROGRESS

Ans1.   See Sec 16.6

Ans2.   See Sec 16.9

Ans3.   See Sec 16.17

Ans4.   True

Ans5.   Survey Feedback

Ans6.   False

Ans7.   Organizational Change

Ans8.   True

Ans9.   Organizational Development

Ans10.   Problem Solving