COURSE MATERIAL

ON

ORGANIZATIONAL BEHAVIOUR

PREPARED BY

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Module 1: Introduction to Organisation Behaviour -

Definition, Need for studying Organizational Behavior - Contributing disciplines like psychology, social psychology, economics, Anthropology etc. - Application of Organizational Behavior in Business

Organisation Behaviour

Organisational Behaviour is the study and application of knowledge about how people act within organisations. The key elements in an organisation are: people, structure, technology, and external environment in which the organisation operates. When people join together in an organisation to accomplish an objective, some kind of structure is required. People also use technology to get the job done. So there is an interaction of people, structure, and technology. In addition, these elements are influenced by the external environment, and they influence it.

Definitions

According to **Fred Luthans** - Organisational Behaviour is directly concerned with the understanding, prediction, and control of human behaviour in organisations.

According to **Stephen P Robbins** - Organisational Behaviour is a field of study that investigates the impact that individuals, groups, and structure have on behaviour within organisations for the purpose of applying such knowledge towards improving an organisation's effectiveness.

According to **Keith Davis** - Organisational Behaviour is an academic discipline concerned with understanding and describing human behaviour in an organisational environment. It seeks to shed light on the whole complex human factor in organisations by identifying causes and effects of that behaviour.

According to **Joe Kelly** - Organisational Behaviour is the systematic study of the nature of organisations: how they begin, grow, and develop, and their effect on individual members, constituent groups, other organisations, and large institutions.

According to **Baron and Greenberg** - Organisational Behaviour is the field that seeks knowledge of behaviour in organisational settings by systematically studying individual, group, and organisational processes.

Why study Organisational Behaviour

Organizational behaviour is concerned with the study of the behaviour of people within an organizational setting. It involves the understanding, prediction and control of human behaviour and the factors which influence the performance of people as members of an organization.

Organizational behaviour does not encompass the whole of management; it is more accurately described in narrower interpretation of providing a behavioural approach to management. All organizations face the basic challenge of mongering psychological contract. They want value from their employees, and they must give employees the right inducements. If psychological contracts are created, maintained, and managed effectively, the result is likely to be workers who are satisfied and motivated. On the other hand, poorly managed psychological contract may result in dissatisfied, unmotivated workers. That's why it is important to study OB.

The study of OB has proved beneficial in many ways. The benefits of studying OB are as follows:

1. OB is a systematic study of the actions and attitudes that people exhibit within the organisation. It also helps any individual to understand his behaviour.
2. OB has proved instrumental for managers in getting their work done effectively.
3. OB lays emphasis on the interaction and relations between organisation and individual behaviour. It works as a positive attempt in fulfilling psychological agreement between organisation and the individuals.
4. OB delivers job satisfaction to employees and helps in developing work-related behaviour in the organisation.
5. OB helps in building motivating climate in the organisation.
6. OB helps in building cordial industrial relations.
7. OB smoothes the progress of marketing by providing deeper insight of consumer behaviour and motivating and managing field employees.
8. OB helps in predicting behaviour and its application in meaningful way delivers effectiveness in the organisation.
9. OB implies effective management of human resources.
10. OB helps in improving functional behaviour within the organisation. It helps in attaining higher productivity, effectiveness, efficiency, organisational citizenship. It works effectively in reducing dysfunctional behaviour at work place like absenteeism, employee turnover, dissatisfaction, tardiness etc.

The study of OB has been considered to most valuable contribution in enhancing managerial skills. These are the following skills that are developed through OB in the mangers of the organisation. They are as follows:

1. Self development
2. Personality development
3. Development of human values and ethical perspective
4. Managing stress and achieving mental hygiene
5. Creative use of emotions

CONTRIBUTING DISCIPLINES TO THE FIELD OF ORGANISATIONAL BEHAVIOUR

Organisational behaviour is an applied behavioural science that is built on contributions from a number of behavioural disciplines such as psychology, sociology, social psychology, anthropology and economics.

Psychology

Psychology is the study of human behaviour which tries to identify the characteristics of individuals and provides an understanding why an individual behaves in a particular way. This provides us with useful insights into areas such as human motivation, perceptual processes or personality characteristics.

Sociology

Sociology is the study of social behaviour, relationships among social groups and societies, and the maintenance of social order. The main focus of attention is on the social system, people in relation to their fellow human beings. This helps us to appreciate the functioning of individuals within the organisation which is essentially a socio-technical entity.

Social psychology

Social psychology is the study of Individual behaviour in the context of social situations. This essentially addresses the problem of understanding the typical behavioural patterns to be expected from an individual when he takes part in a group.

Anthropology

Anthropology is the science of mankind and the study of human behaviour as a whole. The main focus of attention is on the cultural system, beliefs, customs, ideas and values within a group or society and the comparison of behaviour among different cultures. It is very important to appreciate the differences

that exist among people coming from different cultural backgrounds as people are often found to work with others from the other side of the globe.

Political Science

Although frequently overlooked, the contributions of political scientists are significant to the understand arrangement in organisations. It studies individuals and groups within specific conditions concerning the power dynamics. Important topics under here include structuring of Conflict, allocation of power and how people manipulate power for individual self-interest.
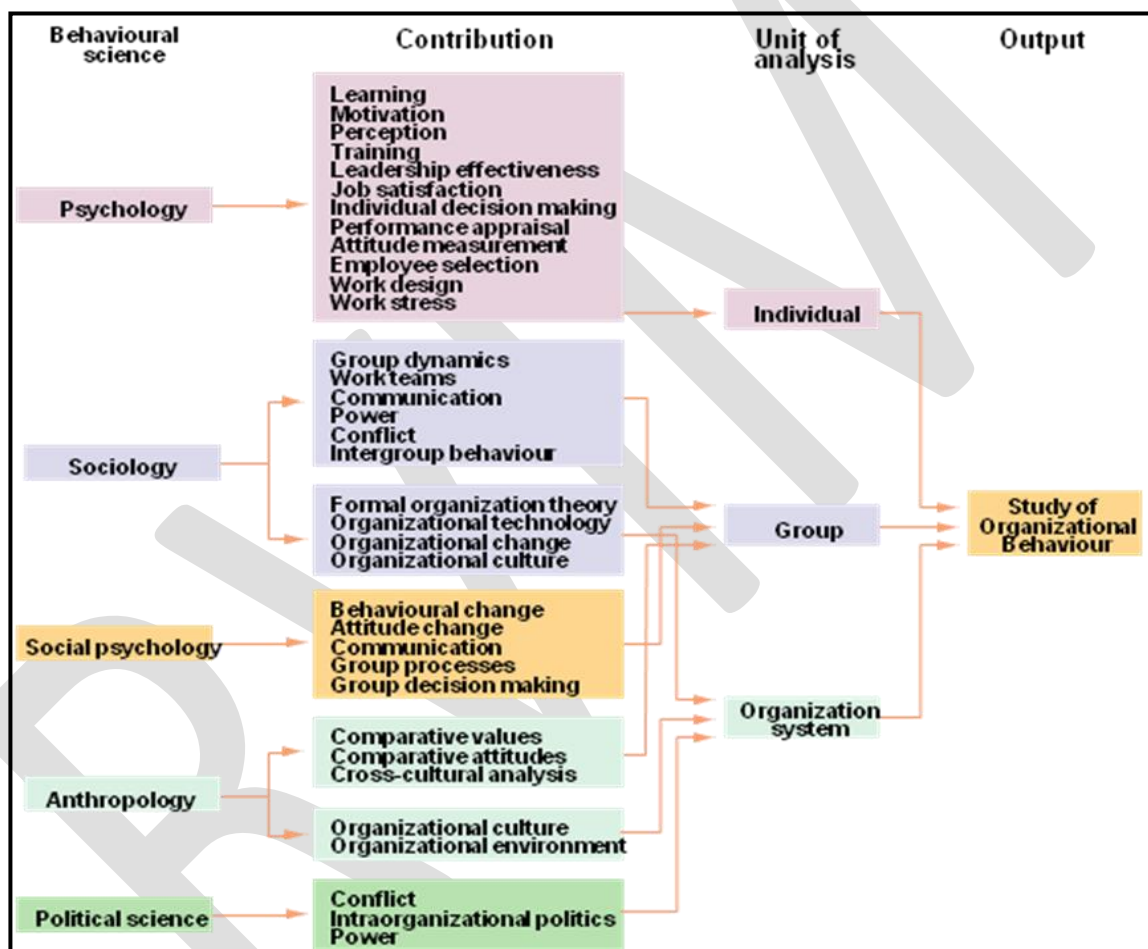
Others

Economics: Economic environment influences organisational climate. OB has learned a great deal from such economic factors as labour market dynamics, cost-benefit analysis, marginal utility analysis, human resource planning, forecasting, and decision-making.

Engineering: Industrial Engineering area has contributed a great deal in the area of man-machine relationship through time and motion study, work measurement, workflow analysis, job design, and compensation management. Each of these areas has some impact on OB.

Medicines: Medicines is one of the newest fields which is now being related to the field of OB. Issues like work related stress, tension and depression are common to both: the area of medicine, and OB.

Semantics: Semantics helps in the study of communications within the organisation. Misunderstood communication and lack of communication lead to many behaviour related problems in the organisation. Accordingly, adequate and effective communication is very important for organisational effectiveness.

APPLICATION OF ORGANISATIONAL BEHAVIOUR IN MANAGEMENT OF BUSINESS

EMERGING CHALLENGES IN THE FIELD OF OB

1. Workforce Diversity:

Organizations are becoming increasingly cosmopolitan. Organization specialist must learn to live with diverse behaviours. Managers must learn to respect diversity. Diversity if managed positively enhances creativity and innovation in organization as well as ensures better decision–making by providing different perspectives on problems. When not managed, diversity leads to increased turnover, heightened inter-personal conflict and more strained communication.

2. Changed Employee Expectation:

Traditional allurements such as job security, attractive remuneration housing does not attract, retain and motivate today's workforce. Employees demand empowerment and expect equality of status with the management. Empowerment results in redefining jobs, both from the shop floor as well as the boardrooms. Expectations of equality break up the traditional relationship between employer and employee – top to bottom.

3. Globalization:

Growing internationalization of business has its impact on people management. Managements are required to cope with the problems of unfamiliar laws, languages, practices, competitors, attitudes and management styles, work ethics and more. To face this challenge the management must be flexible and pro-active. Being flexible and pro-active the management can make significant contribution to the company's growth.

1. Internationalization makes managers to increase their competencies.
2. Globalization increases the number of managers and professions.

4. Improving Productivity and Quality:

As organizations are exposed to competition, managers are seriously thinking of improving quality and productivity. In this context managers are implementing programmes like TQM (Total Quality Management) and Re-engineering programmes that requires employee involvement. TQM is a philosophy of management that is inspired by constant attainment of customer satisfaction of all organizational process.

Re-engineering means radically re-building and redesigning those processes by which we create value for customers.

5. Changing Demographics of Workforce:

Major challenges from changing demographics of workforce relate to dual-career couples. Couples where both the partners actively pursuing the professional careers. The increase in number of dual career profession limits individual flexibility and may hinder organization flexibility in acquiring and developing talent. Another change in the workforce demographics relates to the growing number of employees who are young.

Module 2: Organization Structure, Design and Development

Determinants and Parameters of Organisational Design ⸺ Organisation and Environment ⸺ Organisational Strategy ⸺ Organisation and Technology ⸺ Types of Organisational Structures

"Every company has two organizational structures: The formal one is written on the charts; the other is the everyday relationship of the men and women in the organization"
-Harold S. Geneen

The structure of an organization will determine the modes in which it operates and performs. Organizational structure allows the expressed allocation of responsibilities for different functions and processes to different entities such as the branch, department, workgroup and individual. The classical organization structure designs are simple, centralized, bureaucratic and divisionalized. Planning the structure ensures there are enough human resources within the company to accomplish the goals set forth in the company's annual plan. It is also important that responsibilities are clearly defined. Each person has a job description that outlines duties, and each job occupies its own position on the company organization chart.

An organization structure is a set of planned relationships between groups of related functions and between physical factors and personnel required for the performance of the functions. The organization structure is generally shown on the organisation chart. It shows authority and responsibility between various positions in the enterprises by showing who reports to whom. Organization structure lays down the pattern of communication and coordination in the enterprises.

Importance of Organization Structure

Sound organization structure can contribute greatly to the survival continuity and stability of the enterprise. The need and importance of organizing and organizational structure can be understood more precisely on the basis of the following points:

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Sound organization structure can contribute greatly to the survival continuity and stability of the enterprise. The need and importance of organizing and organizational structure can be understood more precisely on the basis of the following points:

- **Facilitates administration**: Sound organisation helps in the performance of management functions like planning, staffing, directing and controlling. Inadequate organisation may result in duplication of work and efforts and some of the important operations may be left out. Sound organisation facilitates the

performance of various managerial functions by division of labor, consistent delegation or job definition and clarity of authority and responsibility relationship.

- **Promoters Growth and Diversification**: Sound organisation designed on scientific principles can create conditions conductive to planned expansion and diversification of the activities of the enterprise. It can help in keeping the various activities under control and increase the capacity of the enterprise to undertake more activities.

- **Co-ordination**: Organisation is an important means of bringing co-ordination among the various departments of the enterprise. It creates clear- cut relationship between the departments and helps in laying down balanced emphasis on various activities. It also provides for the channels of communication for the coordination of the activities of different departments.

- **Optimum Use of Technological Innovations**: A sound organisational structure is flexible to give adequate scope for the improvement in technology. It facilitates introducing changes in the enterprise by modifying the authority and responsibility relationship in the wake of new developments.

- **Optimum Use of Human Resources**: Sound organisation matches the jobs with the individuals and vice-versa. It ensures that every individual is placed on the job for which he is best suited. This helps in the better use of individuals working in the enterprise.

- **Stimulates Creative Thinking**: An organisational structure based on clear-cut demarcation of authority, higher range of responsibility, discretionary freedom granted to personnel, incentives offered for specialized work, etc. will certainly foster the spirit of constructive and creative thinking. Such an atmosphere will give an opportunity for the staff to display their hidden creative talents which, in turn, will lift the enterprise to achieve higher goals of business.

- **Training and Development**: An effective organisation facilitates delegation of authority which is an important device for training and developing the personnel. Delegation of authority is also an important means of directing the subordinates. It prepares them to take more responsibilities whenever need arises.

Determinants of Organization Structure

Organization structure provides a basis or framework within which managers and non-managerial employees perform the jobs assigned to them. In order words, organization structure may be considered as the core element around which various functions are performed and several processes operate. The structure of organisation is consciously designed by the management. However, in designing the structure, the following factors are to be considered:

1. **Objectives and Strategy**: Design of structure begins with the identification of organisational objectives. There is no way of devising what the main structure of an organisation should be, without an understating of what the organisation is for and what it is trying to achieve. Since an organisation is a goal-oriented system, it is quite legitimate that its goals have decisive role in designing its structure. The goals determine its tasks and strategies. If management makes a significant change in its strategy, the structure will need to be modified to accommodate and support such change.

2. **Environment**: Organisation is a system and every system has its boundaries. Beyond the boundaries, there exists external environment which affects not only the formation and functioning of the organisation but also its structure. To cope with changing environment, among other things, organisational process, goals and structure are changed and made in line with changes. Environment includes all those economic, social, cultural, political, legal and technological factors which directly or indirectly affect the functioning of the organisation. Therefore, the structure of the organisation is to be designed in view of changes likely to take place in environment. Added to it, organisation being a sub-system of environment interacts with the environment on regular basis for getting inputs and supplying output.

3. **Technology**: An organisation is a socio-technical system. Technological aspect which refers to the manner in which various activities will be performed, is an important part of organisational structure. As the activities are related to objectives, they are also related to technology. Because every activity to be performed requires some kind of technology, the type of technology being used in the organisation for performing different activities would also affect the structure of the organisation directly and indirectly.

4. **People**: Organisations are formed by and operated through people. Large number of people is employed for both managerial and non-managerial jobs and various activities are assigned to them and finally they are put in authority relationships. These people carry some goals, values, perceptions, beliefs and attitudes which have direct reflection on the structure of organisation. Therefore, these factors must be taken care of at the time of designing the organisational structure. Indeed, the tasks, activities, goals and technology will gain more meaning if they are built around the people.

5. **Size**: There are several criteria to determine size of an organisation such as number of persons employed, amount of capital invested, volume of turnover, and physical capacity. However, 'size' has generally been used to refer to the number of employees or members of an organisation. Thus

organisations could be small or large depending upon the number of their employees. As an organisation grows in size, its structure naturally becomes more complex or complicated. Jobs that could once be handled by a single person are split and split again; new layers of supervision are inserted between the top executive and the rank and file. An organisation is forced, it its size increases, to realign duties and responsibilities and more often than not, to add new integrating units.

Various Forms of Organization Structure

1. Functional Structure

In a functional structure, activities are grouped and departments are created on the basis of specified functions to be performed. Activities related to a function are grouped in a single unit with a view to give a well-defined direction to the whole group. For instance, in an industrial enterprise, the major functions like production, finance, marketing and personnel may be grouped into different departments. Functional departmentalization is the most widely used basis for organizing activities. It is found in almost every enterprise at some level in the organisation structure as it leads to better planning and control of the key functions on which the survival and growth of the enterprise depends. It facilitates specialized performance of various functions.

The advantages of functional structure are as under:

- It is easier to organise departments bases on functions and sub-functions.
- It allows giving balanced weightage to the basic functions on which the survival of a firm depends.
- It introduces specialization leading to higher productivity and economical operations.
- It ensures effective utilization of personnel in different departments.
- It helps in training of specialist managers rather than generalist managers.
- It facilitates better coordination of activities within each department.
- It allows delegation of authority by the chief executive to the various functional heads.

The demerits of functional structure are as under:

- Each department concentrates on a narrow range of activities relating to its function only.
- It may be difficult to achieve coordination between different departments because of their different orientations.
- There may be lack of understanding between different departments. The atmosphere of mistrust may lead to inter-departmental conflicts.
- Decisions are delayed where decision-making involves two or more departments.
- Excessive specialization may destroy teamwork in the organisation.

- Functional organisation may prove unsatisfactory in handling diversified product lines and specialized projects.
- Functional specialization restricts development of generalists or managers with all-round capabilities.

2. Divisional Structure

Divisional structure is formed by creation a set of autonomous units or division which are coordinated by the central headquarters. For examples, a company may have three divisions to manage textiles, cement and shipping. But to coordinate their functioning, certain essential services such as corporate planning, Finance, legal and research & development are organised at the headquarters. This structure is popular with giant firms dealing in multiple products and operating in different geographical regions. The products are often unrelated and require different emphasis on different function. And the territories served by the firm have their unique problems.

In a divisional structure, each division is semi-autonomous and has its own resources and facilities. Thus, there is duplication or multiplication of activities, personnel and equipment. For instance, two divisions may have their separate marketing research wings or public relations departments. Let us assume that a typical company has two divisions for metal products and cement respectively. Each division may have further organization based on functional departmentalization.

3. Matrix Structure

Matrix organization, also called grid organization, is a hybrid structure combining two complementary structures namely, functional departmentalization with pure project structure. Matrix organization is a two dimensional structure, a combination of pure project structure and the traditional functional departments. Members of particular project team are drawn from the functional departments and are placed under the direction of the project manager. The project manager has overall responsibility for the success of the particular project.

The merits of matrix organization are as under:
- The matrix structure is an efficient means for bringing together the diverse specialized skills required to a complete a complex assignment or execute a project.
- It is flexible in nature. It can be applied more usefully to an organization involved in project ranging from small to large.
- It motivates personnel engaged in the project. They can utilize their competence and make maximum contribution for the execution of the project.

- It helps in improving flow of communication around the organization as required information is communicated both vertically as well as horizontally.

The disadvantages of matrix structure are as follows:

- The matrix organization violates the classical principle of unity command. The personnel from functional department have to face the situation of two bosses, project manager and functional manager.
- In matrix organization, the problem of coordination is more complicated because neither functional head has an authority over project unit in a direct manner nor the project manager has full authority over project activities.
- Matrix organization is not a homogeneous and compact group. The multiplicity of vertical and horizontal relationships may impair organizational efficiency.
- Dual reporting relationship in matrix organization can contribute to indiscipline, ambiguity and role conflict.

Virtual or Network Organization

A virtual organization is a temporary network between a number of companies that come together to accomplish a specific venture. It is also network structure. It is created to exploit fast changing opportunities and share skills and even facilitates access to global markets. Each participating company contributes what it does best.

Virtual organization have been created by large companies such as IBM, Apple, Ford, etc. though there is no bar on small companies to create such organizations. Network organization is suitable for all endeavors which requires high flexibility to respond quickly to changing environment.

However, virtual organization may suffer from two problems. Firstly, there may be lack of close control over manufacturing operations. Secondly, there may be doubt over the reliability of the partners.

A HYBRID

Many large organizations have divisional structures where each manager can select the best structure for that particular division. One division may use a functional structure, one geographic, and so on. This ability to break a large organization into many smaller ones makes it much easier to manage.

NETWORK STRUCTURES

Network structures maintain a staff of core fulltime employees and use contracted services and strategic alliances to accomplish many business needs.

VIRTUAL STRUCTURE

Virtual organization is defined as being closely coupled upstream with its suppliers and downstream with its customers such that where one begins and the other ends means little to those who manage the business processes within the entire organization. A special form of boundaryless organization is *virtual*. The virtual organization exists within a network of alliances, using the Internet. This means while the core of the organization can be small but still the company can operate globally be a market leader in its niche. Although none sell in huge numbers, there are so many niche products that collectively they make a significant profit, and that is what made highly innovative Amazon.com so successful.

Module 3: Foundations of Individual Behavior

Foundations of Individual Behavior - Personality and Organizations - Attitudes and values in Organizations - Perception in Organizations - Learning: Definition and Importance, Theories of learning, Principles of learning, Shaping as managerial tool

"We are what our thoughts have made us; so take care about what you think.

Words are secondary.

Thoughts live; they travel far."

PERSONALITY

The term personality is derived from the Latin word '**persona**' meaning a mask. It denotes the masks worn by actors in ancient Greece and Rome. Therefore, a very common meaning of the term personality is the role which the person [actor] displays to the public. Personality is a patterned body of habits, traits, attitudes and ideas of an individual as these are organized externally into roles and statuses and as they relate internally to motivation, goals and various aspects of selfhood.

Generally, personality is the set of traits and behaviours that characterise an individual. Personality refers to the relatively stable pattern of behaviour and consistent internal state and explains a person's behavioural tendencies.

Meaning

Personality refers to individual differences in characteristic patterns of thinking, feeling and behaving. The study of personality focuses on two broad areas: One, to understand individual differences in particular personality characteristics, such as sociability or irritability. The other is to understand how the various parts of a person come together as a whole. - *Adapted from the Encyclopaedia of Psychology*

Definitions

▲ Personality is "the dynamic organisation within the individual of those psychophysical systems that determine his unique adjustments to his environment." – **Gordon Allport**

▲ Personality – "the sum total of ways in which an individual reacts to and interacts with others." It is most often described in terms of measurable traits that a person exhibits. – **Stephen Robbins**

▲ **Walter Mischel** (1976) defined personality as "the distinctive pattern of behaviour including thoughts & emotions, that characterise each individual's adaptation to the situations of his/her life."
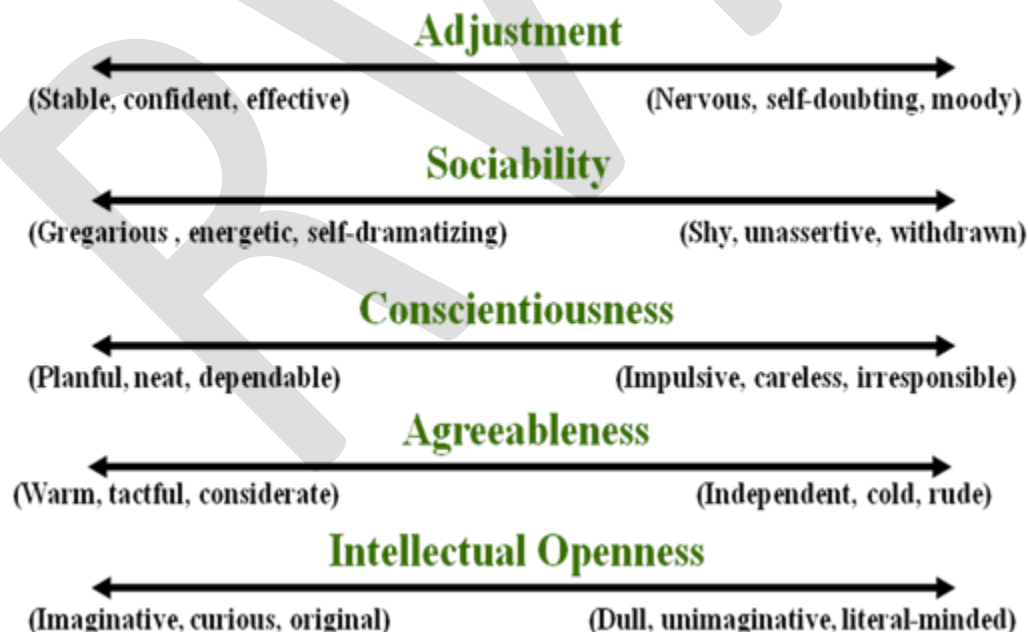
Determinants of Personality

▲ **Heredity** – factors that were determined at conception. (Physical stature, facial attractiveness, temperament etc.)

▲ **Environment –** comprising of culture, family, social and situational factors plays a very important role in the development of the personality of a person. It shapes at least 50% of one's personality.

✕ **Culture –** According to Hoebel, "Culture is the sum total of learned behaviour traits which are manifested and shared by the members of the society."

"It is a unique system of perceptions, beliefs, values, norms, patterns of behaviour and a code of conduct that influences the behaviour of individuals in a given society."

✕ **Family –** Families influence the behaviour of a person especially in the early stages.

✕ **Social –** Socialisation is a process by which an infant acquires from the enormously wide range of behavioural potentialities that are open to him at birth, those behaviour patterns that are customary and acceptable to the family and social groups.

✕ **Situational –** In certain circumstances it is not so much the kind of person a man is, as the kind of situation in which he is placed that determines his actions.

Personality Structure:

THE 'BIG FIVE' PERSONALITY FACTORS

(Each factor is a <u>continuum</u> of <u>many</u> related traits)

Adjustment
⟵⟶
(Stable, confident, effective)   (Nervous, self-doubting, moody)

Sociability
⟵⟶
(Gregarious, energetic, self-dramatizing)   (Shy, unassertive, withdrawn)

Conscientiousness
⟵⟶
(Planful, neat, dependable)   (Impulsive, careless, irresponsible)

Agreeableness
⟵⟶
(Warm, tactful, considerate)   (Independent, cold, rude)

Intellectual Openness
⟵⟶
(Imaginative, curious, original)   (Dull, unimaginative, literal-minded)

Personality Attributes

- ⚑ **Locus of Control** – degree to which an individual can control the events.

- ⚑ **Machiavellianism** – degree of an individual being pragmatic.

- ⚑ **Dogmatism** – putting forward one's opinions as true.

- ⚑ **Authoritarianism** – organised flow of authority.

- ⚑ **Self-esteem** – like or dislike about themselves.

- ⚑ **Self-monitoring** – ability to adjust his/her behaviour to external situational factors.

- ⚑ **Risk Taking personality** – easy going, non-competitive. willingness of individuals to take chances.

- ⚑ **'Type A' personality** – impatient, aggressive, hard worker & highly competitive.

- ⚑ **'Type B' personality** - wise, tactful, hostile & agile in competitive stride.

PERCEPTION

"Vision is the ability of seeing things invisible"

- Jonathan Swift

Introduction

Every person perceives the world and approaches the life problems differently. Sometimes, different individuals may perceive the same thing differently as they process the stimuli and interpret. The process of receiving information and making sense is known as perception. It refers to the way the world sounds, looks, feels, smells, tastes to the individual. Perception is described as a person's view of reality. The reason is that people behave on the basis of what they perceive reality to be and not necessarily as what reality is.

Meaning:

The word **perception** comes from the Latin words *perception,* **percepio,** meaning "receiving, collecting, action of taking possession, apprehension with the mind or senses". Perception is the way in which the individual sees, organises and interpret objects, events and persons. It is one of the most important psychological factors affecting the human behaviour, because they organise and interpret things based on their past experiences and the important values.

✦ A process by which individuals organise and interpret their **sensory impressions** in order to give meaning to their environment.

✦ Perception includes all those processes by which an individual receives information about the environment – **seeing, hearing, feeling, tasting and smelling**.

Definition

"Perception may be defined as a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment."
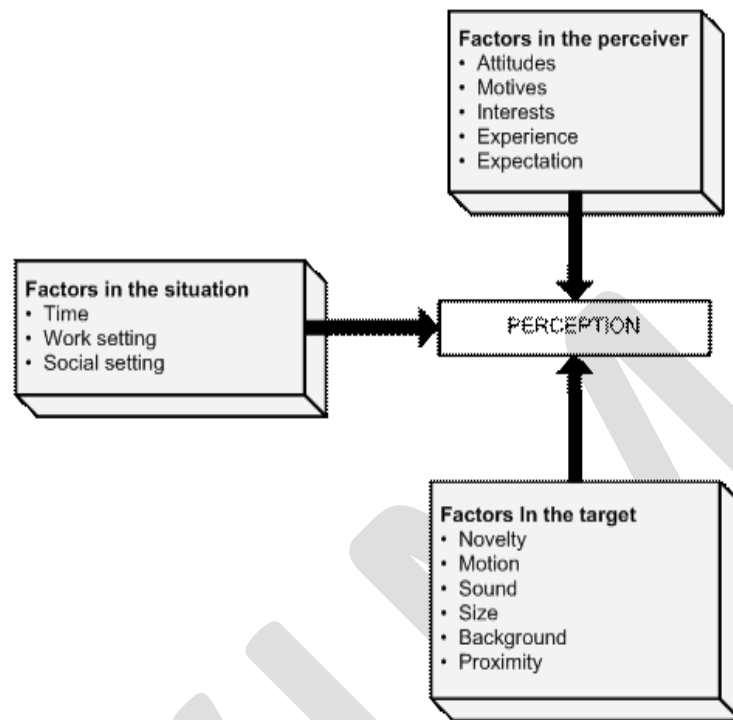
- Stephen P Robbins

"Perception is an important mediating cognitive process through which persons make interpretations of the stimulus or situation they are forced with"

- Fred Luthans

✦ The study of these perceptual processes shows that their functioning is affected by three classes of variables: the objects or events being perceived, the environment in which perception occurs & the individual doing the perceiving.

✦ People's behaviour is based on their perception of what reality is, not on reality itself.

✦ What one perceives can be substantially different from objective reality.

FACTORS INFLUENCING PERCEPTION

Factors in the perceiver
• Attitudes
• Motives
• Interests
• Experience
• Expectation

Factors in the situation
• Time
• Work setting
• Social setting

PERCEPTION

Factors In the target
• Novelty
• Motion
• Sound
• Size
• Background
• Proximity

Sensation

Perception is a complex cognitive process and differs from person to person. People's behaviour is influenced by their perception of reality, rather than the actual reality.

In comparison to sensation, perception is a much broader concept. Sensation involves simply receiving stimuli through sensory organs, whereas the process of perception involves receiving raw data from the senses and then filtering, modifying or transforming the data completely through the process of cognition. The processes of perception consist of various subprocesses such as confrontation, registration, interpretation and feedback.

THE PERCEPTION PROCESS
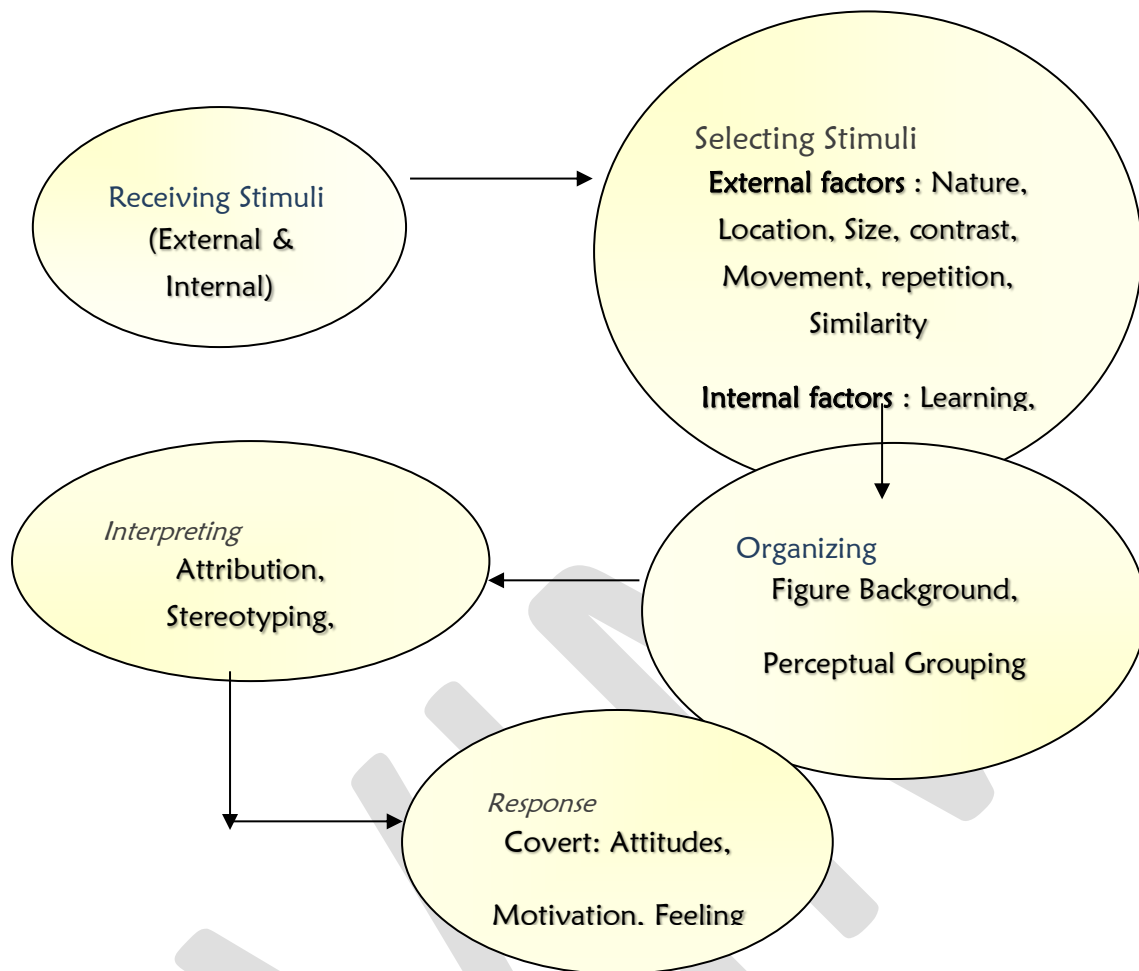
Perception process is a combination of input & output.
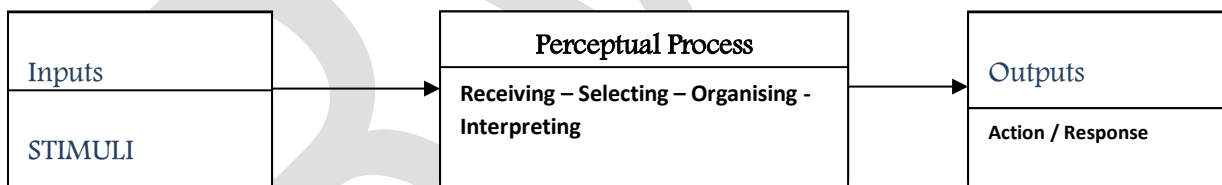
The various components in the perceptual process are as follows:

1. **Receiving Stimuli** – the actual process of perception starts with the receipt of stimuli that can be in the form of people, events, objects, information etc.

2. **Selection of stimuli** – the received stimuli is selected for further process. Everything received is not selected. They are screened and selective. External factors of the environment and the internal factors of the perceiver influence the selection process.

The principle of perceptual selectivity seeks to explain how, and why people select only a few stimuli out of the many stimuli they keep encountering at any given time. Perceptual selectivity is affected by various internal set factors and external attention factors. Some of the internal set factors are learning,

motivation and personality. External attention factors include environmental influences like intensity, size, contrast, repetition, motion, novelty and familiarity.

Differences may arise due to factors associated with the perceiver (attitudes, motives, expectations, etc.) or the situation (time, place, etc.) or the target (novelty, background, sounds, size, etc.).

Perceptual organisation focuses on the subsequent activities in the perceptual process after the information from the situation is received. The various principles of perceptual organisation consists of figure-ground, perceptual grouping, perceptual constancy, perceptual context and perceptual defense.

The principle of figure-ground states that perceived objects stand out from their general background. According to the principle of perceptual grouping, people tend to group several stimuli together into a recognizable pattern. People usually tend to group stimuli together on the basis of closure, continuity, proximity or similarity. Even if a person is not able to obtain sufficient information to arrive at a decision, he tries to close the gap by grouping the available information with the information from his past experience. This is called the principle of closure. Sometimes people tend to think only in a particular direction. This is called principle of continuity. It may also happen that people may group the stimuli based on their proximity and similarity.

According to principle of perceptual constancy, there are some things which are perceived alike by all people, irrespective of the factors influencing perception. It provides a person a sense of stability in this changing world. Perceptual context provides meaning and value to stimuli with respect to a particular context. According to the principle of perceptual defense, people tend to resist information that is emotionally disturbing or clashes with their personal convictions or cultural values.

Social perception is concerned with how individuals perceive one another. The primary factors that lead to social perception are the psychological processes that lead to attribution, stereotyping and halo effect. Attribution refers to the way in which people explain the cause of their own behaviour or others' behaviour. If a person's behaviour can be attributed to internal factors such as personality traits, motivation or ability, then it is called dispositional attribution. If a person's behaviour is attributed to external factors, such as a machine or being under the influence of others, then it is referred to as situational attribution.

Stereotyping and the halo effect are common problems in social perception. When an individual is judged based on the perception about the group to which he belongs, it is termed as stereotyping.

When people draw a general impression about an individual based on a single characteristic, it is known as the halo effect. The process by which people try to manage or control the perceptions other people form of them is called impression management. It is used by employees in organisations to favourably impress their boss and move up the hierarchy.

Sensation deals mainly with very elementary behaviour that is determined largely by physiological function. The senses are bombarded by numerous internal and external stimuli and persons use the sense to experience colour, shapes, loudness, odour, and taste.

a. Intensity - the more intense the stimulus, the more likely it is to be perceived.
b. Size - the larger, the object, the more likely it is to be perceived.
c. Contrast - external stimuli which stand out or which are not what people are expecting will receive more attention.
d. Repetition - repeated external stimuli are more attention-getting than a single stimulus.
e. Motion - more attention will be paid to moving objects than to stationery ones.
f. Novelty and Familiarity - new objects in a familiar setting or familiar objects in a new setting are attention getting.

Learning

Learning is an important psychological process that-determines human behavior. Learning can be defined as "relatively permanent change in behavior that occurs as a result of experience or reinforced practice".

There are four important points in the definition of learning:

1. Learning involves a change in behavior, though this change is not necessarily an improvement over previous behavior. Learning generally has the connotation of improved behavior, but bad habits, prejudices, stereotypes, and work restrictions are also learned.

2. The, behavioral change must be relatively permanent. Any temporary change in behavior is not a part of learning.

3. The behavioral change must be based oh some form of practice or experience.

4. The practice or experience must be reinforced in order so as to facilitate learning to occur.

COMPONENTS OF THE LEARNING PROCESS

The components of learning process are: drive, cue stimuli, response, reinforcement and retention.

Drive

Learning frequently occurs in the presence of drive - any strong stimulus that impels action. Drives are basically of two types -primary (or physiological); and secondary (or psychological). These two categories of drives often interact with each other. Individuals operate under many drives at the same time. To predict a behavior, it is necessary to establish which drives are stimulating the most.

Cue Stimuli

Cue stimuli are those factors that exist in the environment as perceived by the individual. The idea is to discover the conditions under which stimulus will increase the probability of eliciting a specific response.

There may be two types of stimuli with respect to their results in terms of response 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 evoking a specified response. The principle of generalization has important implications for human learning. Because of generalization, a person does not have to 'completely relearn each of the new tasks. It allows the members to adapt to overall changing conditions and specific new assignments. The individual can borrow from past learning experiences to adjust more smoothly to new learning situations.

Discrimination is a procedure in which an organization learns to emit a response to a stimulus but avoids making the same response to a similar but somewhat different stimulus. Discrimination has wide applications in 'organizational behavior. For example, a supervisor can discriminate between two equally high producing workers, one with low quality and other with high quality.

Responses

The stimulus results in responses. Responses may be in the physical form or may be in terms of attitudes, familiarity, perception or other complex phenomena. In the above example, the supervisor discriminates between the worker producing low quality products and the worker producing high quality products, and positively responds only to the quality conscious worker.

Reinforcement

Reinforcement is a fundamental condition of learning. Without reinforcement, no measurable modification of behavior takes place. Reinforcement may be defined as the environmental event's affecting the probability of occurrence of responses with which they are associated.

Retention

The stability of learned behavior over time is defined as retention and its contrary is known as forgetting.
Some of the learning is retained over a period of time while others may be forgotten.

LEARNING THEORIES

Classical Conditioning

The work of the famous Russian physiologist Ivan Pavlov demonstrated the classical conditioning process. When Pavlov presented a piece of meat to the dog in the experiment, Pavlov noticed a great deal of salivation. He termed the food an unconditioned stimulus and the salivation an unconditioned response. When the dog saw the meat, it salivated. On the other hand, when Pavlov merely rang a bell, the dog did not salivate. Pavlov subsequently introduced the sound of a bell each time the meat was given to the dog. The dog eventually learned to salivate in response to the ringing of the-bell-even when there was no meat. Pavlov had conditioned the dog to respond to a learned stimulus. Thorndike called this the "law of exercise" which states that behavior can be learned by repetitive association between a stimulus and a response.

Classical conditioning has a limited value in the study of organizational behavior. As pointed out by Skinner, classical conditioning represents an insignificant part of total human learning. Classical conditioning is passive. Something happens and we react in a specific or particular fashion. It is elicited in response to a specific, identifiable event. As such it explains simple and reflexive behaviors. But behavior of people in organizations is emitted rather than elicited, and it is voluntary rather than reflexive. The learning of these complex behaviors can be explained or better understood by looking at operant conditioning.

Operant Conditioning

An operant is defined as a behavior that produces effects. Operant conditioning, basically a product of Skinnerian psychology, suggests that individuals emit responses that are either not rewarded or are punished. Operant conditioning is a voluntary behavior and it is determined, maintained and controlled by its consequences.

Operant conditioning is a powerful tool for managing people in organizations. Most behaviors in organizations are learned, controlled and altered by the consequences; i.e. operant behaviors.

Management can use the operant conditioning process successfully to control and influence the behavior of employees by manipulating its reward system. Reinforcement is anything that both increases the strength of response and tends to induce repetitions of the behavior. Four types of reinforcement strategies can be employed by managers to influence the behavior of the employees, viz., positive reinforcement, negative reinforcement, extinction and punishment.

Positive Reinforcement

Positive reinforcement strengthens and increases behavior by the presentation of a desirable consequence (reward). In other words, a positive reinforce is a reward that follows behavior and is capable of increasing the frequency of that behavior. There are two typos of positive: reinforces: primary and secondary. Primary reinforcers such as food, water and sex are of biological importance and have effects, which arc independent of past experiences. For instance, a primary reinforcer like food satisfies hunger need and reinforced food-producing behavior. Secondary reinforcers like job advancement, recognition, praise and esteem result from previous association with a primary reinforcer. Primary reinforcers must be learned. In order to apply reinforcement procedures successfully, management must select reinforcers that are sufficiently powerful and durable.

Negative Reinforcement

The threat of punishment is known as negative reinforcement. Negative reinforcers also serve to strengthen desired behavior responses leading to their removal or termination.

Extinction

Extinction is an effective method of controlling undesirable behavior. It refers to non-reinforcement. It is based on the principle that if a response is not reinforced, it will eventually disappear. Extinction is a behavioral strategy that does not promote desirable behaviors but can help to reduce undesirable behaviors.

Punishment

Punishment is a control device employed in organizations to discourage and reduce annoying behaviors of employees.

OBSERVATIONAL LEARNING

Observational learning results from watching the behavior of another person and appraising the consequences of that behavior. It does not require an overt response. When Mr. X observes that Y is rewarded for superior performance, X learns the positive relationship between performance and rewards without actually obtaining the reward himself. Observational learning plays a crucial role in altering behaviors in organizations.

COGNITIVE LEARNING

Here the primary emphasis is on knowing how events and objects are related to each other. Most of the learning that takes place in the classroom is cognitive learning. Cognitive learning is important because it increases the change that the learner will do the right thing first, without going through a lengthy operant conditioning process.

ATTITUDE

In simple words, an "attitude" is an individual's point of view or an individual's way of looking at something. To be more explicit, an "attitude" may be explained as the mental state of an individual, which prepares him to react or make him behave in a particular pre-determined way.

An attitude is defined as, "a learned pre-disposition to respond in a consistently favourable or unfavorable manner with respect to a given object".

Attitude is the combination of beliefs and feelings that people have about specific ideas, situations or other people. Attitude is important because it is the mechanism through which most people express their feelings.

COMPONENTS OF ATTITUDE

Attitude has three components, which are as follows:

 Affective component

 Cognitive component

 Intentional component

The affective component of an attitude reflects 'feelings and emotions' that an individual has towards a situation. The cognitive component of an attitude is derived from 'knowledge' that an individual has about a situation. Finally, the intentional component of an attitude reflects how an individual 'expects to behave' towards or in the situation. For example, the different components of an attitude held towards a firm, which supplies inferior products and that too irregularly could be described as follows:

 "I don't like that company"—Affective component.

 "They are the worst supply firm I have ever dealt with"—Cognitive component.

 "I will never do business with them again"'—Intentional component.

People try to maintain consistency among the three components of their attitudes. However, conflicting circumstances often arise. The conflict that individuals may experience among their own attitudes is called 'cognitive dissonance.

ATTITUDE FORMATION AND CHANGE

Individual attitude are formed over time as a result of repeated personal experiences with ideas, situations or people. One of the very important ways to understand individual behaviour in an organization is that of studying attitude, which is situationally specific and learned.

An attitude may change as a result of new information. A manager may have a negative attitude about a new employee because of his lack of job-related experience. After working with a new person, a

manager may come to realise that he is actually very talented and subsequently may develop a more positive attitude toward him.

Work-Related Attitudes

People in an organization form attitude about many things such as about their salary, promotion possibilities, superiors, fringe benefits, food in the canteen, uniform etc. Especially some important attitudes are job satisfaction or dissatisfaction, organizational commitment and job involvement.

Job Satisfaction

Job satisfaction is an attitude reflects the extent to which an individual is gratified or fulfilled .by his or her work. Extensive research conducted on job satisfaction has indicated that personal .factors such as an individual's needs and aspirations determine this attitude, along with group and organizational factors such as relationships with co-workers and supervisors, working conditions, work policies and compensation.

A satisfied employee also tends to be absent less often, makes positive contributions, and stays with the organization. In contrast, a dissatisfied employee may be absent more often may experience stress that disrupts co-workers, and may keep continually looking for another job.

Organizational factors that influence employee satisfaction include pay, promotion, policies and procedures of the organizations and working conditions. Group factors such as relationship with coworkers and supervisors also influence job- satisfaction. Similarly, satisfaction depends on individual factors like individual's needs and aspirations. If employees are satisfied with their job, it may lead to low employee turnover and less absenteeism and vice-versa.

Organizational Commitment and Involvement

Two other important work-related attitudes arc organizational commitment and involvement. Organizational commitment is the individual's feeling of identification with and attachment to an organization. Involvement refers to a person's willingness to be a team member and work beyond the usual standards of the job. An employee with little involvement is motivated by extrinsic motivational factor and an employee with strong involvement is motivated by intrinsic motivational factors. There are a number of factors that lead to commitment and involvement. Both may increase with an employee's age and years with the organization, with his sense of job security and participation in decision-making. If the organization treats its employees fairly and provides reasonable rewards and job security, employees are more likely to be satisfied and committed. Involving employees in decision-making can also help to increase commitment. In particular, designing jobs, which are interesting and stimulating, can enhance job involvement.

ATTITUDE: IT'S IMPORTANCE IN ORGANIZATIONAL BEHAVIOUR

Attitudes of both workers and management react to each other and determine mutual relationships. Attitude is an understanding or learning of why employees feel and act the way; they do and help supervisors in winning cooperation from them. So, it is very essential for the efficient working of an organization.

From a personal perspective, attitudes provide knowledge base or prepare, our mental state, for our interaction with others, and with the world around us. This directly affects organizational behaviour, and in turn organizational working.

Module 4: Motivation, Leadership and Group dynamics

INTRODUCTION

Motivation is an important factor which encourages persons to give their best performance and help in reaching enterprise goals. A strong positive motivation will enable the increased output of employees but a negative motivation will reduce their performance. A key element in personnel management is motivation.

4.2 Definitions:

Motivation has been variously defined by scholars as follows:.

Berelson and Steiner defined: "A motive is an inner state that energizes, activates, or moves and directs or channels behaviour goals."

Lillis defined as**:** "It is the stimulation of any emotion or desire operating upon one's will and promoting or driving it to action."

Dubin defined as**:** Motivation is the complex of forces starting and keeping a person at work in an organization."

Vance defined as: "Motivation implies any emotion or desire which so conditions one's will that the individual is properly led into action."

Characteristics of Motivation:

Motivation is a psychological phenomena which generates within an individual. A person feels the lack of certain needs, to satisfy which he feels working more. The need satisfying ego motivates a person to do better than he normally does.

MOTIVATION PROCESS

Motivation is derived from the word motive. "A motive is an inner state that energises, activates or moves and directs or channels behaviour towards goals."

"Motivation represents an unsatisfied need which creates a state of tension or disequilibrium, causing the individual to move in a goal directed pattern towards restoring a state of equilibrium by satisfying the need." According to the Encyclopaedia of Management, "motivation refers to the degree of readiness of an organization to pursue some designated goal and implies the determination of the nature and locus to the forces, including the degree of readiness."

Motivation is a process that starts with a physiological or psychological deficiency or need that activates behaviour or a drive that is aimed at a goal or 'incentive.' Thus, the process of motivation lies in the meaning of and relationship among needs, drives and incentives.
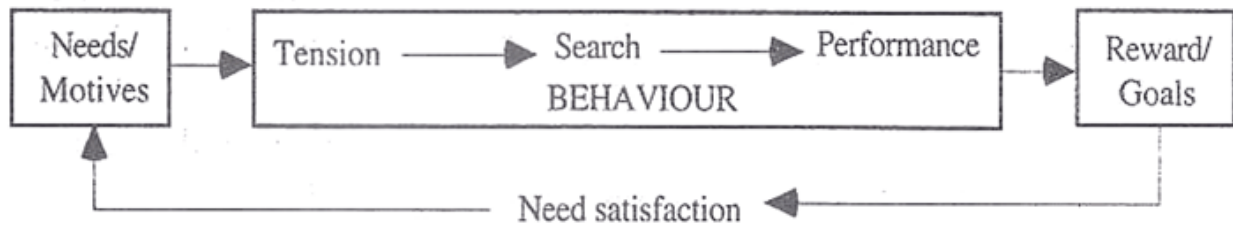
Need: Need is deficiency. Needs are created whenever there is a physiological or psychological imbalance.

Drive: Drive is a deficiency with direction. They are action-oriented and provide an emerging thrust towards goal accomplishment.

Incentives: Incentive is anything that will alleviate a need to reduce a drive.

THEORIES OF MOTIVATION

The theoretical approaches to motivation can be classified into there:

1. The content theories – which go as far back as early 1900
2. Process theories
3. Contemporary theories

(1) Content Theories

1900 – Scientific management theories (Fredrick Taylor which emphasized wages and incentives as motivators

1940s – Hawthorne Studies (Elton Mayo) emphasizes working conditions and need for affiliation as motivators

1950s/1960s -   **Maslow's Hierarchy of needs Theory**

Douglas McGregor Theory X and Y

Herzberg two factor theory

Alderfer Expectancy, Relatedness and Growth (ERG) theory

(2) Process Theories

1960s **Vroom Expectancy Theory**

Porter Lawler Performance/satisfaction model

(3) Contemporary Theories

      Stacy Adams equity Theory of work motivation

      1961 **McClelland Achievement Motivation model**

Maslow's Hierarchy of Needs

Abraham Maslow is among the most prominent psychologists of the twentieth century. His hierarchy of needs is an image familiar to most business students and managers. The theory is based on a simple premise: Human beings have needs that are hierarchically ranked. There are some needs that are basic to all human beings, and in their absence nothing else matters. As we satisfy these basic needs, we start looking to satisfy higher order needs. In other words, once a lower level need is satisfied, it no longer serves as a motivator.
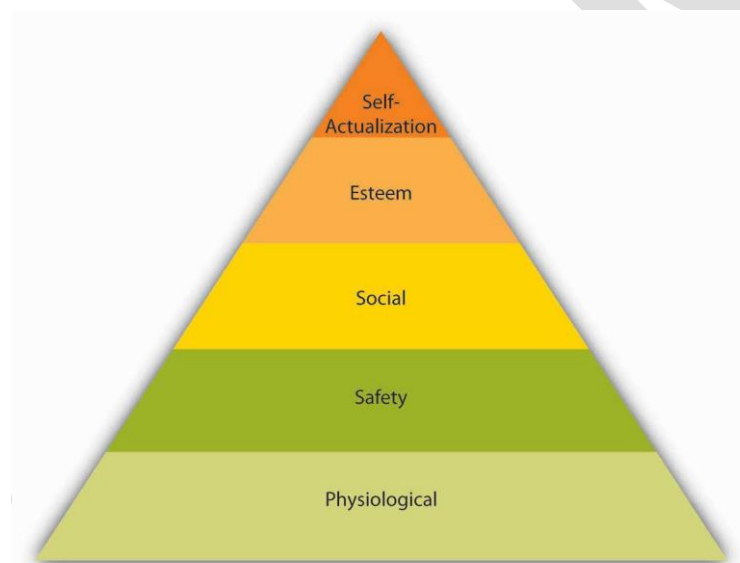
1. Physiological needs - air, food, drink, shelter, warmth, sleep.

2. Safety needs - protection from elements, security, order, law, limits, stability, freedom from fear.

3. Social Needs - belongingness, affection and love, - from work group, family, friends, romantic relationships.

4. Esteem needs - achievement, mastery, independence, status, dominance, prestige, self-respect, respect from others.

5. Self-Actualization needs - realizing personal potential, self-fulfillment, seeking personal growth and peak experiences.

■ **Alderfer's ERG**

    ❏ **Existence Needs** – Physiological & Safety needs

- ❑ **Relatedness Needs** – Interpersonal security / Social Needs
- ❑ **Growth Needs** – Individual Esteem through personal achievement and Self-actualisation
- ❑ People try to satisfy more than one need simultaneously.
- ❑ Frustration at a higher-level need can intensify need to satisfy a lower-level need (frustration regression)

■ **Douglas McGregor Theory X and Theory Y**

Two distinct views of human beings: **Negative [Theory X] & Positive [Theory Y]**

Theory X : Dislike work , are lazy, dislike responsibility, and must be coerced to perform.

Theory Y : View work as natural as rest & play, seek responsibility & learn to accept. They are creative and can exercise self-direction.
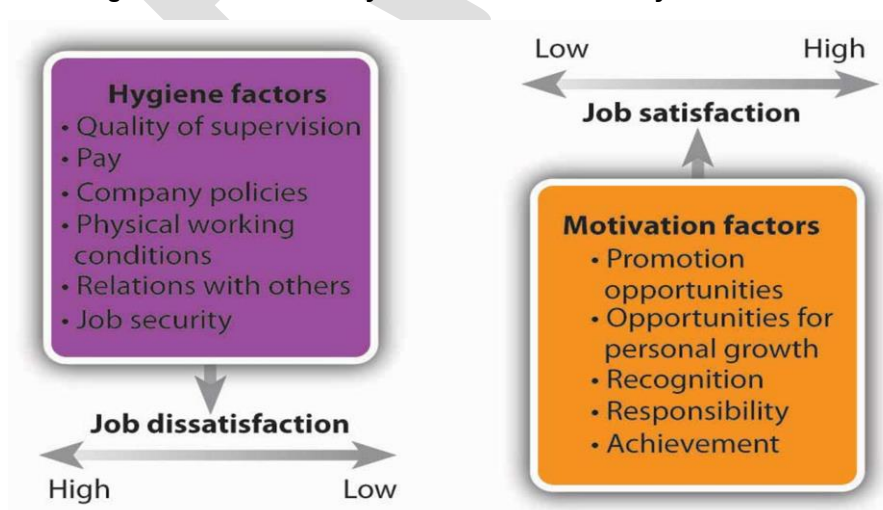
McGregor X - Y Theories

Theory X	Theory Y
* people need close supervision	* people want independence in work
* will avoid work when possible	* people seek responsibility
* will avoid responsibility	* people are motivated by self-fulfilment
* that they desire only money	* people naturally want to work
* people must be pushed to perform	* people will drive themselves to perform

Herzberg's Two-factor Theory / Dual Structure theory

Hygiene factors
- Quality of supervision
- Pay
- Company policies
- Physical working conditions
- Relations with others
- Job security

Job dissatisfaction

High ————— Low

Job satisfaction

Low ————— High

Motivation factors
- Promotion opportunities
- Opportunities for personal growth
- Recognition
- Responsibility
- Achievement

Herzberg labeled factors causing dissatisfaction of workers as "hygiene" factors because these factors were part of the context in which the job was performed, as opposed to the job itself. Hygiene factors included company policies, supervision, working conditions, salary, safety, and security on the job.

In contrast, motivators are factors that are intrinsic to the job, such as achievement, recognition, interesting work, increased responsibilities, advancement, and growth opportunities. According to Herzberg's research, motivators are the conditions that truly encourage employees to try harder.

McClelland Achievement Motivation Theory
- ✓ The need for achievement (n-Ach)
- ✓ The need for power (n-Pow)
- ✓ The need for affiliation, or belonging (n-Aff)

Need for Power Characteristics
- Need to influence others
- Control others
- Being in possession of authority
- Gaining control if information
- Defeating the opponent

Need for affiliation
- Being likely by many people
- Being accepted as part of a group
- Working with people who are friendly
- Maintain harmonious relationship and avoid conflict
- Participating in pleasant social activities

Need for security
- Have a secure job
- Be protected against loss of income
- Protection again illness and disability
- Protection against physical harm or hazardous condition
- Avoid task with a risk of failure or blame

Need for status

- Having the right car
- Wearing the right clothes
- Working for the right company
- Having a degree from the right university
- Living in the right neighborhood
- Belong to a certain club

PROCESS THEORIES

■ **GOAL SETTING THEORY –**

  ❑ Intentions to work toward a goal are a major source of work motivation.

    ■ Goal setting works by directing attention and action, mobilizing effort, increasing persistence and encouraging the development of strategies to achieve the goals

    ■ Goals should be specific and measurable, challenging, attainable, relevant to the major work of the organisation

  ✓ **EXPECTANCY THEORY**

Motivation = Valence x Expectancy (Instrumentality).

VROOM's VALENCE AND INSTRUMENTALITY

  ■ **Valence** – the value or importance one places on a particular reward.

  ■ The valence of an outcome is positive when the individual desires it & negative when he or she wishes to avoid it.

  ■ **EXPECTANCY** – is the belief that effort leads to performance. Eg: "If I work systematically, I can perform better".

  ■ **INSTRUMENTALITY** – is the belief that performance is related to the rewards. Eg: If I perform better, I will get more pay". It ranges from -1 to +1

EQUITY THEORY

■ John Stacey Adams proposed that an employee's motivation is affected by whether the employee believes that their employment benefits/rewards are at least equal to the amount of the effort that they put into their work.

■ Adam's categorised employment benefits and rewards as outputs and an employee's work effort as inputs.

LEADERSHIP

INTRODUCTION

Leadership can be defined as the ability of the management to make sound decisions and inspire others to perform well. It is the process of directing the behavior of others towards achieving a common goal. Leadership is defined as "the process whereby one individual influences other group members towards the attainment of defined group or organizational goals."

In short, leadership is getting things done through others. The concept of leadership has undergone a sea change from the concept of 'born-leader' to 'situation-leader' and to effective leader. Views, assumptions and theories of leadership have changed significantly in recent years. Business and industry have set managers more as leaders to achieve the challenges. The quality of leadership provide by the managers determine the degree of success of business. Some people are born leaders and need little training or development. But many managers do not born with qualitative leadership skills. Such managers need training and development to acquire and develop leadership skills. However, born leaders can be more efficient with training.

Qualities of a Good Leader:

A successful leader secures desired behaviour from his followers. It depends upon the quality of leadership he is able to provide. A leader to be effective must possess certain basic qualities. A number of authors have mentioned different qualities which a person should possess to be a good leader.

Some of the qualities of a good leader are as follows:

1. Good personality.
2. Emotional stability.
3. Sound education and professional competence.
4. Initiatives and creative thinking.
5. Sense of purpose and responsibility.
6. Ability to guide and teach.
7. Good understanding and sound judgment.
8. Communicating skill.
9. Sociable.
10. Objective and flexible approach.
11. Honesty and integrity of character.
12. Self confidence, diligence and industry.
13. Courage to accept responsibility

Exhibit 5.2: Managers Vs. Leaders in the Twenty-First Century

Managers	Leaders
Administers	Innovates
A copy	An original
Maintains	Develops
Focusses on Systems and Structures	Focusses on People
Relies on control	Inspires trust
Short-range view	Long-range perspective
Asks how and when	Asks what and why
Eye on the bottom line	Eye on the horizon
Imitates	Originates
Accepts the Status Quo	Challenges the Status Quo
Classic good soldier	Own person
Does things right	Does the right thing

LEADERSHIP STYLES

Free-rein or Laissez-faire Style

These leaders avoid authority and responsibility. They mostly depend upon the group to establish objectives and goals, formulate policies and programmers. The group members train and motivate themselves. Contrary to the autocratic style the leader play minor or negligible roles and depend upon the group.

A laissez-faire leader does not directly supervise employees and fails to provide regular updates to those under his supervision. Highly experienced and trained employees with minimal requirement of supervision fall under the laissez-faire leadership style.

Autocratic Style

Autocratic leaders centralize power of decision-making in themselves. Followers have no say either in decision-making or in implementation. They have to completely obey and follow the instructions of the leaders. The leaders take full authority and full responsibility. Autocratic leaders are classified into:
(a) Strict autocrat who follows autocratic style completely where the method of influencing subordinates is thoroughly negative ; (b) Benevolent autocrat who typically gives awards to the followers ; and (c) Incompetent autocrat who adopts autocratic style with a view to hide his incompetency.

Democratic Style

Democratic leaders decentralise authority and encourage subordinates to express their opinion in decision- making as well as in implementing the decision. However, decisions are taken by the leaders. Thus, decisions are arrived at by consultation.

This is also known as the democratic leadership style. It values the input of team members and peers, but the responsibility of making the final decision rests with the participative leader.

Participative Style

Participative leaders decentralize authority and encourage subordinates to participate and involve in decision-making and implementation processes. Decisions are made by the leader and his subordinates.

It is, however, concluded that there is no clear-cut leadership style which is applicable universally and in all circumstances. Therefore, the leaders have to adopt appropriate style depending upon the situational requirements.

Transactional

Transactional leadership style is formed by the concept of reward and punishment. Transactional leaders believe that the employee's performance is completely dependent on these two factors. When there is an encouragement, the workers put in their best effort and the bonus is in monetary terms in most of the cases. In case they fail to achieve the set target they are given a negative appraisal.

Transactional leaders pay more attention to physical and security requirements of the employees.

Transformational

Transformational leadership has the ability to affect employee's perceptions through the returns that organization gets in the form of human capital benefits. These leaders have the ability to reap higher benefits by introducing knowledge management processes, encouraging interpersonal communication among employees and creating healthy organizational culture.
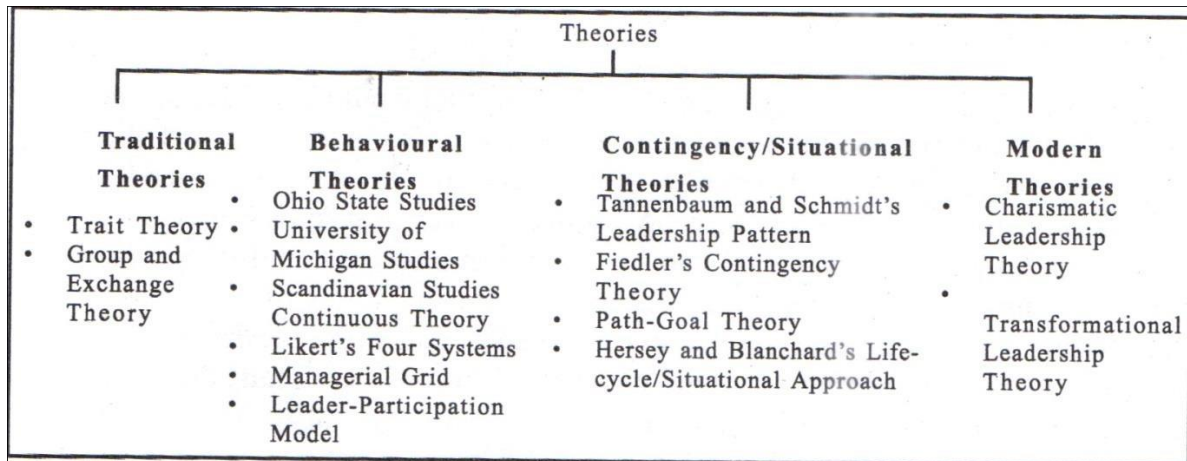
LEADERSHIP THEORIES

Traditional Theory

Traditional theory is a theory based on different traits of a human beings. It assumes that leaders are born and not made. According to this theory, leadership behavior is the sum total of all traits that a leader possess.

Thus this theory gives the profile of a successful and complete leader. According to this theory, there are five human traits. They are −

 Physical trait − it includes energy, activity, appearance, and height.

 Ability trait − it includes judgement, knowledge, and fluency in speech.

 Personal trait − it includes self-confidence, creativity, and enthusiasm.

 Work trait − it includes organization and achievement.

 Social trait − it includes interpersonal skill, cooperativeness, popularity and prestige.

		Theories		
Traditional Theories	**Behavioural Theories**	**Contingency/Situational Theories**	**Modern Theories**	

Traditional Theories
- Trait Theory
- Group and Exchange Theory

Behavioural Theories
- Ohio State Studies
- University of Michigan Studies
- Scandinavian Studies
- Continuous Theory
- Likert's Four Systems
- Managerial Grid
- Leader-Participation Model

Contingency/Situational Theories
- Tannenbaum and Schmidt's Leadership Pattern
- Fiedler's Contingency Theory
- Path-Goal Theory
- Hersey and Blanchard's Life-cycle/Situational Approach

Modern Theories
- Charismatic Leadership Theory
- Transformational Leadership Theory

1. Trait Theory
- Personal Qualities and traits – to be a successful leader
- Theory believes – "**Leadership traits are inherited or inborn**"
- It cannot be acquired by learning
- Traits – **vision, intelligence, emotional stability, empathy, open mind**
- Trait theories of leadership sought **personality, social, physical** or **intellectual traits** that differentiate leaders from non leaders
- "Fifty years of study has failed to produce a one personality trait or set of qualities that can be used to discriminate leaders and non leaders." - **Jenning**

2. Behavioural Approach
- Focus on actual behaviour and actions of leaders.
- Interpersonal relationship between a leader and subordinates.
- It determines various kinds of specific behaviour affect the performance and satisfaction of subordinates.
    1. **Michigan Studies - Employee oriented** (genuine concern for people) v/s **Production oriented** (genuine concern for task)
    2. **OHIO State University Leadership Studies - Initiating structure** (task or goal orientation) v/s **Consideration** (recognition of individual needs and relationships)
    3. **Managerial Grid** – five representative styles of leadership
        [Robert R Brake & Jone S Mounton]
- Impoverished Management
- Country Club Management
- Task Management
- Team Management

- Middle of the Road

- **Impoverished Management – Low Results/Low People**

    The Impoverished or "indifferent" manager is mostly ineffective. With a low regard for creating systems that get the job done, and with little interest in creating a satisfying or motivating team environment, his results are inevitably disorganization, dissatisfaction and disharmony.

- **Produce-or-Perish Management – High Results/Low People**

    This type of manager is autocratic, has strict work rules, policies and procedures, and can view punishment as an effective way of motivating team members. This approach can drive impressive production results at first, but low team morale and motivation will ultimately affect people's performance, and this type of leader will struggle to retain high performers.

- **Middle-of-the-Road Management - Medium Results/Medium People**

    A Middle-of-the-Road or "status quo" manager tries to balance results and people, but this strategy is not as effective as it may sound. Through continual compromise, he fails to inspire high performance and also fails to meet people's needs fully. The result is that his team will likely deliver only mediocre performance.

- **Country Club Management – High People/Low Results**

    The Country Club or "accommodating" style of manager is most concerned about her team members' needs and feelings. She assumes that, as long as they are happy Add to My Personal Learning Plan and secure, they will work hard.

    What tends to be the result is a work environment that is very relaxed and fun, but where productivity suffers because there is a lack of direction and control.

- **Team Management – High Production/High People**

    According to the Blake Mouton model, Team management is the most effective leadership style. It reflects a leader who is passionate about his work and who does the best he can for the people he works with.

    Team or "sound" managers commit to their organization's goals and mission, motivate the people who report to them, and work hard to get people to stretch themselves to deliver great results. But, at the same time, they're inspiring figures who look after their teams.

Team managers prioritize both the organization's production needs and their people's needs. They do this by making sure that their team members understand the organization's purpose Add to My Personal Learning Plan, and by involving them in determining production needs.

SITUATIONAL CONTINGENCY THEORY OF LEADERSHIP

- A good leader is one who moulds himself according to the needs of a given situation.

- Neither the trait nor the behavioural approaches.

- Also known as Contingency theory.

    1. Fiedler's Contingency Model

    2. Hersey – Blanchard Situational Model

    3. Path Goal Theory

1. Fiedler's Contingency Model
- Three situational variables –

    – Personal relations with the members of the group **[Leader – member relations]**

    – Degree of structure in the task assigned to perform**[Task structure]**

    – Power and authority the position provides

    [Position power]

2. Hersey and Blanchard's Situational Theory
1. **Telling style** – Directive behaviour – high task & low relationship behaviour – subordinates have low maturity

2. **Selling style –** Supportive behaviour – high task & high relationship behaviour – subordinates have moderate maturity

3. **Participating style -** Participative behaviour – low task & high relationship – high to moderate maturity

4. **Delegating style –** low task & low relationship behaviour – very high level of maturity

3. **Path Goal Theory**

Four Major types of leadership:

1. **Directive Leadership** – Associates know exactly what is expected of them, and the leader gives specific directions

2. **Supportive Leadership** – Friendly and approachable, shows a genuine concern for associates

3. **Participative Leadership** – Seek suggestions from associates but still makes the decisions

4. **Achievement – Oriented Leadership** – Sets challenging goals and shows confidence that will attain goals and perform well

GROUP DYNAMICS

A group may be defined as:

A group is the aggregation of small number of people who work for common goals, develop a shared attitude and are aware that they are part of a group.

According to Keith Davis – "The social process by which people interact face to face in small groups is called group dynamics." It is concerned with the interaction of individuals in a face to face relationship. It focuses on team work, wherein small groups are constantly in contact with each other and share their ideas to accomplish the given tasks.

In other words "Group-dynamics is concerned with the formation and structure of groups and the way they affect individual members, other groups and the organisation."

Hawthorne, experiments have shown that people behave as members of a group and their membership of group helps to shape their work behaviour and attitudes towards the organisation. Management can use groups successfully for the accomplishment of organisational objectives.

Group Dynamics – Concept

The team "Group Dynamics" is concerned with the interactions and forces among group members in an organisation.

More specifically, it refers to the following issues:

a.   How a group has come into being?

b.   Why the group has emerged?

c.   What is its size and composition?

d.   What are the activities of the group?

e.   How members interact and resolve things?

f.   What are the processes used by members to share information, work related issues?

g.   How members behave and influence each other?

h.   What informal networks are put to use to spread rumours?

i.   How members are reacting to formal leaders, work rules, challenges, etc.?

j.   How the informal groups function and affect individual members, other groups and the organisation?

Types of Groups

There are two main categories of groups:-

• Formal and Informal groups.

o Formal groups are created by the organization and are intentionally designed to direct its members towards some organizational goals.

o Informal groups develop naturally among organization personnel without any direction from the management of the organization

Module 5: Organisation Culture & Development and Change Management

INTRODUCTION

- ⬥ Organizational Culture is the behaviour of humans within an organization and the meaning that people attach to those behaviours.

- ⬥ Culture includes the organization's vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits.

- ⬥ It is also the pattern of such collective behaviours and assumptions that are taught to new organizational members as a way of perceiving, and even thinking and feeling.

- ⬥ Organizational culture, as the name suggests is the culture inherent in the organization, which determines its internal atmosphere and the overall personality.

- ⬥ Organizational Culture is a system of common values, beliefs, ideas, preferences, assumptions, code of conduct, unwritten rules, priorities, and principles that guides employees of the appropriate and inappropriate behaviour.

DIMENSIONS OF ORGANIZATIONAL CULTURE

DIMENSION 1: ORGANISATIONAL EFFECTIVENESS

Means-Oriented vs Goal-Oriented

This dimension is closely connected to the effectiveness of the organisation. In a means-oriented culture, the key feature is the way in which work has to be carried out; people identify with the "how". In a goal-oriented culture, employees are primarily out to achieve specific internal goals or results, even if these involve substantial risks; people identify with the "what".

In a highly means-oriented culture, people perceive themselves as avoiding risks and making only a limited effort in their jobs, while each workday is pretty much the same. However, in a very goal-oriented culture, the employees are primarily out to achieve specific internal goals or results, even if these involve substantial risks.

DIMENSION 2: CUSTOMER ORIENTATION

Internally Driven vs Externally Driven

In a highly internally driven culture employees perceive their task towards the outside world as a given, based on the idea that business ethics and honesty matter most and that they know best what is good for the customer and the world at large.

In a very externally driven culture the only emphasis is on meeting the customer's requirements; results are most important and a pragmatic rather than an ethical attitude prevails.

DIMENSION 3: LEVEL OF CONTROL

Easy-going Work Discipline VS. Strict Work Discipline

This dimension refers to the amount of internal structuring, control, and discipline. A very easygoing culture reveals a fluid internal structure, a lack of predictability, and little control and discipline; there is a lot of improvisation and surprises. A very strict work discipline reveals the reverse. People are very cost-conscious, punctual and serious.

DIMENSION 4: FOCUS

Local VS. Professional

In a local company, employees identify with the boss and/or the unit in which one works. In a professional organisation, the identity of an employee is determined by his profession and/or the content of the job.

In a very local culture, employees are very short-term directed, they are internally focused and there is strong social control to be like everybody else. In a very professional culture it is the reverse.

DIMENSION 5: APPROACHABILITY

Open System VS. Closed System

This dimension relates to the accessibility of an organisation. In a very open culture newcomers are made immediately welcome, one is open both to insiders and outsiders, and it is believed that almost anyone would fit in the organisation. In a very closed organisation it is the reverse.

## DIMENSION 6: MANAGEMENT PHILOSOPHY

Employee-Oriented VS. Work-Oriented

This aspect of organisational culture is most related to the management philosophy. In very employee-oriented organisations, members of staff feel that personal problems are taken into account and that the organisation takes responsibility for the welfare of its employees, even if this is at the expense of the work. In very work-oriented organisations, there is heavy pressure to perform the task even if this is at the expense of employees.

- **Innovation and Risk-Taking**: The extent to which employees are motivated to become innovative, willing to experiment and take risks.

- **Attention to detail**: The standard to which organizations workers are expected to work on precision, analysis and pay attention to details.

- **Outcome Orientation**: The degree to which the company's management is oriented towards the outcomes instead of the strategies and processes employed to achieve them.

- **People Orientation**: The extent to which the impact of the decisions made and the consequences of these decisions on people of the organization are considered by the management, through greater participation. Hence, it is all about the degree of value and respect for people working in the organization.

- **Team Orientation**: The extent to which relevance is given to effective teamwork in comparison to the individual efforts and contributions to the organization, by way of collaborative problem-solving.

- **Aggressiveness**: It is all about the employee's approach to the work, i.e. the extent to which employees show competitiveness towards work, instead of having a casual approach.

- **Stability**: It determines how open an organization is, with respect to change. Moreover, it is also associated with the company's status quo, i.e. to what extent the company gives preference on maintaining the statement of affairs.

Sources of Organisational Culture
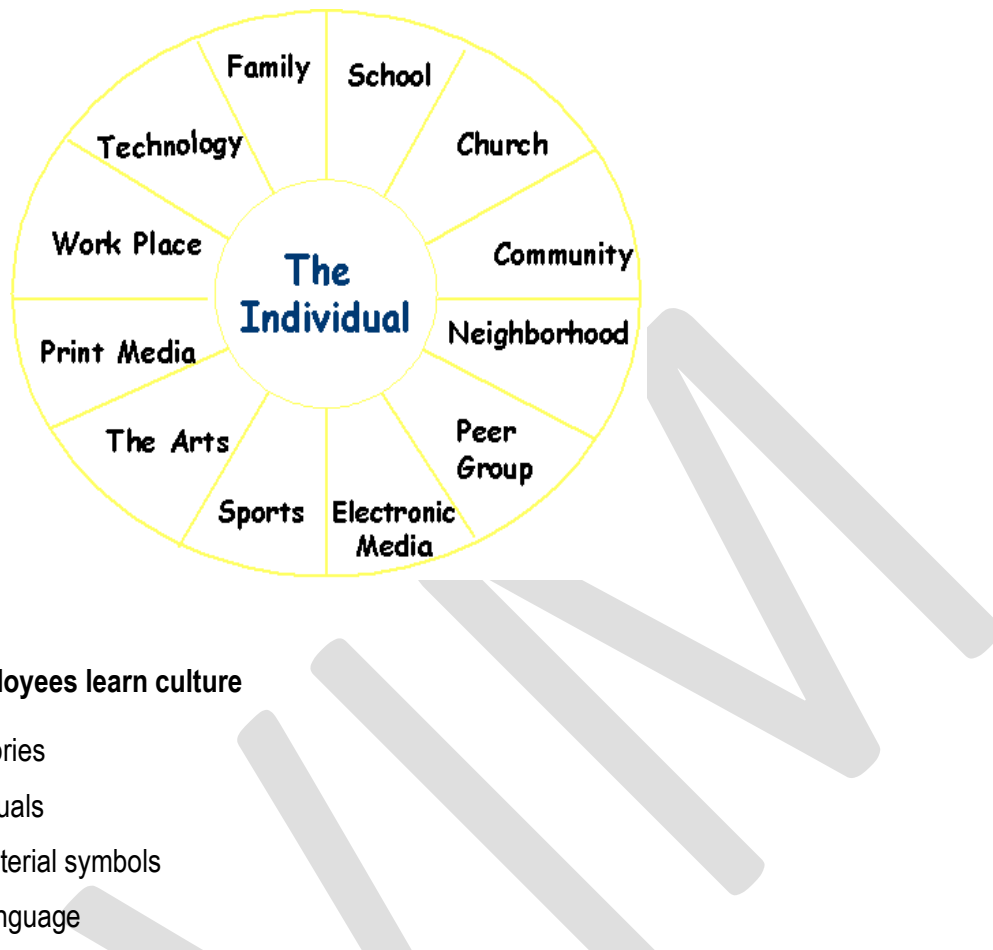
How employees learn culture

- ✓ Stories
- ✓ Rituals
- ✓ Material symbols
- ✓ Language

STRONG AND WEAK CULTURE

Strong culture	Weak culture
Values widely shared	Values limited to a few people—usually top management
Culture conveys consistent messages about what's important	Culture sends contradictory messages about what's important
Most employees can tell stories about company history/heroes	Employees have little knowledge of company history or heroes
Employees strongly identify with culture	Employees have little identification with culture
Strong connection between shared values and behaviors	Little connection between shared values and behaviors

HOFSTEDE'S CULTURAL DIMENSIONS

Hofstede's cultural dimensions theory is one of the most cited and referenced. Hofstede looked for global differences in culture across 100,000 IBM employees in 50 countries in an effort to determine the defining characteristics of global cultures in the workplace. With the rise of globalization, this is particularly relevant to organizational culture.

Through this process, he underlined observations that relate to six different cultural dimensions

- **Power distance**: refers to the degree to which an authority figure can exert power and how difficult it is for a subordinate to contradict them.

- **Uncertainty avoidance**: describes an organization's comfort level with risk-taking. As risk and return are largely correlative in the business environment, it is particularly important for organizations to instill a consistent level of comfort with taking risks.

- **Individualism vs. collectivism**: refers to the degree to which an organization integrates a group mentality and promotes a strong sense of community (as opposed to independence) within the organization.

- **Masculinity vs. femininity**: refers to the ways behavior is characterized as "masculine" or "feminine" within an organization. For example, many define an aggressive, hyper-competitive culture as more masculine.

- **Long-Term Orientation**: refers to the degree to which an organization or culture plans pragmatically for the future or tries to create short-term gains. How far out is strategy considered, and to what degree are longer-term goals incorporated into company strategy?

- **Indulgence vs. Restraint**: refers to the amount (and ease) of spending and fulfillment of needs. For example, a restrained culture may have strict rules and regulations for tapping company resources.

<h1 style="text-align: center">CHANGE MANAGEMENT</h1>

INTRODUCTION

- ▲ Change is inevitable in the life of an organisation.
- ▲ Change poses formidable challenges and heralds new opportunities.
- ▲ Organisations that learn and cope with change will thrive and flourish and others which fail to do so will perish.
- ▲ Organisational change is the process by which organisations move from their present state to some desired future state to increase their effectiveness.

ORGANIZATIONAL CHANGE

Organizational change refers broadly to the actions a business takes to change or adjust a significant component of its organization. This may include company culture, internal processes, underlying technology or infrastructure, corporate hierarchy, or another critical aspect.

Organizational change can be either adaptive or transformational:

- **Adaptive changes** are small, gradual, iterative changes that an organization undertakes to evolve its products, processes, workflows, and strategies over time. Hiring a new team member to address increased demand or implementing a new work-from-home policy to attract more qualified job applicants are both examples of adaptive changes.
- **Transformational changes** are larger in scale and scope and often signify a dramatic and, occasionally sudden, departure from the status quo. Launching a new product or business division, or deciding to expand internationally, are examples of transformational change.

Change management is the process of guiding organizational change to fruition, from the earliest stages of conception and preparation, through implementation and, finally, to resolution.

LEVELS OF CHANGE

▲ **Individual-level Change**
- ✦ Job assignment
- ✦ Physical move to a different location
- ✦ Change in maturity which occurs over a time

▲ **Group-level Change**
- ✦ Groups can be departments or informal work groups
- ✦ Communication patterns

✦ Change in Work flows

▲ **Organisation-level Change**

✦ Reorganisation of the organisational structure & responsibilities

✦ Revamping of employee remuneration system

✦ Shift in organisation's objectives

TYPES OF CHANGE

▲ **Evolutionary Change**

✦ Gradual

✦ Incremental

✦ Specifically focused

▲ **Revolutionary Change**

✦ Sudden

✦ Drastic

✦ Organisation-wide

LEWIN'S CHANGE MODEL – unfreezing, Moving, Refreezing

✦ **Lewin's Three-Phase Model**

✦ **Unfreezing –** Discard old behaviours & attitudes to a new position & new ideas

✦ **Moving –** Developing new behaviours, values and attitudes through organisational development techniques

✦ **Refreezing –** Change becomes permanent. New attitudes, values & Behaviours are established as status quo
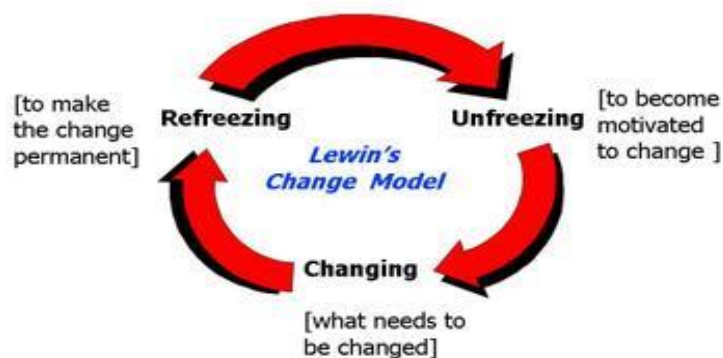
5 STEPS IN THE CHANGE MANAGEMENT PROCESS

1. Prepare the Organization for Change

For an organization to successfully pursue and implement change, it must be prepared both logistically and culturally. Before delving into logistics, cultural preparation must first take place.

In the preparation phase, the manager is focused on helping employees recognize and understand the need for change. They raise awareness of the various challenges or problems facing the organization that are acting as forces of change and generating dissatisfaction with the status quo. Gaining this initial buy-in from employees who will help implement the change can remove friction and resistance later on.

2. Craft a Vision and Plan for Change

Once the organization is ready to embrace change, managers must develop a thorough and realistic plan for bringing it about. The plan should detail:

- **Strategic goals:** What goals does this change help the organization work toward?
- **Key performance indicators:** How will success be measured? What metrics need to be moved? What's the baseline for how things currently stand?
- **Project stakeholders and team:** Who will oversee the task of implementing change? Who needs to sign off at each critical stage? Who will be responsible for implementation?
- **Project scope:** What discrete steps and actions will the project include? What falls outside of the project scope?

The plan should also account for any unknowns or roadblocks that could arise during the implementation process and would require agility and flexibility to overcome.

3. Implement the Changes

After the plan has been created, all that remains is to follow the steps outlined within it to implement the required change. Whether that involves changes to the company's structure, strategy, systems, processes, employee behaviors, or other aspects will depend on the specifics of the initiative.

During the implementation process, change managers must be focused on empowering their employees to take the necessary steps to achieve the goals of the initiative. They should also do their best to anticipate roadblocks and prevent, remove, or mitigate them once identified. Repeated communication of the organization's vision is critical throughout the implementation process to remind team members why change is being pursued.

4. Embed Changes within Company Culture and Practices

Once the change initiative has been completed, change managers must prevent a reversion to the prior state or status quo. This is particularly important for organizational change related to processes, workflows, culture, and strategies. Without an adequate plan, employees may backslide into the "old way" of doing things, particularly during the transitory period.

By embedding changes within the company's culture and practices, it becomes more difficult for backsliding to occur. New organizational structures, controls, and reward systems should all be considered as tools to help change stick.

5. Review Progress and Analyze Results

Just because a change initiative is complete doesn't mean it was successful. Conducting analysis and review, or a "project post mortem," can help business leaders understand whether a change initiative was a success, failure, or mixed result. It can also offer valuable insights and lessons that can be leveraged in future change efforts.

Ask yourself questions like: Were project goals met? If yes, can this success be replicated elsewhere? If not, what went wrong?

RESISTANCE TO CHANGE - CAUSES

▲ **Individual-Resistance**
  ✦ Habits, Insecurity, Lack of communication
  ✦ Psychological Factors – emotional turmoil, lack of understanding
  ✦ Social factors – change in social groups

▲ **Group-Resistance**
  ✦ Fear of losing cohesiveness
  ✦ Superiority consideration

▲ **Organisation Resistance**
  ✦ Threat to Power
  ✦ Organisational Structure
  ✦ Resource constraints
  ✦ Sunk costs

OVERCOMING RESISTANCE TO CHANGE

▲ **Individual-level**
  1. Participation and Involvement
  2. Effective Communication
  3. Facilitation & Support
  4. Leadership

5. Negotiation and Agreement
6. Manipulation & Co-optation
7. Coercion

Organizational Development (OD)

INTRODUCTION

Organisational Development is to create adaptive organisation capable of transforming and reinvesting themselves to remain effective.

Organizational Development or O.D. is a planned effort initiated by process specialists to help an organization develop its diagnostic skills, coping capabilities, linkage strategies(in the form of temporary and semi-permanent systems) and a culture of mutuality.

Culture of Mutuality - OCTAPACE - fostering of certain values and open and proactive systems viz. openness, confrontation, trust, authenticity, pro-activeness, autonomy, collaboration and experimentation.

Definition of O.D by Edgar Schein

An organization is the planned coordination of the activities of a number of people for the achievement of some common explicit purpose or goals through the division of labour and function, and through a hierarchy of authority and responsibility.

Development is the act, process, result or state of being developed-which in turn means to advance, to promote the growth of, to evolve the possibility of, to further, to improve or to enhance something
Two elements stand out viz.
(a)Development may be an act, process or an end state
(b)Development means bettering something

O. D. is the act, process or result of furthering, advancing, or promoting the growth of an organization.

ORGANISATIONAL DEVELOPMENT

OD is a systemic and systematic change effort, using behavioural science knowledge and skill, to transform an organisation to a new state. OD is system-wide and value-based collaborative process of applying behavioural science knowledge to the adaptive development, improvement and reinforcement

of such organizational features as the strategies, structures, processes, people and cultures that lead to organizational effectiveness.

The characteristics of OD are:

- It is a system-wise process
- It is value-based
- It is collaborative
- It is based on behavioural science knowledge
- It is concerned with strategies, structures, processes, people and culture
- It is about organizational effectiveness

OD Interventions

- ✓ Sensitivity Training or T-Group Training
- ✓ Team Building
- ✓ Managerial Grid Training
- ✓ Quality of work life programmes
- ✓ Role Analysis
- ✓ Inter-group Conflict
- ✓ Resolution
- ✓ Self-Managed Teams
- ✓ Appreciative Enquiry
- ✓ Visioning
- ✓ Quality Circles
- ✓ MBO
- ✓ Total Quality Management (TQM)
- ✓ Cultural Analysis
- ✓ Work Redesign
- ✓ Coaching and Counseling

ORGANIZATIONAL LEARNING & LEARNING ORGANIZATION

CONCEPT OF ORGANIZATIONAL LEARNING

- ✓ Organizational learning is the process by which an organization improves itself over time through gaining experience and using that experience to create knowledge. The knowledge created is then transferred within the organization.
- ✓ Organizational learning is important for all companies, as the creation, retention and transfer of knowledge within the organization will strengthen the organization as a whole.
- ✓ Key aspects of organizational learning theory are that learning happens when people interact while finding and solving problems.

Organizational learning theory stresses the importance of developing a learning culture within an organization.

According to this theory, organizations should:

- ✓ Develop a culture that prizes knowledge sharing
- ✓ Take time to learn the lessons that failure can teach
- ✓ Encourage employees of all levels to continue their education on a regular basis
- ✓ Allow individuals and teams to challenge the status quo of the organization

ORGANIZATIONAL LEARNING THEORY: THE THREE TYPES OF LEARNING
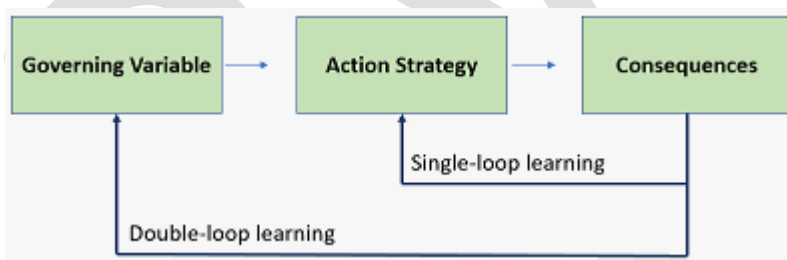
- **Single loop learning**: Consists of one feedback loop when strategy is modified in response to an unexpected result (error correction). E.g. when sales are down, marketing managers inquire into the cause, and tweak the strategy to try to bring sales back on track.
- **Double loop learning**: Learning that results in a change in theory-in-use. The values, strategies, and assumptions that govern action are changed to create a more efficient environment. In the above example, managers might rethink the entire marketing or sales process so that there will be no (or fewer) such fluctuations in the future.

- **Deuterolearning**: Learning about improving the learning system itself. This is composed of structural and behavioral components which determine how learning takes place. Essentially deuterolearning is therefore "learning how to learn."

Disciplines Practiced in Organizational Learning
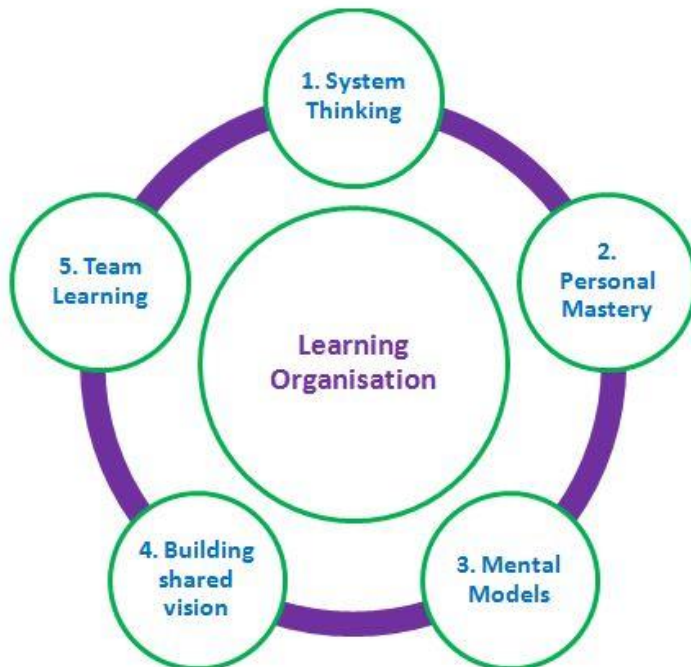
Organizational learning is the most important intervention tool for Organizational development (OD). Learning reinforcement develops people and makes them capable of solving problems. Thus, a learning organization evolves in developing the organizational capability to respond to changes.

Theoretically, learning organizations have two dimensions. The first dimension views it as a process for individual and collective learning within an organization. The second dimension, on the other hand, considers it as a specific diagnostic and evaluative tool to identify, promote, and evaluate the quality of learning processes inside organizations.

Definition and Concepts:
A learning organization learns and encourages learning among its people, promoting exchange of information, and making people adaptable to new ideas and changes through a shared vision. Going back in history, we find references to such learning organizations even in the work of the Chinese philosopher, Confucius (551-479 B.C.). Confucius believed that 'without learning, the wise become foolish; by learning, the foolish become wise '.He believed that everyone should benefit from learning.

For example, the decision support systems (DSS) are used by corporate executives to help them take decisions for the future. The benefit of DSS is that it makes implicit knowledge explicit. This makes extra knowledge available to the organization and allows the organization to learn better because explicit knowledge tends to spread faster through an organization.

LEARNING ORGANISATION - DEFINITION

Senge considers that learning organizations are those organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together.

Learning organizations:

1. Provide continuous learning opportunities
2. Use learning to reach their goals
3. Link individual performance with organizational performance
4. Foster inquiry and dialogue, making it safe for people to share openly and take risks
5. Embrace creative tension as a source of energy and renewal
6. Are continuously aware of and interact with their environment