



Monograph

on

***Management Practices & Organisational
Behaviour***

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Course Description: The main objective of this course is to help the students to acquire and develop skill to take rational decisions in the process of Organizational Behavior. People have always been regarded as important in managing organizations. This course covers the explanations about the human behavior in the organizational context. It details the impact of individual, group and organizational factors on human behavior. The course also focuses on understanding the behavior of the employees working in the organization. The approach taken in this course will expose students to psychological theories that will enable them to gain insight into behavior in organizations. The use of case studies will provide students the opportunity to apply theories to real life organizational issues and analyze the contributions and limitations of relevant theories.

Course Objectives: The objective of the course is to acquaint students develop an understanding of the basic management concepts and behavioral processes in organizations and organizational behavioral dynamics which are important to adapt in the changing corporate environment.

Introduction

This paper improves Understanding - From the knowledge of principles managers get indication on how to manage an organization. The principles enable managers to decide what should be done to accomplish given tasks and to handle situations which may arise in management. The principles guide managers in decision making and action. Take a close look at the society around you. You will find the existence of several organizations. To mention a few, the business organizations that produce goods or services, hospitals,

religious and social institutions like charities, schools, colleges and universities. All these organizations exist to achieve pre-determined objectives. They affect our lives in many ways. Though there are vast differences in their functioning and approaches, they all strive to achieve certain objectives. It must also be noted that organizations cannot achieve the objectives effortlessly. They are achieved through systematic effort. Several activities have to be performed in a cohesive way. In the absence of systematic and cohesive performance of the activities to achieve the objectives, it is no wonder that the resources of organizations would be underutilized. As such it is the function of the management to facilitate the performance of activities such that the accomplishment of the objectives becomes possible.

Meaning of Management

Management is understood in different ways by different people. Economists regard it as a factor of production. Sociologists see it as a class or group of persons while practitioners of management treat it as a process. For our understanding, management may be viewed as what a manager does in a formal organization to achieve the objectives. In the words of Mary Parker Follet management is "*the art of getting things done through people*". This definition throws light on the fact that managers achieve organizational goals by enabling others to perform rather than performing the tasks themselves. Management encompasses a wide variety of activities that no one single definition can capture all the facets of management. That is why, it is often said that there are as many definitions of management as there are authors in the field. However, the definition given by James A.F. Stoner covers all the important facets of management.

According to him:

“Management is the process of planning, organizing, leading and controlling the efforts of organization members and of using all other organizational resources to achieve stated organizational goals”.

It is evident that the emphasis is on achieving the objectives by using material, machinery, money and the services of men. These inputs are drawn from the environment in which the organization exists. Whether an organization is engaged in business or non-business, the various inputs are judiciously used to produce the outputs.

The process involving the conversion of inputs into outputs is common to all organizations and is shown in figure 1.1

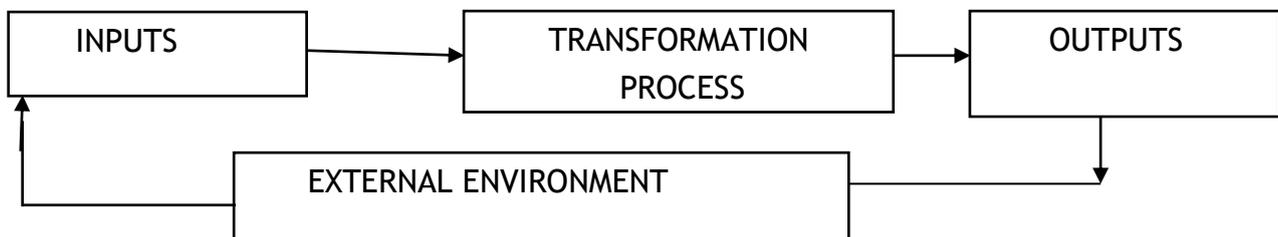


Figure 1.1: INPUT – OUTPUT MODEL

Depending on the nature of business or activity that a firm is engaged in, the output of the firm may be a physical product or service. Since a business organization is an economic entity, the justification for its existence lies in producing goods and services that satisfy the needs of the people. As could be seen in the figure, the organization draws several inputs from the environment, converts them into products or services and sends

them back to the environment. Environment here means the larger system, i.e., the society in which the firm exists. Therefore, it goes without saying that how effectively the goods and services are produced is a matter of concern for any society, given the scarcity of resources. Effective management therefore plays a crucial role in this context.

Nature of Management

The practice of management is as old as human civilization. In fact, much of the progress of mankind over the centuries may be attributed to the effective management of resources. The irrigation systems, the public utilities, the construction of various monuments like Taj Mahal, and the Egyptian Pyramids of the bygone era amply demonstrate the practice of management in the olden days. Similarly, the ancient civilizations of Mesopotamia, Greece, Rome and Indus-valley displayed the finest practices of management of those periods. However, the study of management in a systematic way as a distinct body of knowledge is only of recent origin. That is why; management is often described as “oldest of the arts and youngest of the sciences”. Thus, the practice of management is not new. It has been practiced for thousands of years. But the science part of it ‘the systematic body of knowledge’ is, no doubt, a phenomenon of the present century.

The traditional management practices remained quite stable through the centuries until the birth of industrial revolution in the mid 18th century. The industrial revolution brought about the substitution of machine power for man power through several scientific inventions. As a result, within a few decades, the landscape of industrial activity had undergone a metamorphic change. Man’s quest for new ways of doing things, coupled

with his ingenuity in adopting the scientific and technological inventions in the production of goods and services resulted in:

- Mass production in anticipation of demand;
- Advent of corporate form of organization which facilitated large scale production;
- Spectacular improvements in the transport and communication facilities;
- Increased competition for markets;
- The establishment of new employer – employee relationship; and
- A radical change in the aspirations and expectations of the various stakeholders of business.

Industrial revolution had thus sown the seeds of modern management. The early scientific enquiries into the practice of management began. Despite the growing importance of management as an academic discipline immensely contributing to the quality of human life, it is disheartening to know that the concept is still clouded by certain misconceptions. No doubt, management as an academic body of knowledge has come a long way in the last few decades. It has grown in stature and gained acceptance all over the world. Yet, it is a paradox that the term '*Management*' continues to be the most misunderstood and misused. Certain questions like whether management is a science or art or profession are yet to be answered in a satisfactory way.

Management as Science

To gain a correct perspective as to what management is, let us examine the exact

nature of management – whether it is a science or an art? An understanding, therefore, of the exact nature of science as well as art may help in understanding the discipline in a better. Any branch of knowledge to be considered a science, (like the ones we have – physics, chemistry, engineering, etc.) should fulfill the following conditions:

- the existence of a systematic body of knowledge encompassing a wide array of principles;
- principles have to be evolved on the basis of constant enquiry and examination;
- principles must explain a phenomenon by establishing cause- effect relationship;
- the principles should be amenable for verification in order to ensure accuracy and universal applicability.

Firstly, management by definition involves getting the things done through people. Compared to the other inputs, '*people*', who constitute the human resource of any organization are unique in respect of their aspirations, attitudes, perceptions and the like. Dissimilarities in the behavior pattern are so obvious that standard research may not be obtained in otherwise similar conditions.

Secondly, the behavior of the human beings cannot be accurately predicted. Hence, readymade and standard solutions cannot be prescribed.

Thirdly, management is more concerned with future which is complex and unpredictable. As the saying goes, 'many a slip between the cup and the lip', changes in the environment may affect the plans and render even the most well drawn plans ineffective.

Lastly, since a business organization exists in an environment, it has a two way interaction with the environment. The organization influences the environment by its several decisions

and in turn is influenced by the various elements of the environment. Important among these are technological, economic, socio- cultural and political factors. The whole thing is so complex that however effective the plans are, one is prone to be taken over by the unexpected changes in the environment.

Unlike the pure or exact sciences where the results are accurate in the case of management, the various factors discussed above may force even the excellent plans and the strategies go haywire. Too many complexities and uncertainties render management an *'inexact science'*

Management as an Art

Art refers to the 'know-how' – the ways of doing things to accomplish a desired result. The focus is on the skill with which the activities are performed. As the saying goes *'practice makes a man perfect'*, constant practice of the theoretical concepts (knowledge) contributes for the formation and sharpening of the skills. Therefore, what is required is the right blend of the theory and practice. In a way, the attributes of science and art are the two sides of a coin. Medicine, engineering, accountancy and the like require skills on the part of the practitioners and can only be acquired through practice. Management is no exception. As a university gold medalist in surgery may not necessarily turn out to be a good surgeon, similarly a management graduate from the best of the institutes may not necessarily be very effective in practice. In both the cases, the application of the knowledge acquired through formal education, requires ingenuity and creativity on the part of the practitioner. Correct understanding of the variables of the situation calls for pragmatism and resourcefulness.

Management as a Profession

These are the days where we hear a lot about professional managers and their contribution to the economic development of the nation. Therefore, it is appropriate to know whether management is a profession. A closer examination of management as a profession reveals that unlike medicine or law, management has to go a long way to attain universally acceptable norms of behaviour. There is no uniform code of conduct that governs the behaviour of managers. In the case of other professions, it is implied that managers are expected to set an example in doing good to the society. While making decisions, they should be conscious of the impact of their decisions on the society. The larger interests of the society must be given top priority rather than short-term temptations. After all, given the enormous resources they have at their command, the expectation that managers should address themselves to the problems of society is not unnatural.

In spite of the growing number of management institutes and the large number of people trained in the management, it is an irony that we still hear the debate - "*whether managers are born or made*". The successes achieved by a few visionaries and great entrepreneurs are often sighted in support of the argument. It is true that many founding fathers of the industry in India and elsewhere too did not study management in the formal way. The native wisdom coupled with their vision in understanding the market and organizing the enterprises helped them earn name and fame. Huge industrial empires were built with sheer business acumen and commonsense. The Marwaris and Parsees in the north and Chettiars, and Naidus in the south India, the Jews in the west and the Samurai community in Japan, for instance, offer a classic example of such success stories. The

successes achieved by the pioneers in these cases amply demonstrate that success in business requires much more than academic degrees.

At the same time, it may be realized that the achievements of the pioneers of the industrial development need not shadow the importance of management as a profession. In arguing for and against, we must not ignore the context of the business. There has been a sea change in the environment of the business. The modern business has become more complex due to the uncertainties arising mainly from:

- Ever increasing competition for the markets not only domestic but international as well;
- Rapid technological changes affecting all facets of human life;
- Increased sophistication and rapid obsolescence of technology;
- Expansion in the size of organizations and consequently the market,
- The unexpected changes in the socio-cultural and political factors influencing the business.

Professionalization of Management in India

In the last few years, management as a profession has gained a firm footing in India. The awareness about the contributions of professional managers has been increasing. Consequently, there has been a manifold increase in the number of institutes offering MBA and related diploma courses resulting in a phenomenal increase in the number of students seeking admission into the management programs. Interestingly, the awareness of the society of the importance of professional education for the management of various sectors also is growing. For example, the specialized programs to cater to the specific needs of the sectors like Hotel and Tourism Industry, Transport, Health care, Foreign trade, etc.

The following factors are, among others; seem to be responsible for the growing demand for professional managers:

- The liberalization of the Indian economy opened up new vistas for the Indian organizations. As a consequence, competition has increased in all the sectors of the economy, forcing the firms to be efficient;
- Private industrial houses which were indifferent before, have fully realized the need for professional managers. While the promoters in many cases still reserve the policy formulation for themselves, the day-to-day managerial activities are entrusted to the professional managers. The Murugappa Group's infusion of professional managers, rather than family-based experts, into the top posts is case in point.
- Public sector undertakings are also, of late, forced to perform, if the number of Memorandum of Understandings (MOUs) signed by the managements of PSUs and the concerned ministries of the Government is any indication. As a result, qualified managers are sought after by PSUs than ever before.
- Apart from the manufacturing concerns, public utilities like transport, telecommunications, and a host of service organizations like banking, insurance, tourism and healthcare are recruiting professional managers in a big way than ever before. The campus visits by scheduled banks [in both private and public sector] stand as a testimony to what is in offing to the demand for professional managers.

Functions of Management

Among the various approaches to the study of management, the process approach has gained wider acceptance. It is because this approach lays emphasis on what a manager does. A manager no matter his level in the organization performs several functions. There is no consensus among the management thinkers on the classification of management functions. The number of functions as well as the terminology used to describe them is not alike. Henry Fayol identifies five functions, viz., planning, organizing, commanding, co-coordinating and controlling. Newman and Summer recognize only four functions, namely – planning, organizing, staffing, and directing. Koontz and O'Donnel classify the functions into planning, organizing, staffing, directing, and controlling. For the purpose of our study, we shall confine the discussion to the following five functions of management – planning, organizing, staffing, directing and controlling.

Planning

Planning in simple is looking ahead. It is preparing for the future. It involves outlining a future course of action. Planning makes the things to happen. Therefore, it is needless to say that in the absence of planning, things are left to chance. Planning is unique in that it precedes all the other managerial functions. It involves deciding the objectives and formulating the policies and procedures to achieve them. Effective planning provides answers to questions like – what to do? How to do? Who is to do? and when to do?

Planning is a function performed by managers at all levels. Though every manager plans, the plans developed by different managers may vary in respect of scope and importance. For example, plans made by top managers have a wider scope with a focus on the organization as a whole and normally cover a longer period. On the other hand, plans

developed by middle and lower level managers relate to the divisions or departments and usually cover a short period. Systematic planning helps in facing the uncertainties of future with less embarrassment. It helps in making things happen in the expected way.

Organizing

Organizations achieve objectives by using physical and human resources. When people work in groups, everyone in the group should know what he/she is expected to achieve and with what resources. In other words, organizing involves establishing authority - responsibility relationships among people working in groups and creating a structural framework. Thus, the manager's task in organizing aims at creating a structure that facilitates the achievement of goals. Organizing therefore involves:

- determination of activities required to achieve goals
- grouping of these activities into departments;
- assignment of such groups of activities to a manager;
- delegation of authority to carry them out; and
- provision for coordination horizontally and vertically in the organization.

The managerial function of organizing involves designing the structure and establishing functional and operational relationships. The resulting structure varies with the task. A large organization with huge market needs a different structure compared to a small organization. Similarly, structure of an organization operating in a stable environment may be different from the one operating in a dynamic environment.

Staffing

Organising process results in the creation of a structure with various positions.

Staffing involves manning the various positions of the organisation. It includes manpower planning, recruitment and selection of the right people, training and developing them, deciding financial compensation, appraising their performance periodically. There is a debate whether staffing function is to be performed by all managers in the organisation or handled by human resources department alone. However, some processes of staffing are performed by personnel department only. For example recruitment and selection, training, fixation of salary, etc. Performance appraisal, on the other hand, may be done by all managers.

Directing

Once plans are made and the organisation is created, the focus shifts to the achievement of objectives. This function is called by various names: directing, leading, motivating, actuating and so on. It basically involves directing or leading the activities of the people. The manager directs the activities of his subordinates by explaining what they have to do and by helping them perform it to the best of their ability. In leading the people, the manager performs the following three distinct tasks:

Communication: the process of information flow from one person to another and across the organization;

Leadership: the process by which a manager guides and Influences the work of his subordinates; and

Motivation: the act of stimulating the people so that they give their best to the organisation.

Controlling

Planning and controlling – the two functions are closely interrelated in that while plans specify the objectives to be achieved, control as a managerial function facilitates to

know whether the actual performance is in conformity with the planned one. So that, in the event of deviations, appropriate corrective measures could be taken. In the absence of adequate control mechanism, unexpected changes in the environment may push the organisation off the track. Thus, controlling implies measuring and correcting the activities to ensure that events conform to plans. That is why planning and controlling are often described as the 'Siamese' twins of management. It involves four main elements:

- Establishing standards of performance;
- Measuring the actual performance and comparing it against the standard performance;
- Detecting deviations, if any, in order to make corrections before it is too late;

and

- Taking appropriate corrective measures.

Levels of Management

The three levels of management that are commonly found in any organisation are lower or front-line, middle and top management.

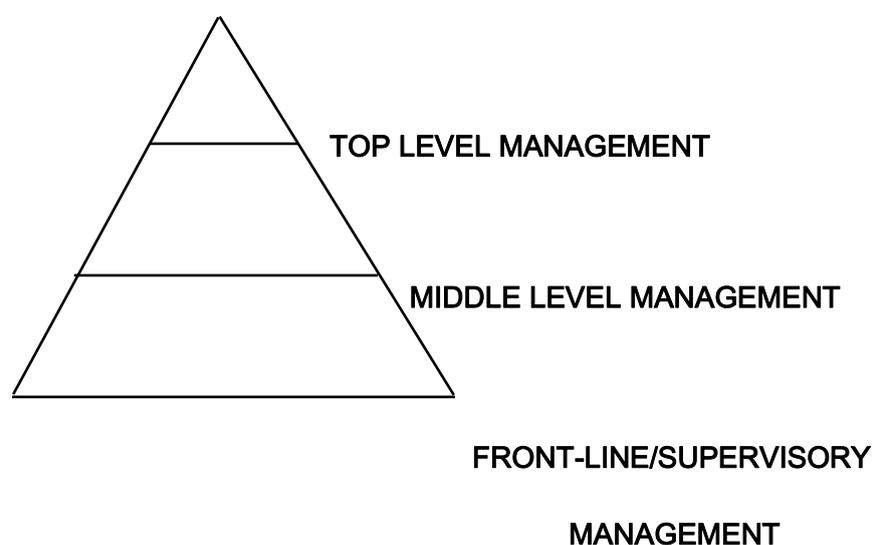


Figure 2.1: Levels of Management

Front-Line or Supervisory Management

This is the lowest level in the hierarchy of management. Usually the jobs at this level are the entry level positions into management profession. Managers at this level direct the operating employees (workers). They are close to the action for their job involves supervising the activities of operatives. Front-Line managers in the production department are called foreman, supervisor, superintendent, inspector and so on. For instance, in a manufacturing concern, in marketing, finance and others departments, they are called management trainees or junior executives. Similarly, in a government office, the term superintendent or section officer is preferred.

Middle level Management

Middle management level includes in many organizations more than one level. Managers who work at levels between the lower and top levels constitute the middle management. Departmental heads, Regional managers, Zonal managers and so on fall in this category. They report to top managers.

Top level Management

Top management constitutes the highest level in the management hierarchy. This is the policy making level in any organization. This level consists of a small group of executives. Board of Directors, Chairman, Managing Director and the top functional heads such as COO, CIO, and such other C-suite managers, and divisional managers comprise this level. Top managers are responsible for the overall management of the

organization. They decide the enterprise objectives, policies and strategies to be pursued to achieve the objectives.

Managerial Skills

Management job is different from other jobs. It requires elements of stewardship and commitment to the purpose. It involves the obligation to make prudent use of human and material resources. It requires sound judgment to handle complex situations. Therefore, each higher level requires increased knowledge, broader perspective and greater skills.

For the purpose of analysis, skills required of a manager are classified under three heads – *technical*, *human* (employee relations skill) and conceptual skills as shown in Figure 2.2.

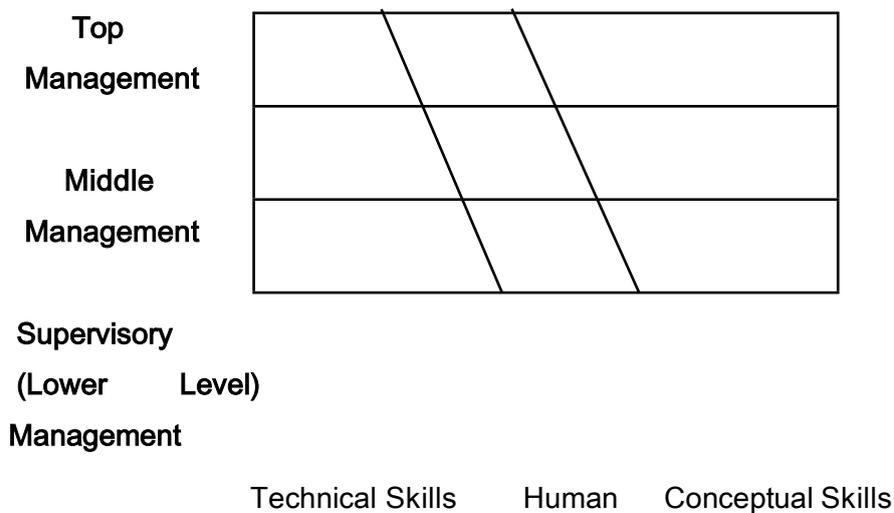


Figure 2.2: Management Levels and Skills

Planning

Planning is an important managerial function in that there is no choice between planning and no planning. The choice is only in regard to the method and techniques used to plan. It is anybody’s knowledge that we plan many things in our day to day lives. We plan to go on a holiday trip, plan our careers, and plan our investments and so on.

Organizations are no exception. Lot of planning is done by managers at all levels. Planning is the basic process by which we use to select our goals and determine the means to achieve them. Lot of information has to be gathered and processed before a plan is formulated. In other words, a plan is like a jigsaw puzzle. All the pieces have to be put together properly, so that they make sense. Planning is necessarily forward looking. It is looking into the future. It bridges the gap between where we are and where we want to go. It involves visualizing a future course of action and putting it in a logical way. Let us look at the following observations about planning.

- “Failure to plan is planning to fail”.
- “Planning is outlining a future course of action in order to achieve objectives”.
- “Planning is looking ahead”.
- “Planning is getting ready to do something tomorrow”
- “Plan is a trap laid down to capture the future”.

Purpose of Planning

It is no exaggeration that in the absence of planning events are left to chance. In such a case, you as a manager are depending on luck. You may, as a result, in all probability end up in frustration. Organizations often fail not because of lack of resources, but because of poor planning. Whatever the resources you have, in the absences of systematic planning, the resources may not help you in achieving the objectives.

Plans make the things happen

Effective managers anticipate future and prepare themselves to meet the challenges of the future. They are rather pro-active. They influence the outcome of the events in a significant way. In any modern business, the interests of many people are involved. The shareholders, employees, creditors, consumers and the Government are the major interest groups in any organization. Further, the interests and expectations of all these groups are varied and at times are in conflict. That apart, they constantly change in a dynamic business environment. In the light of the uncertainties involved in the environment, your job, as a manager, is to foresee the future and predict the consequences of actions. In other words, you have to look down the road into future and prepare yourself to meet the uncertainties ahead. A well thought out plan solves many of the problems associated with the future.

Why plans fail?

Effective planning is not an easy task. There are a number of reasons for failure of plans in practice. Planning suffers from the following limitations.

1. Cost and time

Planning is quite a costly and time consuming process. Unlimited amount of time is spent on forecasting, evaluating alternatives etc. By the time a plan is established, the environment might change and this requires a complete revision of the plan. Besides this, cost also increases.

2. Validity of the forecasts

Planning is future oriented activity based on forecasts. As the period of planning increases, the accuracy of forecasting diminishes. Planning loses its value if reliable and adequate data is not available.

3. Inflexibility

Planning becomes rigid at times because of internal inflexibilities. This reduces individual initiative and causes delay in decision making. Internal inflexibilities like rigid policies and procedures and limited resources affect planning process.

4. Influence of External Factors

External factors beyond the control of an organization affect the effectiveness of planning. These are very difficult to predict and make execution of plans very difficult. External factors like government control, technological changes and trade unions affect the planning process.

5. Resistance to change

Another important limitation of planning is resistance to change. The human element in an organization always resists change. People are more concerned about the present rather than the future which is uncertain. Planning being forward looking is always affected by this resistance to change.

Management by Objective

Management guru Peter Drucker is credited with being the first to introduce Management by Objectives (MBO) as an approach for increasing organizational effectiveness. He observes that every manager, from the highest to the lowest levels in the organisation, should have clear objectives to pursue. According to him, such a process would enable each manager to have a clear understanding of what the organisation expects of him or her and how their individual objectives are integrated with the overall organizational objectives. George Odiorne has done substantial research work on MBO and further popularized the concept.

To quote George Odiorne, *"MBO is a process whereby the superior and subordinate*

managers of an organisation jointly identify the common goals, define each individual's major areas of responsibility in terms of the results expected of him, and use these resources as guides for operating the unit and assessing the contribution of each of its members".

1. **Objectives have hierarchy** in that objectives which have wider scope and are relevant for the whole organisation are known as enterprise objectives. These objectives are split into unit level or departmental objectives. Thus, objectives at all levels in the organisation are interrelated and form a network.

2. **Short-term and Long-term Objectives:** Short-term objectives are those which are sought to be achieved by the organisation in the immediate future, while long-term objectives are those which are aimed to be achieved over a longer period, say five to ten years or even more. However, both are not mutually exclusive and are interrelated.

3. **Objectives sometimes may be in conflict with each other** as the goals of the various departments at times may clash. Each department considers that its goals are more important. For example, the production goal of low unit cost achievable through mass production may be in conflict with the sales goal of offering high quality goods. Such conflicts have to be resolved amicably.

Process of MBO

Having understood the basic characteristics of the objectives, let us examine the process of MBO. As a process, management by objectives begins at the top of the organisation with the establishment of specific organizational objectives. Subsequently, objectives at various levels down the hierarchy are decided by mutual discussions and consultations by both superiors and subordinates.

The process of MBO includes the following steps:

- establishment of goals for the whole organisation,
- preparation by subordinates, of specific goals within the framework provided by the superior,
- joint discussion of an agreement upon the goals by the superior and subordinate,
- joint review of progress at regular intervals in the light of the predetermined goals, and
- corrective measures, if necessary, as revealed by the review.

Advantages of MBO

An organization can benefit in the following ways by implementing MBO.

- Accomplishes consistency in objectives as each department's objectives are consistent with the organizational objectives, the possibility for the various departments working at cross purposes is very less.
- Contributes for effective management by providing lot of clarity in the objectives and the organisation that is necessary to achieve them;
- Forces the management to plan the activities in a systematic way.
- Facilitates objective performance appraisal. As the goals themselves become the standards against which the actual performance is measured, MBO system itself acts as an effective performance appraisal tool.
- Contributes for the installation of a democratic and participative setup essential for the success of an organisation in a complex business environment of today. The interaction that takes place between the superiors and subordinates is a good sign of human resource development in the organisation.

Organizing:

The managerial function organizing may be understood as “defining and grouping the activities of the enterprise and establishing authority, responsibility and relationships among them”. It results in the creation of a structure most appropriate for the organization’s objectives and other internal and external factors. The best structure is the one that enables the organization to interact effectively with its environment, to efficiently channelize the efforts of its people, to make efficient use of its resources. Thus, while planning specifies the objectives, organizing facilitates the accomplishment of objectives.

Steps in Organizing Process

Organizing is a multi-step process consisting of the following:

- Detailing all the work that must be done to attain the objectives; (identification of tasks involved);
- Dividing the total work into activities that can logically and comfortably be performed by one person or by a group of persons; (differentiation);
- Grouping the related tasks in a logical manner (departmentation);
- Setting up a mechanism to coordinate the work of members into a unified whole by establishing authority– responsibility relationships, (delegation and decentralization of authority); and
- Monitoring effectiveness of the organization and making adjustments to maintain or increase its effectiveness.

The various steps in organizing process results in a structure that facilitates the

performance of tasks in a cohesive way. The resulting structure, however, is not a static form, like the structure of a building. Since structure is based on plans, major revision of plans may necessitate a corresponding modification of structure. As such, organizing and reorganizing are ongoing processes. Successful organizations continuously assess the appropriateness of their structure and change it in accordance with the dictates of the environment. It is anybody's knowledge that many Indian companies are restructuring their activities to meet the new challenges in the present liberalization era. Organization structures are modified periodically in response to the environmental demands. Management expert Tom Peters estimates that about 50 percent of organization problems arise from inappropriate organization structure. Because adaptation is a key to competitive survival, the 'right' structure for an organization is determined by numerous factors. For this reason, selecting an organization structure might best be described as an evolutionary, trial-and-error process.

Perception and Learning

Perception is how people look at and understand the things. It is a unique interpretation of the situation rather than recoding of it. Perception is a complex cognitive process of understanding the world, sometimes not in its real form. Perception is a learning process and hence it differs from person to person. As a result, the same stimuli may produce different behaviours and responses. In managing the organizations, particularly in dealing with the people, managers should be able to understand the perceptions of the people. It is in this context, an attempt is made here to explain the perceptual process, factors influencing perceptions and managing the perceptions to the advantage of the organization.

Perceptual Process

Perception is the process by which people select, organize, interpret and respond to information from the world around them. This information is obtained through the senses namely, seeing, hearing, touch, taste and smell.

Perception may be defined as the process of receiving, selecting, organizing, interpreting, checking, and reacting to sensations. It is also defined as *'a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environments.'* The perceptual processes show that their functioning is affected by three variables – the objects perceived, the environment in which perception occurs, and the individual perceiving the objects.

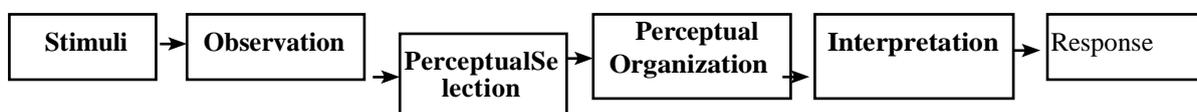


Figure 14.1: The Perceptual Process

In the above diagram, you may find that the important aspects of perception are selection and organization. Different people perceive an object differently both in terms of what they selectively perceive and how they organize and interpret the things perceived. A person's selection process involves factors internal to the person as well as external to him. It is, in fact, a complex set of factors that determine the perception of an individual.

Similarly, an individual organizes the selected stimuli into meaningful patterns. The

interpretation of what is perceived may vary widely. For example, a wave of hand may be interpreted as a friendly gesture or it may be interpreted as a sign of threatening depending on the circumstances and the state of mind of the two people. Therefore, quite often the people perceive things differently and behave on the basis of those perceptions. Managers in organizations should understand that people's perceptions differ and at times they also go wrong.

Personality

It cannot be disputed that personality has a significant impact on what and how people perceive. The various personality dimensions influence the perceptual process. A conscientious person is likely to pay greater attention to external environmental stimuli than a less conscientious person who is likely to be careless, impulsive and irresponsible. On the other hand, conscientious people tend to organize their perceptions into clear categories, receive information quickly and in an organized manner. They are careful and methodical in their perceptual selection and organization.

Learning

Perceptual selection is also affected by learning. Learning determines the development of perceptual sets. Perceptual set means the expectation of particular interpretation based on past experience with the same object. This is also known as cognitive awareness by which the minds organizes information and form images and compare them with previous exposures to similar stimuli. In organizations employees' experiences are influenced by their perception very much. In making decisions, managers are also influenced by their functional background. However, it is necessary for managers to rise above their own experiences and be able to solve the problems in

an appropriate way. Individual differences lead to perceptual bias. This bias can be overcome through education and experience.

Motivation

Motivation also plays an important role in influencing the process of perception. For example, a hungry person is likely to be sensitive to the sight or smell of food than a non hungry person. Likewise if the person is deprived of sleep, he looks for a situation in which he can have a comfortable sleep. Generally, people perceive things that help in satisfying needs and those that were found rewarding in the past. The relationship between motivation and perception is explained through Collenyannia Principle which states that people process pleasant events more efficiently and accurately than the unpleasant events.

Learning

Now, let us understand the term 'learning' and the various processes of learning. Learning is any relatively permanent change in behaviour that occurs as a result of experience. There are two important elements in learning:

- a. Change must be relatively permanent. It means after 'learning' the behaviour of a person must be different from the previous behaviour. If a person learns car driving, it will last for a long time indicating the changed behaviour. Temporary changes may be only reflexive and fail to represent any learning. Therefore, this requirement rules out behavioural changes caused by fatigue or other temporary adaptations.
- b. The second element is that the change of behaviour should take place as a result of some kind of experience. Learning must be because of some interaction with the environment and some feedback from such environment that affects behaviour. The

experience may be direct or indirect. Sometimes we learn to change our behaviour when our colleagues are punished for that kind of behaviour.

The behavioural changes consequent upon learning only can be seen. This kind of change in behaviour should be differentiated from change in behaviour caused by other factors. For example, aging may cause behavioural changes. A change in the individual's thought process or attitudes, if accompanied by no change in behaviour, would not be learning. Learning certainly has its own impact on training activities in an organization. It can give insights into how to best develop the skills and talents of employees for performing the jobs effectively. But it is the desire to change individuals that is of the greatest importance. The manager who undertakes to produce such changes acts like a teacher. He guides the employees to engage in behaviours that will help the organization achieve its objectives. When the employees are late for work, lazy, disobey the rules or engage in any type of dysfunctional behaviour, the manager attempts to teach behaviours of functional nature. Further, if the employee is performing well, he gives the employee feedback and also rewards to strengthen such desirable behaviour. You may understand that individuals enter an organization with a host of learned attitudes and behaviours. Their job performance is a function of their learned experiences. Learning is a continuous experience for employees. It is because of learning, employers recruit people with college degrees or those with job experience. The employer presumes that not only education or experience provides learning, but that learning will lead to higher job performance.

Meaning and Definition of Personality

Personality is a complex phenomenon and difficult to understand. There is no single universally acceptable definition. Personality refers to the personal characteristics that lead to consistent patterns of behaviour. It represents the overall profile or combination of stable characteristics that capture the unique nature of a person. Personality combines a set of physical and mental characteristics that reflect how a person looks, thinks, acts and feels. It has both internal and external elements. External traits are observable behaviours on the basis of which we can understand one's personality. The internal factors are thoughts, values and genetic characteristics that are inferred from the observable behaviours. According to Hogan, *personality refers to the relatively stable pattern of behaviours and consistent internal states that explain a person's behavioural tendencies.*

We can understand from the above definition that people have some traits in common with others and some uncommon with them. Each employee in an organization is unique and he may or may not act similarly in a similar situation. Therefore, managers cannot use the same kind of rewards or motivation techniques to influence employee's behaviour. The above definition does not mean that people do not ever change. It simply indicates that individuals do not change drastically overnight and their thoughts, feelings, values, and actions remain relatively stable over time. Personality changes in individuals occur slowly over an extended period of time. However, an understanding of personality dimensions would enable managers to predict the behaviour of employees and manage them effectively.

Determinants of Personality

Having understood the concept of personality, now we can move further to know how an individual's personality is determined? Is it inherited (genetically determined) or is it formed

after years of experience? There are no simple answers to these questions. In fact, several factors influence the shaping of our personality. Primarily, there are two sources contributing for personality differences. They are

- i. heredity
- and
- ii. environment.

Environment has several factors within it like culture, family background, life experiences and the groups we interact with. The following diagram shows how personality is shaped by these factors.

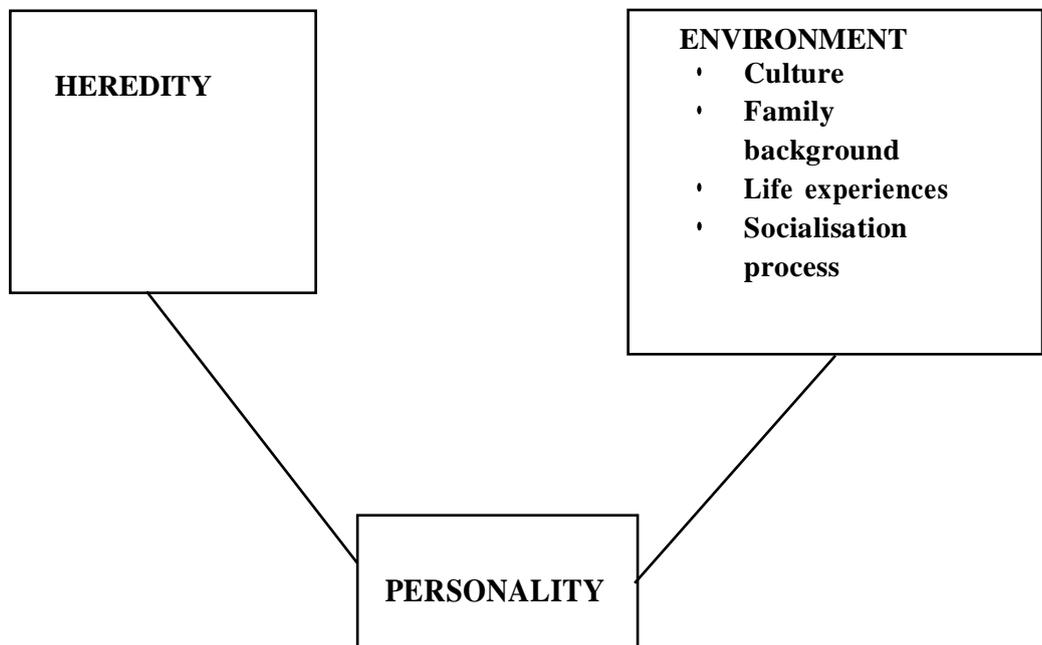


Figure 15.1: Determinants of Personality

Motivation is an effective instrument in the hands of a manager for inspiring the workforce and creating a confidence in doing things effectively. By motivating the workforce, management creates '*will to work*' which is necessary for the achievement of organisational goals. Motivation involves getting the members of the group to perform effectively, to give their loyalty to the group and to carry out properly the purpose of the organisation. The following results may be expected if the employees are properly motivated:

- The employees will cooperate voluntarily with the management and will contribute their maximum towards the goals of the enterprise.
- They will improve the skills and knowledge so that they are able to contribute to the growth of the organisation. This will also result in increased productivity.
- The rates of labour turnover and absenteeism among the workers will be low.
- There will be good human relations in the organisation as friction among the workers and the management will decrease.
- The number of complaints and grievances will come down. Accident rate will also be low.
- Contributes for the improvements in quality of products. Better quality of products will increase the public image of the business.

The word 'motivation' has been derived from the word 'motive' which means any idea, need or emotion that prompts a man into action. Whatever may be the behaviour of a man, there is some stimulus behind it. Stimulus is dependent upon the motive of the person concerned. Motive can be known by studying his needs and desires. Generally, different motives operate at different times among different people and influence their behaviour. The management should try to understand the motives of individuals which

cause different types of behaviour.

Dubin has defined motivation as **“the complex of forces starting and keeping a person at work in an organisation. Motivation is something that moves the person to action, and continues him in the course of action already initiated”**. Motivation refers to the way a person is enthused at work to intensify his desire and willingness to use his energy for the achievement of organisational objectives.

According to Dalton E.McFarland, **“Motivation refers to the way in which urges, drives, aspirations, striving or needs direct, control or explain the behaviour of human beings”**. Motivation has close relationship with the behaviour of human beings. It explains how and why human behaviour is caused. Thus, motivation is a term which applies to the entire class of urges, drives, desires, needs and similar forces.

Motivational Sources

Having understood the concept of motivation, now let us understand the various sources of motivation. You may note that motivation may sometimes come from external environment in the form of rewards or punishments and sometimes it is generated from within an employee in the form of intrinsic motivation. It may be recognized that under the same set of external factors, all employees are not equally motivated. It depends upon various factors which you can understand when you go through the different motivational theories. The motivational sources are explained below.

Positive vs. Negative Motivation

Motivation may be either positive or negative. *Positive motivation* takes place when management recognizes the employee's efforts towards the achievement of organizational

goals. It is positive because, this kind of motivation increases the level of performance, promotes team spirit, a sense of cooperation and generates a feeling of belongingness and happiness. The positive motivational factors are:

- Praise and reward for good performance.
- Concern for the well being of an employee.
- Confidence reposed in the employee.
- Delegation of authority
- Scope of participation given in the decision making.

Negative motivation, on the other hand, results from the use of force, pressure, fear or threat. You may note that fear of punishment also affects motivation and thereby the behaviour of a person. In the organizations, negative motivation may come from the fear of being transferred, demoted or removed. This fear of punishment prompts the person to work hard and achieve the goals. It may, however, be realized that negative motivation is not desirable because employees do not like to be punished. Hence, it is desirable to motivate the employees by positive means.

Extrinsic Vs. Intrinsic Motivation

Motivation may be either extrinsic or intrinsic. *Extrinsic motivation* is induced by external factors primarily financial rewards. It is expected that the behaviour caused by positive rewards is likely to be repeated. But the reward should be sufficiently powerful for desirable behaviour to be repeated. Money acts as a significant incentive for positive

behaviour of employees. Realizing the value of financial incentives as motivators, managements now-a-days make use of wage increments, bonus payment, fringe benefits, stock options, profit sharing schemes, paid holidays, medical benefits, etc. for motivating the employees.

Intrinsic motivation is something that is generated within an individual. It is an inner feeling. It may be a sense of achievement or recognition leading to satisfaction that motivates the employee further. Since this kind of motivation comes from within, it is called intrinsic motivation. There are many retired doctors who work free in the hospitals because it gives them a sense of accomplishment and satisfaction. Some of the intrinsic motivators include praise, status, recognition, esteem, challenge, risk and responsibility in job.

Organizational Culture

Organizational culture is the set of assumptions, beliefs, values and norms that are shared by the members of an organization. It may be consciously created by its key members, or it may have simply evolved over time. It represents a key element of the work environment in which employees perform their jobs. A culture may exist across an entire organization, or it may refer to the environment within a single division, branch, plant, or department. The idea of organizational culture is somewhat intangible, for we cannot see it or touch it, but it is present and pervasive. Like the air in a room, it surrounds and affects everything that happens in an organization. Because it is a dynamic systems concept, culture is also affected by almost everything that occurs within an organization. They give an organizational identity to employees – a defining vision of what the organization represents. They are also an important source of stability and continuity to the organization which provides a sense of security to its members.

Values

At the outset, let us examine a few definitions of values. According to Rokeach “values represent basic conviction that a specific mode of conduct or end state of existence is personally or socially preferable to an opposite or converse mode of conduct or end state of existence”. Chakravarti defines values as “the manner in which an individual tends to make judgements or choices, both about goals and means, at different stages of one’s life, in different facets of it, as are deemed to lead to the well being and happiness of oneself and society”.

From the above, we understand that values are learnt from the society and hence are acceptable to the society as preferred ‘modes of conduct’ or ‘end states’. Values are stable and long-lasting beliefs about what is important in a variety of situations. They are evaluative standards that help us distinguish between right and wrong or good and bad in the world. Values do not represent what we need but they indicate what we ought to do to achieve the need in a socially desirable way. Some people value practicality while others value aesthetics. Some people value frugality while others value generosity. Values influence our priorities, preferences and our actions. Value systems represent prioritizing of individual value in relation to their relative importance. We all have a set of values that form a value system. This system is identified by the relative importance assigned to such values as pleasure, self-respect, honesty, freedom, equality, and so on. Consequently, values of an individual influence his attitudes and also his behaviour.

Importance of Values

In the organisational context, values are important because they influence

employee conduct and behaviour. They play a vital role in behavioural disposition and the decision making behaviour of an individual. Now-a-days, employees resent the traditional command-and- control supervision and expect a lot of autonomy and operational freedom. Organizational ethics is becoming important in view of the manipulations and malpractices indulged in at various levels in the organization. It has something to do with the values of that organization. Values influence behaviour of an employee in several ways. If an employee feels that payment of wages on the basis of performance is right, he / she cannot accept payment of wages on the basis of seniority, he becomes indifferent to such a system followed in the organization. Therefore, the values of individuals need to be studied, so that employees' values could be matched with that of the organization.

Attitudes and their Formation

Having understood the values, let us try to understand the attitudes and their formation. You should recognize that attitudes are evaluative statements- favorable or unfavorable- concerning objects, people, or events. They indicate how one feels about something. When you say "*I like my job,*" or "*I hate telling lies*" they represent your attitudes. Attitudes are different from values. Values could be a little broader in concept while attitudes are more specific. Values indicate the rightness or desirability of something. For example, a statement like "*gender discrimination is bad*" reflects the values one stands for. On the other hand, a statement "*I prefer women to be given an equal place with men in recruitment*" represents the attitude of a person. Attitudes are learned predispositions towards various aspects of our environment and behaviour of people. Both are learned and acquired from the same sources – people and objects. Both are relatively permanent and resistant to

change. Both values and attitudes influence each other and are used interchangeably. Hence, values people hold can explain their attitudes and, in many cases, the behaviours they engage in. However, we cannot determine which values underlie which attitudes and behaviours.

Sources of Attitudes

As already explained, attitudes, like values, are acquired from the environment - parents, teachers, friends, and colleagues. It may be noted that they are only acquired but not inherited. We begin modeling our attitudes after those we admire and respect. We observe the way family members and friends behave and we shape our attitudes and behavior to align with theirs. You tend to imitate the attitudes of famous persons or those you admire and respect. Attitudes may also be developed from a personally rewarding or punishing experience with an object or event. If employees are rewarded for being regular in an organization, you are likely to believe that you will also be rewarded if you are regular.

In contrast to values, attitudes are less stable. That is why advertising messages attempt to change your attitudes toward a certain product or service. If Maruti Company is able to create a favorable opinion towards their car, that attitude may lead to a desirable behavior i.e., the purchase of Maruti car. Therefore, sound understanding of attitudes is important for managers because they affect job behavior. Manager's knowledge can serve two purposes. Firstly, it helps him in understanding and predicting how a person is likely to behave. Secondly, it helps him in changing unfavorable attitudes into favorable attitudes.

Implications of Attitudes

Attitudes and Productivity

The attitude-productivity relationship is not very clear. Bradfield and Crockett in 1955 made an extensive study of this relationship and concluded that there was minimal or no relationship between attitudes and performance. However, two years later, Herzberg and his associates concluded from the review of studies that there was generally a positive relationship between attitudes and productivity. However, they noted that in many cases the correlations, although positive were low. Similarly, a review in 1964 of twenty-three separate studies revealed that, except in three cases, there was a low but positive relationship between satisfaction and performance. It is clear that the studies on the relationship between attitudes and productivity give rise to mixed findings.

Stress

People often think of stress in negative terms and believe that it is caused by something bad in the environment. For example, a family member becomes ill, a student fails to get admission into the desired course or an employee is scolded by his superior for late coming. All this is a form of stress. However, there is a positive side of stress caused by good things like a student securing admission into medicine or an employee getting promoted as a manager. This is called *eustress*. The Greek word **eu** means good. Therefore, at work places employees may experience bad stress as a result of demotion or good stress caused by increased job responsibility and time pressure that go with a promotion. In fact, there are numerous definitions of job stress. Ivancevich and Matteson define stress simply as *"the interaction of the individual with the environment"*. They give a more detailed definition of stress as *"an adaptive response, motivated by individual differences and/or psychological processes that are a consequence of any external (environmental) action, situation, or event that places excessive psychological and/or physical demands on a person"*.

Beehr and Newman define job stress as “*a condition arising from the interaction of people and their jobs and characterized by changes within people that cause them to deviate from their normal functioning*”. As such, stress is an adaptive response to a situation that is challenging or threatening to the person. It may be noted that stress is a person’s reaction to a situation but not the situation itself.

Communication

Communication is perhaps as old as the human civilization. Its origin can be traced to the growth of the human society. In the primitive stage of human society, man satisfied his wants which were limited to the basic needs of food, clothing and shelter by his own efforts. Life was isolated and there was little communication. But while man hunted for food, he too was hunted by wild animals. He lived in constant danger. The common need of protection led to group life. Communication was in the form of codes, indications, signals and expressions. As group life developed and wants continued to increase, forms of expressing ideas in languages developed. Science entered the field and means of oral communication developed. In the present day world of mass production, involving large number of personnel, communication is the vital need at every step in industrial and commercial activities.

Definition of Communication

The term “*communication*” is freely used by everyone. It is one of the most frequently discussed subjects in the field of organisational behaviour. According to Louis Allen, *Communication* is the sum of all things, a person does when he wants to create an understanding in the mind of another. It involves a systematic and continuous process of

telling, listening and understanding. According to Keith Davis, "It is the process of passing information and understanding from one person to another. It is essentially a bridge of meaning between people. By using this bridge of meaning, a person can safely cross the river of misunderstanding that separates all people".

Thus, in reality communication is the sum total of direct or indirect, consciously or unconsciously transmitted words, attitudes, feelings, actions, gestures and tones. Even silence is an effective form of communication. A twist in the face is often more expressive than a 100 words put together. Tone very often than not, conveys the meaning of the words uttered.

Importance of Communication

Civilization will cease without communication. Over the years, the importance of communication has increased tremendously thanks to the advent of various modern devices. The following points bring out the importance of communication in management.

1. Smooth Running of the Enterprise

Effective communication ensures the smooth running of an enterprise. Communication plays a vital role in all kinds of organisations. In the case of complex organisations, effective communication solves lot of problems. The work of the subordinates depends to a large extent upon the communication they receive from their superiors. Similarly, successful completion of the task by the superior depends upon the nature and flow of communication from the subordinates to the superiors.

2. Quick Decisions and Implementation

Communication greatly facilitates decision making. However intelligent the personnel may be, it would be of no use, if the top management cannot effectively communicate policies and decisions to them. Effective implementation of decisions depends upon the nature of communication. It is said that communication acts as a lubricant and keeps all the individuals working in line with the expectations of top management.

3. Planning and co-ordination

Communication greatly helps in planning and co-ordination. Participation in planning is essential in order to successfully execute it and this is secured by communication. Similarly, co-ordination between various individuals and activities is brought out by communication.

4. Maximum Productivity

Maximum output with minimum input is the aim of all managers; this can be achieved by effective communication. Communication helps in minimizing costs and friction and maximizing production.

5. Morale Building and Democratic Management

When there is an effective system of communication, employees will have the opportunity to present their ideas, suggestions and complaints. If the grievances are not set right at the early stage, they will ultimately result in industrial unrest. It is pointed out that many conflicts arise because of lack of communication or mis-understood motives. Democratic management is possible only when there is an effective communication system.

Group Dynamics

The behavior of people as an individual and as a member of a group widely differs. It may be noted that modern organizations are made up of people and obviously any organization is as good as its people. It is also true that individuals in an organization do not work in isolation. Much of the work in organization is done by groups of people. Therefore, it is important for a manager to understand how groups are formed in the organization and the performance and expectations of the members of various groups.

Research has well established that people in organizations form into groups in order to fulfill their social needs. Hawthorne experiments conducted by Elton Mayo and his team established that people at the work place behave as members of a group and the membership shapes their work behavior and attitudes towards organizations. *The social process by which people interact with one another in groups is called group dynamics.* Group dynamic focuses on team work where small groups contact with each other and share common ideas to accomplish the goals. Thus, a group consists of two or more persons to interact with each other consciously for the achievement of certain common objectives. The members influence the group and in turn are influenced by others in the group. To quote David Smith "*a group is a set of two or more individuals who are jointly characterized by a network of communication, a shared sense of collective identity and one or more shared dispositions with associated strength*".

In order to be called a group, an aggregation of persons must satisfy the following conditions:

- I. People must interact with one another,
- II. People must be psychologically aware of one another, and
- III. People should perceive themselves to be a group.

Groups are useful for organizations as they provide norms of behavior for its

members. They provide a mechanism for people at work place to talk to one another about job or personal problems. They provide a feeling of camaraderie, companionship and understanding. Groups enable the members gain a feeling of belongingness through which the members derive esteem, recognition and status. A sound understanding of the group dynamics at the work place keeps the manager in a good stead so that appropriate initiatives for behavior modifications and to introduce change can be implemented.

Leadership

Leadership is a process of exercising influence over an individual or a group. Effective leadership is necessary for inspiring the people to work for the accomplishment of objectives. It provides a cohesive force which holds the group intact and develops a spirit of cooperation. Chester Bernard viewed leadership as the quality of behavior of individuals whereby they guide people and their activities. A leader interprets the objectives of the people working under him and guides them towards achievement of those objectives. He also creates and sustains enthusiasm among them for superior performance. In the words of Louis A. Allen, "*A leader is one who guides and directs other people. He gives the efforts of his followers a direction and purpose by influencing their behavior*". Managers at all levels must perform leadership function in order to lead the subordinates towards organizational goals.

Leadership is the process of influencing the subordinates so that they cooperate enthusiastically in the achievement of group goals. In other words, leadership is the process by which an executive imaginatively directs, guides, and influences the work of others in choosing and attaining specified goals by mediating between the individuals and the organization in such a manner that both will obtain maximum satisfaction.

Choice of Leadership Style

We have observed that different management experts have suggested different styles and there is no unanimity among them as to which is the most suitable for an enterprise. For example Rensis Likert suggested democratic leadership. As different leadership styles have their merits and demerits, it is difficult to prefer one leadership style to another. The selection of a leadership style will depend on the consideration of a number of factors. According to Tannenbaum and Schmidt, the important factors that affect the choice of a style of leadership are as follows:

Forces in the Manager: These include manager's personality, experience, and value system, his confidence in subordinates, leadership inclination, feeling of security in an uncertain situation, etc.

Forces in the Subordinates: These include readiness of subordinates to assume responsibility for making decisions, need of subordinates for independence, interest in the problem at hand, knowledge to deal with the problem, etc.

Power

There is no universally accepted meaning of power. Power has more diverse meanings than any other concept in organisational behaviour. In general, it refers to a capacity that one has to influence the behaviour of another so that the other person does something which would not be done otherwise. However, few of the definitions on power are presented here to capture the wide range of the meanings it has assumed over a period of time. The earliest definition of power is one given by **Max Weber**, the famous Sociologist. He defines power as "the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance". Another definition of power refers it to the ability to get

things done despite the will and resistance of others or the ability to win political fights and outmaneuver the opposition.

Pfeiffer, an organizational behavior theorist, defines power as *“the ability to influence behaviour, to change the course of events, to overcome resistance, and to get people to do things that they would not otherwise do”*.

Characteristics of Power

Definitions of power are related to the concepts of authority and influence. Chester Barnard defined power as “informal authority”. Many modern organisational sociologists define authority as “legitimate power”. To have better understanding of power, we bring out clearly the distinctions between power and authority and power and influence.

Power – Authority Distinctions

From the preceding discussion, it is clear that a person who possesses power has the ability to manipulate or influence others. Authority legitimizes and is a source of power in the organisation. In contrast, power need not be legitimate. Distinction can be made between top-down classical, bureaucratic authority and Barnard’s acceptance theory of authority. To him, authority is “the character of a communication (order) in a formal organisation by virtue of which it is accepted by a member of the organisation as governing the action he contributes”. Power is different from such acceptance theory of the authority in the words of Grimes who notes: “what legitimizes authority is the promotion of pursuit of collective goals that are associated with group consensus”.

Power- Influence Distinction

Influence is broader than power in its scope. It is a process of affecting the potential behaviour of others. Power is the capacity of influence. Thus, authority is different from power

because of former's legitimacy and acceptance, and influence, though broader than power, is closer to it conceptually. Hence, both are interchangeably used.

Culture

Western cultures that emphasize individuality, dissent and diversity tend to decrease influence ability whereas Asian cultures that emphasize cohesiveness, agreement and uniformity promote influence ability.

Change

Changes are taking place all around without exception. It is but natural that everything changes over time. What remains constant is change itself? Therefore, it's the responsibility of the manager to appreciate the change, assess its impact on the organization and prepare to adopt it, if necessary. Depending on the magnitude of change, it may impact an individual, a group, structure, process and subsystems. By scanning the environment and deciphering how changes in the environment are likely to widen the gap between desired and actual state of affairs of organization such as productivity, customer and employer satisfactions, the degree and impact of change could be gauged. Manager can be a change agent by introducing planned changes in the organization.

Meaning and Nature of Change

The term change in the organization context refers to any alteration that occurs in the work environment. Planned changes mean those changes which are effected in a planned manner after assessing the need for change and working out the details as to when and how they will be carried out. A planned change is also called *proactive change*. In contrast, reactive change is the one which takes place in random fashion as a crisis situation develops. For proactive or planned change to be initiated, manager shall be sensitive to the

environmental changes affecting the organization so that organizational crisis situations can be averted. Planned change or pro active change is purposeful or goal directed. There are two widely recognized goals of the planned change. *One*, it sets to improve the organizational ability to cope with, or adapt to change environment. *Second*, it seeks to change employee knowledge, attitude and behavior. Change in any part of the organization tends to effect the whole organization. Change is a human as well as a technical problem. Whenever there is a change, social equilibrium in the organization is affected. When change occurs in the organization, it requires employees to make new adjustments as the organization seeks new equilibrium.

Management of Change

Organization at any given time is a dynamic balance of forces supporting and restraining any change. The organization system is in a state of relative equilibrium. The current practice continues until the change is introduced. Change is introduced with in a group by increasing the supporting forces for it and/or reducing the restraining forces.

Strategies to build support to change: Chin and Benne describe three strategies managers commonly use in introducing organizational change:

Empirical – Rational Strategy: Managers acting as change agents must subscribe to the belief that people are rational beings and if they understand that the proposed changes will benefit them, they tend to accept change.

Normative – Reeducative Strategy: In this strategy, the belief is that people are guided by the socio-cultural norms they subscribe to. Hence, the change agent and those who will be influenced by the change should participatively and collaboratively plan and implement the necessary change.

Power – Coercive strategies: are used by the change agents assuming that people with less power will accept change brought by people with more power in the system.

Organizational Development

As a logical extension of the previous lesson which focused on organizational change, this lesson deals with OD as an applied, macro-level approach to planned change and development of organizations. Definitions of OD, its characteristics, benefits and costs, OD approaches and techniques are discussed in that order.

A few Definitions on OD:

Keith Davis defines OD *“as an integrated strategy that uses group process to focus on the whole culture of organization in order to bring about planned change. It seeks to change beliefs, attitudes, values, structures, and practices so that the organization can better adapt to technology and live the fast pace of change”*.

According to Fred Luthans, OD represents *“an applied, macro-level approach to planned change and development of complex organizations”*.

Process, Benefits and Costs of OD

OD process: A typical complete OD program includes the following steps.

Initial diagnosis: OD program is decided after the consultant meets the top management. By means of interviews with various persons the consultant seeks necessary inputs. Data collections and surveys may be made to know the organizational climate and organizational behavioral problems. By meeting the groups away from work, the consultant develops information, from issues pertaining to conditions that contribute most to job effectiveness, conditions that interfere with job effectiveness and the changes in the way the organization

operates at present.

Action planning and problem solving: groups use the data to develop specific recommendations for change. Their discussion focuses on problems in the organization. Plans made are specific pinpointing who is responsible and by what time the action shall have been completed

Team building: during the group meetings the consultant encourages groups to examine how they work as a team. He also helps them to see the value of open communication and trust as pre-requisites for improved group functioning.

Intergroup Development: first small group teams are developed followed by development of large groups comprises several teams.

Evaluation and follow-up: the consultant helps the organization evaluate results of OD efforts and develops additional programs in areas where additional results are needed.

If the organization expects to gain the full benefits of OD, all the steps in the process are to be applied.

Benefits of OD: primary advantage of OD as a useful method of organizational intervention is that it tries to deal with change in the whole organization or major unit of it. Hence, it ensures widely dispersed improvement. Other benefits include high motivation, productivity, and quality of work, job satisfaction and conflict resolution. OD also reduces negative factors such as absenteeism and labour turnover.

Limitations (or problems) of OD: It is time consuming and expensive. Since benefits of OD require long pay-off periods, organizations may not prefer waiting that long. There are problems of invasion of privacy and psychological harm in some of the OD techniques. Criticism against OD is that participants in OD programs are coerced to group attitudes and thereby to conformity. Yet

another criticism is that OD emphasizes too much on behavioral processes rather than on job performance. Group processes are given priority over needs of the organization.