

Unit One: Introduction

1.1. Meaning & Definition of organizational behavior

Before we define organizational behavior we should say something about organizational psychology. Industrial/organizational psychology is the [branch of psychology](#) that applies psychological theories and principles to organizations. Often referred to as I-O psychology, this field focuses on increasing workplace productivity and related issues such as the physical and mental well-being of employees. Industrial-organizational psychologists perform a wide variety of tasks, including studying worker attitudes and behavior, evaluating companies, and conducting [leadership](#) training. It is the scientific study of individual and group behavior in **formal organizational settings**. The essence of an organization is “patterned human behavior”; that is some structure is imposed on individuals. This structure typically comes in the form of roles (normative standards governing behavior) as well as guiding set of values (Katz & Kahn, 1978). The overall goal of this field is to study and understand human behavior in the workplace.

Therefore "Organizational behavior is a field of study that investigates the impact that individuals, groups and structure have on behavior within organization for the purpose of applying such knowledge toward improving an organization's effectiveness." Stephen P. Robbins

Organizational behavior can be defined as the understanding; prediction and management of the human behavior affect the performance of the organizations.

Organizational Behaviour (OB) is the study and application of knowledge about how people, individuals, and groups act in organizations. It interprets people-organization relationships in terms of the whole person, whole group, whole organization, and whole social system.

Its purpose is to build better relationships by achieving human objectives, organizational objectives, and social objectives. Manufacturing and service firms are organizations, and so are schools, hospitals, churches, military units, retail stores, police departments, volunteer organizations, start-ups, and local, state and federal government agencies. There are a variety of organizations that comprise the workplace. In short organizational behavior is concerned with the study of what people do in an organization and how their behavior affects the performance of the organizations. Organizational behavior focuses the following elements of individual & group behaviors.

Personality, Perception, Learning, Motivation, Roles of norms, Team building, Conflicts & negotiation.

1.2. Nature of organizational behavior

Organizational Behavior is the study and application of knowledge about how people, individuals, and groups act in organizations. It does this by taking a system approach.

That is, it interprets people-organization relationships in terms of the whole person, whole group, the whole organization, and whole social system.

Its purpose is to build better relationships by achieving human objectives, organizational objectives, and social objectives.

Organizational Behavior is;

- A Separate Field of Study and not a Discipline Only.
- An Interdisciplinary Approach.
- An Applied Science.
- A Normative Science.
- A Humanistic and Optimistic Approach.
- A Total System Approach

These six features or characteristics show the nature of organizational behavior that is the study of understanding and control behavior within the organization. The organizations in which people work have an effect on their thoughts, feelings, and actions. These thoughts, feelings, and actions, in turn, affect the organization itself. Organizational behavior studies the mechanisms governing these interactions, seeking to identify and foster behaviors conducive to the survival and effectiveness of the organization.

1. Job Satisfaction.
2. Finding the Right People.
3. Organizational Culture.
4. Leadership and Conflict Resolution.
5. Understanding the Employees Better.
6. Understand how to Develop Good Leaders.
7. Develop a Good Team.
8. Higher Productivity. These eight objectives of organizational behavior shows that OB is concerned with people within the organization, how they are interacting, what is the level of their satisfaction, the level of motivation, and find ways to improve it in a way the yields most productivity.

1.3. Goals of organizational behavior

A. Explanation: Seek to answer why an individual or a group of individuals did something.

B. Prediction: The goal of prediction focuses on future events to determine what outcomes will result from a given action. There are various ways to implement a major change, so the manager is likely to assess employee responses to several change interventions. Such information can be used in making the decision as to which change effort to use.

D. Control: the most controversial goal is to control behavior because most of us live in democratic societies, which are built upon the concept of personal freedom. OB does offer technologies that facilitate the control of people. Whether those technologies should be used in organizations becomes an ethical question.

The bottom line of organizational behavior is to explain and predict behavior within an organization by examining behavior in three different levels of influence at the individual, group and organizational level. The level of analysis at **individual level** is more related to the study of aspects like learning, perception, creativity, motivation, personality, turnover, task performance, cooperative behaviour, deviant behaviour, ethics, and cognition. The **group level** of analysis involves the study of group dynamics, intra- and intergroup conflict and cohesion, leadership, power, norms, interpersonal communication, networks, and roles. The **organization level** of analysis covers the topics such as organizational culture, organizational structure, cultural diversity, inter-organizational cooperation and conflict, change, technology, and external environmental forces. Organizations can better understand performance in the workplace and improve interactions among employees. This can also create a competitive advantage through improved motivation, leadership, communication and organizational culture, all of which greatly affect a business' bottom line.

Factors Affecting Organizational Behavior



There are a complex set of key forces that affect organizational behavior today. These key forces are classified into four areas;

People

- People make up the internal social system of the organization. That system consists of individuals and groups and groups may be large and small, formal and informal. Groups are dynamic.
- Group form, change and disband. Since the organization is a combination of a group of people, managers must handle the people in the right direction.
- This is very challenging to guide people or employees who have different educational backgrounds, talent, and perspectives. So managers must understand predict and control the people.
- They build up relationship among the employees and motivate themselves.

Structure

- The structure defines the formal relationship and use of people in the organization. There are managers and employees, accounts assemblers in order to accomplish a different kind of activities.
- They are related in a structural way so that their work can be effectively coordinated. Because there is no organization can be successful without proper coordination.
- Many organizational structures have become flatter. This downsizing and restructuring have occurred as a result of the pressure to lower costs while remaining competitive.
- Other structures have grown more complex as a result of mergers, acquisitions, and new ventures. Several organizations have experimented with hiring contingent workforces (temporary, part-time, or contract employees).
- Finally, many firms have moved from a traditional structure to a team-based one.

Technology

- Technology provides the resources with which people work and affects the tasks that they perform. They cannot accomplish work with their bare hands.
- The technology used has a significant influence on working relationships.
- The great benefit of technology is that it allows people to do more and better work, but it also restricts people in various ways' It has cost as well as benefits.
- Examples of the impact of technology include the increasing use of robots and automated control systems in an assembly line.
- The dramatic shift from a manufacturing to a service economy, the impressive advances in computer hardware and software capabilities, the rapid move toward the widespread use of the information highway (internet).
- And the need to respond to societal demands for improved quality of goods and services at acceptable prices.

- If any person has a lack of technological knowledge he/she cannot work. Moreover, technology decrease per unit cost and improve the quality of the products and services.

Environment

- All organizations operate within an internal and an external environment. A single organization does not exist alone.
- An organization is a part of a larger system that contains many other elements, such as government, the family, and other organizations. Numerous changes in the environment create demands on organizations.
- Citizens expect organizations should be socially responsible; new products and competition for customers come from around the globe; the direct impact of unions diminishes; the dramatic pace of change in society quickens.
- There is a direct impact of several trade unions of organizations.
- So all the elements of environments influence the attitude and provide competition. It must be considered in the study of human behavior in an organization.

Contributing Disciplines to the Organization Behavior Field

- There are some important disciplines to the organizational behavior field which developed it extensively. There are 6 Contributing Disciplines to the Organization Behavior Field :

1. Psychology:

Psychology has perhaps the first influence on the **field of organizational behavior** because it is a science of behavior. A psychologist studies almost all aspects of behavior. It deals with studying human behavior that seeks to explain and sometimes change the behavior of humans and other animals. Psychologists are primarily interested in predicting the behavior of individuals to a great extent by observing the dynamics of personal factors. Those who have contributed and continued to add to the knowledge of OB are teaching theorists, personality theorists, counseling psychologists and primary, industrial and organizational psychologist.

Understanding Psychological principles and its models help significantly in gaining the knowledge of determinants of individual behavior such as the learning process, motivation techniques, personality determinants and development, perceptual process and its implications, training process, leadership effectiveness, job satisfaction, individual decision making, performance appraisal, attitude measurement, employee selection, job design and work stress.

2. Sociology.

The major focus of sociologists is on studying the social systems in which individuals fill their roles. The focus is on group dynamics. They have made their greatest contribution to OB through their study of group behavior in organization, particularly formal and sophisticated organizations. Sociological concepts, theories, models, and techniques help significantly to understand better the group dynamics, organizational culture, formal organization theory and structure, corporate technology, bureaucracy, communications, power, conflict, and intergroup behavior. Psychologists are primarily interested in focusing their attention on the individual behavior.

Most sociologists today identify the discipline by using one of the three statements:

- Sociology deals with human interaction and this communication are the key influencing factor among people in social settings.
- Sociology is a study of plural behavior. Two or more interacting individuals constitute a plurality pattern of behavior
- Sociology is the systematic study of social systems:

A social system is an operational social unit that is structured to serve a purpose. It consists of two or more persons of different status with various roles playing a part in a pattern that is sustained by a physical and cultural base. When analyzing organizing as a social system, the following elements exist: People or actors, Acts or Behavior, Ends or Goals, Norms, rules, or regulation controlling conduct or behavior, Beliefs held by people as actors, Status and status relationships, Authority or power to influence other actors, Role expectations, role performances, and role relationships.

Therefore, organizations are viewed by sociologies as consists of a variety of people with different roles, status, and degree of authority. The organization attempts to achieve certain generalized and specific objectives. To attain some of the abstract ends such as the development of company loyalty, the organization's leaders appeal to the shared cultural base.

In general, sociology focuses on how groups, organizations, social categories, and societies are organized, how they function, how they change. The unit of analysis is the group as a whole rather than the individuals who compose the group.

3. Social Psychology.

It has been defined as the scientific investigation of how the thoughts, feelings, and behavior of individuals are influenced by the actual, imagined or implied the presence of others. It deals with how people are affected by other individuals who are physically present or who are imagined to be present or even whose presence is implied.

Social Psychology deals with many of the same phenomena but seeks to explain whole individual human interaction and human cognition influences culture and is influenced by culture. The unit of analysis is the individual within the group. In reality, some forms of sociology are closely related to social psychology. Social Psychologists study an enormous range of topics including conformity, persuasion, power, influence, obedience, prejudice, discrimination, stereotyping, sexism and racism, small groups, social categories, inter-group behavior, crowd behavior, social conflict, social change, decision making, etc. Among them, the most important topics relevant to organizational behavior field are behavioral change, attitude change, communication, group process and group decision making. Social psychologists making significant contributions to measuring, understanding and improving attitudes, communication patterns how groups can satisfy individual needs and group decision-making process.

4. Anthropology.

The main aim of anthropology is to acquire a better understanding of the relationship between the human being and the environment. Adaptations to surroundings constitute culture. The manner in which people view their surroundings is a part of the culture. Culture includes those ideas shared by groups of individuals and languages by which these ideas are communicated. In essence, culture is a system of learned behavior. Their work on culture and environment has helped us to understand differences in fundamental values, attitudes, and behavior among people in different countries and within different organizations.

Much of our current understandings of organizational culture, environments, and differences between national cultures are the results of the work of anthropologists or those using their methodologies.

The world is the laboratory of anthropologists, and human beings must be studied in the natural habitat. Understanding the importance of studying man in natural settings over time enables one to grasp the range of anthropology.

Familiarity within some of the cultural differences of employees can lead to a greater managerial objectivity and depth in the interpretation of behavior and performance.

Anthropologists contribute to study some aspects in organizational settings – similar values, comparative attitudes, cross-cultural analysis between or among the employees.

5. Political Sciences.

Contributions of political scientist are significant to the understanding of behavior in organizations. Political scientists study the behavior of individuals and groups within a political environment. They contribute to understanding the dynamics of power centers, structuring of conflict and conflict resolutions tactics, allocation of power and how people manipulate power for individual self-interest. In a business field, organizations wanted to attain supremacy in their field and indulge in politicking activities to gain maximum advantages by following certain tasks like Machiavellianism, coalition formation, malpractices, etc. The knowledge of political science can be utilized to the study the behavior of employees, executives at micro as well as macro level.

1.4. Historical Background

The Greek philosopher [Plato](#) wrote about the essence of leadership. [Aristotle](#) addressed the topic of persuasive communication. The writings of the Chinese philosopher Confucius in 500 BC are beginning to influence contemporary thinking about ethics and leadership. The writings of 16th century Italian philosopher [Niccolò Machiavelli](#) laid the foundation for contemporary work on organizational power and politics. In 1776, [Adam Smith](#) advocated a new form of organizational structure based on the division of labour. One hundred years later, German sociologist [Max Weber](#) wrote about rational organizations and initiated discussion of charismatic leadership. Soon after, [Frederick Winslow Taylor](#) introduced the systematic use of goal setting and rewards to motivate employees. In the 1920s, Australian-born Harvard professor [Elton Mayo](#) and his colleagues conducted productivity studies at Western Electric's Hawthorne plant in the United States. They discovered the importance of formal and informal group dynamics in the work place, resulting in a dramatic shift towards the 'human relations' school of thought.

Though it traces its roots back to [Max Weber](#) and earlier, organizational studies is generally considered to have begun as an academic discipline with the advent of [scientific management](#) in the 1890s, with [Taylorism](#) representing the peak of this movement. Proponents of scientific management held that rationalizing the organization with precise sets of instructions and time-motion studies would lead to increased productivity. Studies of different [compensation](#) systems were carried out.

After the First World War, the focus of organizational studies shifted to analysis of how human factors and psychology affected organizations, a transformation propelled by the identification of the [Hawthorne Effect](#). This [Human Relations Movement](#) focused on [teams](#), [motivation](#), and the actualization of the goals of individuals within organizations. Prominent early scholars included [Chester Barnard](#), [Henri Fayol](#), [Frederick Herzberg](#), [Abraham Maslow](#), [David McClelland](#), and [Victor Vroom](#).

The Second World War further shifted the field, as the invention of large-scale logistics and [operations research](#) led to a renewed interest in rationalist approaches to the study of organizations. Interest grew in theory and methods native to the sciences, including [systems theory](#), the study of [organizations with a complexity theory perspective](#) and [complexity strategy](#). Influential work was done by [Herbert Alexander Simon](#) and [James G. March](#) and the so-called "[Carnegie School](#)" of organizational behavior. In the 1960s and 1970s, the field was strongly influenced by social psychology and the emphasis in academic study was on quantitative research. An explosion of theorizing, much of it at Stanford University and Carnegie Mellon, produced Bounded Rationality, Informal Organization, Contingency Theory, Resource Dependence, Institutional Theory, and Organizational Ecology theories, among many others. Starting in the 1980s, cultural explanations of organizations and change became an important part of study. Qualitative methods of study became more acceptable, informed by anthropology, psychology and sociology. A leading scholar was Karl Weick Frederick Winslow Taylor Frederick Winslow Taylor (1856–1915) was the first person who attempted to study human behavior at work using a systematic approach. Taylor studied human characteristics, social environment, task, physical environment, capacity, speed, durability, cost and their interaction with each other. His overall objective was to reduce and/or remove human variability. Taylor worked to achieve his goal of making work behaviors stable and predictable so that maximum output could be achieved. He relied strongly upon monetary incentive systems, believing that humans are primarily motivated by money. He faced some strong criticism, including being accused of telling managers to treat workers as machines without minds, but his work was very productive and laid many foundation principles for modern management studies.

Unit Two: Understanding and managing individuals

2.1. Culture, Demographic Diversity and Individual difference

What is culture?

Formerly, the American Heritage Dictionary defines “culture” as “the arts, beliefs, customs, institutions, and all other products of human work and thought created by a people or group at a particular time.” **Culture** refers to values, beliefs, and customs that exist in a society. In fact, we are like fish in the sea: We may not realize how culture is shaping our behavior until we leave our own and go someplace else. Cultural differences may shape how people dress, how they act, how they form relationships, how they address each other, what they eat, and many other aspects of daily life. In many countries, it is possible to talk about the existence of cultures based on region or geography. There are four systematic bases of differences across cultures. **Individualism-collectivism, power distance, uncertainty avoidance, and masculinity–femininity** are four key dimensions in which cultures vary. The position of a culture on these dimensions affects the suitable type of management style, attitudes, reward systems, employee selection, and ways of motivating employees, employee job behaviors, in general it influence well-being, motivation, leadership, negotiations, and many other aspects of organizational behavior.

Individualism Cultures in which people define themselves as individuals and form looser ties with their groups. <ul style="list-style-type: none"> • USA • Australia • UK • Canada • Hungary 	Collectivism Cultures where people have stronger bonds to their groups and group membership forms a person's self identity. <ul style="list-style-type: none"> • Guatemala • Ecuador • Indonesia • Pakistan • China
Low Power Distance A society that views an unequal distribution of power as relatively unacceptable. <ul style="list-style-type: none"> • Austria • Denmark • Israel • Ireland • New Zealand 	High Power Distance A society that views an unequal distribution of power as relatively acceptable. <ul style="list-style-type: none"> • Malaysia • Slovakia • Philippines • Russia • Mexico
Low Uncertainty Avoidance Cultures in which people are comfortable in unpredictable situations and have high tolerance for ambiguity. <ul style="list-style-type: none"> • Denmark • Jamaica • Singapore • China • Sweden 	High Uncertainty Avoidance Cultures in which people prefer predictable situations and have low tolerance for ambiguity. <ul style="list-style-type: none"> • Belgium • El Salvador • Greece • Guatemala • Portugal
Masculinity Cultures in which people value achievement and competitiveness, as well as acquisition of money and other material objects. <ul style="list-style-type: none"> • Slovakia • Japan • Hungary • Austria • Venezuela 	Femininity Cultures in which people value maintaining good relationships, caring for the weak, and quality of life. <ul style="list-style-type: none"> • Norway • Netherlands • Sweden • Costa Rica • Chile

Hofstede's culture framework is a useful tool to understand the systematic differences across cultures.

Individualism-Collectivism

Individualistic cultures: are cultures in which people define themselves as an individual and form looser ties with their groups. These cultures value autonomy and independence of the person, self-reliance, and

creativity. Countries such as the United States, United Kingdom, and Australia are examples of individualistic cultures. When individualists are asked a question such as “Who are you? Tell me about yourself,” they are more likely to talk about their likes and dislikes, personal goals, or accomplishments.

In contrast,

Collectivistic cultures: are cultures where people have stronger bonds to their groups and group membership forms a person’s self identity. Asian countries such as China and Japan, as well as countries in Latin America are higher in collectivism. In collectivistic cultures, people define themselves as part of a group. In fact, this may be one way to detect people’s individualism-collectivism level. When collectivists are asked the same question, they are more likely to define themselves in relation to others, such as “I am Chinese” or “I am the daughter of a doctor and a homemaker. I have two brothers.” In other words, in collectivistic cultures, self identity is shaped to a stronger extent by group memberships. In collectivistic societies, family bonds are more influential in people’s daily lives. While individualists often refer to their nuclear family when thinking about their families, collectivists are more likely to define family in a broader sense, including cousins, uncles, aunts, and second cousins. Family members are more involved in each others’ lives. extended family members may see each other several times a week. In many collectivistic societies, the language reflects the level of interaction among extended family members such that there may be different words used to refer to maternal versus paternal grandparents, aunts, or uncles. In addition to interacting with each other more often, family members have a strong sense of obligation toward each other. For example, children often expect to live with their parents until they get married. In collectivistic countries such as Thailand, Japan, and India, choosing a career or finding a spouse are all family affairs. In these cultures, family members feel accountable for each others’ behavior such that one person’s misbehavior may be a cause of shame for the rest of the family. Understanding the importance of family in collectivistic cultures is critical to understanding their work behaviors.

Collectivists are more attached to their groups and have more permanent attachments to these groups. Conversely, individualists attempt to change groups more often and have weaker bonds to them. It is important to recognize that to collectivists the entire human universe is not considered to be their in-group. In other words, collectivists draw sharper distinctions between the groups they belong to and those they do not belong to. They may be nice and friendly to their in-group members while acting much more competitively and aggressively toward out-group members. This tendency has important work implications. While individualists may evaluate the performance of their colleagues more accurately, collectivists are more likely to be generous when evaluating their in-group members. Collectivist societies emphasize conformity to the group. The Japanese saying “the nail that sticks up gets hammered down” illustrates that

being different from the group is undesirable. In these cultures, disobeying or disagreeing with one's group is difficult and people may find it hard to say no to their colleagues or friends. Instead of saying no, which would be interpreted as rebellion or at least be considered rude, they may use indirect ways of disagreeing, such as saying "I have to think about this" or "this would be difficult." Collectivist cultures may have a greater preference for team-based rewards as opposed to individual-based rewards.

Power - Distance

Power distance: refers to the degree to which the society views an unequal distribution of power as acceptable. Simply put, some cultures are more egalitarian than others. In low power distance cultures, egalitarianism is the norm. In high power distance cultures, people occupying more powerful positions such as managers, teachers, or those who are older are viewed as more powerful and deserving of a higher level of respect. High power distance cultures are hierarchical cultures where everyone has their place. Powerful people are supposed to act powerful, while those in inferior positions are expected to show respect. For example, Thailand is a high power distance culture and, starting from childhood, people learn to recognize who is superior, equal, or inferior to them. When passing people who are more powerful, individuals are expected to bow, and the more powerful the person, the deeper the bow would be. Managers in high power distance cultures are treated with a higher degree of respect, which may surprise those in lower power distance cultures. A Citibank manager in Saudi Arabia was surprised when employees stood up every time he passed by. Similarly, in Turkey, students in elementary and high schools greet their teacher by standing up every time the teacher walks into the classroom. In these cultures, referring to a manager or a teacher with their first name would be extremely rude. High power distance within a culture may easily cause misunderstandings with those from low power distance societies. For example, the limp handshake someone from India may give or a job candidate from Chad who is looking at the floor throughout the interview are in fact showing their respect, but these behaviors may be interpreted as indicating a lack of confidence or even disrespect in low power distance cultures.

One of the most important ways in which power distance is manifested in the workplace is that in high power distance cultures, employees are unlikely to question the power and authority of their manager, and conformity to the manager will be expected. Managers in these cultures may be more used to an authoritarian style with lower levels of participative leadership demonstrated. People will be more submissive to their superiors and may take orders without questioning the manager. In these cultures, people may feel uncomfortable when they are asked to participate in decision making.

Uncertainty Avoidance

Uncertainty avoidance: refers to the degree to which people feel threatened by ambiguous, risky, or unstructured situations. Cultures high in uncertainty avoidance prefer predictable situations and have low tolerance for ambiguity. Employees in these cultures expect a clear set of instructions and clarity in expectations. Therefore, there will be a greater level of creating procedures to deal with problems and writing out expected behaviors in manuals.

Cultures high in uncertainty avoidance prefer to avoid risky situations and attempt to reduce uncertainty. For example, one study showed that when hiring new employees, companies in high uncertainty avoidance cultures are likely to use a larger number of tests, conduct a larger number of interviews, and use a fixed list of interview questions. Employment contracts tend to be more popular in cultures higher in uncertainty avoidance compared to cultures low in uncertainty avoidance.

Companies operating in high uncertainty avoidance cultures also tend to avoid risky endeavors such as entering foreign target markets unless the target market is very large.

Germany is an example of a high uncertainty avoidance culture where people prefer structure in their lives and rely on rules and procedures to manage situations. Similarly, Greece is a culture relatively high in uncertainty avoidance, and Greek employees working in hierarchical and rule-oriented companies report lower levels of stress. In contrast, cultures such as Iran and Russia are lower in uncertainty avoidance, and companies in these regions do not have rule oriented cultures. When they create rules, they also selectively enforce rules and make a number of exceptions to them. In fact, rules may be viewed as constraining.

Uncertainty avoidance may influence the type of organizations employees are attracted to. Japan's uncertainty avoidance is associated with valuing job security, while in uncertainty-avoidant Latin American cultures; many job candidates prefer the stability of bigger and well-known companies with established career paths.

Masculinity–Femininity

Masculine cultures: are cultures that value achievement, competitiveness, and acquisition of money and other material objects. Japan and Hungary are examples of masculine cultures. Masculine cultures are also characterized by a separation of gender roles. In these cultures, men are more likely to be assertive and competitive compared to women. In contrast,

Feminine cultures: are cultures that value maintaining good relationships, caring for the weak and emphasizing quality of life. In these cultures, values are not separated by gender, and both women and men share the values of maintaining good relationships. Sweden and the Netherlands are examples of feminine

cultures. The level of masculinity inherent in the culture has implications for the behavior of individuals as well as organizations.

Suggestions for Managing Cultural Diversity

With the increasing importance of international business as well as the culturally diverse domestic workforce, what can organizations do to manage cultural diversity?

Help Employees Build Cultural Intelligence

Cultural intelligence: is a person's capability to understand how a person's cultural background influences one's behavior. Developing cultural intelligence seems important, because the days when organizations could prepare their employees for international work simply by sending them to long seminars on a particular culture are gone. Presently, international business is not necessarily conducted between pairs of countries. A successful domestic manager is not necessarily assigned to work on a long-term assignment in China. Of course such assignments still happen, but it is more likely that the employees will continually work with others from diverse cultural backgrounds. This means employees will not necessarily have to become experts in one culture. Instead, they should have the ability to work with people from many diverse backgrounds all at the same time. For these types of assignments, employees will need to develop an awareness of overall cultural differences and learn how to recognize cultural principles that are operating in different situations. In other words, employees will need to be selected based on cultural sensitivity and understanding and trained to enhance such qualities.

Avoid Ethnocentrism

Ethnocentrism: is the belief that one's own culture is superior to other cultures one comes across. Ethnocentrism leads organizations to adopt universal principles when doing business around the globe and may backfire. Ignoring cultural differences, norms, and local habits may be costly for businesses and may lead to unmotivated and dissatisfied employees. Successful global companies modify their management styles, marketing, and communication campaigns to fit with the culture in which they are operating.

Do Not Always Assume That Culture Is the Problem

When doing business internationally, failure may occur due to culture as well as other problems. Attributing all misunderstandings or failures to culture may enlarge the cultural gap and shift the blame to others. In fact, managing people who have diverse personalities or functional backgrounds may create misunderstandings that are not necessarily due to cultural differences. When marketing people from the United States interact with engineers in India, misunderstandings may be caused by the differences in perceptions between marketing and engineering employees. While familiarizing employees about culture, emphasizing the importance of interpersonal skills regardless of cultural background will be important.

Demographic Diversity

Diversity: refers to the ways in which people are similar or different from each other. It may be defined by any characteristic that varies within a particular work unit such as gender, race, age, education, tenure, or functional background (such as being an engineer versus being an accountant). Even though diversity may occur with respect to any characteristic, our focus will be on diversity with respect to demographic, relatively stable, and visible characteristics: specifically gender, race, age, religion, physical abilities, and sexual orientation. Understanding how these characteristics shape organizational behavior is important. While many organizations publicly rave about the benefits of diversity, many find it challenging to manage diversity effectively. This is evidenced by the number of complaints filed with the Equal Employment Opportunity Commission (EEOC) regarding discrimination.

Benefits of Diversity

As the business environment becomes more global and organizations become leaner and flatter, they must accomplish more with fewer people: people who have different cultures, values, motivations, work styles, lifestyles and family roles (Montes, 2000). By averaging the many facets of diversity in the internal and external environment, organizations can benefit from diversity (Robinson & Dechant, 1997). Some of the benefits that flow from the effective management of diversity are discussed below.

Improved Organizational Performance

Recent indicates that, within the proper context, cultural diversity does in fact add value to the firm. When firms pursue a growth strategy, higher racial diversity is positively related to productivity, return on equity and market performance. Racial diversity enhances productivity and this relationship intensifies as strategic growth increases. Cultural diversity can provide firms with diverse experience and knowledge, qualities that seem beneficial for firms with an orientation towards growth and addition, organizations that overcome resistance to change in the area of accepting diversity, appear to be well positioned to handle other types of change enabling improved flexibility.

Recruitment and Retention

In order to sustain competitive advantage, an organization needs to attract and retain skilled and talented human resources. In a tight labor market, a company's ability to attract and retain outstanding people depends to a large extent on its corporate image. Talented people will be attracted to corporations that value their capabilities and will be more willing to contribute to the organization's goals if they believe they are treated fairly. Attracting, retaining and promoting excellent employees from different demographic groups sends a clear message to potential applicants, that the company has effective diversity management

practices. On the other hand, racially motivated job treatment discrimination and promotion discrimination against minorities are factors that affect minority employees.

Lower Absenteeism Rates

If diversity is managed correctly, it can lead to reduced absenteeism rates. Absenteeism rates for women were found to be 58 percent higher than for men (Meisenheimer, 1990). Individuals who are different from their work units in racial or ethnic background tend to be less psychologically committed to their organizations, less inclined to stay with the organization and more likely to be absent. Research also indicates that a positive relationship exists between employees' perceptions of being valued and cared about by their organizations and their attendance, dedication and job performance.

Increasing Creativity and Innovation

Workforce diversity can enhance market understanding, stimulate creativity and foster innovative thinking. Cultural diversity enables employees to provide different perspectives for the performance of creative tasks. In addition, employees who feel valued and supported by their organization tend to be more innovative in another research study, the ideas produced by ethnically diverse groups were judged to be of higher quality than the ideas produced by homogeneous groups

Higher Quality Problem-Solving in Teams

Research shows that more innovative teams produce more innovative solutions to problems. As culturally diverse members have different backgrounds and life experiences, they can see problems from a variety of perspectives. Multiple perspectives stimulate greater discussion and lead to higher quality solutions. While diverse groups experience more conflict in agreeing on what is important and in working together at the outset, they ultimately outperform homogeneous groups in identifying problem perspectives and generating alternative solutions.

Building Effective Global Relationships

As companies become more global, the need to integrate cultural diversity into marketing, sales and customer services strategies is becoming essential. Cultural competence is being recognized as a key management skill. For example, American managers have to adjust to a world of extraordinary variety in consumer preferences and work practices. The increased cultural awareness developed by a firm's adaptation to diversity can help it become more effective in cross-cultural situations. International firms do not experience diminishing performance returns as they face increasingly heterogeneous environments.

Challenges of Diversity

If managing diversity effectively has the potential to increase company performance, increase creativity, and create a more satisfied workforce, why aren't all companies doing a better job of encouraging diversity?

Despite all the potential advantages, there are also a number of challenges associated with increased levels of diversity in the workforce.

Similarity-Attraction Phenomenon

One of the commonly observed phenomena in human interactions is the tendency for individuals to be attracted to similar individuals. Research shows that individuals communicate less frequently with those who are perceived as different from themselves. They are also more likely to experience emotional conflict with people who differ with respect to race, age, and gender. Individuals who are different from their team members are more likely to report perceptions of unfairness and feel that their contributions are ignored. The **similarity-attraction phenomenon** may explain some of the potentially unfair treatment based on demographic traits. If a hiring manager chooses someone who is racially similar over a more qualified candidate from a different race, the decision will be ineffective and unfair. In other words, similarity-attraction may prevent some highly qualified women, minorities, or persons with disabilities from being hired. Similarity-attraction may affect women and minorities to a greater extent. Even when candidates from minority or underrepresented groups are hired, they may receive different treatment within the organization. For example, research shows that one way in which employees may get ahead within organizations is through being mentored by a knowledgeable and powerful mentor. Yet, when the company does not have a formal mentoring program in which people are assigned a specific mentor, people are more likely to develop a mentoring relationship with someone who is similar to them in demographic traits. Demographic traits are part of what makes up **surface-level diversity**. Surface level diversity includes traits that are highly visible to us and those around us, such as race, gender, and age. Researchers believe that people pay attention to surface diversity because they are assumed to be related to **deep-level diversity**, which includes values, beliefs, and attitudes. We want to interact with those who share our values and attitudes, but when we meet people for the first time, we have no way of knowing whether they share similar values. As a result, we tend to use surface-level diversity to make judgments about deep-level diversity. Research shows that surface-level traits affect our interactions with other people early in our acquaintance with them, but as we get to know people, the influence of surface level traits is replaced by deep-level traits such as similarity in values and attitudes.

Stereotypes

An important challenge of managing a diverse workforce is the possibility that stereotypes about different groups could lead to unfair decision making. **Stereotypes** are generalizations about a particular group of people. The assumption that women are more relationship oriented, while men are more assertive, is an example of a stereotype. The problem with stereotypes is that people often use them to make decisions

about a particular individual without actually verifying whether the assumption holds for the person in question. As a result, stereotypes often lead to unfair and inaccurate decision making. For example, a hiring manager holding the stereotype mentioned above may prefer a male candidate for a management position over a well-qualified female candidate. The assumption would be that management positions require assertiveness and the male candidate would be more assertive than the female candidate. Being aware of these stereotypes is the first step to preventing them from affecting decision making.

Managing Diversity in Organizations

Over the past decade diversity management has become a critical aspect of operating a business. Increasing globalization, the changing composition of the population and increasing reliance on non-traditional workforce talent have provided the fundamental stimulus for diversity management (Montes, 2000).

Although top management may view diversity as important, the focus on short term financial results to satisfy shareholders, often shifts the focus to other more tangible and compelling business priorities (Robinson & Dechant, 1997). Diversity management requires a long term commitment and the payback is often not as tangible or predictable as that derived from sales targets or even health and safety initiatives.

Yet, unless proponents of diversity management can demonstrate compelling arguments, diversity management is unlikely to get the attention it deserves. In other words, a proper business case for diversity has to be built.

Developing a business case for diversity is more difficult because of the failure to systematically measure and document the impact of diversity on the bottom line (Robinson & Dechant, 1997). The new paradigm for diversity management transcends traditional moral arguments, by seeking to connect diversity to business perspectives. The new model accepts the philosophies of former paradigms by promoting equality of opportunity for all employees whilst acknowledging cultural differences among people and recognizing and respecting the value of those differences. The new model for managing diversity lets the organization internalize differences among employees so that the organization learns and grows because of these differences (Compton, 1995).

Individual approaches to managing diversity

Learning

In simple terms, the easiest way to manage diversity is to inculcate into the managers the sense that if they learn about different people working in their organization, they would be able to manage diversity more effectively. Therefore, learning is an individual approach to diversity management for managers.

Empathy

Empathy approach refers to managers being able to empathize with employees. This means that the managers are able to feel their emotions and be considerate about their problems which may be related to their cultural background or any other element of diversity.

Organizational approaches

Some of the organizational approaches to managing diversity are:

Testing

This means that all tests being given in the organization for recruiting, hiring, promotion etc. should be culturally unbiased and not favor any specific individual or group of individuals. This shall create a sense of fair play in the organization.

Training

Training to manage and deal with diverse workforce and peers should be held at the organizations.

Mentoring

Managers need to be mentors who guide their diverse workforce to perform efficiently.

Work/Family programs

Adjust work-hours according to family needs. Some employees may not be available at certain times of the day. Therefore, they may be given appropriate arrangements in order to ensure that they can perform at their best. This is also called flex time. Studies have found that these programs decrease family conflict, job dissatisfaction and stress-related problems.

Further, to create an organizational culture that supports workforce diversity involves several important elements. These elements include a needs analysis, administrative and management support and commitment, education and training, culture and management systems changes and continuous follow-up and evaluation.

Needs Analysis

Needs analysis should be prepared first to provide information to senior management in gaining their support as well as to adequately determine workforce and organizational needs for creating a diverse workplace. First, find out what employees are concerned about; the needs and expectations of a diverse workforce can vary by organizational and functional levels, location, ethnicity, and gender. Second, determine the needs of the organization. Does the organization have trouble retaining employees who would add to its diversity? In an organization with diversity, which, if any, areas of the workforce are being treated inappropriately? By using a survey that focuses on these questions you can ascertain where administration and management feel the organization presently is regarding diversity.

Administrative and Management Commitment and Support

Administrative and management support is critical for diversity change efforts. An important role for senior management is to provide leadership through development of a vision and goals for a diverse workplace.

To gain support from administration you need to directly link diversity to the business. Provide data regarding the diversity opportunities in the marketplace, workforce and organization. Benchmarking best practices related to diversity from other organizations, demographic data, briefings regarding complaints, potential lawsuits, and hiring and retention problems are all relevant sources of data. In general, the organizations experiencing the greatest success with diversity training are more likely to view diversity as a business issue rather than a social issue; link diversity to other organizational initiatives, such as quality management or career development. Finally, administrative support and commitment is essential also for the means to provide the programs and resources necessary for diversity education and training.

Education and Training

Organizations that successfully manage diversity distinguish between the differences of education and training. Education is a building of awareness and creating a base of general understanding. At the administrative and management levels, educational efforts can spawn interest and an awareness of need, which can then extend the change process throughout the organization.

Training involves activities designed to build usable skills. Training targets in on specific issues to develop the skills necessary to effectively and sensitively deal with an issue. For example, training might teach managers how to conduct performance appraisals with employees from a different culture. By using the information gathered during the needs analysis, an organization can target in on the specific diversity issues they need to address with training.

Individual difference

Individuals bring a number of differences to work, such as unique personalities, values, emotions, and moods. When new employees enter organizations, their stable or transient characteristics affect how they behave and perform. Moreover, companies hire people with the expectation that those individuals have certain skills, abilities, personalities, and values. Therefore, it is important to understand individual characteristics that matter for employee behaviors at work.

In general Individual differences matter in the workplace. Human beings bring in their personality, physical and mental abilities, and other stable traits to work. Imagine that you are interviewing an employee who is proactive, creative, and willing to take risks. Would this person be a good job candidate? What behaviors would you expect this person to demonstrate? The question posed above is misleading. While human beings

bring their traits to work, every organization is different, and every job within the organization is also different. According to the interactionist perspective, behavior is a function of the person and the situation interacting with each other. Think about it. Would a shy person speak up in class? While a shy person may not feel like speaking, if the individual is very interested in the subject, knows the answers to the questions, and feels comfortable within the classroom environment, and if the instructor encourages participation and participation is 30% of the course grade, regardless of the level of shyness, the person may feel inclined to participate. Similarly, the behavior you may expect from someone who is proactive, creative, and willing to take risks will depend on the situation.

When hire employees, companies are interested in assessing at least two types of fit. **Person organization fit** refers to the degree to which a person's values, personality, goals, and other characteristics match those of the organization. **Person job fit** is the degree to which a person's skill, knowledge, abilities, and other characteristics match the job demands. Thus, someone who is proactive and creative may be a great fit for a company in the high-tech sector that would benefit from risk-taking individuals, but may be a poor fit for a company that rewards routine and predictable behavior, such as accountants. Similarly, this person may be a great fit for a job such as a scientist, but a poor fit for a routine office job. The opening case illustrates one method of assessing person–organization and person–job fit in job applicants. The first thing many recruiters look at is the person–job fit. This is not surprising, because person–job fit is related to a number of positive work attitudes such as satisfaction with the work environment, identification with the organization, job satisfaction, and work behaviors such as job performance. Companies are often also interested in hiring candidates who will fit into the company culture (those with high person–organization fit). When people fit into their organization, they tend to be more satisfied with their jobs, more committed to their companies, and more influential in their company, and they actually remain longer in their company

2.1.2. . Attitude, Value, and Personality

ATTITUDE

Attitude: refers to our opinions, beliefs, and feelings about aspects of our environment. We have attitudes toward the food we eat, people we interact with, courses we take, and various other things.

Attitude is important variable in human behavior. Attitudes tend to result in behavior or action. In general attitude can be defined as follow:

- a. “The word attitude describes a persistent tendency to feel and behave in a particular way towards some object”.

- b. “Attitude is an evaluative statements either favorable or unfavorable concerning objects, people or events. They reflect how one feels about something”.
- c. “Attitudes are learned predispositions towards aspects of our environment. They may be positively or negatively directed towards certain people, service or institutions”.

FORMATION OF ATTITUDE

Individuals acquire attitudes from several sources, but the point to be stressed is that the attitudes are acquired, but not inherited. The most important sources of acquiring attitudes are:

a. Family and Peer groups

A person may learn attitudes through imitation of parents. If parents have positive attitude towards an object and the child admires his parents, he is likely to adopt a similar attitude, even without being told about the object and even without having direct experience. Attitudes towards the opposite sex, religion, tolerance or prejudice, education, occupations and almost all other areas where attitudes are capable of expression are the result of our accepting or rejecting the attitudes held by members of our family. Similarly, attitudes are acquired from peer groups in colleges and organizations.

b. Neighborhood

The neighborhoods we live has a certain structure in terms of its having cultural facilities, religious groupings and possibly ethnic differences. Further, it has people who are neighbors. Neighboring adults or children- tolerate, condone, or deny certain attitudes and behavior and as a result we are either Northerners or Southerners. Further, we accept these moves and conform, or we deny them and possibly rebel. The conformity or rebellion in some respects is the evidence of the attitudes we hold.

c. Economic status and occupations

Our economic and occupational positions also contribute to attitude formation. They determine, in part, our attitudes towards unions and management and our belief that certain laws are “good” or “bad”. Our socio-economic background influences our present and future attitudes.

d. Mass communication

All varieties of mass communications televisions, radio, newspaper and magazines feed their audiences large quantities of information. The presentation of news or information is constructed so as to cater to the attitude of the audience. In turn, the audience selects the specific form of mass communication that best reflects its attitudes on various subjects. The material we select helps us either to substantiate our opinions or to establish new ones.

ATTITUDE AND OB

Employee attitudes are important to management because of their influence on behavior, attitudinal influences or perception, job-satisfaction, job-involvement, and organizational commitment.

Attitudinal Influences on Behavior

Attitudes affect employee behavior. However, a direct relationship between attitudes and actions is not agreeable to some, since attitude does not lead to any specific action. For e.g., a manager may dislike certain people in minority groups, but he may nevertheless treat them fairly and pleasantly in his office. This inconsistency occurs because the manager does not allow his attitude to interfere with his professional judgment. However, these attitudes may manifest themselves in other behavior. For e.g. the manager may treat the minority workers fairly on the job but not invite them to his son's or daughter's marriage.

Attitudinal Influence on Perception

Perceptual outcomes are derived from past experiences and perceptions, but they also influence the way we perceive stimuli. If our attitudes are positive, things will look brighter to us than if they are negative.

Attitudinal influence on job satisfaction

It is useful to highlight the important aspects of job satisfaction. The important dimensions to Job satisfaction are:

- i. Job satisfaction refers to one's feeling towards one's job. It can only be inferred but not seen.
- ii. Job satisfaction is often determined by how well outcomes meet or exceed expectations. Satisfaction with one's job means increased commitment in the fulfillment of formal requirements. There is greater willingness to invest personal energy and time into job performance.
- iii. The terms job satisfaction and job attitudes are typically used interchangeably. Both refer to effective orientation on the part of individuals towards their work and roles which they are presently occupying. Positive attitudes towards the job are conceptually equivalent to job satisfaction and negative attitudes towards the job dissatisfaction: Though the terms job satisfaction and attitudes are used interchangeably, there are differences between the two. Job satisfaction, on the other hand, relates to performance factor. Attitudes reflect ones feeling towards individuals, organizations and objects. But satisfaction refers to one's attitude to a job. Job satisfaction is therefore, a specific subset of attitudes. Attitudes endure generally, but job satisfaction is dynamic, it can decline ever more quickly than developed. Managers, therefore, cannot establish the conditions leading to high satisfaction as now and then employee needs may change. Managers need to pay attention to job satisfaction constantly.

Attitudinal influence on job involvement

Job involvement is the degree to which employees immerse themselves in their job, invest time and energy in them and view work as a central part of their overall lives. Job-involved employees are likely to believe in the work, to exhibit high growth needs, and to enjoy participation in decision making. As a result, they are willing to work long hours and they will attempt to be high performers.

Attitudinal Influence on organizational commitment

Organizational commitment or employee loyalty is the degree to which an employee identifies with the organization and wants to continue actively participating in it. It is a measure of the employee's willingness to remain with a firm in the future. It reflects the employee's belief in the mission and goals of the firm, willingness to expend effort in their accomplishment and intentions to continue working here. Commitment is usually stronger among longer term employees. Organizationally committed employees will usually have Good attendance records, demonstrate a willing abstinence to company policies, lower turnover rates. A comprehensive approach to OB suggests that a manager should consider ways in which the work environment can help produce all three key employee attitudes job satisfaction, job involvement and organizational commitment. Higher job involvement tends to higher levels of dedication and productivity in workers. High performance and equitable rewards encourage high satisfaction through a performance-satisfaction-effort loop. Higher job satisfaction usually is associated with lower turnover and fewer absences. Committed employees are also more likely to embrace company values and its culture.

Values

A value is defined as a “concept of the desirable, an internalizes criterion of standard of evaluation a person possesses. Such concepts and standards are relatively few and determined or guide an individual's evaluation of the many objects encountered in everyday life”. Values are tinged with moral flavor, involving an individual's judgment of what is right, good or desirable. Thus, values provide standards of competence and morality. It refers to stable life goals that people have, reflecting what is most important to them. Values are established throughout one's life as a result of the accumulating life experiences and tend to be relatively stable. The values that are important to people tend to affect the types of decisions they make, how they perceive their environment, and their actual behaviors. Moreover, people are more likely to accept job offers when the company possesses the values people care about. Value attainment is one reason why people stay in a company, and when an organization does not help them attain their values, they are more likely to decide to leave if they are dissatisfied with the job itself.

The values a person holds will affect his or her employment. For example, someone who has an orientation toward strong stimulation may pursue extreme sports and select an occupation that involves fast action and

high risk, such as fire fighter, police officer, or emergency medical doctor. Someone who has a drive for achievement may more readily act as an entrepreneur. Moreover, whether individuals will be satisfied at a given job may depend on whether the job provides a way to satisfy their dominant values. Therefore, understanding employees at work requires understanding the value orientations of employees.

- Values are manifested through the behavior of the individual and the group. They have a great influence on the perceptions, attitudes and motivational patterns of the people.
- The worth of a person, an object or a situation which enables distinguishing between the right and the wrong, good and bad
- Values provide the standards of competence and morality
- Values transcend specific objects/situations/ persons
- Values are relatively permanent and resistant to change
- Values are most central to the personality of an individual
- Values shape and determine behavior in a group/society

Sources of Values

Values can form from different dimensions like Family, society, government and workplace. Values are learned and acquired primarily through experience with people, institution, Parents. For e.g. will have substantial influence on the values of their children values. Parent's relation to everyday events demonstrates what is good and bad, acceptable and unacceptable, and important and unimportant. values are also taught and reinforced interest in schools, religious organization, and social groups. As we grow and develop, each source of influence contributes to our definition of what is important in life. Cultural moves have influence on the formation of values. Basic conviction of what is good or bad are derived from one's satisfaction about own culture.

Values and OB

An understanding of values is useful to a manager interest following ways:

1. Values are important to the study of OB because they lay the foundation for the understanding of attitudes and motivation as well as influencing our perception. Individual enter an organization with preconceived notion of what "ought" and what "ought not" to be. Of course, these notions are not value free. On the contrary they contain interpretation of right and wrong. Further, they imply that certain behaviors or outcomes are preferred over others. As a result, it clouds objectivity and rationality.
2. Values generally influence attitudes and behavior. Suppose an individual enters an organization with the view that allocating pay on the basis of performance is right, whereas allocating pay on the basis of seniority

is wrong or inferior. He is likely to get disappointed if the organization rewards seniority and merit, disappointment is likely to lead to dissatisfaction and decline interest performance. His attitude and behavior would be different if his values are aligned with the organization's pay policies.

3. The challenge and relationship-examination of established work values constitute of the cornerstones of the current management revolution all over the world. Hence, an understanding of values becomes a necessity

4. Values differ across culture what is permissible in the U.S may be simple consideration. Strangely, majority of the principles and concepts of OB have been developed by American, using American subjects within domestic context. A study of more than 11000 articles published in 24 management and OB journals over a ten-year period reveals that, approximately 80% of studies have been done in the U.S and have been conducted by Americans. This implies that OB specialists should remember that, no theories and principles are universally applicable to managing people around the world. They should take into consideration cultural values when trying to understand the behaviors of people's interest different in countries.

Personality

Personality: encompasses the relatively stable feelings, thoughts, and behavioral patterns a person has. Our personality differentiates us from other people, and understanding someone's personality gives us clues about how that person is likely to act and feel in a variety of situations. In order to effectively manage organizational behavior, an understanding of different employees' personalities is helpful. Having this knowledge is also useful for placing people in jobs and organizations. For example, having a sociable and outgoing personality may encourage people to seek friends and prefer social situations. This does not mean that their personality will immediately affect their work behavior. At work, we have a job to do and a role to perform. Therefore, our behavior may be more strongly affected by what is expected of us, as opposed to how we want to behave. When people have a lot of freedom at work, their personality will become a stronger influence over their behavior. There are different personality traits that have an impact on the organizational behavior.

Big Five Personality Traits

How many personality traits are there? How do we even know? Still, understanding the main five traits gives us a good start for describing personality.

Openness: is the degree to which a person is curious, original, intellectual, creative, and open to new ideas. People high in openness seem to thrive in situations that require being flexible and learning new things. They are highly motivated to learn new skills, and they do well in training settings. They also have an advantage when they enter into a new organization. Their open-mindedness leads them to seek a lot of

information and feedback about how they are doing and to build relationships, which leads to quicker adjustment to the new job. Open people are highly adaptable to change, and teams that experience unforeseen changes in their tasks do well if they are populated with people high in openness. Compared to people low in openness, they are also more likely to start their own business.

Conscientiousness: refers to the degree to which a person is organized, systematic, punctual, achievement oriented, and dependable. Conscientiousness is the one personality trait that uniformly predicts how high a person's performance will be, across a variety of occupations and jobs. In fact, conscientiousness is the trait most desired by recruiters and results in the most success in interviews. This is not a surprise, because in addition to their high performance, conscientious people have higher levels of motivation to perform, lower levels of turnover, lower levels of absenteeism, and higher levels of safety performance at work. Finally, it seems that conscientiousness is a good trait to have for entrepreneurs. Highly conscientious people are more likely to start their own business compared to those who are not conscientious, and their firms have longer survival rates.

Extraversion: is the degree to which a person is outgoing, talkative, and sociable, and enjoys being in social situations. One of the established findings is that they tend to be effective in jobs involving sales. Moreover, they tend to be effective as managers and they demonstrate inspirational leadership behaviors. Extraverts do well in social situations, and as a result they tend to be effective in job interviews. Part of their success comes from how they prepare for the job interview, as they are likely to use their social network. Extraverts have an easier time than introverts when adjusting to a new job. They actively seek information and feedback, and build effective relationships, which helps with their adjustment.

Interestingly, extraverts are also found to be happier at work, which may be because of the relationships they build with the people around them and their relative ease in adjusting to a new job. However, they do not necessarily perform well in all jobs, and jobs depriving them of social interaction may be a poor fit. Moreover, they are not necessarily model employees. For example, they tend to have higher levels of absenteeism at work, potentially because they may miss work to hang out with or attend to the needs of their friends.

Agreeableness: is the degree to which a person is nice, tolerant, sensitive, trusting, kind, and warm. In other words, people who are high in agreeableness are likeable people who get along with others. Not Surprisingly, agreeable people help others at work consistently, and this helping behavior is not dependent on being in a good mood. They are also less likely to retaliate when other people treat them unfairly. This may reflect their ability to show empathy and give people the benefit of the doubt. Agreeable people may be a valuable addition to their teams and may be effective leaders because they create a fair environment when

they are in leadership positions. At the other end of the spectrum, people low in agreeableness are less likely to show these positive behaviors. Moreover, people who are not agreeable are shown to quit their jobs unexpectedly, perhaps in response to a conflict they engage with a boss or a peer. Disagreeing with the status quo may create conflict and agreeable people will likely avoid creating such conflict, missing an opportunity for constructive change.

Neuroticism: refers to the degree to which a person is anxious, irritable, aggressive, temperamental, and moody. These people have a tendency to have emotional adjustment problems and experience stress and depression on a habitual basis. People very high in neuroticism experience a number of problems at work. For example, they are less likely to be someone people go to for advice and friendship. In other words, they may experience relationship difficulties. They tend to be habitually unhappy in their jobs and report high intentions to leave, but they do not necessarily actually leave their jobs. Being high in neuroticism seems to be harmful to one's career, as they have lower levels of career success (measured with income and occupational status achieved in one's career). Finally, if they achieve managerial jobs, they tend to create an unfair climate at work.

Myers-Briggs Type Indicator

Aside from the Big Five personality traits, perhaps the most well-known and most often used personality assessment is the Myers-Briggs Type Indicator (MBTI). Unlike the Big Five, which assesses traits, MBTI measures types. In MBTI, people are grouped using four dimensions. Based on how a person is classified on these four dimensions, it is possible to talk about 16 unique personality types, such as ESTJ and ISTP.

MBTI was developed in 1943 by a mother-daughter team, Isabel Myers and Katherine Cook Briggs. Its objective at the time was to aid World War II veterans in identifying the occupation that would suit their personalities. Since that time, MBTI has become immensely popular, and according to one estimate, around 2.5 million people take the test annually. The survey is criticized because it relies on types as opposed to traits, but organizations who use the survey find it very useful for training and team-building purposes.

One distinguishing characteristic of this test is that it is explicitly designed for learning, not for employee selection purposes. In fact, the Myers & Briggs Foundation has strict guidelines against the use of the test for employee selection. Instead, the test is used to provide mutual understanding within the team and to gain a better understanding of the working styles of team members.

Positive and Negative Affectivity

You may have noticed that behavior is also a function of moods. When people are in a good mood, they may be more cooperative, smile more, and act friendly. When these same people are in a bad mood, they may have a tendency to be picky, irritable, and less tolerant of different opinions. Yet, some people seem to

be in a good mood most of the time, and others seem to be in a bad mood most of the time regardless of what is actually going on in their lives. This distinction is manifested by positive and negative affectivity traits. **Positive affective people** experience positive moods more frequently, whereas **negative affective people** experience negative moods with greater frequency. Negative affective people experience more anxiety and nervousness. Positive affective people tend to be happier at work, and their happiness spreads to the rest of the work environment. As may be expected, this personality trait sets the tone in the work atmosphere. When a team comprises mostly negative affective people, there tend to be fewer instances of helping and cooperation. Teams dominated by positive affective people experience lower levels of absenteeism. When people with a lot of power are also high in positive affectivity, the work environment is affected in a positive manner and can lead to greater levels of cooperation and finding mutually agreeable solutions to problems.

Proactive Personality

Proactive personality: refers to a person's inclination to fix what is perceived as wrong, change the status quo, and use initiative to solve problems. Instead of waiting to be told what to do, proactive people take action to initiate meaningful change and remove the obstacles they face along the way. In general, having a proactive personality has a number of advantages for these people. For example, they tend to be more successful in their job searches. They are also more successful over the course of their careers, because they use initiative and acquire greater understanding of the politics within the organization. Proactive people are valuable assets to their companies because they may have higher levels of performance. They adjust to their new jobs quickly because they understand the political environment better and often make friends more quickly. Proactive people are eager to learn and engage in many developmental activities to improve their skills. Despite all their potential, under some circumstances a proactive personality may be a liability for an individual or an organization. Imagine a person who is proactive but is perceived as being too pushy, trying to change things other people are not willing to let go, or using their initiative to make decisions that do not serve a company's best interests. Research shows that the success of proactive people depends on their understanding of a company's core values, their ability and skills to perform their jobs, and their ability to assess situational demands correctly.

Self-Esteem

Self-esteem: is the degree to which a person has overall positive feelings about his or herself. People with high self-esteem view themselves in a positive light, are confident, and respect themselves. On the other hand, people with low self-esteem experience high levels of self-doubt and question their self-worth. High self-esteem is related to higher levels of satisfaction with one's job and higher levels of performance on the

job. People with low self-esteem are attracted to situations in which they will be relatively invisible, such as large companies. Managing employees with low self-esteem may be challenging at times, because negative feedback given with the intention to improve performance may be viewed as a judgment on their worth as an employee. Therefore, effectively managing employees with relatively low self esteem requires tact and providing lots of positive feedback when discussing performance incidents.

Locus of Control

It refers to an individual's belief that events are either within one's control (internal locus of control) or are determined by forces beyond one's control (external locus of control). These personality traits are manifested in different behaviors which are significant to manager. It has been proved that externals (those who believe that events are determined by external forces and feel that things happen to them because of other people, luck, or a powerful being.) are less satisfied with their jobs, have higher absenteeism rates, more alienated from work setting and are less involved on their jobs than internals (those who believe that events are within one's control and believe that they control their own destiny and what happens to them is their own doing.).Internals typically have more control over their own behavior, are more active in seeking information to make decisions, and are more active socially than externals.

It is possible that internals take more responsibility for their health and adopt healthier habits, while externals may see less of a connection between how they live and their health. Internals thrive in contexts in which they have the ability to influence their own behavior. Successful entrepreneurs tend to have high levels of internal locus of control.

2.1.3 Perception and Attribution

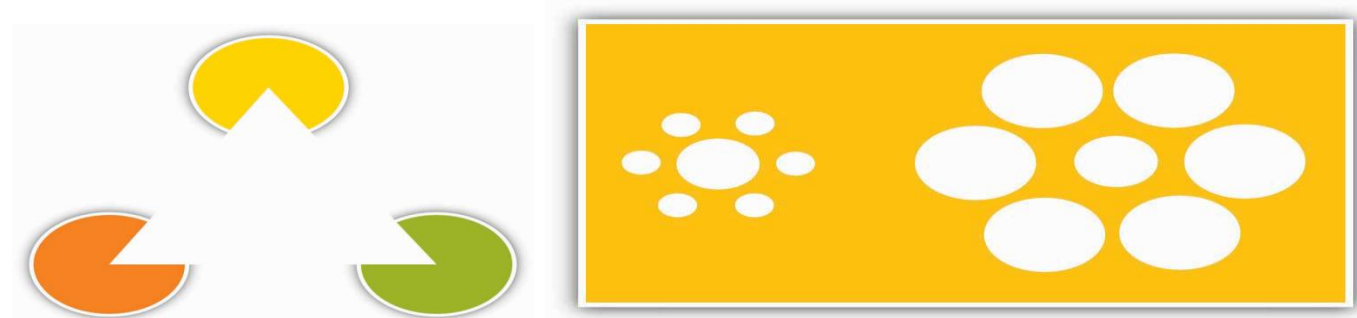
Perception

Our behavior is not only a function of our personality, values, and preferences, but also of the situation. We interpret our environment, formulate responses, and act accordingly. **Perception** is the process in which individuals detect and interpret environmental stimuli. What makes human perception so interesting is that we do not solely respond to the stimuli in our environment. We go beyond the information that is present in our environment, pay selective attention to some aspects of the environment, and ignore other elements that may be immediately apparent to other people. Our perception of the environment is not entirely rational. For example, have you ever noticed that while glancing at a News paper or a news Web site, information that is interesting or important to you jumps out of the page and catches your eye? If you are a sports fan, while scrolling down the pages you may immediately see a news item describing the latest success of your team. If you are the parent of a picky eater, an advice column on toddler feeding may be the first thing you see

when looking at the page. So what we see in the environment is a function of what we value, our needs, our fears, and our emotions. In fact, what we see in the environment may be objectively, flat-out wrong because of our personality, values, or emotions. For example, one experiment showed that when people who were afraid of spiders were shown spiders, they inaccurately thought that the spider was moving toward them. In this section, we will describe some common tendencies we engage in when perceiving objects or other people, and the consequences of such perceptions. Our coverage of biases and tendencies in perception is not exhaustive there are many other biases and tendencies on our social perception.

Visual Perception

Our visual perception definitely goes beyond the physical information available to us. First of all, we extrapolate from the information available to us. Take a look at the following figure. The white triangle you see in the middle is not really there, but we extrapolate from the information available to us and see it there.



Our visual perception goes beyond the information first glance, the one on the same size. We compare the circles, whereas the middle circle on surrounding it. physically available. In this figure, we see the white triangle in the middle even though it is not really there.

which of the circles in the middle is bigger? At left may appear bigger, but they are in fact the Middle circle on the left to its surrounding the right is compared to the bigger circles

Our visual perception is often biased because we do not perceive objects in isolation. The contrast between our focus of attention and the remainder of the environment may make an object appear bigger or smaller. This principle is illustrated in the figure with circles. Which of the middle circles is bigger? To most people, the one on the left appears bigger, but this is because it is surrounded by smaller circles. The contrast between the focal object and the objects surrounding it may make an object bigger or smaller to our eye.

How do these tendencies influence behavior in organizations? You may have realized that the fact that our visual perception is faulty may make witness testimony faulty and biased. How do we know whether the employee you judge to be hardworking, fast and neat is really like that? Is it really true, or are we comparing this person to other people in the immediate environment? Or let's say that you do not like one of your peers

and you think that this person is constantly surfing the Web during work hours. Are you sure? Have you really seen this person surf unrelated Web sites, or is it possible that the person was surfing the Web for work-related purposes? Our biased visual perception may lead to the wrong inferences about the people around us.

Self-Perception

Human beings are prone to errors and biases when perceiving themselves. Moreover, the type of bias people have depends on their personality. Many people suffer from **self-enhancement bias**. This is the tendency to overestimate our performance and capabilities and see ourselves in a more positive light than others see us. People who have a narcissistic personality are particularly subject to this bias, but many others are still prone to overestimating their abilities. At the same time, other people have the opposing extreme, which may be labeled as **self-effacement bias**. This is the tendency for people to underestimate their performance, undervalue capabilities, and see events in a way that puts them in a more negative light. We may expect that people with low self esteem may be particularly prone to making this error. These tendencies have real consequences for behavior in organizations. For example, people who suffer from extreme levels of self-enhancement tendencies may not understand why they are not getting promoted or rewarded, while those who have a tendency to self-efface may project low confidence and take more blame for their failures than necessary. When perceiving themselves, human beings are also subject to the **false consensus error**. Simply put, we overestimate how similar we are to other people.

We assume that whatever quirks we have are shared by a larger number of people than in reality. People, who take office supplies home, tell white lies to their boss or colleagues, or take credit for other people's work to get ahead may genuinely feel that these behaviors are more common than they really are. The problem for behavior in organizations is that, when people believe that a behavior is common and normal, they may repeat the behavior more freely. Under some circumstances this may lead to a high level of unethical or even illegal behaviors.

Social Perception

How we perceive other people in our environment is also shaped by our values, emotions, feelings, and personality. Moreover, how we perceive others will shape our behavior, which in turn will shape the behavior of the person we are interacting with. One of the factors biasing our perception is **stereotypes**. Stereotypes are generalizations based on group characteristics. For example, believing that women are more cooperative than men, or men are more assertive than women, is a stereotype. Stereotypes may be positive, negative, or neutral. Human beings have a natural tendency to categorize the information around them to make sense of their environment. What makes stereotypes potentially discriminatory and a perceptual bias is

the tendency to generalize from a group to a particular individual. If the belief that men are more assertive than women leads to choosing a man over an equally (or potentially more) qualified female candidate for a position, the decision will be biased, potentially illegal, and unfair. Stereotypes often create a situation called a **self-fulfilling prophecy**. This cycle occurs when people automatically behave as if an established stereotype is accurate, which leads to reactive behavior from the other party that confirms the stereotype. Suppose you believe that “young employees are slackers.” You are less likely to give a young employee high levels of responsibility or interesting and challenging assignments. The result may be that the young employee reporting to you may become increasingly bored at work and start goofing off, confirming your suspicions that young people are slackers! Stereotypes persist because of a process called selective perception. **Selective perception** simply means that we pay selective attention to parts of the environment while ignoring other parts. When we observe our environment, we see what we want to see and ignore information that may seem out of place. Selective perception may perpetuate stereotypes, because we are less likely to notice events that go against our beliefs. A person who believes that men drive better than women may be more likely to notice women driving poorly than men driving poorly. As a result, a stereotype is maintained because information to the contrary may not reach our brain. One other perceptual tendency that may affect work behavior is that of **first impressions**. The first impressions we form about people tend to have a lasting impact. In fact, first impressions, once formed, are surprisingly resilient to contrary information. Even if people are told that the first impressions were caused by inaccurate information, people hold onto them to a certain degree. The reason is that, once we form first impressions, they become independent of the evidence that created them. Any information we receive to the contrary does not serve the purpose of altering the original impression. Imagine the first day you met your colleague Anne. She treated you in a rude manner and when you asked for her help, she brushed you off. You may form the belief that she is a rude and unhelpful person. Later, you may hear that her mother is very sick and she is much stressed. In reality she may have been unusually stressed on the day you met her. If you had met her on a different day, you could have thought that she is a really nice person who is unusually stressed these days. But chances are your impression that she is rude and unhelpful will not change even when you hear about her mother. Instead, this new piece of information will be added to the first one: She is rude, unhelpful, and her mother is sick. Being aware of this tendency and consciously opening your mind to new information may protect you against some of the downsides of this bias. Also, it would be to your advantage to pay careful attention to the first impressions you create, particularly during job interviews.

Attributions

An **attribution** is the causal explanation we give for an observed behavior. If you believe that a behavior is due to the internal characteristics of an actor, you are making an **internal attribution**. For example, let's say your classmate hana complained a lot when completing a psychology assignment. If you think that she complained because she is a negative person, you are making an internal attribution. An **external attribution** is explaining someone's behavior by referring to the situation. If you believe that hana complained because psychology homework was difficult, you are making an external attribution.

Research shows that three factors are the key to understanding what kind of attributions we make.

Consensus: Do other people behave the same way?

Distinctiveness: Does this person behave the same way across different situations?

Consistency: Does this person behave this way in different occasions in the same situation?

Let's assume that in addition to Hana, other people in the same class also complained (high consensus). Hana does not usually complain in other classes (high distinctiveness). Hana usually does not complain in psychology class (low consistency). In this situation, you are likely to make an external attribution, such as thinking that psychology homework is difficult. On the other hand, let's assume that Hana is the only person complaining (low consensus). Hana complains in a variety of situations (low distinctiveness), and every time she is in psychology, she complains (high consistency). In this situation, you are likely to make an internal attribution such as thinking that Hana is a negative person.

Interestingly though, our attributions do not always depend on the consensus, distinctiveness, and consistency we observe in a given situation. In other words, when making attributions, we do not always look at the situation objectively. For example, our overall relationship is a factor. When a manager likes a subordinate, the attributions made would be more favorable (successes are attributed to internal causes, while failures are attributed to external causes). Moreover, when interpreting our own behavior, we suffer from **self-serving bias**. This is the tendency to attribute our failures to the situation while attributing our successes to internal causes.

Table 3.1 Consensus, distinctiveness, and consistency determine the type of attribution we make in a given situation.

Consensus	Distinctiveness	Consistency	Type of attribution
<i>High consensus</i>	<i>High distinctiveness</i>	<i>Low consistency</i>	<i>External</i>
Everyone else behaves the same way.	This person does not usually behave this way in different situations.	This person does not usually behave this way in this situation.	
<i>Low consensus</i>	<i>Low distinctiveness</i>	<i>High consistency</i>	<i>Internal</i>
No one else behaves the same way.	This person usually behaves this way in different situations.	Every time this person is in this situation, he or she acts the same way.	

How we react to other people's behavior would depend on the type of attributions we make. When faced with poor performance, such as missing a deadline, we are more likely to punish the person if an internal attribution is made (such as "the person being unreliable"). In the same situation, if we make an external attribution (such as "the timeline was unreasonable"), instead of punishing the person we might extend the deadline or assign more help to the person. If we feel that someone's failure is due to external causes, we may feel empathy toward the person and even offer help. On the other hand, if someone succeeds and we make an internal attribution (he worked hard), we are more likely to reward the person, whereas an external attribution (the project was easy) is less likely to yield rewards for the person in question. Therefore, understanding attributions is important to predicting subsequent behavior.

2.1. 4. Motivation

Motivation is *the process of arousing, directing, and maintaining behavior toward a goal*. As this definition suggests, motivation involves three components.

The first component, **arousal**, has to do with the drive, or energy behind our actions. For example, when we are hungry, we are driven to seek food.

The **direction** component involves the choice of behavior made. A hungry person may make many different choices--eat an apple, have a pizza delivered, go out for a burger, and so on.

The third component, **maintenance**, is concerned with people's persistence, their willingness to continue to exert effort until a goal is met. The longer you would continue to search for food when hungry, the more persistent you would be.

Putting it all together, it may help to think of motivation by using the analogy of driving a car. In this manner, arousal may be likened to the energy generated by the car's engine and fuel system. The direction it takes is dictated by the driver's manipulation of the steering wheel. And finally, maintenance may be thought of as the driver's determination to stay on course until the final destination is reached.

While motivation, in general, can be described by this simple analogy, it is really a highly complex concept. This is reflected by the fact that people often are motivated by many things at once, sometimes causing internal conflicts. For example, a factory worker may be motivated to make a positive impression on his supervisor by doing a good job, but at the same time he may be motivated to maintain friendly relations with his co-workers by not making them look bad. This example has to do with job performance, and indeed, motivation is a key determinant of performance. However, it is important to note that motivation is not synonymous with performance. In fact, as we will explain later, even the most highly motivated employee may fall short of achieving success on the job--especially if he or she lacks the required skills or works under unfavorable conditions. Clearly, while motivation does not completely account for job performance, it is an important factor. More importantly, it is a factor that managers may have some control over.

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

Leadership is interpersonal influence exercised in a situation and directed through communication process, towards the attainment of a specified goal or goals. It is the quality of the behavior of the individuals whereby they guide people or their activities in an organized effort. It is the ability to shape the attitude and behavior of others, whether in formal or informal situations.

A simple definition of leadership is that leadership is the art of motivating a group of people to act towards achieving a common goal. Put even more simply, the leader is the inspiration and director of the action. He or she is the person in the group that possesses the combination of personality and skills that makes others want to follow his or her direction.

IMPORTANCE OF LEADERSHIP

- **Motivating workers:** A good leader always motivates their followers for doing work hard and with perfection.
- **Overcome the barriers:** They make the path of their workers' easy. If any problem faced by workers' it should be overcome with providing necessary resources to perform their task.
- **Maintains integrity:** Leader should maintain institutional integrity and his organization's distinctive identity. They integrate the needs of the individual with those of the group so that the goals are easily reached.
- **Act as arbitrator:** When group experiences internal difference, whether based on emotional or intellectual clashes, a leader can often resolve the difference. He acts as an arbitrator to prevent serious group splintering.
- **Parental approach:** Leaders show personal concern for the workers'. Providing an adequate reward structure to encourage performance of their followers.

They delegate the authority where needed and inviting participation from the side of workers' when possible.

Qualities of Good Leader

The leader is expected to play many roles and, therefore, must be qualified to guide others to organizational achievement and must also be capable handler of interpersonal relations. Some other qualities that good leader has:

- Flexibility, Technical mastery, Enthusiasm, Fairness, Paternalism, Decisiveness
- Friendliness, Tolerance and patience, Persuasiveness, Intellectual, Stability in behavior
- Communication skill, Knowledge of human relation, Initiative

Principles of Leadership

To help you *be*, *know*, and *do*; (U.S. Army, 1973) follow these eleven principles of leadership:

1. Know yourself and seek self-improvement: In order to know yourself, you have to understand your *be*, *know*, and *do*, attributes. Seeking self improvement means continually strengthening your attributes. This can be accomplished through self-study, formal classes, reflection, and interacting with others.
2. Be technically proficient: As a leader, you must know your job and have a solid familiarity with your employees' tasks.
3. Seek responsibility and take responsibility for your actions: Search for ways to guide your organization to new heights. And when things go wrong, they always do sooner or later do not blame others. Analyze the situation, take corrective action, and move on to the next challenge.
4. Make sound and timely decisions: Use good problem solving, decision making, and planning tools.
5. Set the example: Be a good role model for your employees. They must not only hear what they are expected to do, but also see. *We must become the change we want to see*—Mahatma Gandhi.
6. Know your people and look out for their well-being: Know human nature and the importance of sincerely caring for your workers.
7. Keep your workers informed: Know how to communicate with not only them, but also seniors and other key people.
8. Develop a sense of responsibility in your workers: Help to develop good character traits that will help them carry out their professional responsibilities.
9. Ensure that tasks are understood, supervised, and accomplished: Communication is the key to this responsibility.
10. Train as a team: Although many so called leaders call their organization, department, section, etc. a team; they are not really teams...they are just a group of people doing their jobs.
11. Use the full capabilities of your organization: By developing a team spirit, you will be able to employ your organization, department, section, etc. to its fullest capabilities.

THE PROCESS OF GREAT LEADERSHIP

The road to great leadership (Kouzes & Posner, 1987) that is common to successful leaders:

- **Challenge the process:** first find a process that you believe needs to be improved the most.
- **inspire a shared vision:** Next, share your vision in words that can be understood by your followers.
- **Enable others to act:** Give them the tools and methods to solve the problem.
- **Model the way:** when the process gets tough, get your hands dirty. A boss tells others what to do; a leader shows that it can be done.
- **encourage the hearts:** Share the glory with your followers' hearts, while keeping the pains within your own.



Communication is a social process in which two or more parties exchange information and share meaning. Organizational communication may be defined as all the patterns, networks and systems of communication within an organization. Good communication is often erroneously defined by the communicator as agreement with the message instead of clear understanding of the message. Communication within an organization is often described as formal or informal. Formal communication refers to communication that follows the official chain of command or is part of the communication required to do one's job. For example, when a manager asks an employee to complete a task, he or she is communicating formally. So is the employee who brings a problem to the attention of his or her manager. Any communication that takes place within prescribed organizational work arrangements would be classified as formal.

Informal communication is organizational communication that is not defined by organization's structural hierarchy. When employees talk with each other in the lunch room, as they pass in hallways, or as they are working out at the company exercise facility that is informal communication. Employees form friendships and communicate with each other. The informal communication systems fulfill two purposes in organizations:

- It permits employees to satisfy their need for social interaction, and
- It can improve an organization's performance by creating alternative, and frequently faster and more efficient, channels of communication.

There are different kinds of communication in organization. Let's see as follow

Downward Communication

Any communication that flows downward from a manager to employees is downward communication. It is used to inform, direct, coordinate and evaluate employees. When managers assign goals to their employees,

they are using downward communication. Managers are also using downward communication by providing employees with job descriptions, informing them of organizational policies and procedures, pointing out problems that need attention, or evaluating their performance. When management sends letters to employees' homes to advise them organization's new policy, it is using downward communication.

Purposes of downward communication:

- 1. It is used to give directives:** When managers give orders to the employees, it is basically downward communication. Therefore, downward communication is used to give directives.
- 2. It is used to give information:** Organizational procedures, practices, policies etc. are all conveyed to the employees using downward communication channels.
- 3. It is used to give feedback to employees:** Managers give feedback to employees using the channels of downward communication.
- 4. It is used to provide ideological information:** Ideological information and organizational vision and mission are communicated to the employees through downward communication channels. Therefore, it also serves as a means to communicate the organizational goals.

Upward Communication

Upward communication flows to a higher level in the group or organization. It is used to provide feedback to higher-ups, inform them of progress towards goals, and relay current problems. Upward communication keeps managers aware of how employees feel about their jobs, coworkers, and the organization in general. Managers also rely on upward communication for ideas on how things can be improved. Some organizational examples of upward communication are performance reports prepared by lower management for review by middle and top management, suggestion boxes, employee attitude surveys, grievance procedures, superior-subordinate discussions, and informal gripe sessions where employees have the opportunity to identify and discuss problems with their boss or representatives of higher management. Upward communication keeps managers aware of how employees feel about their jobs and the organization. The extent of upward communication depends on the organizational culture.

Interactive communication

It involves communication that takes place between groups on the same organizational level. Interactive communication is useful for the organization and leads to:

- **Task coordination:** Groups and departments may communicate easily to each other about the tasks and performances of their entity.
- **Problem solving:** Groups and departments involved in such communication can leverage ideas, expertise and help from each other in problem solving.

- **Information sharing:** It is a useful way of sharing information laterally and immediately.
- **Conflict resolving:** It can be used to resolve conflicts between employees, group etc.

Communication across Cultures

Effective communication is difficult under the best of conditions. Cross-cultural factors clearly create the potential for increased communication problems. Problems in cross-cultural communication arise because of the following reasons:

- **Perceptual Problems:** Perception of people is influenced by their cultural training. Different things may be perceived differently across different cultures. For example, opening comments about family/wife may be like in one culture while they may not be liked in another. Therefore, perceptual problems dominate cross cultural communication.
- **Stereotyping Problems:** It is the problem of considering another person belonging to a particular class which is either deemed inferior or is disliked. Therefore, across cultures, communication is also likely to be affected by stereotyping.
- **Halo effecting problems:** Halo effect is considering all related to one as similar to him or her. It is also a problem while communicating across cultures.
- **Ethnocentric problems:** This may be defined as considering the practices of your own culture as superior while considering other inferior. This is often a problem while communicating across cultures.

Improving Communication across Cultures: Communication across cultures can be improved in the following ways:

- ❖ Cultural training programs: People who have to communicate across cultures can be given special cross cultural training programs to sensitize them with the practices of the client cultures.
- ❖ Provide historical/social/cultural reading/taped material to employees to know the other culture: It is similar to cultural training, but involves less formalized efforts. Employees again need to be sensitized to the culture they are dealing with.
- ❖ Training/exposure of both husband and wife is better than only one person alone: Research shows that whenever a family is to be sent to another country, training of both husband and wife is necessary in order for the employee to deal effectively with culture of the new country.



Decision making may be defined as choosing one alternative form among several. A decision maker's actions are guided by a goal. Each of several alternative courses of action is linked with various outcomes. Information is available on the alternatives, on the likelihood that each outcome will occur, and on the value of each outcome relative to the goal. The decision maker chooses one alternative on the basis of his or her evaluation of the information. It is largely the technique for narrowing choices. The task of rational decision making is to select the alternative that results in the more preferred set of all the possible consequences.

Decision Making Styles

Following are four decision making styles in organizations:

Directive: Directive styles have a low tolerance for ambiguity and are oriented toward task and the technical concerns. They are autocratic in nature.

Analytical: These decision makers tend to evaluate information and alternatives. They also have a high tolerance for ambiguity and a strong task and technical orientation.

Conceptual: These decision makers are risk takers and have a broad perspective. They tend to envision things and take into account people and social concerns. They are often innovative.

Behavioral: These decision makers are supportive and warm. They are usually democratic in style and tend to take into account people's concerns. They have a low tolerance for ambiguity.



Conflict is a struggle between incompatible needs/wishes/ideas/interests of people. A process in which an effort is purposefully made by an individual/group which results in frustrating the accomplishments of the other's goals and furthering interests.

Sources of conflict

- Goals
- Values
- Cognition
- Emotions
- Behavior

Types of Conflicts

- Intra-personal conflicts (personal problems leading to stress)
- Inter-personal conflicts. (Disagreement between two or more people)
- Intra-group conflict (conflict within a group)

- Inter-group conflict (disagreement between two or more groups)

Interpersonal Conflict

Research shows that people attribute others' behavior to personal factors such as intelligence, ability, motivation, attitudes, or personalities. This causes interpersonal conflicts. There are four major sources of interpersonal conflict:

- **Personal Differences**

Every individual comes from a different background and has experienced different patterns of socialization, etc. Therefore, conflicts arise, based on these individual differences.

- **Information Deficiency**

Information deficiency means either lack of information or misinformation. This also results in development of conflicts. However, such conflicts are easily resolved once the information is corrected.

- **Role Incompatibility**

Role incompatibility is a situation when people performing different roles in an organization find the requirements of their jobs opposing to each other. It also leads to conflicts but can be corrected using advanced technology.

- **Environmental Stress**

Conflicts arise due to harsh environment; often in organizations, the environment is highly competitive, tough etc. This is a cause of stress which may lead to conflict.

Inter-Group Conflicts

These are conflicts between groups. Following are the reasons identified by researchers for inter-group conflicts:

- **Competition for Resources**

Groups in organizations tend to maximize their share of limited resources available in the organization. This causes conflicts between them.

- **Task Interdependence**

Research shows that if performance of groups depends on the tasks performed by each other, there tends to be more conflict between groups.

Views of Conflict

Following are the two views of conflicts

Traditional View	Modern View
It is bad, negative and must be avoided at any cost	It is natural ,inevitable
Is caused by trouble-makers, boat-rockers and prima-donnas.	Depends upon physical and structural factors of the system
Scapegoats are unavoidable	It is inevitable part of change, innovation and organisational development
Can be resolved by formal authority/command	An optimum level can be good for growth, progress and development
Can be resolved by delay in decision-making, bringing the defence mechanism in action.	It need not be avoided or encouraged, but managed properly.

Functional Conflict (wanted/constructive)

Following are the features of functional conflicts

- It is based on logical and objective thinking, and consensus decision making
- Clarifies goals to all concerned parties
- It helps in identifying problems, settling differences through discussions
- It helps in application of systematic and scientific problem solving
- It improves perceptions and attitudes of people
- It promotes creativity and innovation
- It encourages group cohesiveness and better team work
- It provides with a system of checks and balances within an organization
- It improves morale and motivation of people
- It improves overall organizational performance

Dysfunctional Conflict (unwanted/destructive)

Following are the features of dysfunctional conflicts

- Implies illogical and subjective thinking
- Goals of the team are not clear to all
- Hampers systematic and scientific problem solving
- Focuses on short-term goals at the cost of long-term goals
- Creates stress and strain
- It creates a lack of mutual trust among members of the group
- Decision-making is replaced by in fighting

- It reduces co-operation between members of group
- It discourages creativity and innovation
- Adversely affects overall organizational performance

Conflict Management

In modern organizations

- The number of conflicts should be kept at minimum
- Conflicts are kept at functional and rational level
- Conflicts do not hinder the overall efficiency of the organization

These goals can be achieved using following suggestions

- Avoidance: This involves withdrawal/suppression of the conflict
- Smoothing: Emphasizing common interests among conflicting parties
- Strengthening the resources: Strengthening the resources can help resolve the conflicts
- Super-ordinate goals: Creating a goal that cannot be achieved without the co-operation of each conflicting parties
- Problem solving: Face-to face meeting may help in resolving conflicts
- Compromise: Each party gives up something of value, to achieve something else and thus helps to resolve Conflict amicably
- Altering Human variables: Using training and development programmed can alter perception, values and attitudes
- Authoritative command: Management may use its formal authority to resolve conflict
- Altering structural variables: Changing formal structure and interaction pattern can help resolving conflict

Negotiation

Negotiation is a means we can use to 'wage peace'. It can make all of life more pleasant.

Negotiation is usually considered as a compromise to settle an argument or issue to benefit ourselves as much as possible. In reality, negotiation is the process where interested parties resolve disputes, agree upon courses of action, bargain for individual or collective advantage, and/or attempt to craft outcomes which serve their mutual interests. Negotiation is usually regarded as a form of alternative dispute resolution. Communication is always the link that will be used to negotiate the issue/argument whether it is face-to face, on the telephone or in writing. In other words, negotiation is the process of two individuals or groups reaching joint agreement about differing needs or ideas. Oliver (1996) described negotiation as "negotiators jointly searching a multi dimensional space and then agreeing to a single point in the space." Negotiation

applies knowledge from the fields of communications, sales, marketing, psychology, sociology, politics, and conflict resolution. Whenever an economic transaction takes place or a dispute is settled, negotiation occurs; for example, when consumers purchase automobiles or businesses negotiate salaries with employees. Negotiation is a common way to resolve differences and conflicts

There are 4 elements of good negotiations

1. Separate people from problem
2. Focus on interest not positions
3. Generate variety of options
4. Insist on objective standards for results



JOB STRESS

stress is a person's adaptive response to a stimulus that places excessive psychological or physical demands on him or her. Job stress is a cause of massive financial loss to the organizations and the economy as a whole.

Individual Consequences of Stress

• Physiological

The physiological consequences of stress affect a person's physical well-being. Heart disease and stroke, among other illness, have been linked to stress. Other common medical problems resulting from too much stress include headaches, backaches, ulcers and related stomach and intestinal disorders, and skin conditions such as acne and hives.

• Psychological

The psychological consequences of stress related to a person's mental health and well-being. When people experience too much stress at work, they may become depressed or find themselves sleeping too much or not enough. Stress may also lead to family problems and aggression.

• Behavioral

The behavioral consequences of stress may harm the person under stress or others. One such behavior is smoking. There is also evidence that alcohol and drug abuse are linked to stress, though this relationship is less well documented. Other possible behavioral consequences are accident proneness, violence and appetite disorders.

Causes of Stress

Many things can cause stress. These can be categorized as the following three:

Extra-organizational Stressors

These are stressors which are outside the person's job or organization that he or she works in. Some of the common extra organizational stressors are:

- **Life/Social/Technical Change**

A life change is any meaningful change in a person's personal or work situation; too many life changes can lead to health problem. Further, stress may also be caused due to the lack of ability to adapt to technical change.

- **Economical/Financial Condition of the Country**

Economic or financial condition of the country or the individual may also serve as a cause of stress for people.

- **Class Conditions**

The feeling of belonging to a class or development of complexes such as inferiority complex may also be a cause of stress for individuals.

Organizational Stressors

Organizational stressors are various factors in the workplace that can cause stress. Some of them are as follows:

- **Organizational Policies**

Organizational policies may be a potential source of stress for individuals. People may feel as treated unfairly in the organization and perceive the policies not to be adequate to help them.

- **Physical Conditions**

Physical conditions and working environment in the organizations may also be a potential source of stress in or the individuals.

- **Process**

Organizational processes, like organizational policies may also be a cause of stress. For example, poor communication, inadequate information, etc. may cause stress in the employees.

Group Stressors

Group stressors are factors that cause stress among group members. Following are some of the group stressors:

- **Lack of Cohesiveness**

Lack of cohesiveness among group members is a common cause of group stress since people develop complaint for each other.

• Lack of Social Support

Support from peers and people around out is an important desire. If not provided, it becomes a source of group stress.

• Conflicts Within and Inter-group

Conflicts among group members among groups are also a common source of stress.

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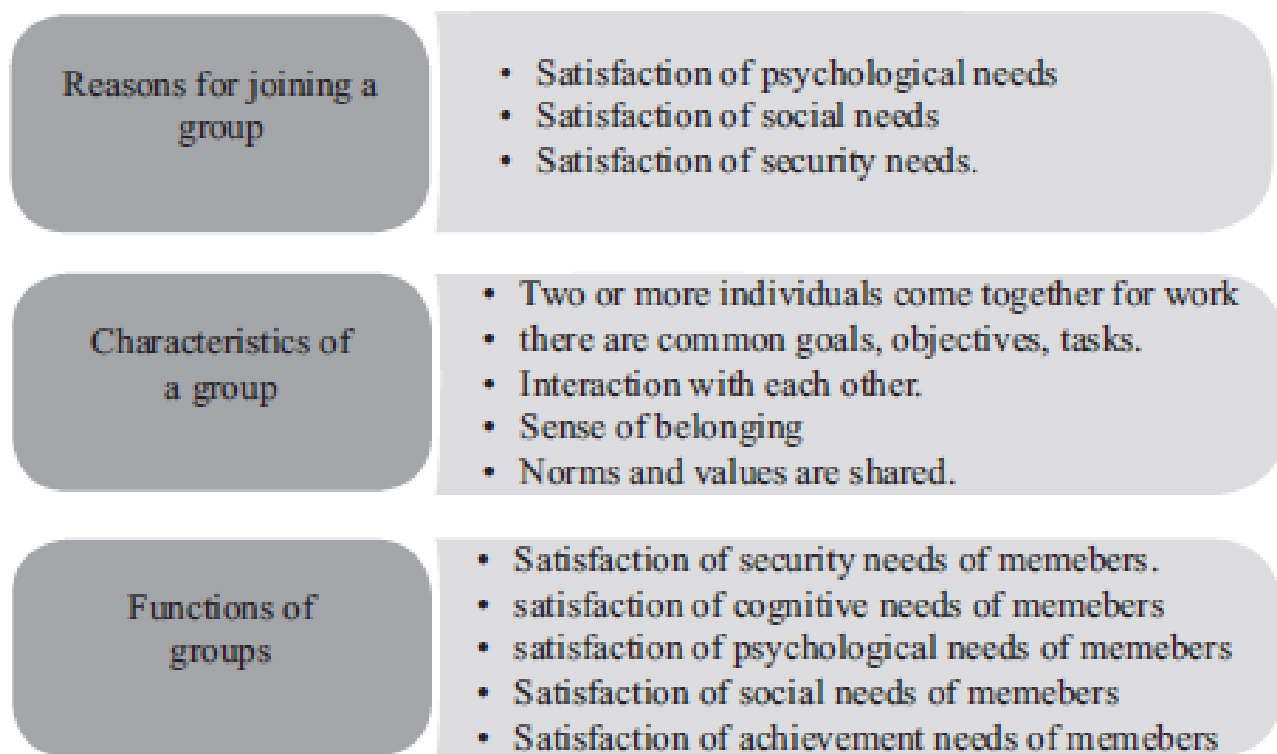
Group

Group is defined by various scholars as follows:

- **Robert Bales:** A number of persons engaged in interaction with each other in face to face communication.
- **Raymond Cattell:** A collection of individuals in which existence of all is necessary for the satisfaction of individual needs.
- **Otto Kline berg:** Two or more individuals who interact and influence each other for a certain time.
- **Krech and Crutchfeld:** Two or more individuals forming a social unit with specific roles and explicit psychological relationships among themselves.

6.2.1 Reasons for Joining a Group, Characteristics of a Group, Functions of Groups

Kindly refer to the below mentioned pictorial representation of various reasons for joining a group, its characteristics and functions.



Advantages and Disadvantages of Groups

The advantages and disadvantages of groups are discussed below:

Advantages	Disadvantages
Give better knowledge of information	Activities are more time consuming
Have the benefit of collective wisdom	Exert pressures on members to conform to group norms.
Group decisions are better accepted by members.	Can experience domination by members of groups
Group decisions have a better legitimacy	Hazy responsibilities
Facilitate problem solving	Decisions are delayed

Stages of Group Development

Various stages of group development are discussed below:

Forming: a feeling of uncertainty

Storming: resistance by some, due to lack of inter-personal communication

Norming: Better group cohesiveness

Adjourning: In case of temporary groups they are dissolved.

Performing: Fully functional group, ready to perform.

Group Dynamics

It is a series of interaction between people working in the organization.

It may be defined as: The way in which a group is formed, organized and conducted for the achievement of common goals. It implies common thinking, consensus decisions and consistent actions for common goals.

Factors of Group Dynamics

Following are the factors of group dynamics

- Organizational policies/strategies: Liberal policies may facilitate group dynamics
- Organizational culture: A healthy and co-operative organizational culture helps group dynamics
- Rules and regulations: Very strict rules and regulations do not permit group dynamics to flourish
- Physical working conditions: Healthy working conditions affect group dynamics positively
- Limitations to resources: Adequate quality and quantity of resources help group dynamics
- Authority-responsibility relationship: authority responsibility should be balanced, for effective group dynamics
- Organizational communication: Open communication channels are helpful
- Motivation of the members: High morale and high motivation help positive group dynamics
- Inter-personal conflicts: Cordial interpersonal relations are helpful
- Management attitude: A balance between autocratic and democratic style is the best for positive group dynamics

Unit Four: Human resource Development

4.1. The concept and components of human resource development

4.1. Job design and goal setting

JOB DESIGN

It is the process of creating identical jobs with sufficient information regarding work activities to be carried out including the skills, experience and qualification required to conduct the job more efficiently and effectively. It essentially involves integrating job responsibilities or content and certain qualifications that are required to perform the same. It outlines the job responsibilities very clearly and also helps in attracting the right candidates to the right job. Further it also makes the job look interesting and specialized. There are various methods in which job design can be carried out.

Method of Job Design

Some of the most important methods/techniques of job design are as follows: Work Simplification, Job Rotation , Job Enrichment and Job Enlargement.

1. Work Simplification

The job is simplified by breaking it down into small sub-parts. Then, each part of the job is assigned to a worker who does the same task over and over again. This enables the worker to gain proficiency and fitness in doing the repetitive task. This increases worker s productivity, on the one hand, and, in turn, profits, on the other.

2. Job Rotation

Job rotation implies the moving of employees from job to job without any change in the job. In case of job rotation, an employee performs different jobs, but of the same nature.

Advantages of job rotation

It removes boredom, It broadens employee's knowledge and skill and Employees become competent in several jobs rather than only one.

Disadvantages

Frequent shifting of employees across the jobs causes interruption in the job routine, Employees may feel alienated when they are rotated from job to job, The employees who look for more challenging assignments may still feel frustrated.

3. Job Enlargement

Job enlargement involves adding more tasks to a job. This is a horizontal expansion in a job. By adding more tasks to job, job enlargement expands job scope and gives variety of tasks to the job holder. For example, a mail-sorter's job could be enlarged to include physically delivering the mail to the various departments in the organization. Job enlargement reduces boredom and monotony by providing the employee more variety of tasks in the job. Thus, it helps increase interest in work and efficiency. A recent study found that by expanding the scope of job, workers found benefits such as more satisfaction, enhanced customer service, and less errors.

4. Job Enrichment

Job enrichment involves adding motivating factors to job. Thus, job enrichment is a vertical expansion of a job by adding more responsibility and freedom to do it. Fredrick Herzberg et.al describe job enrichment as that type of improvement in the context of the job which may give a worker more of a challenge, more of a complete task, more responsibility, more opportunity for growth, and more chance to contribute his ideas. Job enrichment increases job depth, which refers to the degree of control employees have over their work. Job enrichment can improve the quality of work output, employee motivation, and satisfaction.

Guidelines for Job Design

Based on the job characteristics model, specify the types of changes in jobs that are most likely to lead to improving their potential:

- **Combine tasks.** Managers should seek to take existing and fractionalized tasks and put them back together to form a new and larger module of work. This increases skill variety and task identity.
- **Create natural work units.** The creation of natural work units means the tasks an employee does form an identifiable and meaningful whole. This increases employee "ownership" of the work and improves the likelihood that employees will view their work as meaningful and important rather than as irrelevant and boring.
- **Establish client relationship.** The client is the user of the product or the service that the employee works on. Wherever possible, managers should try to establish direct relationships between workers and their clients. This increases skill variety, autonomy, and feedback for the employee.
- **Expand jobs vertically.** Vertical expansion gives employees responsibilities and control that were formerly allocated to management. It seeks to partially close the gap between the "doing" and the "controlling" aspects of the job, and it increases employee autonomy.

- **Open feedback channels.** By increasing feedback, employees not only learn how well they are performing their jobs, but also whether their performance is improving, deteriorating, or remaining at a constant level. Ideally, this feedback about performance should be received directly as the employee does the job, rather than from management on an occasional basis

Goal Setting

Goal setting is a very useful method of enhancing employee performance. From a motivational perspective, a goal is a desirable objective. Goals are used for two purposes in most organizations.

First, they provide a useful framework for managing motivation. Managers and employees can set goals to help attain an overall goal.

Second goals are an effective control device; control is monitoring by management of how well the organization is performing. Comparing people's short-term performances with their goals can be an effective way to monitor the organization's long-run performance.

Social learning theory perhaps best describes the role and importance of goal setting in organizations. This perspective suggests that feelings of pride or shame about performance are a function of the extent to which people achieve their goals. A person who achieves a goal will be proud of having done so, whereas a person who fails to achieve a goal will feel personal disappointment, and perhaps even shame. People's degree of pride or disappointment is affected by their self-efficacy, the extent to which they feel they can still meet their goals even if they failed to do so in the past.

Important factors to goal setting,

All of which must be considered while setting goals:

Goal Specificity: It is the clarity and precision of the goal. A goal of "increasing productivity" is not very specific; a goal of "increasing productivity by 3 percent in the next six months" is quite specific. Some goals, such as those involving costs, output, profitability, and growth, are readily specified. Other goals, such as ethics, and socially responsible behavior, are much harder to state in specific terms. Specificity has been shown to be consistently related to performance. Specific goals set are more motivating than general goals set by managers. Such goals generate higher commitment by employees.

Goal Difficulty: It is the extent to which a goal is challenging and requires effort. If people work to achieve goals, it is reasonable to assume they will work harder to achieve more difficult goals. But goal must not be so difficult that it is unattainable. If a new manager asks her sales force to increase sales by 300 percent, the group may become disappointed. A more realistic but still difficult goal perhaps a 50 percent increase would be a better incentive. A substantial body of research supports the importance of goal difficulty.

Feedback: Feedback is the degree to which an employee is given direct and clear information about the effectiveness of his or her performance. Feedback can enhance goal achievement.

Timely feedback: Feedback to employees about performance needs to be complete, direct and timely. A feedback provided at the end of the year may not be as effective as the one provided during the performance. It may improve performance greatly.

Goal Acceptance: Goal acceptance is the extent to which a person accepts a goal as her or her own while goal commitment is the extent to which he or she is personally interested in reaching the goal.

Self efficacy: It is the extent to which an individual believes that she or he can accomplish the goal even if he or she has failed in the past to do so. Employees high on self-efficacy set and achieve challenging goals.

Task complexity and quality: The more complex the task and the better quality the goals, the more the chances of goals be achieved.

Benchmarking: It is a technique of goal setting which compares an organizational function with others that are the best in the field, therefore setting standards for the employees to achieve.

Factors that hinder goal setting and their achievement

- **Psychological resistance:** Goals that are not psychologically acceptable by employees may result in causing the employees to resist. Therefore, psychological resistance becomes a hindrance to setting effective goals.
- **Higher goals with lower compensation:** When employees are given challenging goals to achieve and they feel that they are not being adequately compensated for these goals, they tend to react negatively towards goal achievement and it becomes a hindrance for the organization.
- **Restructuring:** Restructuring of the organization might be demodulating for the employees and may cause a hindrance in goal achievement.
- **Downsizing:** Downsizing is a reduction in organizational workforce. It is also often demodulating for the employees and might cause the goal achievement process to be hindered.
- **Reliance on temporary workers:** Reliance on temporary workers is often a hindrance in goal setting since these employees can leave the organization at critical times and might cause the goal achievement to be marred.

4.2. Design and evaluating training system

Training is a learning process that involves the attainment of knowledge, sharpening of skills, concepts, rules, or changing of attitudes and behaviors to enhance the performance of workers. These are the activities which basically aim at providing the skills, knowledge and aptitudes necessary for employment in a particular occupation (or a group of related occupations) in any field of economic activity.

BASIC PURPOSES OF TRAINING

The basic purpose or objective of training is to

- ❖ Increase productivity.
- ❖ Improve the quality of work.
- ❖ Creating skill inventory by which a company fulfils its future personnel needs.
- ❖ Creating and maintaining congenial working environment.
- ❖ Improve health and safety of the workers as well as working conditions.
- ❖ Helps the workers to prevent against accident.
- ❖ Improve the personal growth of the workers.

Importance of training

- ❖ ***Optimum Utilization of Workforce:*** it helps in optimizing the utilization of workforce that further helps the workers to achieve the organizational goals as well as their individual goals.
- ❖ ***Healthy Work-environment:*** it helps in creating the healthy working environment. It helps to build good relationship among the workers and supervisors so that individual goals align with organizational goal.
- ❖ ***Productivity and Profitability:*** it helps in increasing the productivity of the workers as well as the organization. It also leads to improved profitability and more positive attitudes towards profit orientation.
- ❖ ***Team Spirit:*** it helps in inculcating the sense of team work, team spirit, and inter-team co-ordination. It helps in inculcating the enthusiasm to learn within the workers.
- ❖ ***Quality:*** helps in improving the quality of work and work-life.
- ❖ ***Development of Skills of Workers:*** helps in increasing the job knowledge and skills of workers at each level. It helps to enlarge the horizons of human intellect and an overall personality of the workers.
- ❖ ***Organization Culture:*** helps to develop and improve the organizational health culture and effectiveness. It helps in creating the learning culture within the organization.
- ❖ ***Organization Climate:*** helps building the positive perception and feeling about the organization. The employees get these feelings from leaders, subordinates, and peers.
- ❖ ***Morale:*** it helps in improving the morale of the work force. It helps in developing leadership skills, motivation, loyalty, better attitudes, and other aspects that successful workers and managers usually display.

PROCESS OF TRAINING

1. **Identify Training Needs:** Management firstly identify and analysis that their employees actually need any training or not.
2. **Establishment of Training Goals:** Management sets a parameter and checks the performance of the workers after introducing training on those parameters.
3. **Designing Training Programme:** This is the most important and critical exercise for the management. Here, management designs the whole training programme. Who are going to be training, who are going to provide training, where the training will executed, what are the methods adopted for training, what are the sequence used for training, how trainee evaluated and many other such types of task should be done at this stage.
4. **Follow-up Training Programme:** Whatever management planned, execution should be done on this stage. If trainee and trainer follow-up the programme in proper sequence as per the management decided than they get maximum output or better results.
5. **Evaluating Training Programme:** The last step in training process is evaluating the whole training process by the output. This can be done by various methods like reaction of trainees, by questionnaire method, by interviews and others. If any flaws or limitations found than it will be overcome as soon as possible. The evaluating of training process also help in designing future training programme more effective.

EVALUATION OF TRAINING EFFECTIVENESS

There are various methods by which management check the effectiveness of their training programmes. Some are the:

- **Reaction of Trainees;** it is one of the best methods by which management can evaluate the effectiveness of the training programme. Under this method management tries to collect the response of the trainee. They take help of questionnaire, survey or simple interview by which they are asked certain specific question regarding the training programme and collect the responses.
- **Learning;** The learning tendency of worker is more improved after taking training. If they can easily learn the new technologies, cope with surrounding all of this express the effectiveness of the training programme.
- **Behavioral Changes and**
- **Impact on Organization Effectiveness and many more.**

The following criteria suggested by Lindahl (1949) for checking the results of training are:

- Better quality of production.
- Increase in the number of operators able to meet job standards.

- Reduction in time required to do a specific job.
- Decrease in breakable supplies or tools.
- Decrease in absenteeism.
- Reduction in separation rate.
- Reduction in operational costs.
- Better performance on personnel tools such as tests, rating scales and attitude surveys.

Reinforces (reward) in Organizations

Reinforces in organization can be categorized into the monetary and non monetary reinforces. Monetary reinforces involve monetary benefits for the employee while non-monetary reinforces, as the name suggests, involve non-monetary benefits:

Monetary Reinforces

Following are some of the monetary benefits available to managers which they could give to their employees:

Pay: Research shows that unless pay raise is 6-7% of the basic pay, it does not motivate the employee. In other words, a pay raise less than 6-7% of the basic pay does not serve as a motivator. Further, small raise adversely affects employee's morale.

Monetary Reward: Research shows that beyond a certain point, monetary reward does not raise performance. It is because the employee starts yearning for the reward rather than the performance. Further, small raise to high earners is demodulating for them.

Non-Monetary Reinforces

Seven different types of non-monetary reward may also be used, they include:

- 1. Consumables:** These include items such as free lunches, trips, etc.
- 2. Manipulatables:** These include items such as watches, trophy, pins, etc.
- 3. Visual and auditory rewards:** These include rewards such as good office with a window, etc.
- 4. Job design:** This reward relates to improving the job design of the employee leading to greater job satisfaction.
- 5. Formal recognition:** Formal recognition by the boss in the form of a letter or in from of other employees is also a non-monetary reward.
- 6. Performance feedback:** Positive feedback by the employee is also a form of reinforce in the organization.
- 7. Social recognition and attention:** Recognition by the boss in front of other employees and increased attention to the employee also serves as a reward for the employee in the organizations.

Chapter Five

5.1. Organizational structure and organizational design

Organizational Design: it is very important in shaping the organizational behavior and organization culture. According to Stephen Robbins, organizational design is a process of determining as to how tasks are divided, grouped and coordinated for the successful achievement of the organizational goals. Organizational design refers to the process of coordinating the structural elements of organizations in the most appropriate manner. Modern Organizations review the design once every 5 years to cope with changing situations.

Dimensions of Organizational Design

- The vertical dimension relating to the hierarchy of the managerial levels of superiors and subordinates
- The horizontal dimension relating to decentralization, divisionalization, departmentalization, sectionalization

Determinants of Organizational Design

Following are the determinants of organizational design

- Ownership (public, private, joint, co-operative)
- Size (small medium, large etc.)
- Technology (old, new, automation, modernization)
- Strategy (goals, objectives, evaluation of alternatives)
- Environment (internal, external)

Elements of Organizational Design

Following are the elements of organizational design

Work specialization

Division of labor based on work specialization helps to improve the efficiency and effectiveness of the organization.

Departmentalization

It is a process of dividing the various activities into different departments for proper administration of the organization.

Advantages of Departmentalization:

- It permits utilization of expertise of people
- It creates a feeling of autonomy and job satisfaction among employees
- It helps fixing the authority-responsibility relationship of the managers
- It facilitates performance appraisals by managers
- It helps the training, development and job rotations of managers

Chain of command

Organizational communication requires a chain of command downwards/upwards/lateral. Organizational behavior becomes more complex in the absence of a proper chain of commands.

Span of control

It is the number of subordinate's that can be efficiently managed by the superior for the optimum performance of the work team.

Centralization v/s Decentralization

Following table shows the difference between the centralization and decentralization

Centralization	Decentralization
It is a systematic and consistent reservation of authority and decision making at a central point in the organization. Centralized authority and decision-making policy work well for a small organization. For a growing large scale organization activities should be decentralized to cope with changing demands for efficiency.	It is a process of dividing organizational activities into different autonomous divisions, physically and functionally

Factors Influencing Organizational Redesign

There are certain aspects wherein an organization has to change in:

- Knowledge requirements
- Technology and skill requirement
- Knowledge of human behavior
- Emphasis from command control to consensus self control

Also an organization has to change from:

- Centralized to decentralized structures
- Vertical and tall to horizontal and fat organizations
- Instability to mechanistic systems
- Generalization to specialization
- Product orientation to function orientation
- Mechanistic approach to humanistic approach

Organizational Structure

It refers to how the work of individuals and teams within an organization is coordinated. In order to achieve organizational goals and objectives, individual work needs to be coordinated and managed. Structure is a valuable tool in achieving coordination, as it specifies reporting relationships (who reports to whom),

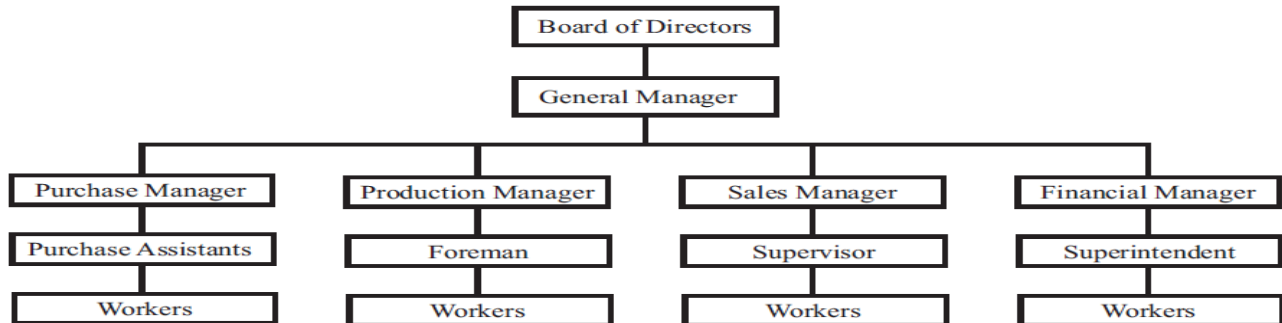
delineates formal communication channels, and describes how separate actions of individuals are linked together.

An organization can be depicted by a line diagram, which is called as organization chart. The organization chart shows the organizational structure. It shows various positions of the people, their status etc.

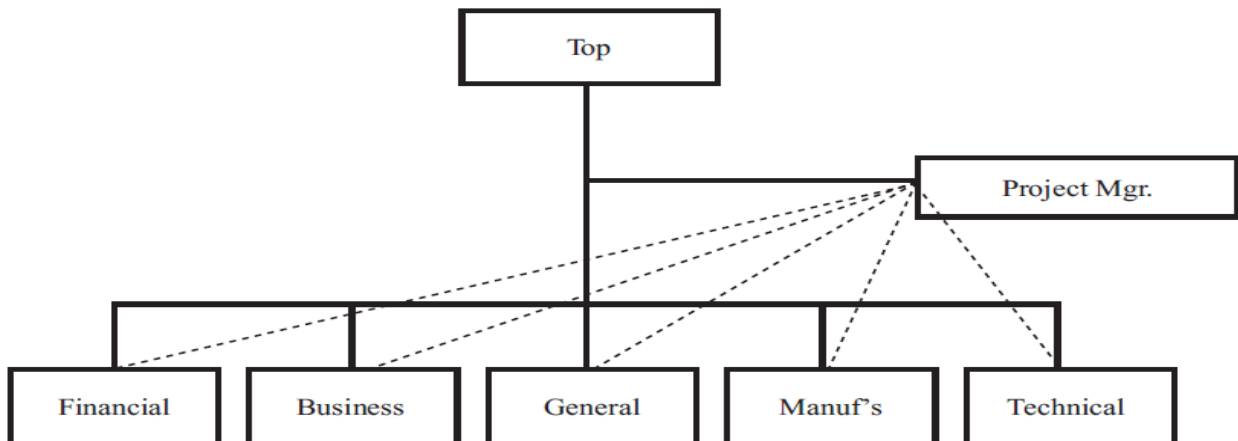
Types of Organizational Structure

Each of the organizational structures is shown below with the help of diagrams.

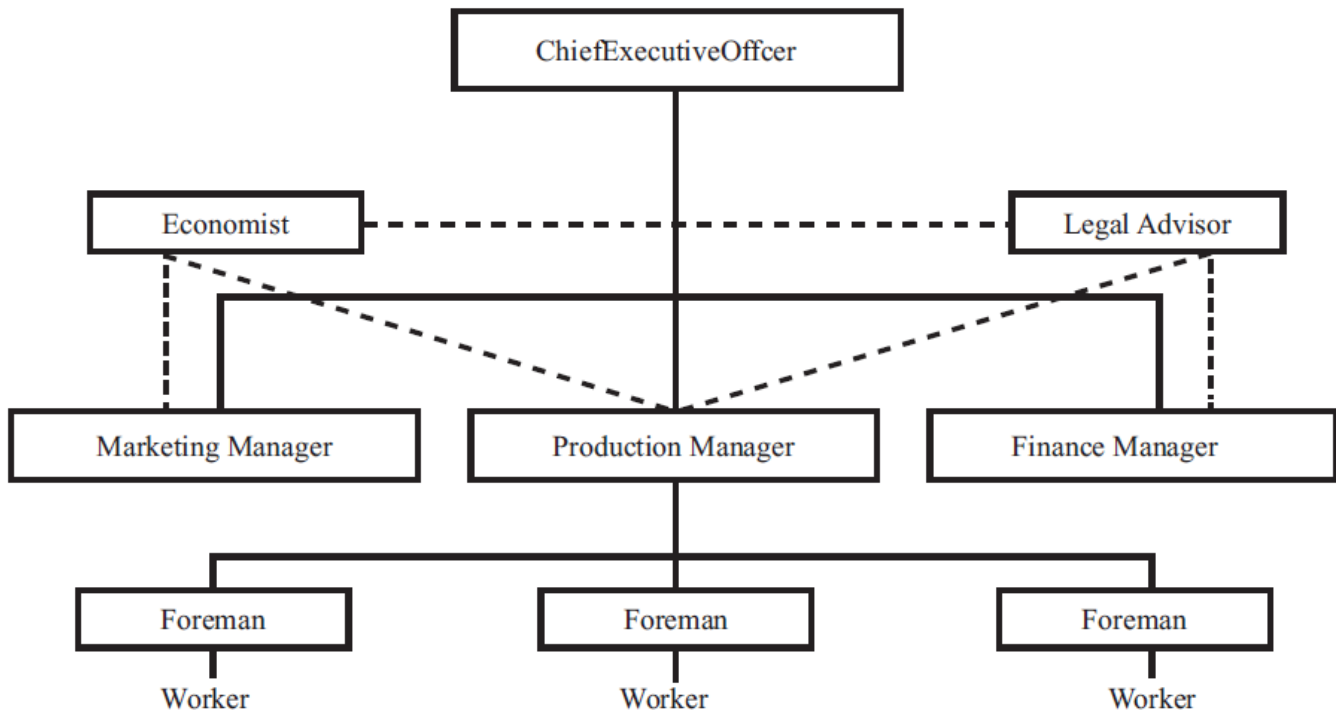
- Line organisational structure



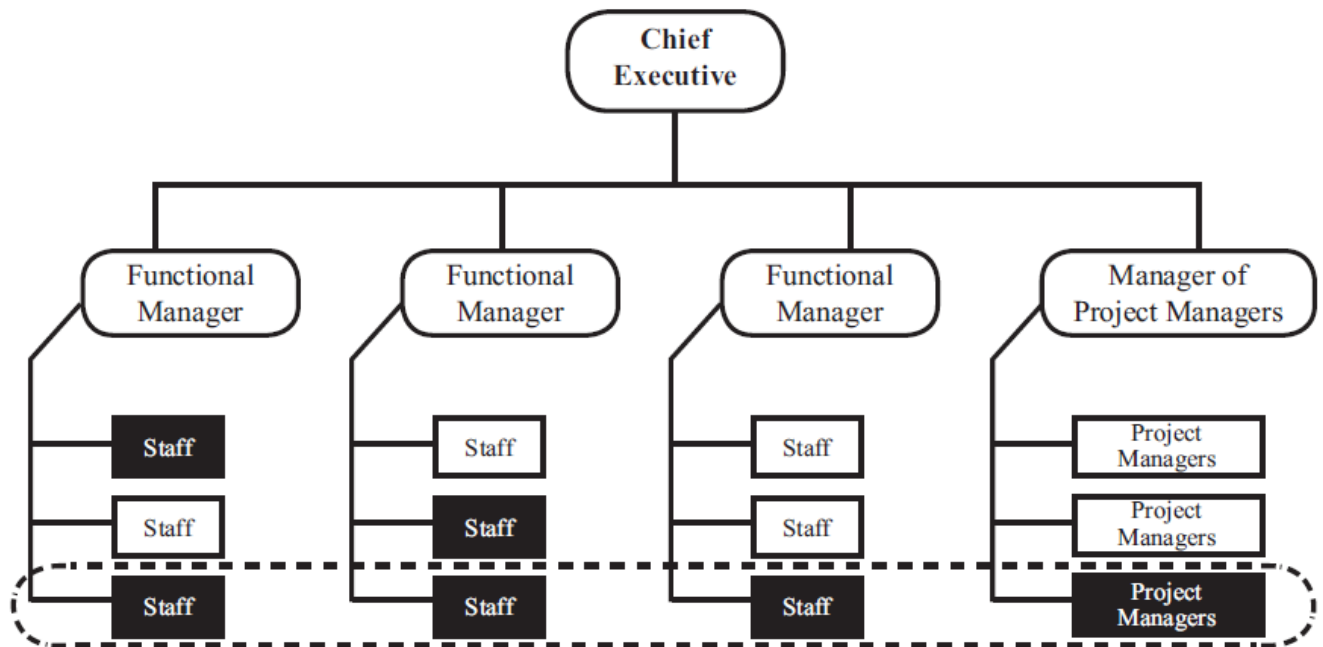
- Functional organisational structure



- Line and staff organisational structure



- Matrix organisational structure



5.2. Organizational Culture

Organizational culture is an abstract concept that varies from one organization to other. It helps in organizational image building, goodwill and reputation.

Definition

Edgar Schiene: As the sum total of the knowledge, beliefs, values, perceptions, attitudes, traditions, customs that are shared by the groups and resulting into individual and group behavior of the people working in the organization over a period of time.

Schneider and Snyder: As a process of manifestation of the perceptions, values and attitudes of the members of the organization.

Indicators of Organizational Culture

More bureaucratic culture: lack of knowledge

- Lack of skills
- Negative attitudes
- Resentful service
- Lack of compatibility
- Red tapism
- Bureaucracy
- Lack of discipline
- Lack of cleanliness
- Poor quality and quantity of organizational culture

Less bureaucratic culture: adequate knowledge

- Adequate skills
- Positive attitudes
- Cheerful service
- Accountability
- Responsibility
- Better discipline
- Better cleanliness
- Efficiency and effectiveness
- Better quality and quantity

Projection of Organizational Culture

According to Edgar Schiene, organizational culture is projected at three levels

- Level 1: Logo, trade mark, dress code, values, etc
- Level 2: Shared values and beliefs among employees
- Level 3: Common assumptions of the management about the employees

Characteristics of Organizational Culture

Following are the characteristics of organizational culture

- Pragmatic policies
- Strategic planning
- Decentralization and delegation
- Individual autonomy
- Participation in decision making
- Risk tolerance
- Integration with the organizational goals
- Management support
- Innovation and creativity
- Self- esteem and identity
- Control systems
- Communication systems
- Conflict management
- Reward system

Factors Affecting Organizational Culture

Following are the factors affecting organizational culture

- Organizational context
- Organizational structure
- Organizational processes
- Physical environment
- Values, norms, systems

5.3. Organizational change and development

Organizational change: is the movement of an organization from one state of affairs to another. Organizational change can take many forms. It may involve a change in a company's structure, strategy, policies, procedures, technology, or culture. The change may be planned years in advance or may be forced upon an organization because of a shift in the environment. Organizational change can be radical and alter the way an organization operates, or it may be incremental and slowly change the way things are done. In any case, regardless of the type, change involves letting go of the old ways in which work is done and adjusting to the new ways. Therefore, fundamentally, it is a process that involves effective people management.

Changing Organizational Culture

Some factors that can bring about a change in organizational culture:

- Treat employees as individuals
- Respect individual identity and self-esteem
- Improve organizational communication
- Give training and development inputs at all levels
- Review systems and procedures
- Improve leadership and team building
- Give rewards and incentives in due recognition and appreciation
- Delegate to improve autonomy
- Change from autocratic to participative style of management
- Develop a positive attitude towards the organizational goals