



SASURIE COLLEGE OF ENGINEERING

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BA4102

**MANAGEMENT CONCEPTS AND
ORGANIZATIONAL BEHAVIOR**

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UNIT I NATURE AND THEORIES OF MANAGEMENT

Evolution of management Thought-Classical, Behavioral and Management Science Approaches
Management- meaning, levels, management as an art or science, Managerial functions and Roles,
Evolution of Management Theory- Classical era- Contribution of F.W.Taylor, Henri Fayol, NeoClassical-
Mayo & Hawthorne Experiments. •Modern era – system & contingency approach Managerial Skills.

UNIT II PLANNING AND ORGANISING

Planning - Steps in Planning Process - Scope and Limitations - Forecasting and types of Planning -
Characteristics of a sound Plan - Management by Objectives (MBO) - Policies and Strategies - Scope and
Formulation - Decision Making - Types, Techniques and Processes. Organisation Structure and Design -
Authority and Responsibility Relationships - Delegation of Authority and Decentralisation -
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UNIT I

NATURE AND THEORIES OF MANAGEMENT

Evolution of management Thought-Classical, Behavioral and Management Science Approaches Management- meaning, levels, management as an art or science, Managerial functions and Roles, Evolution of Management Theory- Classical era- Contribution of F.W.Taylor, Henri Fayol, Neo-Classical Mayo & Hawthorne Experiments. • Modern era – system & contingency approach Managerial Skills.

MEANING OF MANAGEMENT

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

According to him:

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

Management: A Science or an art? We should know what is science and what is a before discussing whether management is a science or an art?

What is science? Science is a body of knowledge developed systematically, based on observation, measurement, and experimentation and drawing inferences based on data. The knowledge can be verified through cause- effect relationship. The knowledge provides principles, theory and laws. Management satisfies the characteristics of science like.

What is an art? Art understands how a particular activity can be done. Art can be acquired by conscious effort and practice. Management is getting things done by and through other people. They have to continuously analyze the environment and formulate the plans and strategies. They have to modify the strategies based on environmental changes. The principles of management cannot be implemented as learn, in the real world. They are to be applied after making necessary modifications based on the real life situations.

MANAGEMENT AS SCIENCE

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

The existence of a systematic body of knowledge encompassing a wide array of principles;

Principles have to be evolved on the basis of constant enquiry and examination;

Principles must explain a phenomenon by establishing cause-effect relationship;

The principles should be amenable for verification in order to ensure accuracy and universal applicability.

Looked at from this angle, management as a discipline fulfills the above criterion. Over the years, thanks to the contributions of many thinkers and practitioners, management has emerged as a systematic body of knowledge with its own principles and concepts. Principles help any practicing manager to achieve the desired goals. However, while applying the principles, one should not lose sight of the variables in the situation, since situations differ from one to another. Thus, the importance of personal judgment cannot be undermined in the application of principles. Further, management is a dynamic subject in that; it has drawn heavily from economics, psychology, sociology, engineering and mathematics, to mention a few. It is multi-disciplinary in nature, but a word of caution. Though management considering its subject matter and the practical utility may be considered as ‘science’, for reason discussed below, it cannot be viewed as an ‘exact science’. In other words, it is a science, but an ‘inexact science’ because:

MANAGEMENT AS AN ART

Art refers to the ‘know-how’ – the ways of doing things to accomplish a desired result. The focus is on the skill with which the activities are performed. As the saying goes ‘practice makes a man perfect’, constant practice of the theoretical concepts (knowledge)

contributes for the formation and sharpening of the skills. Therefore, what is required is the right blend of the theory and practice. In a way, the attributes of science

FUNCTIONS OF MANAGEMENT

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

PLANNING

Planning in simple is looking ahead. It is preparing for the future. It involves outlining a future course of action. Planning makes the things to happen. Therefore, it is needless to say that in the absence of planning, things are left to chance. Planning is unique in that it precedes all the other managerial functions. It involves deciding the objectives and formulating the policies and procedures to achieve them. Effective planning provides answers to questions like – what to do? How to do? Who is to do? And when to do? Planning is a function performed by managers at all levels. Though every manager plans, the plans developed by different managers may vary in respect of scope and importance. For example, plans made by top managers have a wider scope with a focus on the organization as a whole and normally cover a longer period. On the other hand, plans developed by middle and lower-level managers relate to the divisions or departments and usually cover a short period. Systematic planning helps in facing the uncertainties of future with less embarrassment. It helps in making things happen in the expected way.

ORGANIZING

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

- ✓ Determination of activities required to achieve goals;
- ✓ Grouping of these activities into departments;
- ✓ Assignment of such groups of activities to a manager;
- ✓ Delegation of authority to carry them out; and
- ✓ Provision for coordination horizontally and vertically in the organization.

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

STAFFING

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

DIRECTING

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

- ✓ Communication: The process of information flow from one person to another and across the organization;
- ✓ Leadership: The process by which a manager guides and
- ✓ Motivation: the act of stimulating the people so that they give their best to the organisation.

Leading is a function predominantly interpersonal in nature. In the organizational context many problems arise because of the failure of managers to understand the people, their aspirations, attitudes, and behavior as individuals and in groups. If the manager fails in leading the people towards better performance, any amount of planning and organizing, however effective they are, may not help the organisation.

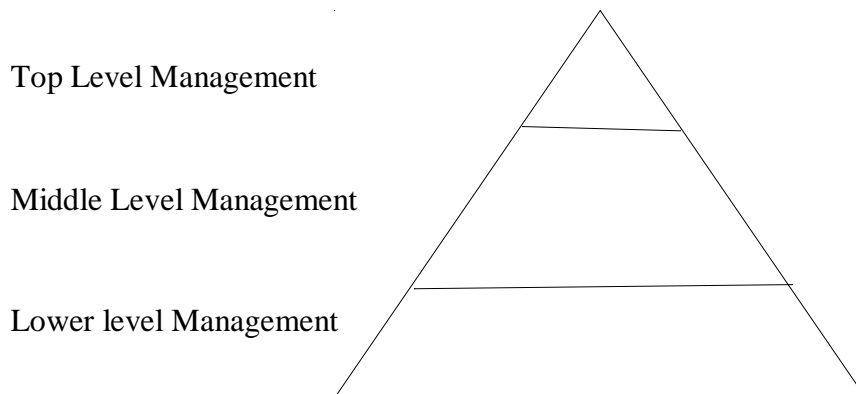
CONTROLLING

Planning and controlling – the two functions are closely interrelated in that while plans specify the objectives to be achieved, control as a managerial function facilitates to know whether the actual performance is in conformity with the planned one. So that, in the event of deviations, appropriate corrective measures could be taken. In the absence of adequate control mechanism, unexpected changes in the environment may push the organisation off the track. Thus, controlling implies measuring and correcting the activities to ensure that events conform to plans. That is why planning and controlling are often described as the ‘Siamese’ twins of management. It involves four main elements:

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

LEVELS IN MANAGEMENT

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



Top level Management

Top management constitutes the highest level in the management hierarchy. This is the policy making level in any organization. This level consists of a small group of executives. Board of Directors, Chairman, Managing Director and the top functional heads such as COO, CIO, and such other C-suite managers, and divisional managers comprise this level. Top managers are responsible for the overall management of the organization. They decide the enterprise objectives, policies and strategies to be pursued to achieve the objectives. They provide direction to the organization by guiding its interactions with the environment.

Middle level Management

Middle management level includes in many organizations more than one level. Managers who work at levels between the lower and top levels constitute the middle management. Departmental heads, Regional managers, Zonal managers and so on fall in this category. They report to top managers. Their principal responsibilities are to direct the activities of lower level managers who implement the organization's policies.

Lower Level Management

This is the lowest level in the hierarchy of management. Usually the jobs at this level are the entry level positions into management profession. Managers at this level direct the operating employees (workers). They are close to the action for their job involves supervising the activities of operatives. Front-Line managers in the production department are called foreman, supervisor, superintendent, and inspector and so on. For instance, in a

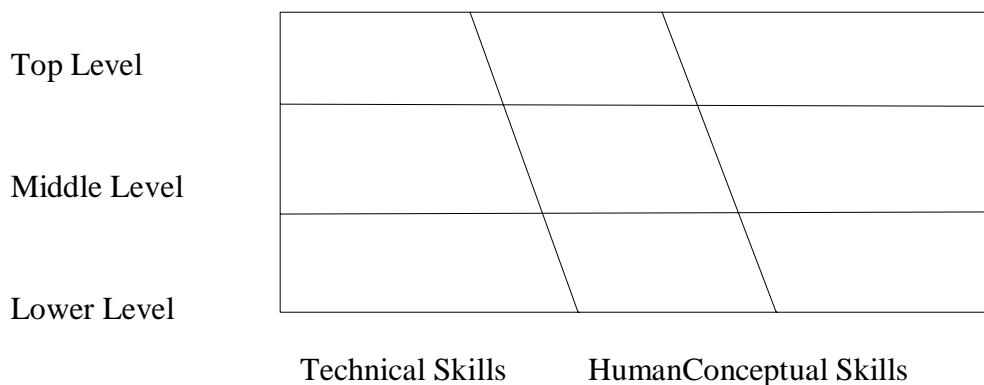
manufacturing concern, in marketing, finance and others departments, they are called management trainees or junior executives. Similarly, in a government office, the term superintendent or section officer is preferred.

MODERN ERA – SYSTEM & CONTINGENCY APPROACH

Systems Approach	Contingency Approach
It treats all organizations alike irrespective of their size, cultural settings and dynamics	It treats each organization as a unique entity.
It stresses interactions and interdependencies among systems and subsystem	It identifies the exact nature of inter dependencies and their impact on organizational design and managerial style.
It studies organization at an abstract and philosophical level.	It is more down to earth and action oriented
It is neutral or non-committal on the validity of classical principles of management.	It firmly rejects the blind application of principles regardless of realities of individual situations.
It stresses upon the synergetic effect of organizations and the external input.	It is related to organization structure and design to the environment.
It is vague and complex.	It is pragmatic and action oriented.

MANAGERIAL SKILLS

Management job is different from other jobs. It requires elements of stewardship and commitment to the purpose. It involves the obligation to make prudent use of human and material resources. It requires sound judgment to handle complex situations. Further, the nature of the job becomes increasingly complex at each higher level because of the increase in the scope of authority and responsibility. Therefore, each higher level requires increased knowledge, broader perspective and greater skills. For the purpose of analysis, skills required of a manager are classified under three heads – technical, human (employee relations skill) and conceptual skills as shown in Figure 2.2. The exhibit helps in understanding the levels of management responsibility, the principal skill requirements, and the extent to which each kind of skill is required at each



Technical Skills

Technical skills refer to the ability to use the tools, equipment, procedures, techniques and knowledge of a specialized field. It is primarily concerned with the ways of doing the things. It implies proficiency in a specific field of activity. Technical skills are most important for the lower level managers, because by nature their job involves supervision of the workers. Effective supervision and coordination of the work of the subordinates, therefore, depends on the technical skill possessed by the lower level manager. Any supervisor without a sound knowledge of the job cannot make an effective supervisor. Such supervisors are not respected by the subordinates at the shop floor. The relative importance of the technical skills as compared to the other skills diminishes as one move up to higher levels of management.

Human Skills

Human skills are primarily concerned with “*persons*” in contrast to “*things*”. When a manager is highly skilled in employee relations, he is aware of their attitudes, assumptions, and beliefs and recognizes their limitations as well as their usefulness. He accepts as an important fact of life, the existence of viewpoints and feelings, different from his own. Thus, human skills refer to the ability of the manager to work effectively as a group member and to build cooperative effort in the team he leads. It is the ability to work with, understand and motivate people. He understands why people behave as they do and is able to make his own behavior understandable to them. He can foresee their reactions to possible courses of action. His skill in working with others is natural and continuous. He does not apply it in random or in inconsistent fashion. It is a natural ingredient of his every action. The flair for understanding, empathizing and working with people are central to the human skills.

Conceptual Skills

Conceptual skills also called design and problem-solving skills involve the ability to:

- ✓ See the organization and the various components of it as a whole;
- ✓ Understand how its various parts and functions are related in network fashion; and
- ✓ To foresee how changes in any one of these may affect the others

Conceptual skills extend to visualizing the relation of the organization to industry, to the community and to the political, economic and social forces of the nation as a whole and even to forces which operate beyond the national boundaries. It is the creative force within the organization. A high degree of conceptual skill helps in analyzing the environment and in identifying the opportunities and threats. Managements of companies like ITC, Larsen & Toubro, Asian Paints, Bajaj Auto, Bharthi Telecom in the private sector and National Dairy Development Board, Bharat Heavy Electricals (BHEL) in the public sector, to mention a few, have amply demonstrated this skill in gaining a competitive edge over their competitors.

As you have understood by now – the three types of skills discussed so far are not mutually exclusive. In other words, management job always requires all the three skills, but in different proportions depending upon the level of management. There is a gradual shift in the emphasis from the bottom to the top of the pyramid. Technical skills and human skill are always in great demand at the lower level of management for it is there the productive processes and operations are carried out. It is there where you find most of the people. It is

there where the action takes place. In contrast, the need for conceptual skill is greatest at the top level of management. Obviously, top managers are not often involved in the direct application of specific methods, procedures and techniques, compared to those at the lower echelons of management. As evident from the foregoing discussion, at the entry level of the management job, that is, at the supervisory level, besides technical skills, a manager has to process human skills and the problem-solving skills (conceptual). To climb up the organizational ladder, one must not only be good at the skills required for the present job, but also learn and acquaint with the skills required at the next level. As a result, in the event of promotion to the next higher levels, he/she would feel at home and discharge the responsibilities with ease.

Based on the differences in the type of skills required, organizations assess the training needs of the managers. Accordingly, appropriate training, development methods and programs are designed to equip them with the skills required at the respective levels. Although, each of these skills is needed in some degree at every level of management, there are successful executives who have no great number of technical skills. But they are able to compensate the lack of that skill through superior creative ability and skill in identifying the talent and empowering the people through effective human resources development practices and good leadership.

MANAGERIAL ROLES

Hennery Mintzberg, a contemporary management thinker has done a lot of research on the various roles performed by a manager. A role, according to him, "Is an organized set of behaviors belonging to an identifiable office or position." Just as characters in a play have specific roles, managers also play different roles. Through his studies, Mintzberg identified ten roles that managers play at various times to varying degrees. He classified them under three broad categories; interpersonal roles, informational roles, and decisional roles.

ROLE	Description	Identifiable activities from the study of Chief Executives
INTERPERSONAL		
Figure head	Symbolic head; obligated to perform routine duties of a legal or social nature.	Ceremony, status Requests, solicitations.
Leader	Responsible for the motivation and activation of subordinates; responsible for staffing, training and associative duties.	Virtually all managerial activities involving Subordinates.
Liaison	Nurtures and maintains network of outside contacts. The liaison role involves interface activities with environment.	Acknowledgement of mail, authorizing communication with external world.

INFORMATIONAL		
Monitor	Seeks and receives wide variety of special information from different sources. Thorough understanding of organization and environment; emerges as nerve center of internal and external information of the organization.	All activities concerned primarily with receiving and processing information.
Disseminator	Transmits information received from both within and outside the organization to members of the organization; some information factual, some involving interpretation and integration of diverse value positions of organizational influencers.	Forwarding mail for informational purposes, verbal contacts involving information flow to subordinates (eg; review sessions, instant communication flows)
Spokesman	transmits information to stake holders about external environment and organization's plans, policies, actions, results, etc;	board meetings; handling contacts involving transmission of information to outsiders.
DECISIONAL		
Entrepreneur	Searches the environment for opportunities and initiates action to bring about changes; supervises design of strategy and review sessions involving initiation or improvement of projects.	
Disturbance handler	Responsible for corrective action when organization faces unexpected disturbances and turbulence.	Strategy and review sessions involving disturbances and crises.
Resource allocator	Responsible for the allocation of organizational resources of all kinds; making or approval of all significant organizational decisions.	Scheduling requests for authorization; and activities involving budgeting and the programming of subordinates work.
Negotiator	Responsible for representing the organizations at major negotiations	Negotiation.

CONTINGENCY APPROACH

According to Kast and Rosen Zweig, “The contingency view seeks to understand the interrelationships within and among sub-system as well as between the organization and its environment and to define patterns of relationships or configurations of variables. Contingency views are ultimately directed towards suggesting organizational designs and managerial actions most appropriate for specific situations”. .

Management is entirely situational. The application and effectiveness of any techniques is contingent on the situation.

Management action is contingent on certain action outside the system or subsystem as the case may be.

Management should, therefore, match or fit its approach to the requirements of the particular situation. To be effective management policies and practices must respond to environmental changes.

Organizational action should be based on the behavior of action outside the system so that organization should be integrated with the environment.

Management should understand that there is no one hard way to manage. They must not consider management principles and techniques universal.

THE EVOLUTION OF MANAGEMENT THOUGHT

This topic is broad, and it also requires careful explanation and thought process. One cannot understand what it entails or appreciates how it happened without looking at the various areas where the said evolution occurred. For better understanding, the [evolution of management](#) thought will be shared into four different stages. These include:

- ✓ Pre-scientific management period
- ✓ Classical theory
- ✓ Neo-classical theory or behaviour approach
- ✓ Bureaucratic Model of Max Weber
- ✓ The Pre-Scientific Management Period

The industrial revolution that took place in the 18th century had a significant impact on management as a whole. It changed how businesses, as well as individuals, raised capital; organize labour and the production of goods. Entrepreneurs had access to all the factors of production such as land, labour, and capital. Theirs was to make an effort to combine these factors to achieve a targeted goal successfully.

However, the new dimension that management took following the industrial revolution cannot be discussed without mentioning notable personalities who contributed their quarter. They were able to introduce useful ideas and approaches to give management a precise and universally acceptable direction. Here are some of them.

Professor Charles Babbage – United Kingdom (1729 – 1871)

Prof Babbage, a renowned professor in mathematics at Cambridge University discovered that manufacturers were relying on guesswork and suggestions and urged them to utilize mathematics and science to be more accurate and productive.

Robert Owens – United Kingdom (1771 – 1858)

Robert was regarded as the father of [personnel management](#) because of his approach and focus on employee welfare. He introduced co-operation and trade unions. Robert believed that employee welfare could determine their performance to a large extent. He encouraged the training of workers, education for their children, canteens in the workplace, shorter working hours, among others.

- ✓ Other Contributors to the Pre-Scientific Management Period Include:
- ✓ Henry Robson Towne – USA
- ✓ James Watt Junior – United Kingdom
- ✓ Seebohm Rowntree – United Kingdom

The Classical Theory

Prof Babbage, Robert Owens, and other names earlier mentioned can be regarded as the pioneers of management. But their contribution to the evolution of management is little. The beginning of what is known as the science of management started in the last decade of the 19th century. Names like Emerson, F.W. Taylor, H.L. Grant, and others, paved the way for the establishment of what is called scientific management.

During the classical period, management thought was focused on job content, standardization, the division of labor, and a scientific approach towards the organization. It also was closely related to the industrial revolution as well as the rise of large-scale enterprises.

The Neo-Classical Theory

This period of evolution of management thought is an improvement of the classical theory. In other words, it modified and improved upon the classical theory. For instance, Classical theory focused more on the area of job content, including the management of physical resources, while neo-classical theory gave more profound emphasis on employee relationships in the work environment.

The Bureaucratic Model

A German Sociologist called Max Weber proposed this model. And it includes a system of rules, division of labor hinged on functional specialization, legal authority, and power, the hierarchy of authority, and placement of employees based on their technical competence.

CONTRIBUTION OF HENRY FAYOL TO MANAGEMENT THOUGHT

Henry Fayol (1841-1925) is rightly treated as the father of modern theory of general and industrial management. He developed his management principles and general management theory and published them in the form of a book (in French) "General and Industrial Administration" in 1916.

Henry Fayol also suggested 14 principles of management. These principles are:-

Division of work - Henri believed that segregating work in the workforce amongst the worker will enhance the quality of the product. Similarly, he also concluded that the division of work improves the productivity, efficiency, accuracy and speed of the workers.

Authority and responsibility - These are the two key aspects of management. Authority facilitates the management to work efficiently, and responsibility makes them responsible for the work done under their guidance or leadership.

Discipline - Without discipline, nothing can be accomplished. It is the core value for any project or any management.

Unity of command - This means an employee should have only one boss and follow his command. If an employee has to follow more than one boss, there begins a conflict of interest and can create confusion.

Unity of direction - This means all the person working in a company should have one goal and motive which will make the work easier and achieve the set goal easily.

Subordination of personal interest to organizational interests - This indicates a company should work unitedly towards the interest of a company rather than personal interest. Be subordinate to the purposes of an organization. This refers to the whole chain of command in a company.

Remuneration - This plays an important role in motivating the workers of a company. Remuneration can be monetary or non-monetary. However, it should be according to an individual's efforts they have made.

Centralization - In any company, the management or any authority responsible for the decision-making process should be neutral. However, this depends on the size of an organization. Henri Fayol stressed on the point that there should be a balance between the hierarchy and division of power.

Scalar chain - Fayol on this principle highlights that the hierarchy steps should be from the top to the lowest. This is necessary so that every employee knows their immediate senior also they should be able to contact any, if needed.

Order - A company should maintain a well-defined work order to have a favorable work culture. The positive atmosphere in the workplace will boost more positive productivity.

Equity - All employees should be treated equally and respectfully. It's the responsibility of a manager that no employees face discrimination.

Stability of tenure - An employee delivers the best if they feel secure in their job. It is the duty of the management to offer job security to their employees.

Span of co-operation

Initiative - The management should support and encourage the employees to take initiatives in an organization. It will help them to increase their interest and make them worth.

CONTRIBUTION OF ELTON MAYO TO THE DEVELOPMENT OF MANAGEMENT THOUGHT

Elton Mayo (1880-1949) is recommended as the Father of Human Relations School. He introduced human relations approach to management thought.

Hawthorne experiments

The amount of work to be done by a worker is not determined by his physical capacity but by the social norms. On-economic rewards play a significant role in influencing the behavior of the workers. Generally, the workers do not react as individuals, but as members of group. Informal leaders play an important part in setting and enforcing the group norms

UNIT II

PLANNING AND ORGANISING

Planning - Steps in Planning Process - Scope and Limitations - Forecasting and types of Planning - Characteristics of a sound Plan - Management by Objectives (MBO) - Policies and Strategies – Scope and Formulation - Decision Making - Types, Techniques and Processes. Organisation Structure and Design - Authority and Responsibility Relationships - Delegation of Authority and Decentralization - Interdepartmental Coordination - - Impact of Technology on Organisational design - Mechanistic vs. Adoptive Structures - Formal and Informal Organisation. Control: meaning, function, Process and types of Control.

PLANNING

Planning is an important managerial function in that there is no choice between planning and no planning. The choice is only in regard to the method and techniques used to plan. It is anybody's knowledge that we plan many things in our day to day lives. We plan to go on a holiday trip, plan our careers, and plan our investments and so on. Organizations are no exception. Lot of planning is done by managers at all levels. Planning is the basic process by which we use to select our goals and determine the means to achieve them. Lot of information has to be gathered and processed before a plan is formulated. In other words, a plan is like a jigsaw puzzle. All the pieces have to be put together properly, so that they make sense.

Planning is necessarily forward looking. It is looking into the future. It bridges the gap between where we are and where we want to go. It involves visualizing a future course of action and putting it in a logical way. Let us look at the following observations about planning.

- ✓ "Failure to plan is planning to fail".
- ✓ "Planning is outlining a future course of action in order to achieve objectives".
- ✓ "Planning is looking ahead".

- ✓ “Planning is getting ready to do something tomorrow”.
- ✓ “Plan is a trap laid down to capture the future”.

STEPS INVOLVED IN PLANNING PROCESS

1. Perception of Opportunities: Perception of opportunities is not strictly a part of the planning process. But this awareness of opportunities in the external environment as well as within the organization is the real starting point for planning. It is important to take a preliminary look at possible future opportunities and see them clearly and completely. All managers should know where they stand in the light of their strengths and weaknesses, understand the problems they wish to solve and know what they gain. Setting objectives depends on the awareness. Planning requires realistic diagnosis of the opportunity situation.

2. Establishing Objectives: This is the second step in the planning process. The major organizational and unit objectives are set in this stage. This is to be done for the long term as well as for the short range. Objectives specify the expected results and indicate the end points of what is to be done, where the primary emphasis is to be placed and what is to be accomplished by the various types of plans. Organizational objectives give direction to the major plans, which by reflecting these objectives define the objective of every major department. Major objectives, in turn, control the objectives of subordinate departments and so on down the line. In other words, objectives form a hierarchy. The objectives of lesser departments will be more accurate if subdivision managers understand the overall enterprise objectives and the derivative goals. Managers should also have the opportunity to contribute their ideal to setting their own goals and those of the organization.

3. Planning Premises: After determination of organizational objectives, the next step is establishing planning premises that is the conditions under which planning activities will be undertaken. Planning premises are planning assumptions the expected environmental and internal conditions. Thus planning premises are external and internal. External premises include total factors in task environment like political, social, technological, competitors, plans and actions, government policies. Internal factors include organization's policies, resources of various types, and the ability of the organization to withstand the environmental pressure. The plans are formulated in the light of both external and internal factors. The nature of planning premises differs at different levels of planning. At the top level, it is mostly externally focused. As one moves down the organizational hierarchy the composition of planning premises changes from external to internal. The major plans both old and new will materially affect the future against which the managers at lower units must plan.

4. Identification of Alternatives: The fourth step in planning is to identify the alternatives. Various alternatives can be identified based on the organizational objectives and planning premises. The concept of various alternatives suggests that a particular objective can be achieved through various actions. For example, if an organization has set its objectives to grow further, it can be achieved in several ways like expanding in the same Field of business or product line diversifying in other areas, joining hands with other organizations, or taking over another organization and so on. Within each category, there may be several alternatives the most common problem is not finding alternatives but reducing the number of alternatives

so that the most promising may be analyzed. Even with mathematical techniques and the computer, there is a limit to the number of alternatives that can be thoroughly examined. The planner must usually make a preliminary examination to discover the most fruitful possibilities.

5. Evaluation of Alternatives: The various alternative course of action should be analyzed in the light of premises and goals. There are various techniques available to evaluate alternatives. The evaluation is to be done in the light of various factors. Example, cash inflow and outflow, risks, limited resources, expected pay back etc.; the alternatives should give us the best chance of meeting our goals at the lowest cost and highest profit.

6. Choice of Alternative Plans: This is the real point of decision-making. An analysis and evaluation of alternative courses will disclose that two or more are advisable and beneficial. The fit one is selected.

7. Formulation of Supporting Plan: After formulating the basic plan, various plans are derived so as to support the main plan. In an organization there can be various derivative plans like planning for buying equipment, buying raw materials, recruiting and training personal, developing new product etc. These derivative plans are formulated out of the basic or main plan and almost invariably required to support the basic plan.

8. Establishing Sequence of Activities: After formulating basic and derivative plans, the sequence of activities is determined so those plans are put into action. After decisions are made and plans are set, budgets for various periods and divisions can be prepared to give plans more concrete meaning for implementation. The overall budgets of an enterprise represent the sum total of income and expenses, with resultant profit or surplus, and budgets of major balance sheet items such as cash and capital expenditures.

CHARACTERISTICS OF A SOUND PLAN

A sound plan should have the following characteristics:

(a) Primacy: Planning is an important managerial function that usually precedes other functions. Obviously, without setting the goals to be reached and the lines of actions to be followed, there is nothing to organize, to direct, or to control in the enterprise. But this should not lead us to think that planning is isolated from other managerial functions.

(b) Continuity: Planning is a continuous and never-ending activity of a manager to keep the enterprise as a going concern. One plan begets another plan to be followed by a series of other plans in quick succession. Actually, a hierarchy of plans operates in the enterprise at any time. Planning gets used up where tomorrow becomes today and calls for further planning day in and day out. Again, the incessant changes make re-planning a continuous necessity.

(c) Flexibility: Planning leads to the adoption of a specific course of action and the rejection of other possibilities. This confinement to one course takes away flexibility. But if future and assumptions upon which planning is based prove wrong, the course of action is to be modified for avoiding any deadlock. Accordingly, when the future cannot be molded to

conform to the course of action, the flexibility is to be ingrained in planning by way of adapting the course of action to the demands of current situations.

(d) Consistency: Planning is made by different managers at different times. Maintenance of consistency or the unity of planning is one of its essential requirements. Objectives provide the common focus for unifying managerial action in planning. Moreover, policies and procedures introduce a consistency of executive behaviour and action in matters of planning.

(e) Precision: Planning must be precise with respect to its meaning, scope and nature. As guides to action, planning is to be framed in intelligible and meaningful terms by way of pinpointing the expected results. Planning must be realistic in scope rather than being dreams indicating pious desires. As planning errors are far more serious and cannot be offset by effective organizing or controlling, the accuracy and precision is of outmost importance.

(f) Pervasiveness: Planning is a pervasive activity covering the entire enterprise and every level of management. Planning is not the exclusive responsibility of top management only. But it extends to middle and lower managements as well. Although top managers are mostly preoccupied with planning because of the wider scope of operational and decision making authority, planning is of equal importance to every manager.

MANAGEMENT BY OBJECTIVES

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

To quote George Odiorne, "MBO is a process whereby the superior and subordinate managers of an organisation jointly identify the common goals, define each individual's major areas of responsibility in terms of the results expected of him, and use these resources as guides for operating the unit and assessing the contribution of each of its members". Different goals are sought to be achieved by the introduction of MBO in organizations. MBO, as a management tool, thus, is so versatile that it is used;

- ✓ to integrate the organizational goals with the individual goals;
- ✓ as a motivational technique wherein individuals are driven towards the achievement of goals;
- ✓ to appraise the performance of managers; and
- ✓ to control the activities as they are performed.

POLICIES

Decision-making is the primary task of a manager. While making decisions, it is common that managers consult the existing organizational policies relevant to the decisions. Policies provide the basic frame work within which managers operate. Policies exist at all levels in the organisation. Some may be major company policies affecting the whole organisation while others may be minor in nature affecting the departments or sections within the departments. Thus, policies are, intended to provide guidance to managers in decision-making. It may be remembered that a policy is also a decision. But it is a one time standing decision in the light of which, so many routine decisions are made.

Policy Formulation

As mentioned earlier, the basic intention of policies is to help executive thinking in decision-making. Policies are formulated for all the key functional areas of business like production, marketing, finance, personnel and so on. Effectiveness and consistency of decisions in all these areas depend on how well the policies are formulated and understood. A policy is a plan. Therefore, the steps involved in policy formulation are similar to the steps in planning. Though policies vary in respect of scope, the process of policy formulation usually involves the following steps

a. Corporate Mission -Corporate mission specifies the purpose for which the organisation exists. It relates the organisation to the environment in which it operates. It is natural, therefore that all the activities of the organisation are geared towards the achievement of the mission. The mission statement provides the direction to the organisation. As such, thorough understanding of the corporate mission is the starting point for policy formulation.

b. Appraisal of the Environment -Environment appraisal in a systematic way is the key for successful formulation of the policies. Correct appraisal of the environment enables the organisation to integrate its activities with the needs of the society. As such, the nature of the environment, the various dynamics of it have to be analysed. It includes collection of relevant information from the environment and interpreting its impact on the future of organisation.

c. Corporate Analysis - While the focus in environmental appraisal is on the internal factors of the business, corporate analysis takes into account the internal factors. Corporate analysis discloses strengths and weaknesses of the organisation and points out the areas that have potential. This is an inward-looking exercise.

d. Identification of Alternatives - The above two steps – environmental appraisal and corporate analysis popularly known as SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis will help identifying the alternative policies. For example, the objective of the organisation is expansion. This may be achieved by several ways, diversification of the activities, acquisition of existing businesses, and establishment of subsidiaries abroad and so on. Again, if diversification is chosen, it has to be decided whether it is into related or unrelated business. The alternative policies thus identified have to be evaluated in the light of the organizational mission and objectives.

e. Choice of the Right Policy -This stage involves choosing the right policy from among the several policy options that suits the organizational objectives. The Corporate history, personal

values and attitude of the management and the compulsions in the environment, if any, influence the choice of the policy.

f. Policy Implementation -Effective implementation of the policy requires designing suitable organisational structure, developing and motivating people to contribute their best, designing effective control and information systems, allocation of resources, etc. At times, policies may have to be revised in line with the changes in the environment. Further, policies need to be monitored constantly during the implementation stage so that inadequacies if any, may be corrected at the appropriate time.

DECISION MAKING

Decision-making in simple may be defined as “the selection of a future course of action from among various alternatives. It presupposes the existence of various alternatives. It is in a way a choice between alternatives. In other words, if there are no alternatives, there is no choice. Therefore, the question of decision-making and the associated dilemma do not arise. Thus, the following characteristics emerge from the definition of decisionmaking.

Type of Decisions taken by managers may be classified under various categories depending upon the scope, importance and the impact that they create in the organisation. The following are the different types of decisions:

Programmed and Non-programmed

Decisions Programmed decisions are normally repetitive in nature. They are the easiest to make. Usually, these decisions are taken in consultation with the existing policy, rule or procedure which are already laid down in the organisation. For example: making purchase orders, sanctioning of different types of leave, increments in salary, settlement of normal disputes, etc. Managers in dealing with such issues of routine nature usually follow the established procedures. On the other hand, non-programmed decisions are different in that they are non-routine in nature. They are related to some exceptional situations for which there are no established methods of handling such things. For example: Issues related to handling a serious industrial relations problem, declining market share, increasing competition, problems with the collaborator, growing public hostility towards the organisation fall in this category. Problems like these have to be handled in a different way. While different managers reach the same solution in the case of programmed decision because they are guided by the same policy or procedure, the solutions may widely differ in the case of non-programmed decisions. As one moves up in the hierarchy, many of the decisions that managers make are non-programmed in nature. It is important to note that the effectiveness of a manager lies in handling exceptional situations. Such situations call for ingenuity and sound judgment. Surprisingly, many managers get bogged down in the routine issues at the cost of the non-routine issues. The saying that “routine drives out the non-routine” instead of the other way round is true in many organizations. Such a tendency results in devoting less time for the important issues.

Operational and Strategic Decisions

Operational or tactical decisions relate to the present. The primary purpose is to achieve high degree of efficiency in the company’s ongoing operations. Better working conditions, effective supervision, prudent use of existing resources, better maintenance of the

equipment, etc., fall in this category. On the other hand, expanding the scale of operations, entering new markets, changing the product mix, shifting the manufacturing facility from one place to the other, striking alliances with other companies, etc., are strategic in nature. Such decisions will have far reaching impact on the organisation. Usually, operating decisions do not need intensive deliberations and huge resources and are taken by managers at the lower levels while strategic decisions require extensive deliberations and huge resources and are taken by top level managers. The focus in the operational decisions is on the short-run or immediate present, while it is on the long-run in the case of strategic decisions.

Organizational and Personal Decisions

Decisions taken by managers in the ordinary course of business in their capacity as managers relating to the organizational issues are organizational decisions. For example: decisions regarding introducing a new incentive system, transferring an employee, reallocation or redeployment of employees etc. are taken by managers to achieve certain objectives. As against such decisions, managers do take some decisions which are purely personal in nature. However, their impact may not exactly confine to their selves and they may affect the organization also. For example: the manager's decision to quit the organization, though personal in nature, may impact for the organization.

Individual and Group Decisions

It is quite common that some decisions are taken by a manager individually while some decisions are taken collectively by a group of managers. Individual decisions are taken where the problem is of routine nature, whereas important and strategic decisions which have a bearing on many aspects of the organisation are generally taken by a group. Group decision making is preferred these days because it contributes for better coordination among the people concerned with the implementation of the decision. Decisions may also be further classified under major and minor decisions and simple and complex decisions. However, a detailed description of these types is not necessary because they are almost all similar to the already discussed programmed and non-programmed decisions in respect of importance and impact.

Techniques of Decision-Making

Now-a-days, different techniques are used by managers in making decisions. These techniques, if used properly, would contribute for the effectiveness of the decisions. Some of the important techniques are discussed below.

Brainstorming: Brainstorming is the oldest and widely followed technique for encouraging creative thinking. It was originally developed by A.F. Osborn. It involves the use of a group. The success of the technique lies in creating a free and open environment where members of the group participate without any inhibitions. It starts on the premise that when people interact in a free environment, the possibility for creative ideas to emerge to higher continuous interaction through free discussions may result in spontaneous and creative thinking. The larger are the number of solutions, the fairer are the chances in locating an acceptable solution. Established research proves that one hour brainstorming session is likely to generate 50- 150 ideas. Of course, most of them may be impracticable; at least, some of them merit serious consideration. This group process is not without limitations. It consumes lot of time and therefore is an expensive exercise. Secondly, it emphasizes only quantity of

solutions, which more often than not prove to be superficial. By overcoming the above limitations, a modern manager can use this as an effective tool.

Synectic's: Synectic's is a new concept developed by William J.J. Gordon. The term 'Synectic's' is derived from a Greek word which means "Fitting together of diverse elements". It starts on the premise of encouraging that this concept encourages novel thinking for the development of alternatives through putting together different ideas which are distinct from each other. A given problem is presented to a group of people with different backgrounds and varied experiences. It is the responsibility of the group leader to present the problem and lead the discussion in order to stimulate creative solutions. This approach ensures on the spot evaluation of ideas. The leader who is a technical expert assists the group in evaluating the feasibility of their ideas. Experience shows that Synectic's is less widely used than Brainstorming. When the problem is tough and challenging, this approach is used for effective decision-making.

Operations Research: The origin and development of operations research is attributed to military operations and applications during Second World War. The war put tremendous pressure on the use of available scarce resources for various strategic and tactical operations. The success of operations research in developing effective options is instrumental in making this approach dependable in decisionmaking process. Operations Research employs optimizing models like Linear Programming, Project Management, Inventory Control, Decision Theory and Waiting Line Theory. Operations Research is the systematic method of studying the basic structure, functions and relationships of an organisation as an open system. It aims at developing optimal solution with limited resources in a given situation.

The six steps in its approach to problem solving are:

- ✓ identification of a problem;
- ✓ construction of a mathematical model to investigate the problem;
- ✓ developing a good solution;
- ✓ testing of the model in the light of the data available;
- ✓ identifying and setting up of control points;
- ✓ implementation of the option as a solution to a critical problem (putting a solution to work)

In essence, Operations Research attempts to develop the best solution that will contribute to organisational goals.

ORGANISATION STRUCTURE AND DESIGN

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

AUTHORITY

Authority is a legal power which is possessed by a person from his superior officers and with the help of which he succeeds in getting the things done by his sub-ordinates. Authority is the key to managerial functions. If the managers do not possess required authority, they will not be able to perform their duties properly. A manager is in a position to influence his subordinates only by the use of his authority. It is the authority which enables him to discharge the important functions of planning, coordination, motivation and controlling etc. in an enterprise. If proper authority is not vested in him, he cannot perform these functions in the required manner and he cannot be held responsible for all these functions in the absence of proper authorities. It is only the authority by virtue of which he dominates his sub-ordinates and gets work done by them.

Definitions

- ✓ "Authority is the right to give order and the power to exact obedience". – Henri Fayol
- ✓ "Authority is the power to command, to act or not to act in a manner deemed by the possessor of the authority to further enterprise or departmental performance". – Koontz and O'Donnell

DELEGATION OF AUTHORITY

Delegation is the process by which authority is granted to a subordinate by his superior. But for delegation of authority, organizations would remain forever small. Delegation is the only solution to cope with the increasing work load of managers as the organization grows. Because of the constraints of time and ability, a manager cannot perform all the tasks himself. Therefore, he delegates certain of the tasks to the subordinate and gets them done. Before proceeding further to understand the process of delegation, it is appropriate to examine, in brief, the concepts of authority and responsibility.

Authority is the right to command. It is the discretion power vested with a manager to use the organizational resources. Managers acquire authority by virtue of the rank or title associated with their position. Authority is granted to the individuals in a formal way in the organization. It flows from the top to down in the organization structure.

Responsibility, on the other hand is the obligation to perform the tasks and accounts for their satisfactory completion. It is implied that an individual is expected to fulfill certain job requirements when he or she accepts a position in the organization. In other words, the individual is answerable for the results of the task to be performed. In contrast to authority, responsibility of an individual in the organization is always upwards, that is, the subordinate is responsible to his or her superior.

FORMAL AND INFORMAL ORGANIZATION

Formal organization, which refers to the structure of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability, is not capable of accomplishing organizational objectives all alone. It needs the help of informal organization for this purpose. In other words, informal organization, which does not appear on the organization chart, supplements the formal organization in achieving organizational goals effectively and efficiently.

FORMAL ORGANIZATION

Chester I Barnard defined formal organization as “a system of consciously coordinated activities or forces of two or more persons”. A formal organization is deliberately designed to achieve specific objectives. It refers to the structure of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability. The structure is consciously designed to enable the people of the organization to worktogether for accomplishing common objectives. Thus, formal organization is more or less an arbitrary structure to which the individual must adjust. It tells him to do certain things in a specified manner, to obey orders from designated individuals and to cooperate with others. Coordination also proceeds to a prescribed pattern in the formal organization structure. The formal organization is built around four key pillars; namely,

- ✓ Division of Labour,
- ✓ Scalar and Functional Processes,
- ✓ Structure
- ✓ Span of Control.

These may also be called principles of formal organization. Division of labour and specialization is the basic principle of formal organization. The whole work is divided into a number of small operations and each operation is performed by a different person so that there is maximum specialization. The scalar and functional processes imply the growth of the organization both vertically and horizontally. The structure of the organization refers to the overall arrangement in the organization which ensures proper balance between difference parts of the organization and secures the execution of all operations and the achievement of organizational objectives. The span of control refers to the number of subordinates directly reporting and accountable to one superior.

Formal organization is the official hierarchy as it appears on paper. It is the basis and official version of the organization. Formal organization possesses the following characteristics:

- ✓ It is deliberately impersonal;
- ✓ It is based on ideal relationships;
- ✓ It is based on the rabble hypothesis of the nature of man.

These characteristics have also been criticized by many authors. Firstly, as formal organization is deliberately impersonal, emotions and sentiments of individuals are ignored in determining the interactions, communication and accountability. But human beings cannot live without social relations and, that is why, they develop informal relations. Secondly, it is based on ideal relationships, human being is thought to be rational and economic beings. Further, it is assumed that there would be no unofficial channel of communication. But it is very difficult to find suchideal relationships in actual life. Lastly, it is based on the rabble hypothesis of the nature of man. It is assumed that there will always be the same kind of reaction if human beings are punished or rewarded. But the individuals are not always motivated by the same rewards or punishments in the same manner. Formal organization is deliberately construed to achieve some goals. It sticks to the goals (as laid down by the originators). Goals are not easily changeable with the passage of time. This is another point of criticism put forward by its critics. The rules and regulations of the organization may be too rigid that it becomes difficult to achieve the goals. Moreover, formal organization does not

consider the goals of the individuals. Because of these reasons formal organization usually gives birth to informal groups which cannot be separated from it. As a matter of fact, there is a close relationship between the formal and informal organizations. Management should not ignore informal organization (informal group, informal leader, informal communications, etc.,) but it should use it to achieve the organizational goals.

INFORMAL ORGANIZATION

Informal organization refers to the relationship between people in the organization based on personal attitudes, emotions, prejudices, likes, dislikes, etc. These relations are not developed according to procedures and regulations laid down in the formal organization structure. Generally, large formal groups give rise to small informal or social groups. These groups may be based on some similarities that people of a large group see among the members of the group with respect to tastes and preferences, socio-cultural background, temperaments, attitudes, etc, these groups are not preplanned, but they develop automatically within the organization according to its environment.

Informal organizations are small groups and these groups can overlap because a person may be a member of several different informal groups. A manager cannot abolish the informal groups since he does not create them. Informal relations will always support and supplement the formal one. There are certain disadvantages also of informal organizations. They put resistance to change and conform to old practices. The communication in informal organization is very fast. Sometimes, it creates rumours which may prove dangerous to the enterprise. Modern authors on organization behaviour view organizations as consisting of both types of relationships, i.e., formal and informal. It is true that while laying out an organization plan, management can only develop formal structure of relationships, but organization is not only a form chart or structure of relationships. Formal organization, no doubt, is an important part of the organization. But informal organization is also not less important. If handled properly, it will help in performing the activities of the organization very efficiently and effectively. In short, informal relations are complementary to formal relations and procedures laid down in the organization structure. Both formal and informal organizations are necessary for any group action just as two blades are essential to make a pair of scissors workable.

DECISION MAKING PROCESS:

- ✓ The analyses of these definitions present the following facts.
- ✓ Identify the purpose or goal, based on which decision has to be made.
- ✓ Analyze the set of circumstances, conditions or ground realities which set the norms for decision- making.
- ✓ Decision – making is a process of identifying the issues, collecting information and data, analyze the, and generate or develop necessary inputs for developing alternative solutions.
- ✓ Develop alternative solutions to solve the problem or ways to deal with the situation.
- ✓ Evaluate the alternative solutions and choose the best solution.
- ✓ Implement the selected solution.

Process of Decision- Making

- ✓ Problem Awareness
- ✓ Problem diagnosis
- ✓ Development of alternative solutions
- ✓ Evaluation of alternative solutions
- ✓ Selection of the best solution
- ✓ Implementation of the decision

Problem awareness

- ✓ Mostly individual employees identify the problems in various areas.
- ✓ Individuals, when they get a _gut feeling ‘that something is wrong, they identify the problem.
- ✓ The awareness of a problem mostly occurs to employees at the grass- root level like sales people, machine operator, finance assistants, human resource assistant ‘s act.
- ✓ Internal performance measurements like level of turnover or profit performance.

Problem diagnosis

- ✓ After the individual employees are aware of the problem and it is informed to the managers, managers will gather the information and define the problem.
- ✓ Information may be explored to determine the facts of the problem in detail.
- ✓ Such information may be gathered on a verbal and informal basis.
- ✓ Rationalize the information and stimuli relevant to the problem so as to classify the situation.
- ✓ Act diplomatically to establish peer groups or those of political support for individual views of the problem.

Development of alternative solutions

- ✓ After the problem is diagnosed clearly; the tendency of managers is that of searching for readymade solutions.
- ✓ Through memory search in which the managers seek for known, existing or attempted solutions.
- ✓ Passive search which entails waiting for possible solutions to be offered.
- ✓ This process of developing solutions takes place through discussions, debates, consultations and brainstorming sessions and by sharing management wisdom and experience.

Evaluation of alternative solutions

After the alternative solutions are developed, the solutions have to be formally evaluated based on their inherent strengths and weaknesses and also based on the environmental threats and opportunities for implementations.

The solutions are to be ranked on the basis of their weights in terms of strengths and opportunities after eliminating the non-viable solutions in view of their weaknesses and environmental threats for implementation

Selection of the best solution

- ✓ After the formal evaluation and ranking is completed, the managers tend to re-evaluate the solution based on the managerial judgment followed by political bargaining as the formal evaluation is not the predominant criterion for assessing the feasibility in practice.
- ✓ Therefore, the techniques for evaluation of solutions also include social and political process.

Implementation of the decision

Implementation of the selected solutions is a part of the decision-making process as the process may be required to be recycled due to impediments in the process of implementation.

The managers should secure the support of the top management for allocation of resources; time act, regarding the implementation of the decision.

DIFFERENCES BETWEEN FORMAL AND INFORMAL ORGANIZATION

The formal and informal organizations differ from each other in the following respects:

Origin: The reason and circumstances of origin of both formal and informal organizations are totally different. Formal organizations are created by conscious managerial decisions. But informal organizations arise naturally within the formal organization because of the tendency of the individual to associate and interact. Management has no hand either in emergence or in abolition of informal groups.

Purpose: Formal organizations are created for realizing certain well-defined objectives. But informal groups are created by organizational members for their social and psychological satisfaction. There may be a conflict between the goals of the formal organizations and those of the informal groups.

Activities: Activities in case of formal organization are differentiated and integrated around the objectives of the enterprise and are formalized into work units or departments on a horizontal basis. Individuals are fitted into jobs and positions and work groups as a result of managerial decisions. In case of informal organization, there are no specific activities. They arise from time to time as result of interactions and sentiments of the individuals. Informal groups may be based on common taste, language, culture or any other factor

Structure: Formal organization is hierarchical, pyramid shaped and bureaucratic in structure with well-defined positions, rigid delineation of roles and superior – subordinate relationships on impersonal basis, enforcement of organizational order through a set of policies, procedures, and rules, conscious emphasis on status, differential based on authority, narrow and downward oriented communication system, etc. On the other hand, informal organization is looks like a complicated and common social network of interpersonal relationships. Informal organization is loosely structure, with only unwritten norms of

behavior enforced by consent. Communication is informal and multi directional. There are no rigid status differentials.

Membership. In a formal organization, every individual belongs to one work group only and works under one superior. But in case of informal organization, one person can be a member of more than one group, according to his choice. He may be a leader in one group and a follower in another. There is no rigidity about group membership.

Orientation: In case of formal organization, values, goals and tasks are dominantly economic and technical and they are concerned with productivity, profitability, efficiency, survival and growth. But in the case of informal organization, values goals and tasks are dominantly psycho-social, setting around individual and group satisfaction, affiliation, cohesiveness and friendship.

Norms of Behavior: In a formal organization, individuals are required to behave in the prescribed manner in their work situations. They are expected to behave in a rational manner. Deviations from the standard norms are dealt with according to the processes of organizational law and order. There is also a system of rewards and punishments. But in case of informal organization, individual behavior and group behavior influence each other. Behavior is more natural and social.

Interactions cut across formally established positions and relationships and there is free exchange of feelings and ideas. An informal organization develops its own norms of behaviour and a system of rewards and punishments to ensure adherence of group norms.

CONTROLLING

Controlling is an important function of management. It is the process that measures current performance and guides it towards some predetermined objectives.

TYPES OF CONTROL

Feedback Control: This process involves collecting information about a finished task, assessing that information and improvising the same type of tasks in the future.

Concurrent control: It is also called real-time control. It checks any problem and examines it to take action before any loss is incurred. Example: control chart.

Predictive/ feedforward control: This type of control helps to foresee problem ahead of occurrence. Therefore, action can be taken before such a circumstance arises.

Behavioral control: Behavioral control involves direct evaluation of managerial and employee decision making, not the results of managerial decisions. Behavioral control identified rewards for a wide range of criteria, such as in a balanced scorecard. When there are many external and internal factors, behavioral control and appreciative rewards are more appropriate that may affect the relationship between manager's decisions and organizational performance. They are also suitable when managers must coordinate resources and capabilities across different business units.

Financial and non-financial controls: Financial controls involve the management of a firm's costs and expenses so that they can be controlled in relation to budgetary amounts. Thus, in this way management determines which aspects of its financial position, such as

profitability, sales or assets, are most important for the organization, tries to forecast them through budgets, and then compares actual performance to budgetary performance. Does. At a strategic level, total sales and indicators of profitability will be relevant strategic controls. An increasing number of organizations are measuring customer loyalty, referral, employee satisfaction and other such performance areas that are not financial. Unlike financial control, the non-financial related control monitor aspects of the organization that are not promptly financial in nature, but are expected to lead to positive performance outcomes in the future. The principle behind such non-financial controls is that they can provide managers with a glimpse of the progress of the organization before measuring financial results. And this theory has some practical support. A highly satisfied customer is the best predictor of future sales in many of its businesses, so it regularly tracks customer satisfaction.

MECHANISTIC VS ADOPTIVE STRUCTURES

Mechanistic	Adoptive
Individual specialization: Employees work separately and specialize in one task	Tasks are more interdependent. Emphasis on relevance of tasks and organizational objectives.
Simple integrating mechanisms: Hierarchy of authority well-defined	Complex integrating mechanisms: task forces and teams are primary integrating mechanisms
Centralization: Decision-making kept as high as possible. Most communication is vertical.	Decentralization: Authority to control tasks is delegated. Most communication latera
Standardization: Extensive use made of rules & Standard Operating Procedures	Mutual Adjustment: Face-to-face contact for coordination. Work process tends to be unpredictable
Much written communication	Much verbal communication
Informal status in org based on size of empire	Informal status based on perceived brilliance
Organization is a network of positions, corresponding to tasks. Typically each person corresponds to one task	Organization is network of persons or teams. People work in different capacities simultaneously and over time

IMPACT OF TECHNOLOGY ON ORGANIZATIONAL DESIGN

Three factors have been found to have an effect on the design of an organization. The most appropriate design for an organization seems to be contingent on such variables as its environment, the complexity of its technology and its size. The organization's environment is an external variable, its technology has internal as well as external aspects; and its size is principally an internal factor.

Environment Variability: In assessing the possible impact of the environment on its design, an organization must consider the amount of variability in its environment – that is, the degree of change with which it must be prepared to cope. It must consider the frequency of change, the magnitude of change, and the predictability of change. An organization's environment may be stable, changing or turbulent.

Stable Environment: A stable environment is one that experiences little or not unexpected or sudden changes. Products require only minor changes, if any, and the market shows very few fluctuations. For whatever reasons, the product attracts neither regulatory attention nor technological innovation. Consequently, organizations in a stable environment remain virtually unchanged for a long time. But stable environments are becoming scarcer. It is difficult to think of many organizations that have made the same product with the same process and sold it in essentially the same way for a long time.

Dynamic Environment: Dynamic environment is characterized by trends that are predictable. Thus, organizations can be prepared to adjust to the changes when they occur. For example, the environment of many service firms could be characterized as changing. Trends in demand for services often depend on the social fabric of society. Values and tastes certainly change over time, but these changes do not usually occur so unexpectedly or so rapidly that service firms cannot adjust to them. The characteristic flexibility of service firms helps them adapt rapidly to such changes. Firms that produce products can also predict trends in the environment.

James Thompson

Several years after Woodward's British studies, an American researcher, James D. Thompson divided technologies into three categories on the basis of years of observation in different organizations. He labeled technologies as long-linked, mediating or intensive.

Long-Linked Technology:

Thompson's long-linked technology is characterized by a series of sequential tasks that must be performed in a specified order. The assembly line is an example of long-linked technology. This category closely parallels Woodward's large-batch and mass-production technology.

Mediating Technology:

Is a process that brings together groups that need to be interdependent for the desired action to take place. For example, banking is a mediating technology; it facilitates the interaction between depositors and borrowers. Employment and other talent search agencies connect suppliers of specialized labor with buyers. This type of technology is intermediate in flexibility. It allows for some standardization but can also adjust its output in response to variations in the needs of the parties it seeks to link

Intensive Technology:

An intensive technology involves the application of specific skills, techniques or services in order to make a change in an input. This type of technology describes custom work and is consistent with Woodward's unit production technology. The value of an intensive technology is its flexibility.

Size

The impact of the sheer size of an organization on its design has attracted a great deal of research attention. It seems obvious that organizations change as they get larger and that more complex designs become necessary. But the research results are not unanimous. This may be due in part to the fact that size has been measured in a variety of ways.

PERCEPTION

Perception is an intellectual process of transforming sensory stimuli to meaningful information. It is the process of interpreting something that we see or hear in our mind and use it later to judge and give a verdict on a situation, person, group etc.

It can be divided into six types –

- ✓ **Of sound** – The ability to receive sound by identifying vibrations.
- ✓ **Of speech** – The competence of interpreting and understanding the sounds of language heard.
- ✓ **Touch** – Identifying objects through patterns of its surface by touching it.
- ✓ **Taste** – The ability to receive flavor of substances by tasting it through sensory organs known as taste buds.
- ✓ **Other senses** – They approve perception through body, like balance, acceleration, pain, time, sensation felt in throat and lungs etc.
- ✓ **Of the social world** – It permits people to understand other individuals and groups of their social world. **Example** – Priya goes to a restaurant and likes their customer service, so she will perceive that it is a good place to hang out and will recommend it to her friends, who may or may not like it. Priya's perception about the restaurant is good.

LEARNING

Learning can be defined as the permanent change in behavior due to direct and indirect experience. It means change in behavior, attitude due to education and training, practice and experience. It is completed by acquisition of knowledge and skills, which are relatively permanent.

FACTORS AFFECTING LEARNING

Learning is based upon some key factors that decide what changes will be caused by this experience. The key elements or the major factors that affect learning are motivation, practice, environment, and mental group. Coming back to these factors let us have a look on these factors –

- **Motivation** – The encouragement, the support one gets to complete a task, to achieve a goal is known as motivation. It is a very important aspect of learning as it acts

gives us a positive energy to complete a task. **Example** – The coach motivated the players to win the match.

- **Practice** – We all know that” Practice makes us perfect”. In order to be a perfectionist or at least complete the task, it is very important to practice what we have learnt. **Example** – We can be a programmer only when we execute the codes we have written.
- **Environment** – We learn from our surroundings; we learn from the people around us. They are of two types of environments – internal and external. **Example** – A child when at home learns from the family which is an internal environment, but when sent to school it is an external environment.
- **Mental group** – It describes our thinking by the group of people we chose to hang out with. In simple words, we make a group of those people with whom we connect. It can be for a social cause where people with the same mentality work in the same direction. **Example** – A group of readers, travellers, etc.

PERSONALITY

Personality is one of the indicators of individual differences. It is a commonly used term. However, we need to understand it in a proper way as it has implications in many fields including our academic success, interpersonal relationship, social behavior and job performance. Personality traits also impact our physical as well as psychological health and well-being. They are strong correlates of our happiness across temporal and situational factors. Individual differences are also studied in other aspects such as intelligence, creativity, interests (educational and vocational) and leadership.

INDIVIDUAL DIFFERENCES

Individual differences, as the term suggests, refers to how individuals differ from each other. Different people have different interests; and their behavior is influenced by these interests, likings, disliking's, values and beliefs etc. Even if we are of the same age group or gender, we are aware of how we differ from others and, others are also aware of these differences. For instance, you may like dancing and gossiping with friends, but your friend may not like these, she may prefer painting and interacting with a few friends only. Further, your friend may be good in playing football, but you may not be that skilled in football. If you take note of people around you, you will find many such differences. One student is good in language whereas another student in the same class may be good in science. Thus, we find individual differences in personality, intelligence, interest, motivation and so on.

UNIT III

INDIVIDUAL BEHAVIOUR

Meaning of Organizational behavior, contributing disciplines, importance of organizational behavior, Perception and Learning - Personality and Individual Differences - Motivation theories and Job Performance - Values, Attitudes and Beliefs - Communication Types- Process
- Barriers - Making Communication Effective.

VALUES

According to Rokeach “values represent basic conviction that a specific mode of conduct or end state of existence is personally or socially preferable to an opposite or converse mode of conduct or end state of existence”.

Chakravarti defines values as “the manner in which an individual tends to make judgements or choices, both about goals and means, at different stages of one’s life, in different facets of it, as are deemed to lead to the well being and happiness of oneself and society”.

TYPES OF VALUES

You may note that values do not operate in isolation. Several values interact with each other to form value system in a society. According to Rokeach, value systems are composed of rank-ordered sets of values that fall into two general categories namely terminal values and instrumental values. Terminal values reflect the desired end states of existence whereas instrumental values are related to the choice of behaviour in reaching those end states. The terminal values are desired states of existence that we try to achieve. Your preferences like duty, equality and wisdom and a compatible life are some of the terminal values. On the other hand, instrumental values are desirable modes of behaviour that help us reach terminal values. Being polite, courageous, logical, self-controlled, ambitious etc., are some of the instrumental values. Values can be categorized on the basis of the level at which operate. These may be:

- ✓ Personal values which are formed from past experience and interaction with others.
- ✓ Cultural values which are the dominant beliefs held by a collective society.
- ✓ Organizational values which are at the heart of organizational culture in terms of shared assumptions, values and beliefs.
- ✓ Professional values which are held within an occupational group.

ATTITUDES

Having understood the values, we may turn our attention to know about the attitudes and their formation. You should recognize that attitudes are evaluative statements- favorable or unfavorable- concerning objects, people, or events. They indicate how one feels about something. When you say "I like my job," or "I hate making lies" they represent your attitudes.

Attitudes are different from values. Values could be a little broader in concept while attitudes are more specific. Values indicate the rightness or desirability of something. For example, a statement like "gender discrimination is bad" reflects the values one stands for. On the other hand, a statement "I prefer women to be given an equal place with men in recruitment" represents the attitude of a person. Attitudes are learned predispositions towards various aspects of our environment.

TYPES OF ATTITUDES

A person may have a multitude of attitudes, but what is important for us to study is the limited number of job-related attitudes. These job-related attitudes are positive or negative evaluations held by employees about various aspects of their work environment. Essentially,

The attitude reflects an individual's orientation toward the organization by tapping his or her loyalty to, identification with, and involvement in the organization. Individuals who highly committed see their identity as closely attached to that of the organization. Like job involvement, highly committed employees will be better performers and have lower turnover than those with low levels of commitment to the organization.

You may understand that when you talk about job attitudes and their impact on behavior, you are referring to the positive or negative appraisals that people make about their job or organization. Job satisfaction is the most popular attitude measured in organizations, but more recently there has been increased attention given to job involvement and organizational commitment. All these attitudes are measured with a view to predict employee behaviors like performance, productivity, absenteeism, turnover and unionization.

there are three important attitudes we are concerned with: job satisfaction, job involvement, and organizational commitment.

Job Satisfaction

One of the tasks of a manager is to provide job satisfaction to their employees. Job satisfaction refers to an individual's general attitude toward his or her job. A person with a high level of job satisfaction holds positive attitudes toward the job, while a person who is dissatisfied holds negative attitudes towards the job. When we talk about employee attitudes, mostly we mean job satisfaction. As a matter of fact, the two are closely related.

Job Involvement

The term "job involvement" is relatively a recent concept in the literature. There is no complete agreement over what the term means. Generally, it refers to the degree to which a person identifies with his job, actively participates in it, and considers his performance important to his self-worth. Individuals who express high involvement in their jobs are likely to be more productive, have higher satisfaction, and are less likely to resign than employees with low involvement.

Organizational Commitment

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THEORIES OF MOTIVATION

There are two types of motivational theories - content theories and process theories (cognitive theories). While content theories explain what motivates and what does not motivate, the process theories examine the variables that go into the motivational process taking place within an individual. Some of these theories are explained below.

Maslow's Need Hierarchy Theory

Abraham Maslow has propounded this need hierarchy theory as early as in 1943. Maslow points out that human beings have divergent needs and they strive to fulfill those needs. The behavior of an individual is determined by such needs. These needs range from biological needs at lower level to psychological needs at the highest level. Further, these needs arise in an order of hierarchy or priority such that lower-level needs must be satisfied before higher level needs become important for motivation. Maslow postulates five basic needs arranged in an hierarchical fashion as follows:

The first three levels of needs at the bottom are known as lower order needs as they are related to one's existence and security. The top two levels of needs are called higher order needs as they are concerned with personal development and realization of one's potential. The needs are explained below.

PHYSIOLOGICAL NEEDS

The physiological needs are the basic needs having the highest strength in terms of motivation. These are the needs arising out of biological tensions created as a result of deprivation of food, water, shelter, rest, etc. If these basic needs are gratified, then the next level needs become important and act as motivators.

Safety and Security Needs

Once the physiological needs are fulfilled, safety and security needs become predominant. These are the needs for self-preservation while physiological needs are for survival. These needs include security, stability, freedom from anxiety and a structured and ordered environment. Safety and security needs arise out of the concern for the fulfillment of physiological needs in the future. An individual seeks economic or social protection against future threats and dangers that he is exposed to. If once these needs are gratified, they fail to serve as motivators any more. The individual, then, moves on to the next level needs and strives for their fulfillment.

Social Needs

At the third level, social needs or love needs become important. An individual cannot live an isolated life. A sense of affiliation becomes important for a meaningful life. These needs include the need for love, affection, companionship and social interaction. We know very well that at home the child needs the love of parents and at school he needs the friendship of his classmates.

This is to attain recognition from others which would induce a feeling of self-worth and self-confidence in the individual. It is an urge for status, prestige and power. Self-respect is the internal recognition while respect from others is the external recognition. People who are able

to fulfill this need feel that they are useful and have some positive influence on their surrounding environment.

Self-actualization Needs

At the highest level is the need to develop and realize one's capacities and potentialities to the fullest extent possible. This need gets activated as motivator when all other needs have been reasonably fulfilled. At this level, the person wants to excel in the skills and abilities that he is endowed with. As a result, he seeks challenging work assignments that require creativity and talent. This need is inner-oriented and the motivation is intrinsic in nature. A self-actualizing person is creative, independent, content, and spontaneous and has a good perception of reality. He constantly endeavors to realize his full potential.

In conclusion, it may be said that Maslow's model explains human behavior in general. It has nothing to do with the employee motivation at the work place. Further, human needs may not necessarily have the hierarchy as shown by him. The relative dominance of not able to satisfy the social needs may prompt a person to set the physiological needs and safety needs aside and motivate him for earning the love and affection of the family members and the friendship of his colleagues. Maslow felt that the human needs have a definite sequence of domination. Second need does not dominate until first need is reasonably satisfied and third does not dominate until first two needs have been reasonably satisfied and so on. The other side of the need hierarchy is that

Maslow felt that the human needs have a definite sequence of domination. Second need does not dominate until first need is reasonably satisfied and third does not dominate until first two needs have been reasonably satisfied and so on. The other side of the need hierarchy is that man is a wanting animal, he continues to want something or the other. He is never fully satisfied, the other need arises. As said above (according to Maslow), needs arise in a certain order of preference and not randomly. Thus, if one's lower level needs (physiological and security needs) are unsatisfied, he can be motivated only by satisfying his lower level needs and not satisfying his higher level needs. Another point to note is that once a need or a certain order of needs is satisfied, it ceases to be a motivating factor. Man lives for bread alone as long as it is not available. In the absence of air one can't live, but there is it is plenty of air which ceases to be motivating.

The physiological and security needs are finite, but the needs of higher order are sufficiently infinite and are likely to be dominant in persons at higher levels in the organisation. This has been proved by various studies. A study by Boris Blai supported this by showing that managers and professionals in U.S.A. highly value self-realisation, while service and manual workers in India reported that they give to priority to job security, earnings and personal benefits all lower order needs.

HERZBERG'S TWO FACTOR THEORY OF MOTIVATION

A significant development in motivation theory was distinction between motivational and maintenance factors in job situation. Research was conducted by Herzberg and his

associates based on the interview of 200 engineers and accountants who worked for eleven different firms in Pittsburgh area. These men were asked to recall specific incidents in their experience which made them feel particularly bad about jobs. The findings of the research led to draw a distinction between what are called as ‘motivators’ and ‘hygiene factors. To this group of engineers and accountants, the real motivators were opportunities to gain expertise and to handle more demanding assignments. Hygiene factors served to prevent loss of money and efficiency. Thus, hygiene factors provide no motivation to the employees, but the absence of these factors serves as dissatisfies.

Some job conditions operate primarily to dissatisfy employees. Their presence does not motivate employees in a strong way. Many of these factors are traditionally perceived by management as motivators, but the factors are really more potent as dissatisfiers. They are called maintenance factors in job because they are necessary to maintain a reasonable level of satisfaction among the employees. Their absence proves to be strong dissatisfiers. They are also known as ‘dissatisfiers’ or ‘hygienic factors’ because they support employees’ mental health. Another set of job conditions operates primarily to build strong motivation and high job satisfaction among the employees. These conditions are ‘Motivational Factors’. Herzberg’s maintenance and motivational factors have been shown in the table given below.

Herzberg’s Maintenance and Motivational Factors

Maintenance or Hygienic Factors	Motivational Factors
Company Policy.	Achievement, Administration.
Technical Supervision.	Recognition.
Inter-personal relations with Supervisor.	Advancement.
Inter-personal relations with Peers.	Possibility of growth
Inter-personal relations with Subordinates.	Responsibility.
Salary.	
Job Security.	
Personal life.	
Working conditions.	
Status.	

Hygienic factors include such things as wages, fringe benefits, Physical conditions and overall company policy and administration. The presence of these factors at a satisfactory level prevents job dissatisfaction, but they do not provide motivation to the employees. So they are not considered as motivational factors, on the other hand, are essential for increasing the productivity of the employees. They are also known as satisfiers and include such factors

as recognition, feeling of accomplishment and achievement, opportunity of advancement and potential for personal growth, responsibility and sense of job and individual importance, new experience and challenging work etc.

Comparison of Herzberg and Maslow Models

In fact, there is a great similarity between Herzberg's and Maslow's models. A close examination of Herzberg's model indicates that some employees may have achieved a level of social and economic progress in the society and for them higher level needs of Maslow (esteem and self-actualization) are the primary motivators. However, they still must satisfy the lower-level needs for the maintenance of their current state. Thus, we can say that money might still be a motivator for operative employees and for some managerial employees. Herzberg's model adds to the Maslow's need hierarchy model because it draws a distinction between the two groups of factors, namely, motivational and maintenance, and points out that the motivational factors are often derived from the job itself. Most of the maintenance factors come under comparatively lower order needs. In economically advanced countries, such needs of the employees are fulfilled and hence cease to be motivators.

As shown in the following diagram Maslow's Physiological, security and social needs come under Herzberg's maintenance factors whereas self-fulfillment comes under motivating factors. It may further be noted that a part of esteem need comes under maintenance factor and another under motivational factors. The esteem needs are divided because there are some distinct differences between status per se and recognition. Status tends to be a function of position one occupies. This position may be gained through family ties or social pressures and so this may not be a reflection of personal achievement or recognition. Recognition is gained through competence and achievement. It is earned and granted by others. That is why status is classified with physiological, safety and social needs as a hygiene factor, while recognition is classified with esteem as a motivator.



Motivational factors Self-fulfillment

Esteem Maintenance factors

MCGREGOR'S THEORY 'X' AND THEORY 'Y' :

Generally, the action of managers for motivating employees is base influenced by their assumptions and beliefs about human behavior. If managers' assumptions about human behaviour are positive, his motivational actions will also be positive and vice versa. This theory is based on such hypotheses relating to human behaviour.

Douglas McGregor (1908-1964), a professor at MIT, US propounded this theory in 1957. According to Douglas McGregor, the function of motivating people involves certain assumptions about human nature. He developed two alternative sets of assumptions about human behaviour. One is called Theory- X and the other is called as Theory- Y.

Theory X: Theory X indicates the traditional approach to motivation. It is based on the traditional assumptions about human behaviour. Its assumptions are negative in nature. This theory advocates that external control is considered appropriate for dealing with unreliable, irresponsible and immature people. It may create impersonal climate in the organization.

as Theory Y. The assumptions of Theory Y are positive in nature. This theory represents the

modern and dynamic nature of human beings. The assumptions of Theory Y are very near to reality. This is regarded as a desirable and productive theory.

Assumptions of Theory 'X' and Theory 'Y'

These are the contrast sets of assumptions underlying human behaviour, which is shown below

Theory -X	Theory -
The average human being has inherent dislike for work. He is by nature indolent and will dislike for work. He takes the work	The average human being has no inherent avoid work if he can.
He has relatively little ambitions and prefer to be directed by others	He is very ambitious and capable of directing his own behaviour. He is self-directed and self-controlled
He avoids responsibility	He accepts and seeks responsibility under proper conditions
He lacks creativity and resist change	He has creativity and accepts the change
He is gullible, not very bright.	Meaningful work is a source of satisfaction for him.
He lacks self-motivation	He is self-motivated
He wants security above all. Hence, he is interested in satisfaction of lower-level needs.	Both lower and higher order needs like social, esteem and self-actualization are the sources of

Theory Y: McGregor developed an alternative theory of human behaviour, which is known

Managerial implications of Theory X:

Theory X has significant implications for human motivation. The managers who believe in Theory X assumptions use direction and control to get work done from people. The following are the characteristics of the organization based on Theory-X.

- ✓ Close supervision and control of subordinates • High centralization of authority • Autocratic leadership
- ✓ Least participation of workers in decision-making process
- ✓ Use of ‘Carrot and Stick’ approach
- ✓ Stress on the satisfaction of economic needs of employees In short, Theory-X is based on faulty conceptions of human nature.

Managerial implications of Theory Y:

McGregor argued that the managers who hold Theory Y assumptions believe that most employees enjoy work and seek to make useful contributions to the organization. This positive approach allows managers to utilize the human potential of all employees. The following are the characteristics of the organization founded on Theory-Y.

- ✓ Decentralization of authority • Job enrichment
- ✓ Democratic or participative leadership
- ✓ Two-way and open communication system
- ✓ Focus on self-control and responsible jobs

VICTOR VROOM’S EXPECTANCY THEORY

Expectancy Theory was developed by Victor Vroom according which an individual tends to act in a certain way based on the expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual. For example, an employee works harder if he believes that hard work will lead to promotion to higher post. Vroom explained that motivation is a product of how much one wants something and one’s estimate of the probability that a certain action will lead to it. The three variables of Vroom’s Theory is briefly explained here below.

i) Expectancy :(i.e. Effort-Performance linkage) : It is self-assessment by an employee about whether he can actually do the assigned work. Its expectancy (i.e. probability) ranges from 0 to 1. For example, if the person feels it impossible to achieve the given performance level, expectancy will be equal to zero and if the person is cent percent sure of achieving the performance level, expectancy will be equal to one.

ii) Instrumentally (i.e. Performance-Outcome linkage) : It is the relationship between performance (first level outcome) and the performance’s consequence (second-level outcome). Its probability also ranges from 0 to 1. For example, if a person is confident that if he does a good job, he will be promoted to higher post, the instrumentality will be equal to one and if a person feels that he will not get promotion even if works good, the instrumentality will be equal to zero.

iii) Valence (i.e. Attractiveness of Outcome/Reward) : It is the value the person places on the outcome. It has motivating effect. Valences form a scale from -1 (very undesirable outcome) to +1 (very desirable outcome) For example, if the available rewards can attract a person, the valence will be high and vice versa. The available rewards will have motivating effect only when the employee attaches high overall valence to the situation.

Vroom states that motivation, expectancy, instrumentality and valence are related to one another and can be expressed by the equation:

$$\text{Motivation} = (\text{E}) (\text{I}) (\text{V})$$

Where,

- ✓ E means Expectancy- (i.e. Effort-Performance Linkage)
- ✓ I mean Instrumentality (i.e. Performance-Outcome Linkage), and
- ✓ V means Valence (i.e., Attractiveness of outcome/Reward)

The above equation has significant multiplier effect, which means that the motivational appeal of a given work effort is sharply reduced whenever any one of these variables approaches the value of zero. High and positive values of expectancy, instrumentality and valence may result in high and positive motivational impact.

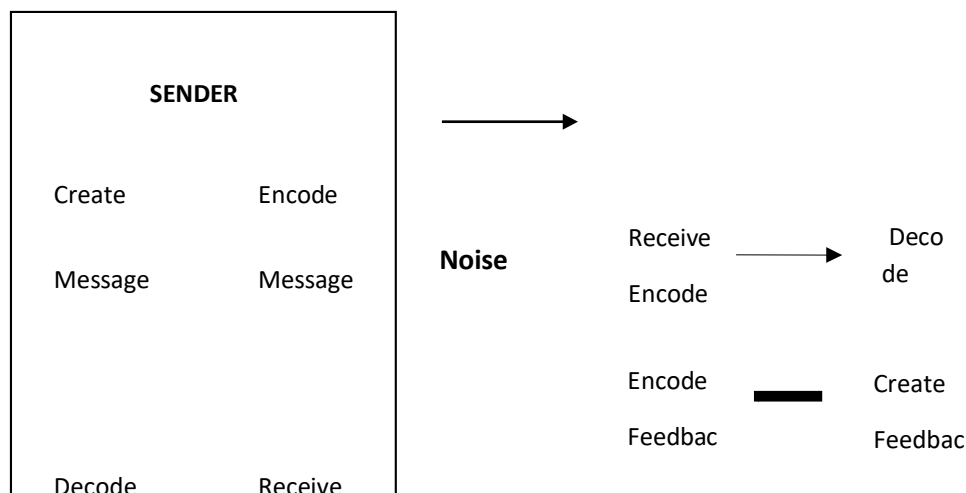
COMMUNICATION

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

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

The Communication Process

Communication process contains the following elements:



The Communicator

Communication commences with the communicator. He is the sender of the message. He realizes the need for conveying something to someone else. A communicator or the sender is the source of communication. He has a purpose of communicating some information to one or more persons.

Encoding

Encoding means putting message into code. A message is initiated by encoding a thought. The communicator encodes the information to be transmitted. It is done by translating into a series of symbols or gestures. Encoding is essential because information can be conveyed only through representations or symbols. The sender of the message should establish mutuality of meaning with the receiver. Coded messages may be oral or written words or gestures.

The message

A message is the output of encoding process. It is the physical form of the encoded message. The message may be in any form- oral, written or gesture. But it must be unambiguously understood by the receiver. Speech may be heard. Written words may be read. Gestures may be seen or felt. Message must be clear and precise.

The Medium

The communicator can communicate the message through a medium. The medium is the carrier of communication. The communication channel is the mode of transmission. Air is the medium for oral message. The medium is inseparable from the message. It links the sender with the receiver. The message may be conveyed through a memorandum, letter, telegram, the telephone, a computer or T.V., but the channel or the medium must be appropriate for the message. At times, multiple media are used for effective communication. A telephone talk may be confirmed by a letter later. Since the choices of channels are many, proper choice of the channel is vital for effective communication.

Decoding

Decoding refers to the finding of the meaning of something conveyed in code. It is the process by which the receiver interprets the message. It means translating the message that is significant and meaningful to the receiver. The recipient has to be ready for the message. Then only the message can be decoded into thought. In decoding, the receiver converts the message into thoughts. Decoding is affected by several factors such as the recipient's knowledge, past experience, personal interpretations of the symbols and gestures used

expectations and mutuality of meaning. Thus, decoding is very important for understanding the message.

The Receiver

Communication requires at least a couple of people, the sender and the receiver. One “encodes” and the other “decodes” the message. It will be complete only when the receiver perceives the message intact. The receiver must decode the message without distortion. If the message does not reach a receiver, communication cannot be said to have taken place.

Feed Back

Feedback refers to the reaction of the receiver. It is a reversal of the communication process. Feedback enables the communicator to know whether his message is received and interpreted correctly or not. Further, Feedback enables the communicator to know the reaction of the receiver so that future communication can be modified, if necessary. The importance of Feedback is incalculable. It helps to check the effectiveness of communication. It makes communication a two-way process.

Noise

“Noise” is the enemy of Feedback. It refers to any factor that interferes with communication. Interference may occur in all the above stages of the communication process. It hinders or blocks communication.

Types of Communication

We spend a great deal of our time in communication. No one can afford to waste time by indulging in unnecessary communication. It is often very difficult to determine which communication is necessary and which is not necessary. Again it is difficult to determine the extent of information to be passed on. The method of presentation is also to be decided - narrative, statistical or graphical form. The following are some of the types of communication.

Verbal or Oral Communication

In this method of communication the two parties exchange their ideas or the message with the help of word of mouth. The message, instruction, order, directive etc., is conveyed through spoken words. Examples of verbal communications are – telephone talk, oral orders, face to face talks, counseling etc. Some of the advantages of verbal communication are as follows:

- ✓ It saves time and money. No other device is so short, simple and quick
- ✓ Because of the face contact or personal touch, it is effective.
- ✓ Oral communication is easily understood. Even when there are doubts they can be cleared on the spot.
- ✓ The effect of the communication or response to the communication can be easily measured. Suitable changes can also be done immediately
- ✓ During periods of emergency, oral communication is the best method.

However, oral communication is not suitable in the following cases:

- ✓ When the communicator and the recipient are far off, (beyond the telephone range) oral communication will not serve the purpose.
- ✓ If the message to be transmitted is lengthy and requires a thorough clarification, oral communication will not be suitable.
- ✓ Oral communication does not serve as a record or as evidence. It cannot be made use of in future.
- ✓ There are chances of misunderstanding and mis-interpreting the communication.

Written Communication

A written communication is conveyed through a letter, report, circular notes, memoranda, notice and communiqué. It is a very common form of communication in most of the organisations and is suitable for many situations.

The usual forms of written communication are:

Orders – given by the superiors to the sub-ordinates. These can be of three types.

- ✓ General
- ✓ Specific
- ✓ Definite

General orders are given by the top management, specific orders by the middle level management to lower level managers and definite orders by the supervisor to workers.

- ✓ Instructions given by the departmental heads to supervisors and by the supervisors to their sub-ordinates.
- ✓ Reports submitted by the authorized persons. These are of three types.

Routine reports- which are prepared periodically and are a regular feature.

Commission reports- which are of a non-routine nature and are prepared under special orders.

Special circumstances reports.

BARRIERS TO COMMUNICATION

It is not possible that every time an order, instruction, guideline, direction, programme, information etc, transmitted by the superior is properly understood and assimilated by those for whom it is intended. Similarly suggestions, reports, advice, recommendations, complaints, etc., transmitted by the sub-ordinates to their superiors may be misunderstood or mis-interpreted. In any case, the objectives of communication are defeated.

As such, the process of communication is not always smooth. It is obstructed by many obstacles. These are referred to as barriers of communication. It refers to those factors which cause disturbance either in the mind of the communicator or the communicatee or in the

process, which will create distortion of the message, leading to lack of the response, ignoring or mis-understanding. The important barriers to effective communication are:

Ineffective Expression

The first and the most common barrier in the process of communication is bad expression. This means that the messages suffer from omissions, uncertainty, inaccuracies, verbosity, repetitions, ambiguity, lack of clarity and precision. In order to remove this, the staff should be trained to draft various kinds of effective communication. This will save time because otherwise much time has to be devoted in giving subsequent clarifications.

Inaccurate Translation

Decisions are generally conveyed from the top to the lower level. The superiors are known for their specialised knowledge. They generally draft messages in a technical language which may not be clearly understood by those who have to implement the decisions. Even if they are able to understand, they may not be able to convey it further down the line in simple words.

In many such cases, it becomes necessary to translate the subject matter or the message into a simpler language, i.e., the language which the Communicatee can understand easily. But the translation may be done inaccurately. Sometimes the translator is not in a position to find out the equivalent of many terms. With the result, the translation leads to further confusion. It becomes necessary that competent persons are appointed for the job and are provided the necessary equipment for the execution of the entrusted tasks.

Inattention

Inattention is a very common and chronic human failing. This barrier generally arises in case of oral communication. It can be illustrated with the help of the following example: a superior is giving a message on the telephone. The subordinate is busy reading a magazine or looking through the window or his mind is occupied with some family problem. Superiors have to face this problem of inattention quite frequently. Efforts to communicate fails. The communicator should choose the appropriate time for communicating. Thus, for example, communicating at lunch hour or while at rest will not invite due attention. Holding a meeting at an odd time or calling the worker over for a talk on a holiday are some other examples.

Loss in Transmission

Loss in transmission is another barrier of communication which arises in oral communication. When messages are conveyed from the higher to the lower-level step by step, much of it is likely to be lost in transit. This problem may arise in case of written communication as well. At every level the superior will interpret the message which is likely to be distorted. Further, the meaning will change if some words are dropped, changed or misspelt. Harold Koontz and Cyril O'Donnell estimate that about 30% of the information is lost in each transmission. Written communications too are subject to loss in transmission. It is no wonder that enterprises often operate in a cloud of ignorance.

Vague and Unclear Assumptions

The object of a communication is to distinctly tell the communicatee what is desired of him. If the message is not clear in meaning, assumptions are not clear to the personnel;

communication will lose its purpose. If the personnel are not able to know what they are supposed to do even after receiving the message, the communication will be no more than a waste paper.

Inadequate Adjustment Period

Certain messages affect a large number of people in their personal life. For example, a notice is issued informing change in the timings of the shift in a factory. This requires sufficient lead time for the workers to make an adjustment. In case sufficient time is not granted there will be a communication barrier.

Similarly, communications regarding changes in the rules about bonus, over time should allow an adjustment period. Sufficient time should be allowed to the employees to adjust their schedule or get themselves mentally prepared.

Distrust

It arises if the superior is known for making frequent changes in the communication, quite often even reversing the original message. It is due to ill-conceived adjustment, improper technology, etc. Repeated experience of this type will damage employee's interest in the communication.

Fear

This indicates anxiety, awe, alarm or apprehension. This arises in upward communication and creates a barrier in communication. It may be illustrated as below. A subordinate is not sure if the information conveyed by him to the superior will be useful or not. He thinks if it is not liked, boss will be annoyed and might take action against him. He requests another sub-ordinate to transmit the information on his behalf.

Noise, Distance and Time

The world will not be worth living in, if it is quiet everywhere. But at the same time noise is a big menace. In modern factories the constant rattling of the machines and tools, the squeaking of the wheels constantly creates a lot of noise. And noise proves a great barrier to communication. It is a very common experience that noise proves a big hindering factor if two persons are talking. If somehow the noise is not controlled, it may not be possible for communicatee to listen anything or make out the sense. He will properly feel strained.

Let us consider the following example:

- ✓ An executive is giving a message on the telephone. But the sub-ordinate is not able to get it properly because of the noise of the traffic.
- ✓ There is a strike in a factory. Workers are not coming to their jobs. The factory manager calls a meeting of their representatives and wants to tell them certain things. But he is not in a position to do so because the workers are shouting very loudly. Distances act as barriers in the process of communication. If the two parties are very far from each other there will be difficulty in communication. Telephone solves this difficulty in many cases. But bad weather, technical defects, break down and rain may render the telephone useless. Thus because of these two barriers the message is not communicated properly at the right time. Failure to do so, results in dislocation of managerial plans rendering the attainment of the objectives in doubt.

Impression

Sometimes in an effort to impress others, the communicator starts talking in a confused manner or speaks with a changed pronunciation. These actions hinder communication. It leads to wastage of time, resources and energy and causes misunderstanding.

MAKING COMMUNICATION EFFECTIVE

Clarity of Thoughts

The idea to be transmitted must be absolutely clear in the mind of the communicator. Just as it is not possible to have a clear print from a blurred negative, similarly one can never make his views intelligible to others, if he himself is confusing at certain points. Hence the process of communication to be complete must spring out from a clear head. Further, the academic level of the workers, their power of grasping things etc., should also be taken into account. Even when the language spoken by the workers, superiors and the management is the same, words often mean different things to people with a different experimental background.

Attach Importance to Actions Rather Than Words

In all communications, actions are more significant than words. A manager who invariably says that he trusts subordinates and then proceeds to make too many checks on the subordinate's work, usually fails to make himself understood. A boss who is not punctual cannot succeed in enforcing the timing-rules on the subordinates.

Participation

The next most important essential point is that both the parties (communicator and the recipient) should participate in the communication process. It is a common complaint of the workers that proper and patient hearing is not given to their voice. Listening plays a very fundamental part in oral communication because it is listening only which leads to sharing, participation and understanding in oral communication. But this listening is not merely passive hearing. It is an art which is to be perfected with practice based on sound knowledge of the principles of human nature.

- a. Some of such important principles are;
- b. Respect the personality of employees.
- c. Recognise both subjective and objective facts.
 - ✓ Avoid moralizing. For example, telling an emotionally upset worker that he should be calm and talk reasonably and logically may only succeed in erecting a barrier against further expression of his difficulties.
 - ✓ Hasty generalizations are dangerous; e.g., union stewards cannot be trusted, all workers are dishonest.
 - ✓ Knowledge of one's own prejudices will help proper listening.

Transmission

The communicator must plan carefully what to communicate, whom to communicate and how to communicate. Further, delegation of authority without responsibility breaks down the spirit of communication.

Keep the channel Always Alive

The channel of communication should be kept open and alive. It is only by honest attempts that good communication relations can be developed.

Cordial Superior-Subordinate Relationship

Effective communication requires good quality of relationship between people immediately connected with each other. It requires sound industrial relations, policies and practices, an all-round atmosphere of friendly co-operation and a feeling of trust and confidence throughout the organization right from the top management down to the humblest worker. Under such conditions only, the meaning of communication is grasped quickly and correctly. On the other hand, if the relations are not satisfactory, much of the information may be suppressed or misunderstood.

UNIT – 4

GROUP BEHAVIOUR

Groups and Teams: Definition, Difference between groups and teams, Stages of Group Development, Group Cohesiveness, Types of teams, Group Dynamics - Leadership - Styles - Approaches - Power and Politics - Organisational Structure - Organisational Climate and Culture, Conflict: concept, sources, Types, Stages of conflict, Management of conflict Organisational Change and Development.

Groups extensively influence the behavior & performance of members as also the overall behavior of the organisation.

Definition: “Cluster of two or more individuals who interact with each other on a relatively enduring basis, identify themselves as belonging to a distinct unit & who share certain common activities, interests, values, goals, commodities, beliefs & perceptions”

A group is distinct from a crowd in a bus or watches a cricket match.

- ✓ Types of groups
- ✓ Small & large groups
- ✓ Primary & Secondary groups
- ✓ Formal & Informal group

Small & Large groups

Small: Compact cluster of a few individuals- face to face inter personal relations, interactions & inter dependencies

Large: A collection of a few small groups. (A State, Nation, group of Nations, European community, SAARC, etc.) - Inter personal relations, interactions, and inter-dependencies are somewhat weak in a large group.

Primary & Secondary groups [FORUM]

- i. **Primary:** Almost identical to small group- (ex. A work group, a friendship group)
 - All small groups need not be primary groups
 - Existence of a shared sense of identity among members and their common values, interest & goals.
- ii. **Secondary:** - larger entity & is made up of several primary groups
 - Interpersonal relations & unity of purpose are weak
 - Less cohesive than a primary group

Formal & Informal group

- i. **Formal:** A work unit that is established as a part of an organisation and its structure
 - It is governed by rules, procedures & regulations
 - ex., various work units, sections, depts., divisions, established by an organisation to achieve its goals.

Two types of formal groups:

- a) Command group; and
- b) Task group.

- ✓ **Command group:** Consists of a manager and a set of his immediate subordinates directly reporting to him- Permanent work group-Undertakes regular activities.
- ✓ **Task group:** Assembled for undertaking certain specified tasks Ex., - A committee or a project group is a task group.It can be either a standing group or an adhoc group.

- ii. **Informal group:** Voluntary unofficial formation of a small number of members of an organisation who are mutually attracted and aligned by virtue of certain commonly shared background interests, values & needs.

- Members seek social alliances, interactions & relationships on a selective basis in the course of their association with their jobs. (Ex. Music groups; Sports groups; Magazine circles, etc.)

Definition of Group

A group is an assemblage of persons who work, interact and cooperate with one another in achieving a common goal in a specified time. The identity of the group members is taken individually. The members share information and resources with other group members.

In an organization, the groups are made on the basis of common interests, beliefs, experience in common fields and principles, so that they can easily coordinate with each other. There are two kinds of groups:

Formal Group: These groups are created by the management of the organization for performing a specific task.

Informal Group: The formation of these groups is done naturally in an organization, to satisfy the social or psychological human needs.

For example: Ethnic groups, trade unions, friendship circles, airline flight crew, etc.

Definition of Team

A group of people who are joined for achieving a common goal within a stipulated period, having collective accountability is known as the team. The agenda of the team is “one for all and all for one”. Apart from sharing information, the team members also share the responsibility of the team task. The team is always responsible for the outcome (i.e. Result of the collective efforts of the team members).

The team members have a mutual understanding with other members. They work jointly to maximise the strengths and minimise the weakness by complementing each other. The most important feature of a team is “synergy” i.e. the team can achieve much more as the members can achieve individually. The three key features of team functioning are:

- ✓ Cohesion
- ✓ Confrontation
- ✓ Collaboration

For example: Cricket team, team for accomplishing a project, team of doctors, management team etc.

STAGES OF GROUP DEVELOPMENT



FORMING STAGE

The first stage of group development is the forming stage. This stage presents a time where the group is just starting to come together and is described with anxiety and uncertainty.

Members are discreet with their behavior, which is driven by their desire to be accepted by all members of the group. Conflict, controversy, misunderstanding and personal opinions are avoided even though members are starting to form impressions of each other and gain an understanding of what the group will do together.

Typical consequences of the forming stage include achieving an understanding of the group's purpose, determining how the team is going to be organized and who will be responsible for what, discussion of major milestones or phases of the group's goal that includes a rough project schedule, outlining general group rules that includes when they will meet and discovery of what resources will be available for the group to use.

At this stage, group members are learning what to do, how the group is going to operate, what is expected, and what is acceptable.

STORMING STAGE

The second stage of group development is the storming stage. The storming stage is where dispute and competition are at its greatest because now group members have an understanding of the work and a general feel of belongingness towards the group as well as the group members.

This is the stage where the dominating group members emerge, while the less confrontational members stay in their comfort zone.

Questions around leadership, authority, rules, policies, norms, responsibilities, structure, evaluation criteria and reward systems tend to arise during the storming stage. Such questions need to be answered so that the group can move further on to the next stage.

NORMING STAGE

In this stage, the group becomes fun and enjoyable. Group interaction are lot easier, more cooperative, and productive, with weighed give and take, open communication, bonding, and mutual respect.

If there is a dispute or disruption, it's comparatively easy to be resolved and the group gets back on track.

Group leadership is very important, but the facilitator can step back a little and let group members take the initiative and move forward together.

ADJOURNING

If a group has fulfilled its goals and objectives, it will move into the adjourning stage. the adjourning stage is the fifth, and final, stage of group development that occurs when a group wraps up its work and then dissolves. At this time, it is important for members of the team to get appropriate closure as well as recognition for the work they accomplished

CONFLICT MANAGEMENT

Conflict is a part of life. People are being subjected to conflict both inside and outside the organisation. Conflicts arise due to limitation of resources, competition and difference in values, goals, attitudes, expectations etc. Whatever may be the cause, if conflicts are not managed well, they may adversely affect the mental health of the managers and also the health of the organisation.

An organisation consists of people with different backgrounds; as these individuals differ in their opinions and attitudes, interaction among them often leads to conflicts. Conflict, which can occur at individual, group or organisation levels, discourages people from cooperating with each other. While some degree of conflict is desirable in organisations so as to promote the spirit of competition among employees, it jeopardizes the effective functioning of the organisation if it is allowed to persist for a long time. Therefore it becomes essential to resolve conflicts quickly. Though there are several methods available to resolve conflicts, the ideal way is through negotiation. Thus, in order to be effective, it is important that the manager possesses adequate negotiation skills.

Sources of Conflict

- ✓ **Organisation change:** Organisations undergo changes due to new technological political and social developments that affect them or due to change in the competitive forces. As people may hold different views about change and the future direction of an organisation, conflict may arise.
- ✓ **Personality clashes:** Individuals' personalities differ widely due to difference in their levels of maturity, emotional stability and their behaviour. When they do not recognize or appreciate these differences conflicts occur.
- ✓ **Difference in value sets:** Different people have different opinions, values and beliefs. When people with contradicting values and beliefs interact with each other conflict is likely to occur. These conflicts are often irrational and difficult to be resolved.
- ✓ **Threats to status:** Most individuals associate their identity with their status in society or the organisation. When an individual feels that another person's acts may harm or damage his image, which in turn may affect his status, conflict, is likely to arise.
- ✓ **Perceptual difference:** People perceive different things, issues and their environment differently. When they act as though their perception is the only reality, without attempting to understand or another person's view, conflict arise.

5 Stages of Organizational Conflict

- ✓ Latent Conflict,
- ✓ Perceived Conflict.
- ✓ Felt Conflict.
- ✓ Manifest Conflict.
- ✓ Conflict Aftermath.

Latent Conflict

Latent conflict is the stage in which factors exist in the situation which could become potential conflict inducing forces.

- ✓ Competition for scarce resources
- ✓ Drive for autonomy

- ✓ Divergence of goals
- ✓ Role conflict

Perceived Conflict

Conflicts may sometimes arise even if no conditions of latent conflict exist. This is the stage when one party perceives the other to be likely to thwart or frustrate his or her goals. The case, in which conflict is perceived when no latent conflict arises, is said to result from the parties misunderstanding each other's true position. Such conflict can be resolved by improving communication between the groups.

Felt Conflict

Felt conflict is the stage when the conflict is not only perceived but actually felt and recognised. For example, A may be aware that he is in serious argument with B over some policy. But this may not make A tense or anxious and it may have no effect, whatsoever, on A's affection towards B. The personalization of conflict is the mechanism which causes many people to be concerned with dysfunctions of conflict. In other words, it makes them feel the conflict.

Manifest Conflict

Manifest conflict is the stage when the two parties engage in behaviours which evoke responses from each other. The most obvious of these responses are open aggression, apathy, sabotage, withdrawal and perfect obedience to rules. Except for prison riots, political revolutions and extreme labour unrest, violence as a form of manifest conflict is rare. The motives towards violence may remain but they tend to be expressed in less violent forms.

Conflict Aftermath

The aftermath of a conflict may have positive or negative repercussions for the organisation depending upon how the conflict is resolved. If the conflict is genuinely resolved to the satisfaction of all participants, the basis for a more cooperative relationship may be laid; or the participants in their drive for a more ordered relationship may focus on latent conflicts not previously perceived and dealt with.

On the other hand, if the conflict is merely suppressed but not resolved, the latent conditions of conflict may be aggravated and explode in a more serious form until they are rectified. This conflict episode is called 'conflict aftermath.' Conflict resolution has been added as an additional box in the figure to elucidate the conflict aftermath is a direct function of the results of the conflict resolution style adopted and exercised in any given situation.

POWER AND POLITICS

Power is the ability to influence other people and events. It is the leader's stock-in-trade, the way that leaders extend their influence to others. It is somewhat different from authority, because authority is delegated by higher management. Power, on the other hand, is earned and gained by leaders on the basis of their personalities, activities, and the situations in which they operate.

Distinction between Power and Authority:

Normally the two terms ‘power’ and ‘authority’ are used as synonyms because they both influence the behaviour of people on whom these are exercised. But there is a clear distinction between these two terms. Power is the capacity to command or the ability to exercise influence whereas; authority is the right to command. Power is exercised by a person, whereas authority is derived from one’s position in the organizational structure. The differences between authority and power are as follows:

- ✓ Power - Capacity to Command
- ✓ Authority - Right to Command
- ✓ Power - Exercised by a Person
- ✓ Authority - Derived form one’s position

Sl. No.	Authority	Power
1	Legitimate	No such legitimate
2	One’s position	Personal factors
3	Flows downwards	All directions
4	Increases when he moves up	Need not
5	Formal	May not exist between any two persons

TYPES OF POWER

Power develops in a number of ways. There are five bases of power, and each has a unique source.

Personal power: Personal power also called referent power, charismatic power, and power of personality-comes from each leader individually; it is the ability of leaders to develop followers from the strength of their own personalities. The leader senses the needs of people and promises success in reaching them. Well-known historical examples are Joan of arc in France, Mahatma Gandhi in India, Franklin D. Roosevelt in the United States.

Legitimate Power: Legitimate power, also known as position power and official power, comes from higher authority. It arises from the culture of society by which power is delegated legitimately from higher established authorities to others. People accept this power because they believe it is desirable and necessary to maintain order and discourage anarchy in a society.

Expert power: Expert power, also known as the authority of knowledge, comes from specialized learning. It is power that arises from a person’s knowledge of that information about a complex situation. It depends on education, training, and experience, and so it is important type of power in our modern technological society.

Reward power: Reward power is the capacity to control and administer items that are valued by another. It arises from an individual’s ability to give pay raises, recommend someone for promotion or transfer, or even make favourable work assignments. Reward power serves as the basis for behaviour modification programmes.

Coercive power: Coercive power is the capacity to punish another (or at least to create a perceived threat to do so). Managers with coercive power can threaten an employee’s job security, make punitive changes in someone’s work schedule, or (at the extreme) administer

physical force. Coercive power uses fear as a motivator, which can be a powerful force in inducing action. However, it is likely to have an overall negative impact on the receiver. When one power base is removed from supervisors, employees may perceive that other basis of influence will decline as well. The use of a power base must fit its organizational context in order to be effective. Employees can respond in one of three ways, as shown in figure. They may resist the leader's initiative, especially if coercive power is used consistently, without apparent cause, or in an arrogant manner. They may comply with the leader's wishes by meeting minimal expectations while withholding extra effort. The most desirable outcome from wielding power is commitment, which is the enthusiastic release of energy and talent to satisfy the leader's requests.

ORGANISATIONAL STRUCTURE, CLIMATE AND CULTURE

ORGANISATIONAL STRUCTURE

The process of organising results in the creation of a formal organisational structure which is defined as a system of patterned and inter-related task units and authority positions. It is called formal structure since it is deliberately and purposefully planned and designed by management. The formal organisational structure has two 'dimensions'. They are: horizontal dimension and vertical dimension. The horizontal and vertical dimensions of the organisational structure i.e. the activity structure and authority structures are tied together. The managerial positions are not created in a vacuum; they are created around the subdivided task units.

Major factors determining organizational structure

- ✓ **Goals**
- ✓ **Technology**
- ✓ **External environment**
- ✓ **People**

FUNCTIONAL AREAS

A business organization has to perform a number of activities in order to run itself. We have seen in the functional form of departmentalization that an organization groups function or activities into primary departments. The application of functional form of departmentalization means grouping activities mainly into departments of production, marketing, human resource development and finance.

THE HORIZONTAL DIMENSION OF ORGANISATIONAL STRUCTURE

The horizontal dimension consists of the various activity or work units created through the process of departmentalisation and is called the activity structure. In a manufacturing enterprise, the activity structure consists of the various departments like purchasing, production, R & D, finance, accounts, marketing and so on.

Departmentalisation: The concept of departmentalisation, (or departmentation as it is often called) is one of the important steps in the design of formal structure of an organisation. A systematic sub-division of activities into individual jobs, the grouping of jobs into work-units and the integration of units into departments. The departments so created have lateral

relations to each other. Thus, departmentalisation creates the lateral or horizontal activity structure of the organisation.

Bases or forms of departmentalisation: There are several alternative ways in which organisational activities are grouped into work units. These are called the bases or forms of departmentalisation. The major bases or forms are: Function, process or equipment, product, customer and geographical area.

VERTICAL DIMENSION OF ORGANISATIONAL STRUCTURE

The Concept of Authority: In everyday life we come across the notion of authority. Authority is the formal right vested in a managerial position to undertake certain managerial tasks, to make decisions, to give directions to subordinates and to influence events for achieving certain goals.

Authority, responsibility and accountability: The concepts of authority, responsibility and accountability have particular relevance for understanding the process of delegation of authority.

The concept of responsibility has two connotations. In one sense it is the set of tasks or duties assigned to a person. In another sense, it is corollary of authority, and is the

obligation of a person to whom authority is delegated, to act in response to an order issued by his superior.

Accountability is often used as a synonym to responsibility. In other words, accountability and responsibility have the same meaning. Some others, however, distinguish between accountability and responsibility by defining accountability as personal answerability for decisions, actions and results on the part of a subordinate to his superior

Concept of management hierarchy: The vertical axis of the organisational structure consists of the hierarchy of management or the network of managerial authority levels. The hierarchy of management is established through the process of vertical differentiation and integration of authority.

TRADITIONAL ORGANISATIONAL STRUCTURES

Management theorists classify traditional organisational structures into three types: Line Structure, Line and Staff Structure and Functional Structure. Line structure: An organisational structure which is designed around line activities and line authority only is called a line structure.

Line and staff structure: This structure represents a modification of and improvement over the basic line structure. In this, the basic line activity units, line managerial positions and the flow of line authority along the vertical chain of command are left undistributed.

Functional structure: The functional organisational structure is based on line authority, staff authority and the notion of functional authority.

MODERN ORGANISATIONAL STRUCTURES

Traditional structures are also regarded as some what out of step with contemporary requirements and realities of rapid change, uncertainty and complexity of environment. Attempts are hence made to modify the traditional structure so as to evolve refined forms of structure. These are variously described as systems structure, project structure, programme structure, matrix structure, task force structure and free form structure. These modern structures are regarded as more organic, adaptive, and flexible and are suitable for complex organisations which employ highly sophisticated technology and which encounter a very diverse, volatile environment.

COMMERCIAL AND NON-COMMERCIAL ORGANISATION

Organisation can be classified as commercial or non-commercial on the basis of the interest they have. A commercial organisation has profit as its main aim. We can find many organisations around us, which do not have any commercial objective of making profits. Their genesis may be so for social, charitable, or educational purposes. A non-commercial organisation comes to existence to meet the needs not met by business enterprises.

ORGANISATIONAL CLIMATE

The term, 'Organisational climate' is defined as a relatively enduring quality of the internal environment of an organisation as perceived and experienced by its members, which can be described in terms of specific dimensions or characteristics and which influences the patterns of behaviour and work performance on members. It is the totality of interacting and inter-related internal dimensions or characteristics which significantly influence the motivation of members. Organisation climate evolves over a fairly long period of time and is relatively stable. Since the dimensions of climate are internal, they can be measured, controlled and changed by the organisation, if it so decides. Organisational climate is the major frame of reference for the member's interpretation of organisational decisions and actions as also their own attitudes, behaviour and performance.

The major dimensions or characteristics of organisational climate are listed as follows:

- ✓ Organisational values, goals and priorities which are pursued in practice as against those which are professed.
- ✓ Managerial value systems and life styles.
- ✓ Competence, character, commitment and dynamism of management.
- ✓ The complexion of organisational policies and practices and the consistency with which they are followed.
- ✓ **The power structure**-the extent of concentration or dispersal of authority, the extent to which and the manner in which formal authority is exercised, the extent of status disparities, social distance between managers at various levels and between managers and non-managers and so on.
- ✓ **General organisational structure**-hierarchy, rigidity vs. flexibility clarity of the structure communication and control systems, superior-subordinate relations, informal social relationships, etc.

- ✓ **Nature of jobs** – degree of skill required, relation between effort and productivity, variety in the tasks, perceived importance of the job, rewards associated with the job, relation with other jobs, security and so on.
- ✓ **Degree of freedom and control** – requirements of conformity and compliance to organisational norms and the extent to which behaviour of employees is structured.
- ✓ **Supervisory style** – attitudes and behaviour of supervisors and managers towards their subordinates and towards performance requirements.
- ✓ **Rewards structure** – reward levels and inter-relations, equity in reward structures, monetary and non-monetary rewards.
- ✓ Organisational approach to conflict and dissent, amicable resolution or suppression of conflict.
- ✓ The physical working conditions in the organisation.

In general, organisational climate provides certain stimuli, offers certain opportunities and raises certain expectations among its members; at the same time, it also creates certain constraints, threats, problems and frustrations.

Organisational climate factors influence the perceived ability of the individual employee, which in turn has a decisive effect on his motivation. Perceived ability is influenced by the nature and clarity of the job, the scope of responsibility, degree of freedom, supervisory support and training, safety and other physical working conditions, previous experience and so on.

ORGANIZATIONAL CULTURE

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

They give an organizational identity to employees – a defining vision of what the organization represents. They are also an important source of stability and continuity to the organization, which provides a sense of security to its members.

Characteristics of Cultures

Each has its own history, patterns of communication, systems and procedures, mission statements and visions, stories and myths which, in their totality, constitute its distinctive culture. Cultures are also relatively stable in nature. Most organizational cultures have

historically been rather implicit rather than explicit. A final defining characteristic of most culture is that they are seen as symbolic representations of underlying beliefs and values.

Measuring Organizational Culture

Systematic measurement and comparison of cultures is difficult at best. Most early attempts by researchers relied on examination of stories, symbols, rituals, and ceremonies to obtain clues. Others have used interviews and open-ended questionnaires in an attempt to assess employee values and beliefs. In other cases, examination of corporate philosophy statements has provided insight into the espoused cultures (the beliefs and values that the organization states publicly). Another approach is to survey employees directly and seek their perceptions of the organization's culture. One of the more interesting methods is to become a member of the organization and engage in participant observation.

Characteristics of organizational cultures

- ✓ Distinctive
- ✓ Stable
- ✓ Implicit
- ✓ Symbolic
- ✓ Integrated
- ✓ Accepted
- ✓ A reflection of top management
- ✓ Of varying strength

Communicating Culture

If organizations are to consciously create and manage their cultures, they must be able to communicate them to employees, especially the newly hired ones. Individuals are generally more willing to adapt when they want to please others, gain approval, and learn about their new work environment. These cultural communication acts may be lumped under the umbrella of organizational socialization, which is the continuous process of transmitting key elements of an organization's culture to its employees. Individualization occurs when employees successfully exert influence on the social system around them at work by challenging the culture or deviating from it.

Types of Teams

Permanent teams- These teams perform on a permanent basis and are not dissolved once the task is accomplished. Let us understand the concept with an example.

Mike, Peter, Joe and Ana had a strong inclination towards branding as well as promotions and hence were a part of the branding team with a leading organization. They were primarily responsible for promoting their brand and designing marketing strategies to generate maximum revenue for their organization. They worked extremely hard and always managed to achieve their targets well in advance, but their team was always in place and never dissolved. Their organization never asked them to leave or ever dissolved their team. Such teams are called permanent teams. Work or no work, the human resources team, operation team, administration team always function effectively through out the year and hence are permanent teams.

Temporary teams - Unlike permanent teams, temporary teams lose their importance, once the task is accomplished. Such teams are usually formed for a shorter duration either to assist the permanent team or work when the members of the permanent team are busy in some other project. When organizations have excess of work, they generally form temporary teams which work in association with the members of the permanent team for the accomplishment of the task within the stipulated time.

Task Force - Such teams are formed for a special purpose of working on any specific project or finding a solution to a very critical problem. The government generally appoints special teams to investigate critical issues like bomb blasts, terrorist attacks and so on. The task force explores all the possible reasons which led to a severe problem and tries to resolve it within a given deadline.

Committee - Committees are generally formed to work on a particular assignment either permanently or on a temporary basis. Individuals with common interests, more or less from the same background, attitude come together on a common platform to form a committee and work on any matter. To organize any cultural event, organizations generally make committees to raise funds, invite celebrities and all the major tasks involved to successfully organize any event. The committee members work together, design strategies to successfully accomplish the task. In educational institutes, various committees are formed where students with a common interest join hands to organize cultural events and various other activities required for the all round development of students.

Organization/Work Force - Such groups are formed in organizations where team members work together under the expert guidance of leader. A leader or a supervisor is generally appointed among the members itself and he along with his team works hard to achieve a common goal. The leader all through must stand by his team and extract the best out of each team member. He must not underestimate any of his team members and take his team along to avoid conflicts.

Samuel was working with a leading advertising firm with two members reporting to him. Samuel always believed in his team members and worked together with his team and no doubts his team always did wonders and was way ahead of others.

Self-Managed Teams - Self Managed Teams consist of individuals who work together again for a common purpose but without the supervision of any leader. Here as the name suggests every individual is accountable for his individual performance. The team members of self-managed teams must respect each other and should never lose focus on their target. No leader is appointed and the team members have to take their own responsibility. Individuals take the initiative on their own and are their own guides and mentors.

Cross Functional Team - Let us understand this with the help of an example. Maria and Andy both were part of the branding team. They got an assignment from their superiors to be completed within two days. Unfortunately, Andy met with an accident and was advised complete bed rest. To avoid delays, Peter from the operations team was shifted to the marketing team to assist Maria for the time being and form a team. Such teams are called cross functional teams. Ideally the employees should be more or less on the same level to avoid ego hassles. Individuals from different areas come and work together for a common

objective to form a cross functional team. In such teams, people from different areas, interests and likings join hands to come out with a unique idea to successfully complete a task.

Virtual Teams - Virtual teams consist of individuals who are separated by distances and connected through computer. Here individuals communicate with each other online through internet. Sam at Los Angeles can form a team with Mandy at Mexico and Sara at Denver all working for a common objective but the communication is totally digital through internet. Such teams are helpful when employees need to connect with each other and are located at different places. Individuals supporting any community in social networking sites such as facebook or orkut also form a virtual team as all the members are from different locations but support a common community. They all have a common objective -to support and promote their community.

GROUP COHESION

According to Stephen Robbins 'Group cohesion is the degree to which group members are attracted to each other and are motivated to stay in the group.' Cohesiveness literally means 'solidarity' or 'attractiveness' of the group to its members. Emotional connectedness to the group and shared group goals are strong forces which lead members To remain in a group. Group cohesiveness represents the desire to stick together and respect and encourage individual differences. The more cohesive the group, the more likely it is to have common values and standards of behaviour. Cohesion has direct impact on a group's behavior.

GROUP DYNAMICS

Groups extensively influence the behaviour & performance of members as also the overall behaviour of the organisation.

Definition: "Cluster of two or more individuals who interact with each other on a relatively enduring basis, identify themselves as belonging to a distinct unit & who share certain common activities, interests, values, goals, commodities, beliefs & perceptions"

LEADERSHIP

- Definition: “The relationship in which one person, or leader, influences others to work together willingly on related tasks to attain that which the leader desires.”
- Koontz & O’ donnel: “The ability of a manager to induce subordinates to work with zeal and confidence.”

LEADERSHIP STYLES:

- **Autocratic leadership** - The autocratic leader gives orders which must be obeyed by the subordinates. He determines policies for the group without consulting them and does not give detailed information about future plans.
 - **STRICT AUTOCRAT** - who realizes on negative influences and gives orders which the subordinates must accept
 - **BENEVOLENT AUTOCRAT** - is effective in getting high productivity in many situations and he can develop effective human relationships
- **Participative leadership** - **A democratic leader is one who gives instructions only after consulting the group.** He sees to it that policies are worked out in group discussions and with the acceptance of the group. Participative manager decentralizes managerial authority
- **Free rein leadership or Laissez Faire Leadership** - **A free rein leader does not lead, but leaves the group entirely to itself. The free rein leader avoids power.** He depends largely upon the group to establish its own goals and work out its own problems
- **Paternalistic leadership** - In this style, the leader assumes that his function is paternal or fatherly. His attitude is that of treating the relationship between the leader and his group as that of family with the leader as the head of family. He works to help, guide, protect, and keep his followers happily working together as members of a family

UNIT – 5
EMERGING ASPECTS OF ORGANIZATIONAL BEHAVIOUR

Comparative Management Styles and approaches - Japanese Management Practices
Organizational Creativity and Innovation - Organizational behavior across cultures -
Conditions affecting cross cultural organizational operations, Managing International
Workforce, Productivity and cultural contingencies, Cross cultural communication,
Management The concern for human resources is manifested in three interrelated strategies.
First, employees are offered long-term employment. This demonstrates the organisation's
commitment to its people. Second, the organisation's philosophy concerning employee needs
and the values of cooperation and teamwork are well articulated. Third, close attention is
given to hiring new employees who fit well in the organisation and to ensuring that this fit is
maintained and enhanced throughout the employee's work life.

✓ Life time employment

The U.S. view towards employees is that when times are bad, employees are laid off and fired. In Japan, except in the most severe economic circumstances, employees are assured of permanent employment. Usually new employees are hired fresh out of educational institutions. The organisations then train them, make promotions from their internal pool, and emphasises seniority in the allocation of rewards. Long-term employment leads to high employee morale. For the organisation, the benefits are : low employee turnover, low training costs, and high organisational cohesiveness.

✓ Organisational philosophy

Each Japanese organisation has a specific philosophy that presents a clear picture of its objectives and values. It acts as a super ordinate goal- a shared and unifying goal with which all organisational members can identify, support and place above any one person's individual

JAPANESE MANAGEMENT

The managerial practices followed in Japan are quite different from those followed in economically advanced countries in the west. In recent years, more and more companies have started using Japanese management practices to increase productivity. For example, Samsung a Korean Company used theory Z to improve its efficiency.

THE JAPANESE MANAGEMENT PRACTICES

They are circle employees immediately after graduation and guarantee employment until retirement, and mandatory retirement. The employers and employees have an unwritten mutual understanding regarding their expectations about the job. An employee spends his entire working life with a single enterprise in life time employment. This helps generate a feeling of job security in the employees and a feeling of belongingness towards the enterprise. The concept of lifetime employment brings about “harmony” in the enterprise. With this harmony employee works with loyalty and it helps him/her identify closely with the aims of the organization. The success of this practice depends on both employer and employee

The disadvantages as the lifetime employment is that it increases the labour cost of the company firm is forced to maintain a large workforce even though it may not have work to keep them all sufficiently occupied. Therefore, many firms have begun to question the practicality of the concept of lifetime employment. This permanent employment policy is generally used only by large firms.

SENIORITY SYSTEM

All privileges are given to order employees based on seniority. Promotion and wage increases are based on an employee’s length of service in the company, not job performance. The seniority system seems to be unfair to young and able people. But they are to some extent compensated psychologically by being assigned challenging tasks and being placed in positions which everybody in the company knows lead to future managerial positions. Almost all promotions to management jobs are from within the organization.

CONTINUOUS TRAINING

This is secret of the success of Japanese managers. There is continuous training to Japanese management practice. In Japanese firms every young manager has a “godfather,” who is never his boss or anyone in the direct line of authority. The “godfather” is not part of the top management, but is highly respected by others and is over 45 years of age. He is expected to advise, counsel and look after his “godchild.”

EMPHASIS ON GROUP WORK

In most Japanese organizations tasks are assigned to small group of employees. They all feel like a family member and feel pride of working there.

DECISION-MAKING

The practice of managerial decision-making in Japan is built on the concept that new should come primarily from personnel belonging to lower levels in the hierarchy. They feel that change and improvement come from this. The lower-level employees prepare proposals for higher-level personnel. The “ring system” refers to decision-making by consensus.

The word ring consists of two parts ‘ran,’ which means submitting a proposal to one’s superior and getting his approval, and ‘gi,’ meaning deliberations and decisions. Before a proposal is finally approved, it is discussed at many group meetings. Once the proposal receives the green signal, things move fast. Thus, Japanese firms expect decision-making to take place in groups and decisions to be based on principles of full information-sharing and consensus.

Unique Features of Japanese Management

The Japan management system has three levels of attention: An overall focus, general strategies and specific techniques.

Focus

The essence of management in large Japanese organisations is its focus on human resources. Management considers its human resources, more than its financial or physical resources. The Japanese organisations go all out to develop the human resources. Much of the Japanese management revolves around a distinct approach to personal management. Such a focus on the human resources helped the Japanese industry to achieve so much in spite of the poor endowment of the natural resources.

Strategies

The concern for human resources is manifested in three interrelated strategies. First, employees are offered long-term employment. This demonstrates the organisation’s commitment to its people. Second, the organisation’s philosophy concerning employee needs and the values of cooperation and teamwork are well articulated. Third, close attention is given to hiring new employees who fit well in the organisation and to ensuring that this fit is maintained and enhanced throughout the employee’s work life.

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goals. A common theme among Japanese companies is a heavy emphasis on cooperation and teamwork. Members of the company are part of a family. The theme spirit and cooperation characteristic of a family are possible with the security provided by the strategy of permanent employment.

✓ Intensive socialisation

Employees once hired undergo an initial training programme, the purpose of which is to familiarise the employee with the organisation. Over a period, the employee identifies himself with the company. He is socialised very intensively.

TECHNIQUES

✓ Job rotation and slow promotion

In Japan, life-time employment means limited upward mobility. Movement is predominantly lateral through job rotation. Promotions are based on seniority.

✓ Complex appraisal system

In addition to the output, employees are appraised on the basis of traits such as creativity, honesty, seriousness, maturity and cooperation with others. Employees' performance in the long run is given more importance, since evaluation is done not exactly on the basis of immediate performance. Employees are naturally motivated to demonstrate loyalty and commitment by their attitudes and actions.

✓ Emphasis on work groups

The Japanese system gives far greater attention to organising tasks around groups than around individuals. Autonomous work teams are constituted. Tasks are assigned to such teams and the group members of the team then decide among themselves the best way for performing the tasks.

✓ Open communication

The Japanese system is inherently designed to foster open communication. Job rotation and emphasis on groups means that employees build an informal network that facilitates extensive face to face communication. The physical work setting is also designed to foster communication. People work in cubicles and in open space which facilitate interaction and open communication.

✓ Consensus decision- making

In the Japanese model, the manager while taking decisions discusses them to those who may be affected by the decision. When all are familiar with the proposal, a formal request for a decision is made, and as a result of the previous informal preparations, it is easily ratified.

✓ Concern for the employee

Managers spend a great deal of time talking to employees about everyday matters. They take keen interest in employees' needs and problems. In fact, the concern for employees is one of the parameters on which managers performance is appraised. Japanese companies offer a wide range of benefits to their employees. Beyond the usual incentives, a comprehensive

offering of cultural, athletic, and recreational activities is very common. For instance, an annual calendar of office events might include several overnight trips, monthly Saturday afternoon recreation, and an average of six office parties- all at the company's expense. In addition, welfare measures like subsidized family housing for married, dormitories for the unmarried, nurseries for pre-school children, scholarships for children, mortgage loans and the like speak a lot about the concern for employees.

William Ouchi, an American management thinker, had extensively studied Japanese organisations and gave a name to their management practices, called "theory z". He strongly advocated for the adaptation of Japanese practices for the American companies to improve productivity. It is appropriate here to understand how Japanese practices differ from American management practices.

CREATIVITY AND INNOVATION

Creativity, in general, may be defined as an "escape from mental stuckness". In the organizational context, it may be viewed as new insights which points to better ways of dealing with reality. It involves a departure from conventional thinking to non-conventional thinking. It entails establishment of a relationship between the hitherto unrelated things, ideas or concepts. A close examination of many products enables us to understand how apparently

unrelated things are related to produce a new product. The ubiquitous wet grinder found in many of the kitchens may be cited as a best example where a relationship is established between the electric motor and the conventional stone used in the Indian homes for grinding purposes since times immemorial. Similar is the case with the electric bulb and the lens that are combined to develop the overhead projector used in the classrooms. The same logic holds good for many products that we see around.

The Creativity Process

Creative people, in general, are few and far between in any society. Many products and services that we take for granted these days are the result of their creative thinking. It was J.P.Guildford, a noted psychologist who coined the phrases 'divergent' and 'convergent' to describe different thinking styles in the early 1950s. Accordingly, Convergent thinking is the sort of thinking most of us are trained to do. Divergent thinking is quite different from convergent thinking. It is intuitive thinking and is quite different from convergent thinking. It is intuitive thinking useful to deal with problems permitting several possible solutions where novel, unexpected answers emerge.

Physiologically, our brain has two distinct hemispheres: one on the left side, and the other on the right side. Psychologists have long back established that these two halves have totally different jobs. The function of the left side of the brain is linear thought process- the type of thinking involved when you solve a mathematical problem. The right side of the brain acts or behaves in a different way. Its functions are connected with imagery, and with intuition or 'gut-feel'. There is an obvious parallel between convergence/divergence and the left brain/right brain model. In other words, convergent thinking takes place in the left brain

while, divergent thinking in the right brain. Having understood the two spheres of the human brain, let us acquaint with the process of creativity:

Idea generation: The individual selects a problem to work on or more likely become aware that a problem or need exists. This is the starting point for the new product development indeed. This refers to the awareness about the 'gaps' in the market.

Preparation: The individual becomes obsessed with the idea/ problem, recalling and collecting information that seems relevant and dreaming up hypothesis without evaluating them. Openness to experience, tolerance for ambiguity and willingness and courage to redefine the existing concepts, beliefs are the important psychological attributes required at the stage.

Incubation: After assembling the available information, the individual relaxes and the subconscious mind becomes active. In this not much understood but crucial step, the individual often appears to be idle or day dreaming, but the subconscious is in fact trying to arrange the facts into a pattern. Psychological freedom and safety are important at this stage.

ORGANIZATIONAL CREATIVITY AND INNOVATION

Just as individuals differ in their ability to translate their creative talents into results, organizations also differ in their ability to translate the talents of their members into new products, processes or services. To make the organization creative, managers need to know the steps involved in the creativity process presented above and take appropriate initiatives to encourage the process.

MANAGING AN INTERNATIONAL WORKFORCE

Whenever an organization expands its operations to other countries, it tends to become multicultural and will then face the challenge of blending various cultures together. The managerial personnel entering another nation need to adjust their leadership styles, communication patterns and other practices to fit their host country. Their role is to provide fusion of cultures in which employees from both countries adjust to the new situation seeking a greater productivity for the benefit of both the organization and the people of the country in which it operates.

MANAGEMENT OF DIVERSITY

"Managing for Diversity" pertains to a philosophy that is purely motivated by business purpose and market advantage. It is seen as a strategy for improving organizational competitiveness and efficiency. It is distinctly different from policies grounded in social purposes such as equal employment opportunity or affirmative action. It focuses on managing the mix of individuals assigned to a task, involved in the subordinate-supervisor relationship,

or employed in the organization. It may address decisions about composition of work groups, choice of supervisor, and training and other support for diverse groups.

Types of Workforce Diversity

Gender Diversity: Women have been moving steadily into occupations, professions and managerial jobs previously reserved for men. Their access to education and training continues to improve, providing many with the necessary qualifications to aspire to jobs in senior management.

Age Diversity: Mature workers are competent, dependable, strong work ethics, punctual, committed to quality, lower absenteeism, less likely to change jobs, proven ability to take of business. Fresher/ young people are enthusiastic, innovative and have the zeal to prove them. An organization should try to maintain a balance between mature and young employees because it provides the organization a competitive benefit.

Cultural Diversity: The biggest driver for a higher-level diversity strategy is the need to tap the creative, cultural and communicative skills of a variety of employees and to use those skills to improve company policies, products and customer experiences.

THE FUTURE TRENDS OF WORKFORCE DIVERSITY

- ✓ Society will become more diverse and, therefore, the workforce and the marketplace will become more diverse.
- ✓ There will be more globalization of corporations, which will lead to a more global workforce, marketplace, and economy
- ✓ Diverse work teams will be a reality in organizations
- ✓ Diversity will become more of a business concern than a social concern and be more closely linked to competitive strategies
- ✓ Diverse populations will make more money and spend more money and this increase in wealth will empower diversity
- ✓ Senior managers will become more involved in diversity issues because they will realize that the diverse workforce needs to be better utilized in order to remain competitive
- ✓ More managers will face the challenge of dealing with backlash and diversity training will be integrated more with other types of training.

CROSS-CULTURAL COMMUNICATION

Definition – Cross-cultural communication occurs when people with different nationalities, styles of working, age, race, ethnicity, sexual orientation, gender, sexual orientation, etc. communicate. It tries to negotiate, exchange, and intermediate cultural differences via verbal and non-verbal forms of communication.

Cross-Cultural Communications deal with the exchange of information between people belonging to different cultures. It is not necessary for the exchange of words to be successful or not. Even if both the parties are trying to attempt the same, it will be considered as Cross-Cultural Communication.

. Cultural contingencies are illustrated by theory Z, an integrative model of organizational behavior proposed by William Ouch. It provides a useful way in which behavioral instructions must be adapted to fit the organization's cultural environment:

- Long-term employment
- Non-specialized careers
- Individual responsibility
- Concern for the total person
- Less formal control systems
- Consensus decision making
- Slower rates of promotion

