



Organizational Behavior

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Preface

This textbook discusses the basics of organizational behavior. It consists of seven chapters. It introduces the reader to different issues related to the individual, groups, and organization. It starts with an overview of organizational behavior then focus in depth on the organization as a system consists of different parts. The most important part of organization is the human resources. It is important to understand how managers can manage behavior starting from understanding perception and how to motivate people. It discusses the motivation and leadership theories, how to build and manage teams. Finally it discusses the culture of organizations and how to manage change.

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Chapter One
Introduction of
Organizational
Behavior

Chapter One

Introduction of Organizational Behavior

OBJECTIVES

An organization is a collection of people working together in a division of labor to achieve a common purpose. The core purpose of an organization is the creation of goods and services. An organization is a consciously coordinated social unit, composed of a group of people that functions on a relatively continuous basis to achieve a common goal or set of goals. Manufacturing and service firms are organization and so are schools, hospitals, churches, military unit, retail stores, police department, volunteer organizations, start-ups, and local, state, and federal government agencies.

The study of Organizational Behavior (OB) is very interesting and challenging too. It is related to individuals, group of people working together in teams. The study becomes more challenging when situational factors interact. The study of organizational behavior relates to the expected behavior of an individual in the organization. No two individuals are likely to

behave in the same manner in a particular work situation. It is the predictability of a manager about the expected behavior of an individual.

This chapter is an introduction to organization behavior. It discusses the following issues:

- Organization as a system
- Why is it Important to Look at Organization as a Systems?
- Environment of organizations
- The importance of studying organizational behavior
- Definition of organizational behavior.
- Goals of organizational behavior.
- Objectives of organizational behavior.
- Contributing fields of organizational behavior.
- Models of Organizational Behavior:
- Organizational components that need to be managed:

1. Organization as a system

As can be seen from the next graph, a system can be looked at as having inputs, processes, outputs and outcomes. Systems share feedback among each of these four aspects of the systems. Let us look at an organization as a system.

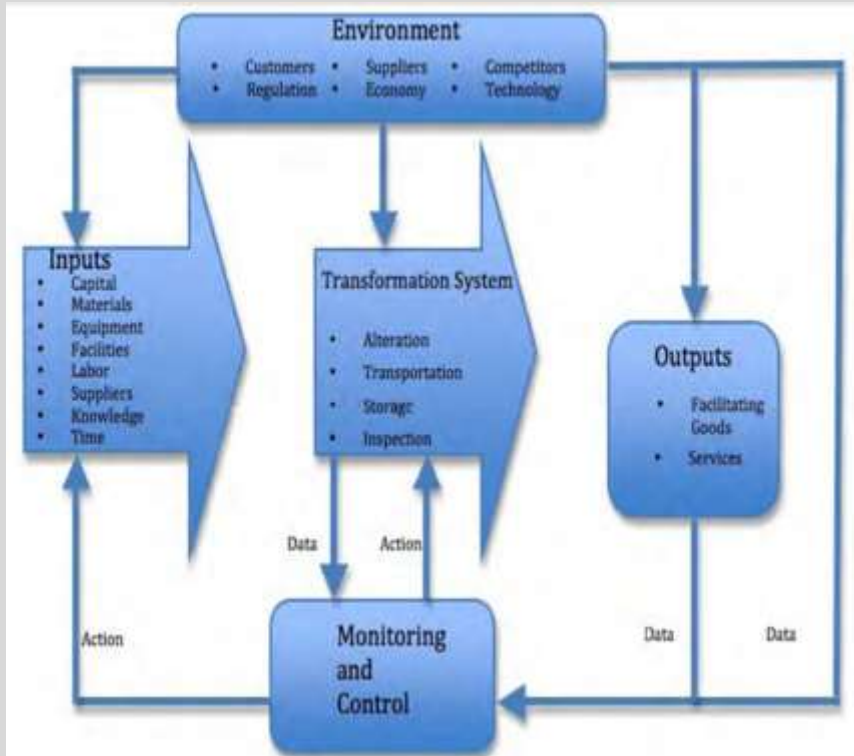


Figure 1 the organization as a system

- **Inputs:**

Inputs would include resources such as raw materials, money, technologies and people.

- **Process:**

These inputs go through a process where they are planned, organized, motivated and controlled, ultimately to meet the organization's goals.

- **Outputs:**

The question we seek to answer is what do we produce? or what do we make? Outputs would be products or services to a market. Outputs create outcomes e.g., enhanced quality of life or productivity for customers/clients, productivity.

- **Feedback for monitoring and control of the system:**

Feedback would be information from human resources carrying out the process, customers/clients using the products, etc. Feedback also comes from the larger environment of the organization, e.g., influences from government, society, economics, and technologies.

This overall system framework applies to any system, including subsystems (departments, programs, etc.) in the overall organization.

Each organization has numerous subsystems, as well. Each subsystem has its own boundaries of sorts, and includes various inputs, processes, outputs and outcomes geared to accomplish an overall goal for the subsystem. Common examples of subsystems are departments, programs, projects, teams, processes to produce products or services, etc. Organizations are made up of people --

who are also systems of systems of systems -- and on it goes. Subsystems are organized in an hierarchy needed to accomplish the overall goal of the overall system.

2. Why is it Important to Look at Organization as a Systems?

The effect of systems theory in management is that writers, educators, consultants, etc. are helping managers to look at the organization from a broader perspective. Systems theory has brought a new perspective for managers to interpret patterns and events in the workplace. They recognize the various parts of the organization, and the interrelations of the parts, e.g., the coordination of central administration with its programs, engineering with manufacturing, supervisors with workers, etc. This is a major development.

In the past, managers typically took one part and focused on that. Then they moved all attention to another part. The problem was that an organization could, e.g., have a wonderful central administration and wonderful set of teachers, but the departments did not synchronize at all.

Managers now diagnose problems, not by examining what appear to be separate pieces of the organization, but by

recognizing larger patterns of interactions. Managers maintain perspective by focusing on the outcomes they want from their organizations. Now managers focus on structures that provoke behaviors that determine events rather than reacting to events as was always done in the past.

3. Environment of organizations

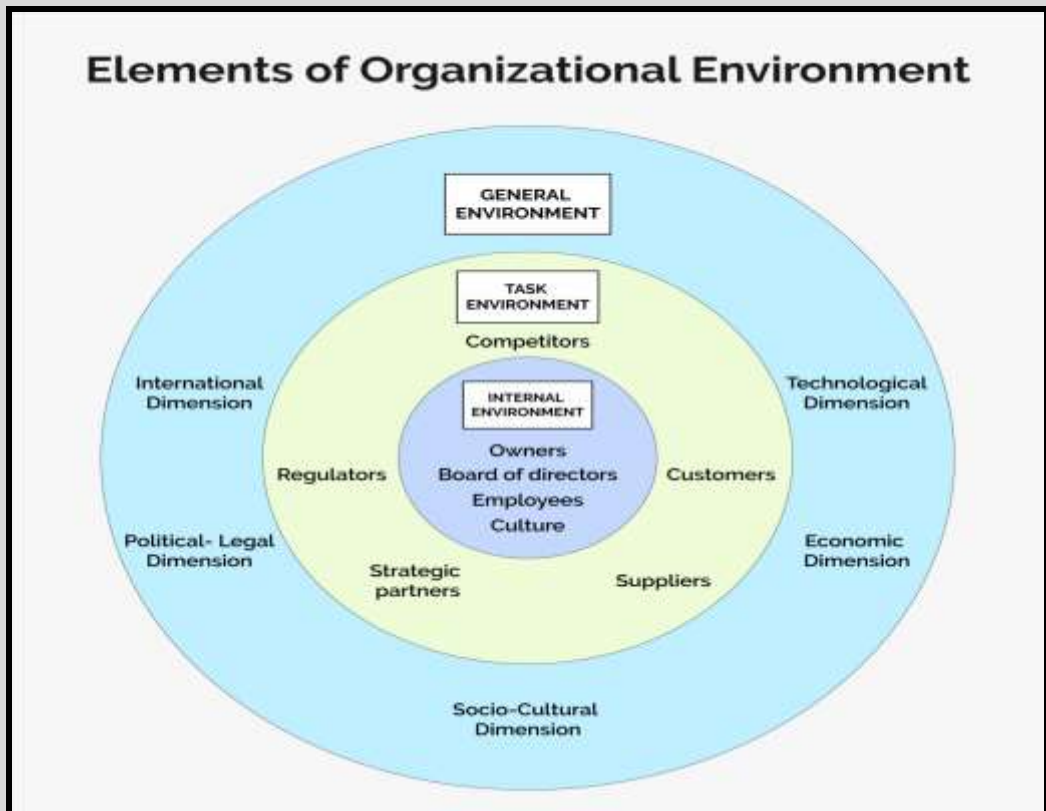


Figure 2 Organization's environment

- **Internal Environment of organization**

The management system can be conceptualized on two levels. The first level involves the organization's internal environment. An organization can be viewed as a resource conversion machine that takes inputs (labor, money, materials and equipment) from the external environment (i.e., the outside world), converts them into useful products, goods, and services, and makes them available to customers as outputs.

The internal environment as a system can be classified into production, marketing, finance, personnel and purchasing functions.

- **External Environment**

The second level of the management system involves the organization's external environment. It consists of all the outside institutions and forces that have an actual or potential interest or impact on the organization's ability to achieve its objectives: competitive, economic, technological, political, legal, demographic, cultural, and ecosystem.

Environmental forces create challenges and opportunities for the organization. Managers must react and adapt to changes in their internal and external environment.

Globalization is an example of an opportunity for an organization. Improving technologies, such as transportation and communications, have enabled companies to expand into global or worldwide markets.

Globalization affects how organizations are managed. Managers must learn to deal effectively with multiple cultures and political systems in the midst of rapidly changing markets and technology. They must be able to anticipate this changing environment and develop the vision and competencies at all levels in their organizations to embrace this dynamic future.

The business world is changing at a fast pace: technology keeps evolving, customer trends are changing, new market regulations are being launched on a regular basis, and businesses must cope with unprecedented global crises.

The set of external circumstances and forces that have the ability to have an impact on any organization make up the environment. For instance, the environment for Subway includes its patrons, competitors like McDonald's and Kentucky Fried Chicken, social trends like the shift toward healthier eating, political bodies and numerous other factors.

It is helpful to divide the idea of the environment into two parts. Macroenvironment and Industry Environment or Competitive Environment:

Macroenvironment

The overall social trends, technical advancements, demographic shifts, and economic situations are all examples of the macroenvironment, also known as the general environment.

Task/Industry Environment

The task/industry (or competitive environment) is made up of a number of businesses that compete with one another by offering comparable products, services, or both.

Every action a company performs, like raising prices or starting a marketing campaign, has some degree of an impact on the environment. The majority of businesses can only have an impact on their sector. For instance, other fast-food companies may reconsider the amount of salt they use in their goods as a result of Subway's decision to reduce salt in its sandwiches. A select few groups are able to impact certain aspects of the general environment through their power and influence. The acts of companies like Intel, Microsoft, and Apple assist produce these trends, but the majority of corporations just respond to significant technical trends. All organizations must simply assume certain facets of the overall environment, such as demography, as givens.

In general, the environment has a far greater influence on most organizations than most organizations have on the environment. Managers in charge of the organization's need to understand the environment in which they operate. This is due to several factors.

- First, the environment offers the resources that a company requires to produce its products and services. The idea that no organization is self-sufficient is true. An organization must ingest resources like as labor, money, and raw materials from beyond its borders, just as the human body must absorb oxygen, food, and water. Without the support of the franchisees who run its restaurants, the suppliers who give food and other essential inputs, and the customers who generate revenue, companies like Subway, for instance, would simply cease to exist.
- Second, a company might find opportunities and threats in their environment. **Opportunities** are occasions and patterns that offer chances to raise a company's performance bar. Change in of customers preferences gave Subway the chance to portray itself as a healthier alternative to conventional fast-food eateries. Events and trends that could harm an organization's performance are called **threats**. Some new restaurant chains are a danger to Subway. For instance, Saladworks provides a choice of

salads with less than 500 calories. Noodles and Company provide less than 400 calories sandwiches, pasta meals, or salads. Although these two businesses are significantly smaller than Subway, they could develop into serious competitors to Subway's reputation as a healthy restaurant.

A threat for an organization is an opportunity for another

Executives must also realize that virtually any environmental trend or event is likely to create opportunities for some organizations and threats for others. This is true even in extreme cases. In addition to horrible human death and suffering, the March 2011 earthquake and tsunami in Japan devastated many organizations, ranging from small businesses that were simply wiped out to corporate giants such as Toyota whose manufacturing capabilities were undermined. As odd as it may seem, however, these tragic events also opened up significant opportunities for other organizations. The rebuilding of infrastructure and dwellings requires concrete, steel, and other materials. Japanese concrete manufacturers, steelmakers, and construction companies are likely to be very busy in the years ahead.

- Third, when executives work to guide their firms to success, the environment has an impact on the many strategic choices they make. For instance, the environment frequently imposes significant limitations on the objectives of an organization. A company that sets a goal of boosting annual sales by 50% can find it difficult to meet this objective if there is a recession or if many new competitors enter the market. When deciding whether to introduce an innovative product, purchase another organization, or begin operations in a new nation, to name a few examples, environmental factors must also be taken into account.

4. The importance of studying organizational behavior

There are no absolutes in human behavior. It is the human factor that is contributory to the productivity hence the study of human behavior is important. Great importance therefore must be attached to the study. Researchers, management practitioners, psychologists, and social scientists must understand the very credentials of an individual, his background, social framework, educational update, impact of social groups and other situational factors on behavior.

Managers under whom an individual is working should be able to explain, predict, evaluate and modify human behavior that will largely depend upon knowledge, skill and experience of the manager in handling large group of people in diverse situations. Preemptive actions need to be taken for human behavior forecasting. The value system, emotional intelligence, organizational culture, job design and the work environment are important causal agents in determining human behavior.

Cause and effect relationship plays an important role in how an individual is likely to behave in a particular situation and its impact on productivity. An appropriate organizational culture can modify individual behavior. Recent trends give greater focus on organizational development and environment fostering a team spirit and motivation so that the organizational objectives are achieved.

Note: Employee performance and job satisfaction are determinants of accomplishment of individual and organizational goals.

Organizations have been set up to fulfill needs of the people. In today's competitive world, the organizations have to be growth-oriented. This is possible when productivity is ensured

with respect to quantity of product to be produced with zero error quality.

The effect of employees' absenteeism and turnover

Employee absenteeism and turnover has a negative impact on productivity. Employee who absents frequently cannot contribute towards productivity and growth of the organization. In the same manner, employee turnover causes increased cost of production. Job satisfaction is a major factor to analyze performance of an individual towards his work. Satisfied workers are productive workers who contribute towards building an appropriate work culture in an organization.

The importance of workplace atmosphere

Organizations are composed of number of individuals working independently or collectively in teams, and number of such teams makes a department and number of such departments make an organization. This is called formal structure. The workplace atmosphere is very important for employee's productivity for the following reasons:

- All departments must function in a coordinated manner to achieve the organizational objective.

- It is important for all employees to possess a positive attitude towards work. They need to function in friendly atmosphere and accomplish assigned goals.
- It is important for managers to develop an appropriate work culture. Use of authority, delegation of certain powers to subordinates, division of labor, efficient communication, benchmarking, re-engineering, job re-design and empowerment are some of the important factors so that an organization can function smoothly. This is not only applicable to manufacturing organizations but also to service and social organizations.

5. The scope of the organizational behavior:

- (a) Impact of personality on performance
- (b) Employee motivation
- (c) Leadership
- (d) How to create effective teams and groups
- (e) Study of different organizational structures
- (f) Individual behavior, attitude and learning
- (g) Perception
- (h) Design and development of effective organization
- (i) Job design
- (j) Impact of culture on organizational behavior
- (k) Management of change

- (l) Management of conflict and stress
- (m) Organizational development
- (n) Organizational culture
- (o) Study of emotions
- (p) Group behavior, power and politics

6. Definition of Organizational Behavior

“Organizational behavior is a field of study that investigates the impact that individuals, groups and organizational structure have on behavior within the organization, for the purpose of applying such knowledge towards improving an organizational effectiveness”.

The above definition has three main elements:

- First organizational behavior is an investigative study of individuals and groups,
- Second, the impact of organizational structure on human behavior and
- Third, the application of knowledge to achieve organizational effectiveness.

These factors are interactive in nature and the impact of such behavior is applied to various systems so that the goals are

achieved. The nature of study of organizational behavior is investigative to establish cause and effect relationship.

Organizational behavior field is a scientific discipline

Various concepts and models in the field of organizational behavior attempt to identify, not only the human behavior but also modify their attitude and promote skills so that they can act more effectively. This is done scientifically; therefore, organizational behavior field is a scientific discipline. The knowledge and models are practically applied to workers, groups and organizational structure that provide tools for improved behavior and dynamics of relationship. The field of organizational behavior also provides various systems and models for international relationship that are applied to organizations.

Leaders must look for indicators (effects) of individual behavior and of groups in any organization. As a leader, it is that symptom, which must be evaluated, and cause of human behavior established so that if the behavior is good, the manager can establish the norms of behavior. If the behavior is not helpful to achieve the organizational objective, then suitable alternative model can be applied to direct individual behavior towards an

appropriate organizational value system and thus individual behavior will be modified.

Since an organization has three basic elements namely, people, structure, and technology, it must have suitable organizational structure, with appropriate number of level and reporting system properly explained. Principle of unity of command, delegation of authority and responsibility and formulation of objectives are very important so that workers achieve a required level of job satisfaction. They must be trained to handle sophisticated machines and equipment. It is the people, their value system, and faith in the leadership that make an organization.

7. Goals of Organizational Behavior:

The main goals of organizational behavior are to describe, understand, predict and control individual behavior in the organization.

a) Describe:

Study of organizational behavior is based on scientific methods, which have been applied on human beings. It is a science, that analyses as to how people behave in different situations in the organization. A manager should be able to

describe the behavior of each of the individuals under his command, identify attitude, and be able to pinpoint his behavior so that the situation in the organization is under control.

b) Understand:

Leaders must understand human behavior as to why people behave in a particular manner and try to identify reasons so that corrective actions can be taken.

c) Predict:

By frequent closer interaction, a leader is in a position to identify the nature of workers. Some are more productive while the others are tardy and disruptive. In such situation, a leader should be able to handle each individual differently so that his or her actions can be translated to higher productivity.

d) Control:

Managers in the organizations should train their subordinates continuously; aim being development of skills, promotion of productivity and improvement of individual behavior. It is a continuous process on the part of manager. He must lay down control measures so that the energy of workers is diverted towards organizational objectives. Communication should be used to ensure that the behavior of individual is

controlled. Environment has a great impact on human behavior. Appropriate internal environment would help organizations to build favorable work environment that will help individuals and groups within organizations to work effectively towards higher productivity.

OB involves integration of studies undertaken relating to behavioral sciences like psychology, sociology, anthropology, economics, social psychology, and political science. Therefore, organizational behavior is a comprehensive field of study in which individual, group and organizational structure is studied in relation to organizational growth and organizational culture, in an environment where impact of modern technology is great. The aim of the study is to ensure that the human behavior contributes towards growth of the organization and greater efficiency is achieved.

8. Objectives of Organizational Behavior:

There are many objectives about organizational behavior some are given below:

- To establish a social system in the organization.
- To determine the motivation level of employees.

- To encourage the people, to work actively in the organization.
- To create an environment for the development of effective leadership.
- To develop effective group behavior among the employees.
- To identify the reasons for conflict and to resolve the conflict.
- To find out the reasons for frustration and reduce or eliminate the reasons.
- To increase the moral of employees of the organization.
- To maintain the organizational environment favorable for the work.
- To find out the ways for effective organizational development.

9. Contributing fields of organizational behavior:

Organizational behavior is an applied behavioral science that is built upon contributions from several behavioral disciplines. The predominant areas are psychology, sociology, social psychology, anthropology, and political science. The following are the contributing fields of organizational behavior:

a) Sociology

- Sociologists study the social system in which individuals fill their roles.
- Sociology studies people in relation to their fellow human beings to improve organizational performance.
- Study of group behavior in organizations, group dynamics, design of work teams, organizational culture, formal organizational theory and structure, organizational technology, communications, power and conflict.

b) Psychology

- Psychology is the science that seeks to measure, explain, and sometimes change the behavior of humans and other animals.
- To use psychological and organizational theory and research to improve organizational effectiveness and the work life of all individuals.
- Psychologists concern themselves with studying and attempting to understand individual behavior.
- Learning, perception, personality, emotions, training, leadership effectiveness, needs and motivational forces, job satisfaction, decision-making process, performance appraisals, attitude measurement, employee selection techniques, work design and job stress.

c) Social psychology

- An area within psychology that blends concepts from psychology and sociology and that focuses on the influence of people on one another.
- Major area: change – how to implement it and how to reduce barriers to its acceptance
- Study areas: measuring, understanding and changing attitudes, communication patterns, building trust, the ways in which group activities can satisfy individual needs, group decision-making processes.

d) Anthropology

- The study of societies to learn about human beings and their activities.
- Study on culture and environment has helped us understand differences in fundamental values, attitudes, and Behavior between people in different countries and within different organizations.

e) Political science

- The study of the behavior of individuals and groups within a political environment.
- Study areas: structuring of conflicts, allocations of power, how people manipulate power for individual self-interest.

10. Models of Organizational Behavior:

In the past years, there were 5 popular common models of organizational behavior, and several of them exist even today. In addition, some leader, and managers use some of these models in their organizations, and departments and they are:

a) Autocratic Model:

We can find that this model relies on power. For example, managers have the ability, authority to control their employees and the employee's performance in this stage will be much lower than expected.

b) Custodial Model:

This model usually depends on economic resources (money). For instance, managers can stimulate their employees by offering them facilities, and benefits, but in this model the employee's won't work as a team (Less sharing with others) because everyone will depend on himself to get more benefits than the others.

c) Supportive Model:

This model relies on leadership. For example, managers support their employees by encouraging, and supporting them to perform

a better job, get along with each other and as well as developing their skills. The Performance results will be awakened drives.

d) Collegial Model:

This model means that employees depend on each other cooperatively and work as a team to do the task. Everyone will be having a normal enthusiasm self-discipline, and responsible behavior towards their tasks.

e) System Model:

This model is based on trust, self-motivation, and the performance results will be more than expected, because employees will be committed to do their tasks as expected, and as well as organizational goals.

After we explained the models in brief we would like to inform you that the world nowadays requires from us necessary steps before we decide the best model to have for an each organization. One of the most important things to consider is that managers and leaders should clearly understand the nature of their organizations before making any decision. Also, they have to consider and look at the changing in the environment and of course the employee's needs so that they can have the best model to use to get a better result.

11. Organizational components that need to be managed:

a) Managing People

People are the main component of any organization that has to be managed. Every individual has a personal goal to be achieved. Organizations must identify the need variety of individuals and take suitable steps for its fulfillment to enable them to perform effectively so that they complete their allotted task in time. Relationship between the workers, with subordinates and superiors should be established based on full understanding and complete faith based on mutual trust so that it is easy to communicate and understand each other's views. Work teams and Groups play a vital role in the organization. Individual may have to keep his personal interest aside if it conflicts with team or group goals.

It is the team goals, accomplishment of which contributes towards achieving organizational goals. Apart from managing internal workforce, it is also important to manage customers who are the end persons using organization's products or services. Greatest interest of stakeholders, government, employees, social groups and non-governmental organizations (NGOs) must be kept in mind as they play a dominant role in the society. Apart

from the above, adequate consideration should also be given to competitors, regulatory agencies, labor force, suppliers and resource persons.

b) Managing Structure

There are two types of organizations, formal and informal. Informal organizations do not have a specified structure. Formal organizations are built based upon the objective set for it. Organizational structure in such organization is hierarchical in nature, with people at each level having their own objectives, which contributes towards fulfillment of overall organizational objectives. In such organization, people at lower levels report to higher level managers. The tier system has the principle of unity of command inbuilt in it. The organization structure may depend upon the size, number of products/services produced, skill and experience of the employees, managerial staff and geographical location of the organization. An organization may have several levels and pyramid like organizational structure or flat structure. The efficiency of the organization will depend upon the free flow of the information, efficient communication system prevailing in the organization, well-defined authority and responsibility supported by detailed policies, rules and regulations.

The organization must have well laid out systems, which are understood by workers, supervisors and managers. The leader must keep open mind while dealing with subordinates and exercise full control over various systems, levels and ensure planned productivity and achieve high level of job satisfaction.

c) Managing Technology

Managing technology is an important job of any management. It is an important element of any unit. Selection of technology, procurement, installation, operation and maintenance is important and no compromise should be made in procuring latest or advanced technology.

Various systems and sub- systems should support technology that exists in an organization. Based on the technology, an organization should formulate job structure and resultant procurement of human resource so that they are complimentary to each other.

Adequate attention is also paid to service industry. For example an appropriate drill, procedures are installed in hospital industry to ensure that the patients' record is maintained properly. On line operations of all systems relating to admission record, past treatment, drugs, availability of beds, schedule of operations

maintained so that the level of patients satisfaction is raised. In minimum number of days, maximum numbers of patients should be treated. Various processes required to regulate these functions form the important part of service industry.

d) Managing Jobs

Job is an assignment assigned to an individual. It encompasses various tasks within it. For example, Personnel manager wants to fill up twelve vacancies in production department within three months. Job will have various tasks inbuilt in it like designing of job specification, selection of media, advertising vacancies, scheduling of selection and recruiting process. Manager, therefore have to manage various tasks to accomplish a particular job.

This may form a part of managerial functions. Adequate delegation, supervision, application computers have made managerial functions simpler, as required information is available for decision making.

e) Managing Processes

Management of processes and its inter-dependence is very crucial to high productivity and higher job satisfaction. What is important for a manager is to ensure high morale of the work

force. To ensure this, he must identify various managerial dictums. Select appropriate subordinates to carry out a job based on aptitude, personality traits, mental build up and attitude. He should also involve himself and lead subordinates by personal example.

In defense services, it is the quality of leadership that motivates troops to achieve near impossible task where everything appears to be going wrong. Various role models assist leaders in identifying as to which process, method or approach would be suitable to mold subordinates in suitable frame that may be required by any organization. Nothing motivates workers better if you give them their entitlements in full and train them to take up higher jobs. By doing so, manager must develop and build an organizational culture that will bind employees to a common cultural bond. During day-to-day functions, managers must be transparent and maintain a high degree of value system and display ethical behavior. There are no short cuts to this and will pay rich dividends in times to come.

f) Managing External Environment

What we have so far discussed is various components of an organization that should be managed properly. External environment also plays an important role in managing the points

discussed above. When we talk about managing people in the organization, what we have to study and manage is the influence of culture and its impact on the individual. A manager should examine as to how he is going to cope with the changes. Study of external environment is very wide and encompasses economic, cultural, social, government rules and regulations, legal aspects, political climate, demographics and its impact. If one scans the external environment that is prevailing in Indian context, one will find that individuals are racing to catch up the **upper class** as it relates to standards of living, material possession, higher education, attempt to copy western culture, food habits, dressing pattern and the like. Beauty parlors, pubs and cyber cafes around each corner are an ample evidence of the impact of external environment. This trend has an impact on what products or services are on priority in the society and indicates the behavior of an individual. If the above factors are evaluated appropriately, a manager will be able to examine and predict human behavior in the organization. It is therefore important to evaluate market situation, competitors, and availability of raw material, technology, availability of skilled, semi-skilled and non-skilled personnel. In addition, evaluate prevailing culture and how individuals are likely to respond to the call of the organization. Some factors like government rules, and political stability keep

changing, the organizations must cater for such contingencies. Manager must therefore keep in mind the internal and external factors and make the best amalgam and work to achieve organizational effectiveness.

Questions

1. Define organizational behavior and discuss its goals.
2. What is the difference between describing, understanding, predicting and controlling as goals of OB.
3. List the objectives of OB.
4. What are the predominant areas of behavioral disciplines contributed to the organizational behavior?
5. What is the contribution of each of the following field to organizational behavior?
 - Sociology
 - Social psychology
 - Anthropology
 - Political science

Identify if true (T) or False (F).

1. The main goals of organizational behavior are to describe, understand, predict, and control individual behavior in the organization.
2. Scope of OB does not include:
 - A. leadership
 - B. technology
 - C. job design
 - D. group behavior, power, and politics.

3. The study of individual behavior and group dynamics in organizational settings describes the content of study in:

- A. Organization Theory
- B. Organization Design
- C. Organizational Behavior
- D. Organizational Development

4. The study of societies to learn about human beings and their activities is related to.....

- A. Psychology
- B. Sociology
- C. Anthropology
- D. Political science

5. The primary outcomes of interest to OB researchers are:

- A. Job performance and organizational commitment
- B. Personality and ability
- C. Organizational culture and organizational structure
- D. All of the above

6. A common definition of Organizational Behavior is that it is the study of:

- A. group behavior
- B. Pattern of organizational structure
- C. Individual behavior
- D. all of the above

7. The science of human behavior and individual differences is:

- A. anthropology
- B. sociology

C. engineering D. psychology

8. OB comes from which behavioral sciences:

A. Psychology, social psychology and anthropology.

B. Psychology, sociology and anthropology.

C. Psychology, sociology, social psychology and anthropology.

D. Psychology, sociology and social psychology.

9. ----- can be classified into production, marketing, finance, personal, and purchasing function.

a) Outputs b) external environment c) Internal environment

10..... consists of competitive, economic, technological, political, legal and cultural forces.

a) outputs b) internal environment c) external environment

11.Competitors are classified as part of the external environment.

a) true b) false

12.Customers are classified as part of the internal business environment.

a) true b) false

13.External environment is the name of all the forces outside an organization's boundaries.

a) true b) false

14. The term "internal environment" refers to all the elements within an organization's boundaries.

a) True b) false

15. Money is classified as part of the outputs of organizations.

a) True b) False

16. There is no relationship between an open organization and environment.

a) True b) False

17. Systems thinking is a way of helping a person to view the world, including its organizations, from a broad perspective that includes structures, patterns and events, rather than just the events themselves.

a) true b) false

18. According to system principles we can break up the system and only have to deal with its parts or with various topics apart from other topics.

a) true b) false

19. ----- of the organization can be classified into production, marketing, finance, personnel, and purchasing functions.

- A. Inputs
- B. Outputs
- C. External environment
- D. Internal environment

20. Which of the following is considered subsystems in organization?

- A. departments
- B. programs
- C. projects
- D. All answers

21. The systems approach _____?

- A. Encourages managers to view the organization both as a whole and as part of a larger environment
- B. Emphasizes the technical requirements of the organization and its needs
- C. Emphasizes the psychological and social aspects
- D. All of the above
- E. None of the above

Chapter Two

Perception

Chapter Two

Individual perception and Organizational behavior

1. OBJECTIVES:

People's perceptions and attributions influence how they behave in their organization. Perception describes the way people filter, organize, and interpret sensory information. Attribution explains how people act, determining how people react to the actions of others as well. Accurate perception allows employees to interpret what they see and hear in the workplace effectively to make decisions, complete tasks and act in ethical manner. Faulty perceptions lead to problems in the organization, such as stereotyping, that lead people to erroneously make assumptions. In this chapter we will discuss different issues related to perception and its effect on behavior of individuals in organizations. The following points will be discussed.

- What is Perception?
- What is the difference between perception and sensation?
- Why do different individuals may perceive the same thing differently?

- Components of Perception
- Perception and Behavior
- Managing Perceptions
- Handling Attributions
- Explaining Behavior
- Basic Biases in Person Perception
- Minimizing Bias
- Person Perception and Workforce Diversity
- Perceptions of Trust and Organizational Support
- Perceived organizational support
- Person Perception in the Selection Interview
- Person Perception and Performance Appraisal

2. What is Perception?

Perception can be defined as a process by which individuals select, organize, and interpret their sensory impressions, so as to give meaning to their environment. Perception is a complex cognitive process and differs from person to person. People's behavior is influenced by their perception of reality, rather than the actual reality.

Perception is an active process of becoming aware and understanding one's environment that is unique to the individual and is strongly influence by communication.

3. What is the difference between perception and sensation?

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

Though people are continuously exposed to numerous stimuli, they tend to select only a few of them. The principle of perceptual selectivity seeks to explain how and why people select only a few stimuli out of the many stimuli they keep encountering at any given time.

Perceptual selectivity is affected by various internal set factors and external attention factors. Some of the internal set factors are learning, motivation and personality. External attention factors include environmental influences like intensity, size, contrast, repetition, motion, novelty and familiarity.

Why do different individuals may perceive the same thing differently?

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

Factors that cause perceptions to vary between people are:

1. Physiology
2. Past experiences and roles
3. Culture (and co-culture)
4. Present feelings

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

4. Components of Perception:

Perception has three components – a perceiver, a target that is being perceived, and some situational context in which the perception is occurring.

a) The Perceiver

The perceiver's experience, motives, and emotions can affect his or her perceptions.

- Experience. One of the most important influences on perception is experience - our past experiences lead us to develop expectations and these affect current perceptions - differences in perception caused by experience can lead to problems within organizations.
- Motivational State. Differences in our needs at a given moment and our motivational state can also be a source of conflict within organizations, since our motivational states influence our perception and interpretation of events.
- Emotional State. Emotional state refers to the particular emotions that an individual feels at a given time. Emotions such as anger, happiness, or fear can and do affect our perceptions. In some cases we employ a perceptual

defense which occurs when our perceptual system serves to defend us against unpleasant emotions. In general, we tend to "see what we want to see."

b) The Target

Our perceptions are also influenced by the target's social status and ambiguity. Ambiguity or lack of information about a target leads to a greater need for interpretation and addition.

c) The Situation

The context of the situation can greatly influence our perceptions by adding information about the target.

5. Perception and Behavior:

People's perceptions and attributions influence how they behave in their organization.

Perception describes the way people filter, organize, and interpret sensory information. Attribution explains how people act, determining how people react to the actions of others as well.

- Accurate perception allows employees to interpret what they see and hear in the workplace effectively to make decisions, complete tasks and act in ethical manner.

- Faulty perceptions lead to problems in the organization, such as stereotyping, that lead people to incorrectly make assumptions.

Perception and attribution are closely linked because perception involves processing information about the self or other people, and attribution involves identifying the cause of behavior. Hence understanding the connection between the two is significant for social relationships:

- Individual perception biases affect the way that people perceive themselves and one another.
- Inaccurate personal assessments might be made through faulty perception or attribution.
- Understanding the psychology of perception also is important for relating to groups of people who are of a different culture, race, economic status or age group.

Perception and Organizational behavior:

- One of the ways in which perception and organizational behavior are connected is through the way the employees view the formal factors in the organization, such as the corporate goals and their expected roles.

Case study:

Assuming a parcel delivery company has stated its main corporate goal is to gain the trust and confidence of its clients, based on its promise to deliver parcels to their destinations as promised no matter what, the way the employees perceive this goal will affect the way in which they work toward attaining the goal. As such, an employee who may have come from a company that gives one statement but means something different may not have the same respect or regard for company goals as one who is used to organizations that say exactly what they mean. In this sense, the two employees are faced with the same corporate goals, but they choose to perceive it in different manners that lead to various reactions to the expectations by the company that its employees will comply with this goal.

The relationship between the perception and organizational behavior can be seen in this case because the employee who respects goals will try as much as possible to conform, while the one who does not will most probably not go out of his or her way to respect the company goal.

- Another way perception and organizational behavior are linked is in the way employees perceive the ethical standards in the company.

Case Study:

A company that employs a double standard in its treatment of employees will have different perceptions from different groups, leading to different outputs. For instance, a company that treats minorities or females with less regard than others will be perceived in various ways by them. The employees who are treated well will feel that the company is a good place to work, while those who are treated unfairly will harbor feelings of resentment toward the organization.

6. The Perception Process:

The perception process has three stages: sensory stimulation and selection, organization, and interpretation.

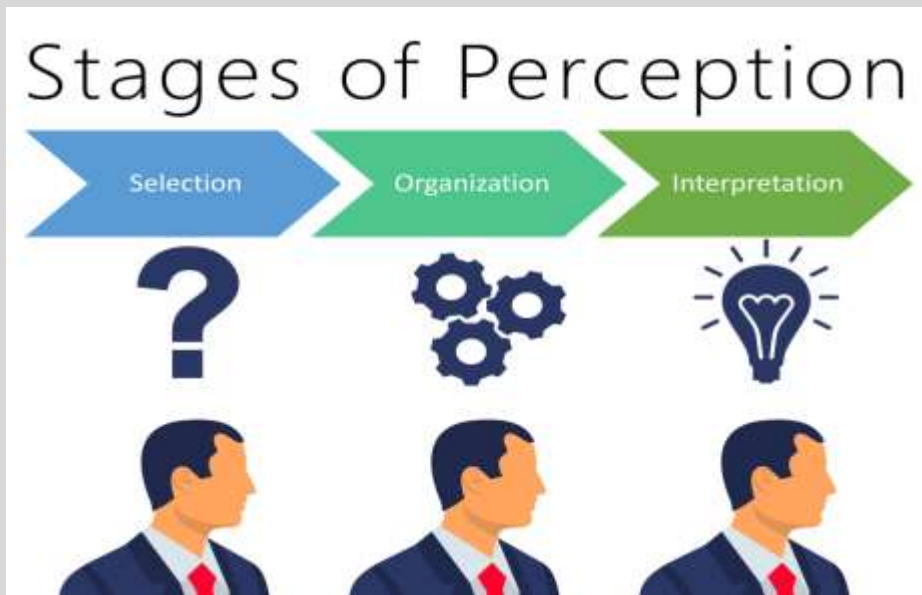


Figure 3 steps of perception

a) Sensory Selection

Sensory selection is the process of determining which stimulus gets our attention and which stimuli we ignore. We hear, touch, taste, see, or smell something. The neurological receptors associated with these senses are stimulated, and this stimuli races to the brain for processing. However, we cannot attend to all the stimuli we experience. Given the quantity of sensory stimulation,

we cannot pay attention to all of it. We must engage in sensory selection. As we experience a flood of stimuli, four factors influence what we pay attention to and what we ignore:

Needs. We focus far more on things that meet a need or necessity. We are far more likely to notice places to eat when we are hungry. The restaurants, snack bars, and delicatessens are still open when we are not hungry, but we do not notice them because they have no relevance to us at that time.

Interests. We pay far more attention to those things we enjoy. Scanning channels on television is a good illustration of this process. We click through numerous channels quite rapidly until something catches our interest.

Expectations. We pay more attention to those things we believe we are supposed to experience. There are two sides to this dynamic. Prior to traveling to a new place, if Aly convinces his best friend Ahmed that (X city) is a very dirty city, he will likely “see” a lot of evidence fulfilling that expectation. If we expect to not experience something, we are less likely to “see” it. We do not expect our friends to treat us poorly, so we are less likely to notice behaviors others might consider rude or insensitive.

Physiological limitations: Physiological limitations are basic sensory constraints. The functionality of one or more of our senses is constrained. Without corrective lenses, the world is hazy for persons who use glasses; their senses are severely constrained by a physical issue. We may be limited in what we can experience due to hearing loss, a decline in taste and smell, or a lack of touch sensitivity.

b) Organize selected cues: Organization is *the process of taking the stimuli and putting it into some pattern we can recognize*. We always place the sensory cues we notice into some sort of familiar pattern to “recognize” what we are sensing. Schemata (pattern recognition) is the name for the patterns we use to organize our perceptions.

There are four variables affecting how we organize the stimuli we encounter:

- **Figure-ground:** The figure-ground principle states that people instinctively perceive objects as either being in the foreground or the background. The figure-ground relationship suggests that as our focus on the object (the figure) and the background (the surroundings) change, interpretation changes.



Figure 4 the vase OR two faces picture

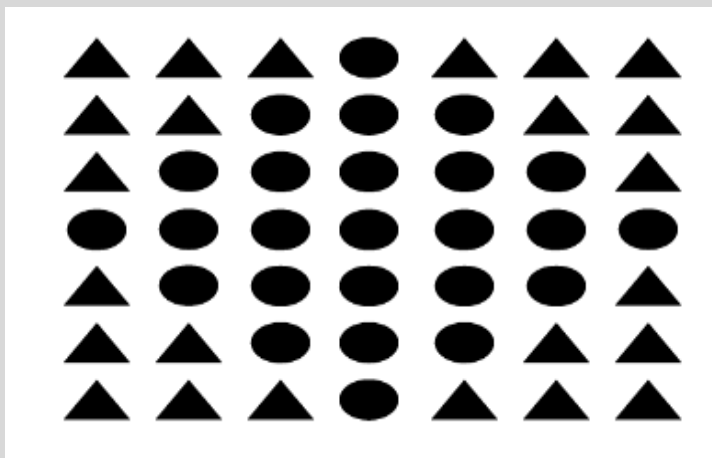


Figure 5 grouping elements

- **Grouping similar elements:** As we seen in figure 5, we tend to assign similar traits and characteristics to items that are grouped together and we also tend to think they have the same function

- **Proximity:** Proximity refers to how we see one object in relation to what is around it. We do not just see a person; we see the person within their surroundings which affects our interpretation of that person.



Figure 6 Proximity



Figure 7 Closure

- **Closure:** When you see an image that has missing parts, your brain will fill in the blanks and make a complete image so you can still recognize the pattern.
- c) **Interpret:** We typically give a name to the recognized perceptual pattern to understand the meaning of what we are sensing (within a culture).

7. Managing Perceptions:

When people in organizations find themselves in unfamiliar, ambiguous situations, they tend to have difficulty coping. Effective business professionals handle objections to their ideas by clearly stating the benefits of their position to all parties. By presenting a compelling case for their ideas, these people get approval for their proposed strategy even if opposed by apathy or confrontation. By actively recognizing people's perceptions and attributions, effective leaders build justifications for their approach and get support when needed.

8. Handling Attributions:

People commonly attribute success to skill, luck or chance. People tend to react to situations based on what they think caused the event. Just as perceptions can be faulty, attributions can be inaccurate as well. Organizations can ensure people attribute

actions more effectively by providing diversity training. This helps prevent a hostile work environment for people from different cultures. By training people to make more accurate attributions, daily operations run more smoothly. This helps reduce faulty attributions, such as managers who attribute exceptional performance to chance as they resist assigning more challenging work to qualified individuals they view as lucky.

9. Explaining Behavior:

People tend to evaluate other people on their ability, effort or personality. They also attribute luck or the difficulty of task to a success or failure. The attributions people make for their own behavior also influence their performance in the organization. For example, successful workers who succeed at tasks after completing training exercises usually increase their confidence levels. Those who fail may consider themselves unlucky or blame others. People's perceptions and judgment of another person's action depend on if reactions occur consistently or inconsistently. Recognizing that people have cultural beliefs, motives and intentions helps explain behavior and helps rectify non-productive situations. By understanding the common causes of behavior, individuals can react more appropriately.

10. Basic Biases in Person Perception

The impressions that we form of others are susceptible to a number of perceptual biases.

A. Primacy and Recency Effects

We form our impressions of others quickly. One reason for this is the **primacy effect**, which is the tendency for a perceiver to rely on early cues or first impressions. Another reason is **the recency effect**, which is the tendency for a perceiver to rely on recent cues or last impressions.

B. Reliance on Central Traits

We tend to organize our perceptions of others around the presence of certain traits or personal characteristics of a target that are of particular interest to us. This concept is called reliance on central traits and it can have a very powerful influence on our perceptions of others.

C. Implicit Personality Theories

Each of us has an implicit personality theory about which personality characteristics go together. For example, we might assume that hard workers are all honest or that slow workers are not very bright.

D. Projection

The tendency to attribute one's own thoughts and feelings to others is called projection. If we are always honest, for example, we often assume that others are too.

E. Stereotyping

The assumption that people have certain characteristics by virtue of the category they fall into is known as stereotyping. It is the tendency to generalize about people in a social category and ignore variations among them. Thus, we might assume that all scientists are bright and that all football players are ignorant. Since most stereotyping is inaccurate, it is best to obtain information about targets before jumping to conclusions.

11. Minimizing Bias:

Minimizing biases that change attribution can help foster effective teamwork. Using tips, techniques, tools and resources available from websites, organizations can reduce the rate at which people selectively interpret events based on their experience, background and attitudes. Known as the **halo effect**, this bias causes people to judge people they find attractive as smart. Providing training to managers to make more accurate

perceptions helps them conduct more effective employment interviews, performance reviews and daily management tasks.

Inaccurate perception and attribution might lead to inaccurate diagnoses, hiring mistakes or racial profiling. Perception occurs when a specific behavior is observed, such as when a job applicant arrives late for his or her interview. Upon perceiving this behavior, an interviewer might immediately attribute the act to irresponsibility based on general beliefs about how people should act for a job interview, such as arriving on time or early. Without engaging in a discussion with the applicant about the tardiness, the interviewer might not learn the real cause of the tardiness, which could have a highway traffic jam because of a bad accident.

The connection between perception and attribution also has been observed in the ways that people view and assess themselves. A personal success, such as a high score on an exam, might be attributed to personal intelligence or a skilled teacher. People who always attribute their accomplishments to their own efforts and their failures to external factors might experience problems in social relationships. Also challenging is the reverse scenario in which a person never attributes an achievement to personal effort, potentially resulting in low self-esteem.

12. Person Perception and Performance Appraisal

Organizations need to measure performance for decisions about pay raises, promotions, and training needs. This involves the use of objective and subjective measures of performance.

a) Objective and Subjective Measures

Objective measures, such as attendance records and sales figures, can be used to measure performance. These are measures that do not involve a substantial degree of human judgment. At times, however, subjective measures such as rating scales and observers' opinions are also used to measure performance. However, observers' are confronted by a number of perceptual roadblocks and rater errors.

b) Rater Errors

When subjective performance is measured, several rater errors can occur:

- **Leniency** refers to the tendency to perceive the performance of ratees as especially good.
- **Harshness** is the tendency to perceive the performance of ratees as especially ineffective.

- **Central tendency** involves assigning most rates to middle-range performance categories.

Other perceptual errors include the halo effect. The halo effect occurs when the observer allows the rating of an individual on one trait or characteristic to color the ratings on other traits or characteristics. The similar-to-me effect occurs when a rater gives more favorable evaluations to people who are similar to the rater in terms of background or attitudes.

Sample Questions

1. Perception can be defined as.....
.....
2. Sensation involves simply through
....., whereas the process of perception involves
receiving from the senses and then,
..... or the data completely through the
process of cognition.
3. The processes of perception consist of various sub-
processes such as,, and
feedback.
4. The processes of perception consist of various sub-
processes such as,,
and
5. The principle of seeks to explain how
and why people select only a few stimuli out of the many
stimuli they keep encountering at any given time.
6. What are the factors affecting perceptual selectivity?
7. Factors that cause perceptions to vary between people are:
 -
 -
 -

8. Perceptual organization focuses on the subsequent activities in the perceptual process.....
 - a) before the information from the situation is received.
 - b) after the information from the situation is received.
9. The various principles of perceptual organization consist of
, and
10. Discuss the components of perception.
11. Discuss how the steps of Select - Organize – Interpret that we follow in perception explaining differences in the way we see, feel, hear, etc.
12. Discuss how perception and organizational behavior are linked giving an example on the way employees perceive the ethical standards in the company.
13. Explain how perception and organizational behavior are linked.
14. The assumption that people have certain characteristics by virtue of the category they fall into is known as
 - a) stereotyping
 - b) projection
 - c) reliance on central traits
 - d) first impression

15. The tendency to attribute one's own thoughts and feelings to others is called
- a) stereotyping
 - b) projection
 - c) reliance on central traits
 - d) first impression
16. Give example of how minimizing biases that distort attribution can help foster effective team work.
- 17..... refers to the tendency to perceive the performance of ratees as especially good.
- 18..... is the tendency to perceive the performance of ratees as especially ineffective.
- 19..... involves assigning most ratees to middle-range performance categories.
20. How interviewers can be affected by perception in selection interview?
21. In some cases, we employ a which occurs when our perceptual system serves to defend us against unpleasant emotions.
22. The tendency to attribute one's own thoughts and feelings to others is called
23. If we are always honest, we often assume that others are too. This is called.....

24. The first stage in the perception process involves:
- A. Attention and logic
 - B. Stimulus and response
 - C. Attention and meaning
 - D. Selection and attention
 - E. All of the above
 - F. None of the above
25. Which of the following will influence an individual's perceptions?
- A. Individual needs
 - B. Sensory limitations
 - C. Previous experiences
 - D. All of the above
26. A person's _____ comprises internal factors, such as ability, intelligence and personality, and will determine how an individual responds to certain stimuli.
- A. Sensory limit
 - B. Perceptual set
 - C. Psychological threshold
 - D. Cognitive set
 - E. All of the above
 - F. None of the above

27. The psychological or internal factors affecting perceptual selection are _____ and _____

- A. Personality, learning, motives
- B. Personality, ego, mental processes
- C. Motives, personality, mental processes
- D. Learning, personality, ego
- E. None of the above

28. We tend to pay more attention to environmental stimuli which are:

- A. Novel
- B. Moving
- C. Bright
- D. All the above

29. The tendency to complete an incomplete figure to (mentally) fill in the gaps and to perceive them as whole is called _____?

- A. Grouping
- B. Figure
- C. Ground
- D. Closure
- E. All of the above
- F. None of the above

30. The perception process demonstrates the integration of our:

- a. Unconscious self, physiology, and environment
- b. Physiology, environment, and conscious self
- c. Environment, conscious self, and unconscious self
- d. Conscious self, unconscious self, and physiology
- e. All the above
- f. None of the above

31. Non-verbal signals seem to account for about _____ % of the message we perceive in face-to-face communications.

- a. 60
- b. 20
- c. 40
- d. 80

32. Which of the following is not an example of common stereotyping?

- a. Age
- b. Nationality
- c. Social
- d. Perceptual
- e. Physical
- f. Politics

33. The process by which the perception of a person is formulated on the basis of a single favorable or

unfavorable trait or impression, where other relevant characteristics of that person are dismissed is called:

- a. the halo effect
- b. clouded judgment
- c. the angel effect
- d. stereotyping

Chapter Three
Employee
Motivation

Chapter Three

Motivation of human resources of organizations

1. Introduction:

Alignment of aims purposes and values between staff, teams and organization is the most fundamental aspect of motivation. The better the alignment and personal association with organizational aims, the better the platform for motivation.

Since motivation influences productivity, managers need to understand what motivates employees to reach peak performance. It is not an easy task to increase employee motivation because employees respond in different ways to their jobs and their organization's practices.

Where people find it difficult to align and associate with the organizational aims, then most motivational ideas and activities will have a reduced level of success. Motivation is a complex

area. It's different for each person. This chapter will discuss different issues related to motivation of employees as follow:

1. Definition of motivation.
2. Factors that affect work motivation.
3. Theories of motivation.

2. Definition of motivation:

Motivation is the set of processes that moves a person toward a goal. Thus, motivated behaviors are voluntary choices controlled by the individual employee. The manager (motivator) wants to influence the factors that motivate employees to higher levels of productivity.

3. Factors that affect work motivation:

a) Individual differences:

Individual differences are the personal needs, values, and attitudes, interests, and abilities that people bring to their jobs.

b) Job characteristics:

Job characteristics are the aspects of the position that determine its limitations and challenges.

c) Organizational practices.

Organizational practices are the rules, human resources policies, managerial practices, and reward systems of an organization. Managers must consider how these factors interact to affect employee job performance.

The purpose of behavior is to satisfy needs. A **need** is anything that is required, desired, or useful. A **want** is a conscious recognition of a need. A need arises when there is a difference in self-concept (the way I see myself) and perception (the way I see the world around me). The presence of an active need is expressed as an inner state of tension from which the individual seeks relief.

4. Theories of Motivation:

Many methods of employee motivation have been developed. The study of work motivation has focused on the motivator (manager) as well as the motivated (employee). Motivation theories are important to managers attempting to be effective leaders. Two primary approaches to motivation are content and process.

4.1 The content approach to motivation:

The **content approach** to motivation focuses on the assumption that individuals are motivated by the desire to fulfill inner needs. Content theories focus on the needs that motivate people.

a) Maslow's Hierarchy of Needs:

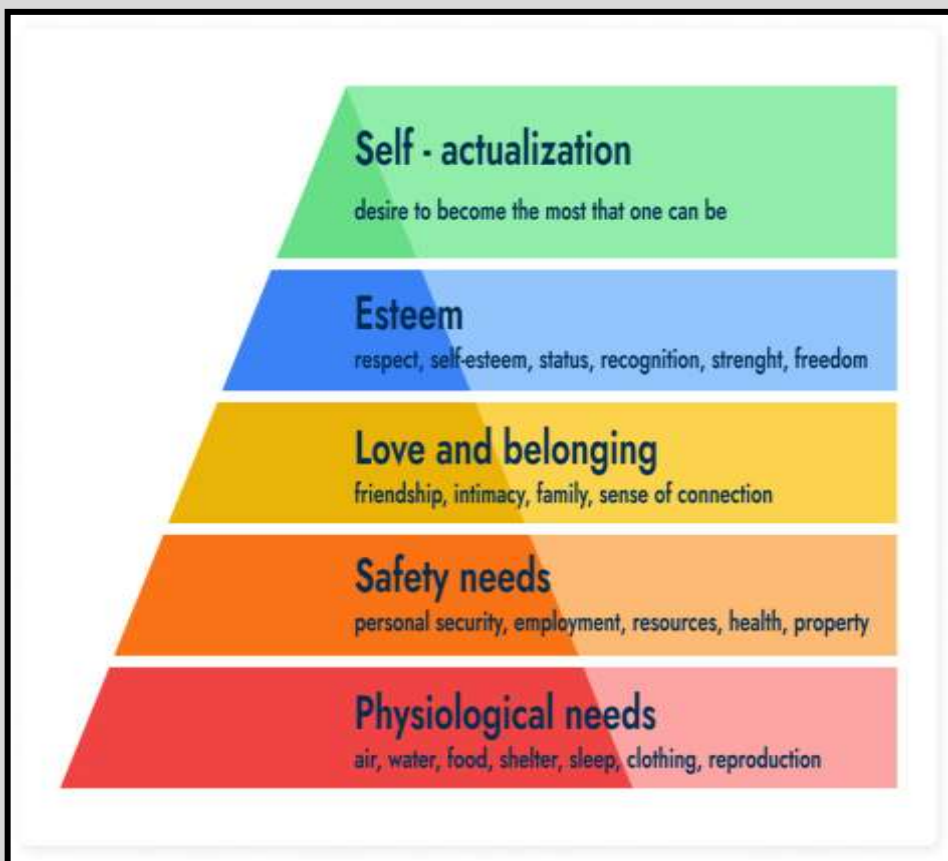


Figure 8 Maslow's hierarchy of needs

Maslow Hierarchy of Needs identifies five levels of needs, which are best seen as a hierarchy with the most basic need emerging first and the most sophisticated need last. These levels are illustrated in the figure 5.

- Level I - Physiological needs are the most basic human needs. They include food, water, and comfort. The organization helps to satisfy employees' physiological needs by a paycheck.
- Level II - Safety needs are the desires for security and stability, to feel safe from harm. The organization helps to satisfy employees' safety needs by benefits.
- Level III - Social needs are the desires for affiliation. They include friendship and belonging. The organization helps to satisfy employees' social needs through sports teams, parties, and celebrations. The supervisor can help fulfill social needs by showing direct care and concern for employees.

- Level IV - Esteem needs are the desires for self-respect and respect or recognition from others. The organization helps to satisfy employees' esteem needs by matching the skills and abilities of the employee to the job. The manager can help fulfill esteem needs by showing workers that their work is appreciated.
- Level V - Self-actualization needs are the desires for self-fulfillment and the realization of the individual's full potential. The supervisor can help fulfill self-actualization needs by assigning tasks that challenge employees' minds while drawing on their aptitude and training.

People move up the hierarchy one level at a time. Gratified needs lose their strength, and the next level of needs is activated.

As basic or lower-level needs are satisfied, higher-level needs become operative. A satisfied need is not a motivator. The most powerful employee need is the one that has not been satisfied.

b) The ERG model:

Alderfer's ERG identified three categories of needs. The most important contribution of the ERG model is the addition of the frustration-regression hypothesis, which holds that when individuals are frustrated in meeting higher level needs, the next lower-level needs reemerge.

Existence needs are the desires for material and physical wellbeing. These needs are satisfied with food, water, air, shelter, working conditions, pay, and fringe benefits.

Relatedness needs are the desires to establish and maintain interpersonal relationships. These needs are satisfied with relationships with family, friends, supervisors, subordinates, and co-workers.

Growth needs are the desires to be creative, to make useful and productive contributions and to have opportunities for personal development.

c) McClelland's Learned Needs:

McClelland's Learned Needs divides motivation into needs for power, affiliation, and achievement.

Achievement motivated people thrive on pursuing and attaining goals. They like to be able to control the situations in which they are involved. They take moderate risks. They like to get immediate feedback on how they have done. They tend to be preoccupied with a task-orientation towards the job to be done.

Power motivated individuals see almost every situation as an opportunity to seize control or dominate others. They love to influence others. They like to change situations whether or not it is needed. They are willing to assert themselves when a decision needs to be made.

Affiliation motivated people are usually friendly and like to socialize with others. This may distract them from their performance requirements. They will usually respond to an appeal for cooperation.

d) Herzberg's Two-Factor Theory:

Herzberg's Two-Factor Theory describes needs in terms of satisfaction and dissatisfaction. Frederick Herzberg examined motivation in the light of job content and context. (See *Work and the Nature of Man*, Crowell Publications, 1966.)

Motivating employees is a two-step process. First provide hygiene's and then motivators. One continuum range from no satisfaction to satisfaction. The other continuum ranges from dissatisfaction to no dissatisfaction.

Satisfaction comes from motivators that are intrinsic or job content, such as achievement, recognition, advancement, responsibility, the work itself, and growth possibilities. Herzberg uses the term **motivators** for job satisfiers since they involve job content and the satisfaction that results from them. Motivators are considered job turn-ons. They are necessary for substantial improvements in work performance and move the employee beyond satisfaction to superior performance. Motivators correspond to Maslow's higher-level needs of esteem and self-actualization.

Dissatisfaction occurs when the following hygiene factors, extrinsic or job context, are not present on the job: pay, status, job security, working conditions, company policy, peer relations, and supervision. Herzberg uses the term **hygiene** for these factors because they are preventive in nature. They will not produce motivation, but they can prevent motivation from occurring.

Hygiene factors can be considered job stay-ones because they encourage an employee to stay on a job. Once these factors are provided, they do not necessarily promote motivation; but their absence can create employee dissatisfaction. Hygiene factors correspond to Maslow's physiological, safety, and social needs in that they are extrinsic, or peripheral, to the job. They are present in the work environment of job context.

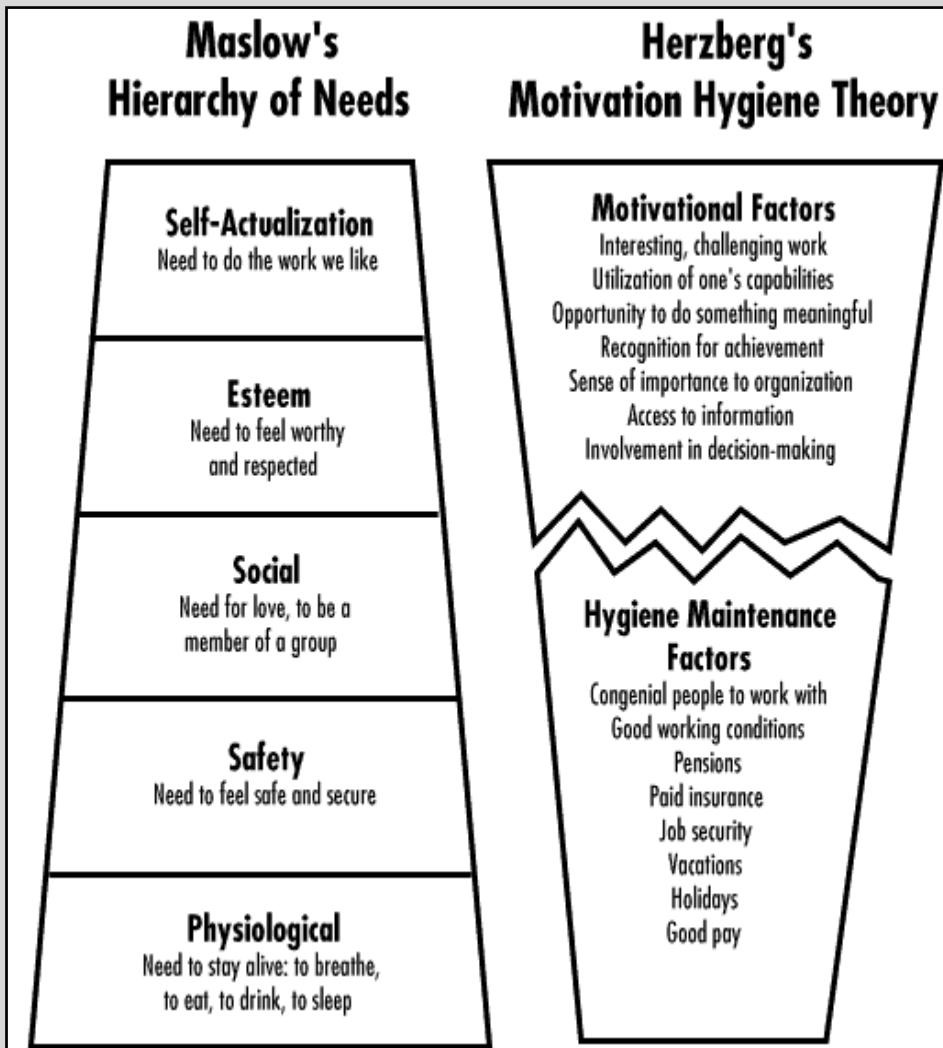


Figure 9 Herzberg motivators for job satisfiers

Motivation comes from the employee's feelings of accomplishment or job content rather than from the environmental factors or job context. Motivators encourage an employee to strive to do his or her best.

Job **enrichment** can be used to meet higher-level needs. To enrich a job, a supervisor can introduce new or more difficult tasks, assign individuals specialized tasks that enable them to become experts, or grant additional authority to employees.

4.2 The process approach to motivation:

The **process approach** emphasizes how and why people choose certain behaviors to meet their personal goals. Process theories focus on external influences or behaviors that people choose to meet their needs. External influences are often readily accessible to supervisors.

a) Vroom's Expectancy Model:

Vroom's Expectancy Model suggests that people choose among alternative behaviors because they anticipate that particular behaviors will lead to one or more desired outcomes and that other behaviors will lead to undesirable outcomes. **Expectancy** is the belief that effort will lead to first-order outcomes, any work-related behavior that is the direct result of the effort an employee expends on a job.

b) Equity Theory:

Equity is the perception of fairness involved in rewards given. A fair or equitable situation is one in which people with similar inputs experience similar outcomes. Employees will compare their rewards with the rewards received by others for their efforts. If employees perceive that an inequity exists, they are likely to withhold some of their contributions, either consciously or unconsciously, to bring a situation into better balance.

For example, if someone thinks he or she is not getting enough pay (output) for his or her work (input), he or she will try to get that pay increased or reduce the amount of work he or she is doing. On the other hand, when a worker thinks he or she is being paid too much for the work he or she is doing, he or she tends to increase the amount of work. Not only do workers compare their own inputs and outputs; they compare their input/output ratio with the input/output ratio of other workers. If one work team believes they are doing more work than a similar team for the same pay, their sense of fairness will be violated, and they will

tend to reduce the amount of work they are doing. It is a normal human inclination to want things to be fair.

c) Reinforcement:

Reinforcement involves four types of consequence. Positive reinforcement creates a pleasant consequence by using rewards to increase the likelihood that a behavior will be repeated. Negative reinforcement occurs when a person engages in behavior to avoid unpleasant consequences or to escape from existing unpleasant consequences. Punishment is an attempt to discourage a target behavior by the application of negative outcomes whenever it is possible. Extinction is the absence of any reinforcement, either positive or negative, following the occurrence of a target behavior. Employees have questions about their jobs. Can I do what management is asking me to do? If I do the job, will I be rewarded? Will the reward I receive be satisfactory to me?

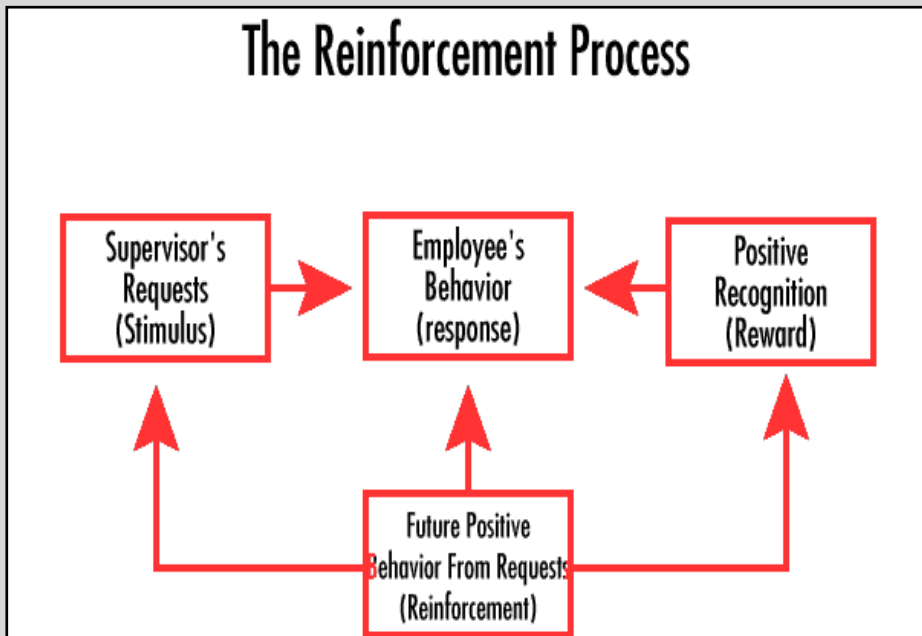


Figure 10 The reinforcement process

Reinforcement is based primarily on the work of B.F. Skinner, a psychologist, who experimented with the theories of operant conditioning. Skinner's work shows that many behaviors can be controlled using rewards. In fact, a person might be influenced to change his or her behavior by giving him or her rewards.

Employees who do an exceptionally good job on a particular project should be rewarded for that performance. It will motivate them to try to do an exceptional job on their next project.

Employees must associate the reward with the behavior. In other words, the employee must know for what specifically he or she is being rewarded! The reward should come as quickly as possible after the behavior. The reward can be almost anything, but it must be something desired by the employee. Some of the most powerful rewards are symbolic; things that cost very little but mean a lot to the people who get them. Examples of symbolic rewards are things like plaques or certificates.

Sample Questions

1. Define motivation and discuss the factor affecting work motivation.
2. Discuss the Maslow Hierarchy of Needs and illustrate with a figure.
3. Discuss one of the motivation theories studied in this chapter.
4. What is the relationship between Maslow Hierarchy of Needs and the hygiene motivation theory?
5. Summarize the equity theory of motivation.

Choose the right answer:

1. What is the definition of motivation?
 - A. a process of achieving goals.
 - B. process of determining the task to be done, who will do them and how those task will be managed.
 - C. things that influence a person to behave as he or she does.
 - D. process of monitoring the performance of the organization, identifying deviations between plan and actual results, and taking corrective action when necessary.

2. There are 6 levels of motivation in the Hierarchy of Needs theory.

A. True B. False

Match the following levels on the hierarchy with the items they are comprised of

3. Physiological

4. friendship, family, sexual intimacy

5. Safety

6. security of body, employment, family, health

7. Love

A. problem-solving, creativity, morality

B. Esteem

C. breathing, food, sex, sleep, excretion

D. Self-actualization

E. confidence, respect, self-esteem

8. Self-actualization is the motive to realize one's full potential. Examples may be pursuit of knowledge or spiritual enlightenment or the desire to give to society.

A. True B. False

9. Kyle is hungry, so he eats a hamburger and does not feel hungry anymore. Kyle's hunger can be best described as a(n)

A. drive

- B. instinct
 - C. incentive
 - D. reflex
 - E. extrinsic reward
10. Maslow's hierarchy of needs would have difficulty explaining why
- A. A person in a war zone is not interested in being self-actualized
 - B. A lonely person does not look beyond themselves to find their identity
 - C. A hungry person works hard to feed herself
 - D. A prisoner engages in a hunger strike to improve their cell conditions
 - E. A teenager with many friends works to earn the respect of his elders
11. What do we call a need or desire that energizes behavior?
- A. incentive
 - B. stress
 - C. motivation
 - D. emotion
 - E. instinct
12. Choose the correct sequence of Hierarchy of Needs
- 1 : esteem

- 2: safety needs
- 3: self-actualization
- 4: love and belonging
- 5: physiological needs

- A. 5, 4, 3, 1, 2
- B. 5, 2, 4, 3, 1
- C. 5, 2, 4, 1, 3
- D. 5, 4, 2, 1, 3

13. How do we fulfill our love and belongingness needs?

- A. time with family
- B. working in a group
- C. texting other people to see how they are doing.
- D. friendship
- E. All are ways to meet belonging needs

14. Maslow states that 'self-actualization needs' is

- A. a desire to have protection
- B. a desire to have reputation
- C. a desire to have interpersonal relationship
- D. a desire to become everything one is capable of becoming

15. According to Maslow, _____ are the first level of needs that people have to satisfy before they can advance up the hierarchy.

- A. Biological and Physiological needs
- B. Self-actualization needs
- C. Esteem needs
- D. Belongingness needs

16. The 'ERG' in Alderfer's ERG Theory stands for:

- A. eager, ready and growing
- B. existence, relatedness and growth
- C. existence, ready and great
- D. eager, relatedness and growth

17. All of the following are true of Alderfer's ERG theory

EXCEPT:

- A. It suggests that multiple needs can be satisfied at the same time.
- B. It suggests that in order to satisfy needs, a person must act.
- C. It suggests that fulfilling one need lowers the motivation to fulfill another.
- D. It is a simplified version of Maslow's hierarchy of needs.

18. Who developed the equity theory in 1963?

- A. John Stacey Adams
- B. Victor Vroom
- C. John Smith

D. E.L. Thorndike

19. Why does the equity theory believe that the number of inputs must be equal to the number of outputs?
- A. Because employees will be more productive if this balance occurs.
 - B. Because shareholders will receive more money from the company if this balance occurs.
 - C. Because managers will develop more authority if this balance occurs.
 - D. Because employee creativity will increase if this balance occurs.
20. A team designing their company's new marketing strategy has shown loyalty by refusing to accept a job offer from a competing firm. They have shown great knowledge, skill and enthusiasm because they have a belief that they are growing as people within their current job. Which of the following from the above scenario is NOT an input?
- A. The feeling of personal growth.
 - B. The loyalty to the company.
 - C. The skills and abilities that the team has.
 - D. The enthusiasm they have for their work.
21. Rachel is applying to business school programs. She has been avoiding schools that do not require an entrance

exam, because she thinks the program might not be rigorous enough if they accept too many people. At the same time, she is also avoiding the most elite schools in her area because she is worried those programs will be too challenging. Based on the acquired needs theory, what type of need is strongest for Rachel?

- A. Achievement
- B. Power
- C. affiliation
- D. Status

22. An individual with the _____ will desire agreement and compliance.

- A. need for power
- B. need for achievement
- C. need for affiliation
- D. need for control

23. Which person developed expectancy theory?

- A. Victor Vroom
- B. Clayton Alderfer
- C. E.L. Thorndike
- D. Abraham Maslow
- E. David McClelland

24. Identify the three components of expectancy theory.

- A. Effort, performance, reward
- B. Expectancy, performance, reward
- C. Expectancy, performance, result
- D. Effort, praise, return
- E. Expectancy, praise, return

25. _____ cause dissatisfaction in the workplace, are extrinsic to the work itself, and linked to compensation and job security.

- A. Progression principles
- B. Hygiene factors
- C. Job enrichment factors
- D. Motivators

26. _____ are linked to employee motivation and arise from intrinsic conditions of the job itself.

- A. Motivators/satisfiers
- B. Leadership issues
- C. Progression principles
- D. Hygiene factors

Chapter Four

Team Building

Chapter Four

Managing Teams in Organization

1. OBJECTIVES:

Rigid department boundaries and fixed teams are giving way to ad hoc squads whose membership changes with every project. Flexible networks of team-based structures are occurring within and between companies, as well as across national borders. Competitive arenas require quick decisions by knowledgeable employees who work close to the source of problems. Teams enable knowledge-based and innovative decision making. This collaboration is a revolution in the workplace.

In this chapter we will discuss the following issues:

1. What is a team?
2. Empowering employees.
3. Team development.
4. Successful teams.
5. Consensus building.
6. Group decision making.

7. Techniques for improving group participation.

2. What is a team?

A **team** is two or more employees who are organizationally empowered to establish their objectives, to make decisions about how to achieve those objectives, to undertake the tasks required to meet them, and to be individually and mutually accountable for their results. **Empowerment** is the delegation of authority to an individual or team and includes autonomy, trust and encouragement to make the decisions necessary to accomplish the job. **Teambuilding** is a method designed to help teams operate more effectively by improving internal communication and problem-solving skills.

3. Empowering Employees

Individual achievement is an American ideal. In reality, supervisors must depend on cooperation from their employees, because without group support, the chance of achievement is slim. The best chance for winning group support is to let the forces within the group itself work toward a decision with minimum interference from the supervisor. Effective supervisors

empower employees by giving them more decision-making power and by seeking ideas from every worker.

Empowerment is the delegation of authority to an individual or team and includes autonomy, trust and encouragement to make the decisions necessary to accomplish the job.

Participation is getting group involvement to solve problems by sharing knowledge and information. The supervisor's expertise becomes less important as team members possess knowledge and skill. Power becomes the supervisor's ability to facilitate and communicate to and on behalf of the team. He or she is the liaison with external constituencies such as upper management, other internal teams, customers, and suppliers. The supervisor represents the team's interests, secures resources, clarifies expectations, gathers information, and shares what is learned with the team.

Empowering employees requires that supervisors are able to engender credibility and trust since many of the traditional control mechanisms used to monitor employees have been

removed. **Credible** supervisors can be believed. They are honest, competent (expert power), and inspiring (referent power). Research demonstrates that employees who perceive their supervisors as having high credibility are more positive and attached to their work and organizations. **Trust** is the belief in the integrity, character, and reliability of a supervisor. Employees have to trust supervisors to treat them fairly, and supervisors have to trust workers to fulfill their responsibilities.

4. Team Development

It is the supervisor's job to build and maintain an effective team. Successful managers realize that all groups go through development phases, but the most productive teams go through the phases quickly to reach the peak performance. Managers, as team leaders, share information, trust others, surrender authority, and understand when to intervene. They participate in setting objectives, defining roles, and managing processes, such as time, disagreements, and change.

5. Successful teams:

A group can achieve synergy (results greater than the sum of its parts) if its members become a team. A team begins as nothing more than a collection of individuals who have been brought together in a work situation. The process of uniting the group to form an effective team involves successfully completing four phases of development identified by B.W. Tuckman (1965, *Psychological Bulletin*, 63, 384-399): forming, storming, norming, and performing.

- **Phase one:** is an orientation, the forming of the team. Each person, in the process of getting acquainted with the other members, seeks his or her place in the group. The members must reach a common understanding of their objective, as well as agreement on; basic operational ground rules, such as when to meet, attendance requirements, how decisions will be made, and so on.
 - Do members understand the team's objectives?

- Have member's individual objectives been incorporated into the team's objectives?
 - Do members feel the team's objectives are achievable and reflect their own personal objectives?
- **Phase two** is characterized by interpersonal conflict, the storming of the team. Individuals begin to compete for attention and influence. Divergent interests surface as members begin asserting their ideas and viewpoints of the task, and their feelings about other members. The group must settle issues of how power and authority will be divided among members.
 - What do members see as their responsibilities?
 - What do members expect from other members?
 - How is leadership being handled?
 - Does duplication of effort exist?
 - In **phase three**, the group is becoming cohesive, the norming of the team. A sense of identity or "team spirit" is beginning to develop. Individuals become more sensitive to each other's

needs, and are more willing to share ideas, information, and opinions. Task considerations start to override personal goals and concerns.

- What is the action plan for achieving the objectives?
 - How are decisions made?
 - How are problems solved?
 - How are conflicts resolved?
- **Phase four** is the interdependence of the group, the performing team. The group emerges as a team. Members now work well together and have a high degree of productive problem solving, since structural and interpersonal issues have been resolved. High creativity and intense loyalty of members to each other characterize a group at this stage.
 - How do the members treat each other?
 - Do members trust, support, and feel comfortable with each other?
 - Do members look for ways to help each other?

6. Consensus Building

Top performance demands the joint effort of many people, working together toward a common goal. When an individual works together with others, effectiveness grows, creating greater productivity for everyone involved. Together, employees can do more than the collective efforts of each individual working alone.

7. Group Decision Making

A great deal of time is spent in meetings formulating problems, arriving at solutions, and determining the means for implementation. Thus, it is important to know when decisions should be made with groups, and when individuals should make them. If there is one individual who is an expert and can solve the problem, an individual should make the decision. Individual decisions can be made quickly, and responsibility can be clearly assigned.

However, if there isn't an expert, a group decision should be made. Groups can identify more alternatives than an individual. A group brings a diversity of experience and perspectives to a

decision process that an individual acting alone cannot. If the people affected by a solution take part in its creation, they are likely to facilitate implementation and contribute to its success. Thus, group decisions are more accurate, creative, and readily accepted.

Yet, group decision making can be ineffective. The assigning of responsibility is clear in an individual decision. In a group process, individual responsibility is diluted. The group decision takes more time than the individual decision. Members differ in rank, experience and knowledge, and a minority may dominate the group. Social pressures can create groupthink, which undermines critical thinking and harms the quality of the decision.

8. Group Conflict

Some conflict is necessary for a group to perform effectively. **Conflict**, the perceived incompatible differences that result in interference or opposition, is natural and inevitable in any group. During the course of performing its tasks, conflicts inevitably

arise. The supervisor wants **functional conflict** to support group goals, rather than **dysfunctional conflict**, which prevents a group from achieving its goals. It is important to remember that not all conflict is dysfunctional. Supervisors might want to stimulate conflict to increase the group's performance or to address several questions (Are subordinates afraid to question you? Do subordinates always answer "Yes"? Are subordinates afraid to admit ignorance and uncertainties to you? Is there a lack of new ideas?)

The goal is to create an environment where conflict is healthy, regarding the methods for achieving goals. The supervisor manages group conflict by helping to identify the source of conflict and the issues and parties involved. He or she must stem the tide of disruptions and help generate options. Conflict can be stimulated by bringing in outsiders, restructuring the organization, appointing a devil's advocate, changing the organization's culture, and using communication. The supervisor must choose the conflict resolution tool that is best suited for the situation and the supervisor's ability to use a method.

Avoidance, or just withdrawing from suppressing conflict is preferred when the conflict is trivial, or emotions are running.

Accommodation, placing another's needs above one's own, is a viable option when the issue under dispute isn't more important to one group than another. This helps create harmony and build 'credits' for a later time when an issue may be more important.

Forcing, satisfying one's own needs at the expense of another's, works well when a quick resolution is needed, or when an unpopular action needs to be taken.

Compromise requires each party to give something of value. This strategy is best when there are equal parties involved such as labor management contract negotiations.

Collaboration, a win-win solution, occurs when all parties seek to satisfy their interests. It is possible when there are few time constraints, when the parties involved want a win-win solution, and when the issue is too important to compromise. Collaboration is the preferred method for resolving conflict since the parties in the conflict can satisfy their own needs while simultaneously

meeting the needs of the other members, a win-win solution. All members are viewed as people who can amplify each other's abilities. In other words, participants collaborate with others in the expectation that the benefits will outweigh the costs. This method works successfully if both parties are interested in resolving the conflict and the parties in conflict are able to communicate actively and easily.

9. Techniques for Improving Group Participation

The use of participating groups is not the same as **democratic decision-making** - one person with one vote and the majority rules. Voting tends to polarize the group's members into winners and losers. Having people feel like losers produces problems in decision implementation that are not present when consensus is reached. **Consensus** is a form of participative decision making in which the entire team is consulted and all members accept a decision, a win-win situation for the group.

Group participation depends on free association and social facilitation. **Free association** is a process of producing ideas in

rapid succession with a minimum of inhibiting or restraining action. The supervisor presents the original stimulus word or idea to the group. The free association it produces stimulates a chain reaction of additional ideas. **Social facilitation** is a process in which the productivity of each individual is increased by the stimulation provided by other group members.

Increasingly, organizations are recognizing that **collaborative relationships** - those defined by mutual learning and shared creation - are at the core of innovation. Ideas are not just exchanged, they are jointly discussed, debated and created. There is no one best technique for improving group participation since situation and decision-makers differ greatly. The supervisor should choose the technique that best fits the situation and the group membership.

Brainstorming, developed by Alexander F. Osborn, is one of the oldest and best-known techniques to use social facilitation to stimulate creative problem solving. The supervisor promotes an atmosphere conducive to free association and encourages freewheeling, uninhibited thinking. Brainstorming encourages

unrestrained and spontaneous participation by group members. Quantity of ideas is important. Members are encouraged to generate alternatives without the threat of criticism. All responses are recorded for later discussion and analysis.

In a team meeting, a supervisor can use the brainstorming process to encourage open, honest communication and the free flow of ideas. For example, the supervisor might say:

1. This is a safe zone. Anything said here will not be held against you.
2. No personal accusations allowed. We cannot change someone else's personality, but we can affect his or her behavior.
3. Give any idea expressed here a fair hearing.
4. We are here to improve our work, so focus on the work. If there is anything I'm doing that is keeping you from your work, I want to know about it. If there are any resources that you need to do your job better, tell me. Look at the person sitting next to you and say, "It would help me in my job if you . . ."

Many meetings are stifled by politics and unequal participation. Hours can be wasted without reaching firm decisions or creating bold new strategies. In 1958, a research study at Yale University showed that a group of individuals working alone collectively produced more unique ideas than they produced working together.

Nominal group is a group of people working independently rather than interacting with each other. **Nominal Group Technique (NGT)** limits discussion among present, independently operating members who gather and are presented with a problem. They individually write down ideas. In turn, each member presents one idea to the group. Once all ideas are presented and recorded, a brief discussion clarifies issues. Then, each member independently ranks the ideas. The idea with the highest ranking is the chosen solution.

Technology can be used to help reshape and revitalize the meeting process. Planning, facilitating collaboration and documentation are emphasized. The supervisor plans the meeting, prepares the agenda, facilitates the meeting itself and runs the

software. At the conclusion of the meeting, the supervisor prints the meeting documentation that aids in follow-up.

NGT can be used in an **electronic meeting**, which is faster than a face to face meeting. The electronic meeting spurs creativity and increases productivity by allowing meeting participants to contribute equally and anonymously. Up to fifty people can participate by sitting in a horseshoe formation outfitted with computer terminals. Issues are presented and responses are typed. Individual comments and aggregate responses are posted on a projection screen.

The supervisor troubleshoots problems, provides assistance when requested, and asks probing questions to get the team to talk through problems. **Delphi technique** is a form of group decision-making in which members never meet face to face and equal participation is structured by the use of written questionnaires. A problem is identified and members are asked to anonymously provide their solutions through a carefully structured questionnaire. Each member receives a copy of the results and is

again asked for solutions. This process continues until consensus is reached.

Sample Questions:

1. Define each of the following concepts: Empowerment participation, a team conflict and consensus.
2. List the characteristics effective team identified by Chris Argyris.
3. Delphi technique is
4. Social facilitation is.....
5. How can we improve the group participation?
6. The process of uniting the group to form an effective team involves successfully completing four phases. Identify and discuss these steps.
7. Discuss some Techniques for Improving Group Participation.

Choose the right answer:

1. Which best describes how a team is different from a group?

A. A team's members may be strangers.

- B. A team's members may know each other.
- C. A team's members share a common goal.

2. What is teamwork?

- A. How you work with others in a group.
- B. Working in a team.
- C. The combined action of a group of people, especially when effective and efficient.
- D. A decently done project created with others.

3. Why is teamwork better?

- A. Working in teams increases collaboration and allows brainstorming.
- B. You can work with your friends.
- C. Someone else can get you a good grade.
- D. You can do all the work while being around your friends.

4. What strategy can prevent team conflict?
 - A. Authoritarian approach
 - B. Let problems run their course
 - C. Clear, concise guidelines
 - D. Call out trouble makers

5. An order to plan all of the work schedules and is viewed as extremely strict. The leadership style is most likely:
 - A. Democratic
 - B. Independent
 - C. Laissez-faire
 - D. Autocratic

6. Which stage of team building allows the members to express their ideas?
 - A. Norming
 - B. Forming

C. Storming

D. Performing

5. What stage of the team building process focuses on examining how the group reached and accomplished their goal following a service project?

A. Adjourning

B. Performing

C. Storming

D. Forming

7. An effective leader would:

A. Adopt the philosophy of "every man for himself"

B. Blast everyone when he/she reprimands behavior

C. Rarely use encouraging comments to team members

D. Clearly explain what needs to be accomplished by team members

8. What stage of team building would be not agreeing with goals for the year be?

A. Norming

B. Forming

C. Performing

D. Storming

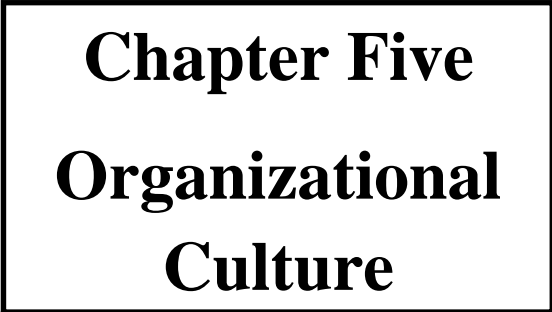
9. Shelby asks who can work part of the next shift until another employee can arrive Which reactive strategy in managing team conflict is this?

A. Accommodation

B. Avoiding

C. Adjusting

D. Acting



Chapter Five
Organizational
Culture

Chapter Five

Organizational Culture

1. Introduction

Culture is just one perspective that can help us to understand more about a business. 'Business culture' is not just about how others see a business, but also about how the individuals within an organization understand it. In this chapter we explore how the concept of culture developed from research into differences between cultures at a national level. It is possible to see, or 'feel', that one business is different from another, and that this involves more than just how it presents itself to the outside world.

This chapter will focus on the following issues:

- The dimensions of national cultures.
- Definition of organizational culture.
- The levels of culture
- Recognize the factors that influence the culture of organization.
- Identify the dimensions of organizational culture.

- Discuss how leaders create organizational culture.
- Discuss the factors affecting culture.

2. National culture: Hofstede's five Cultural Dimensions

A series perspective that we might use to achieve a different insight into business was introduced by Morgan (1986) in his book entitled Images of an Organization. One of these was the business as a culture, a type of micro-society where people work and 'live' together on a daily basis, with certain rules and understandings about what is acceptable and what is not. The idea of a business having a culture was developed from the work of Hofstede on national cultures (1980). His research focused on ways of measuring national culture and how these 'measures' might work differently in different contexts. The cultural values that are important in a national culture, he suggested, could be reflected in the way businesses within that country are operated and organized.

Hofstede's five dimensions (he developed four in 1980, then added a fifth in 1991) were:

a) Power distance:

This concerns the extent to which less powerful members of organizations within a country expect and accept that power is distributed unequally. National cultures that demonstrated what Hofstede called a 'low power distance' are ones in which there is a concern to minimize inequalities. Hofstede included Sweden and New Zealand as examples of this. In general, Hofstede found that Latin American and Latin European (France and Spain) countries had higher power distance scores. The less powerful in these societies tend to look to those with power to make decisions, and inequalities within society are more acceptable. This is represented by a tendency for the centralization of power and the subordination of those with less power within businesses.

b) Individualism/collectivism

In an individualistic society, people are expected to look after themselves and their families. In the case of business this is reflected in, for example, employment contracts based on hiring and firing. Two examples of countries with high scores on this dimension were Australia and Canada. In more collective

societies, people are more concerned for others and the culture is based around more cohesive groups, such as the family, which offer protection in exchange for loyalty. This tendency is reflected in businesses as well as elsewhere in society. Hofstede cited Ecuador and Indonesia as examples of more collective societies.

c) Masculinity/femininity

This refers to the degree to which gender roles are distinct and adhered to within a society. In high femininity societies, social gender roles overlap, with both men and women valuing 'feminine' qualities such as modesty, intuition and quality of life above the more traditionally 'masculine' qualities of aggression and competition. Hofstede's research suggested that Denmark and the Netherlands were more feminine cultures, while many other Western countries exhibited more masculine values. The USA was ranked fifteenth out of 53 nations on this masculinity score. Japan, the UK and West Germany also scored highly on masculine values.

d) Uncertainty avoidance

This concerns the extent to which the members of a society feel threatened by uncertain and unknown situations. Hofstede suggested that Jamaica and Singapore were relatively low uncertainty avoidance cultures, where precision and punctuality are less important, innovation is encouraged and people are motivated by being esteemed by, or belonging to, others above other things. High uncertainty avoidance scores mean that there is a fear of ambiguous situations, a preference for being busy and being precise and punctual. Relatively high scores on this dimension were found for Latin American and Latin European countries, Japan and South Korea.

e) Confucian/dynamism

This refers to the extent to which long-termism or short-termism appears to be the dominant approach. Long-termism stresses perseverance and being sparing with resources. Short-termism, in Hofstede's analysis, involves a greater emphasis on quick results. Hofstede found that the USA tended towards short-termism,

while the Netherlands was the most long-termist European nation, ranked tenth out of 23 countries surveyed.

These differences between national cultures are based in deep-rooted values and so are largely implicit rather than openly acknowledged. They create all sorts of problems for employees in multinational companies who go to work abroad, or for representatives doing business with suppliers or customers in other countries. We can use the simple activity below to explore some of these differences.

3. Defining Organizational Culture

Culture formally defined as:

"Organizational culture" is comprising a number of features, including a shared "pattern of basic assumptions" which group members have acquired over time as they learn to successfully cope with internal and external organizationally relevant problems" (Schein, 1990).

Basically, organizational culture is the personality of the organization. Culture is comprised of the assumptions, values,

norms and tangible signs (Artifacts) of organization members and their behaviors. Members of an organization soon come to sense the culture of an organization.

Corporate culture can be looked at as a system. Inputs include feedback from, e.g., society, professions, laws, stories, heroes, values on competition or service, etc. The process is based on our assumptions, values, and norms, e.g., our values on money, time, facilities, space and people. Outputs or effects of our culture are, e.g., organizational behaviors, technologies, strategies, image, products, services, appearance, etc.

The concept of culture is particularly important when attempting to manage organization-wide change. Practitioners are coming to realize that, despite the best-laid plans, organizational change must include not only changing structures and processes, but also changing the corporate culture as well.

Organizational change efforts are rumored to fail most of the time. Usually, this failure is credited to lack of understanding about the strong role of culture and the role it plays in

organizations. That is one of the reasons that many strategic planners now place as much emphasis on identifying strategic values as they do mission and vision.

Hence, we need to understand that:

- Culture: norms, values, behavior patterns, rituals, traditions.
- Culture implies structural stability and Patterning and integration.
- Culture is the accumulated shared learning from shared history.
- Culture is customs and rights.
- Each organization has its own way, and an outsider brings his/her baggage as observer.
- Managers must understand new environment and culture before change or observation can be made by:
- Observe behavior: language, customs, traditions
- Espoused values: published, publicly announced values.
- Formal Philosophy: mission

- Rules of the Game: rules to all in organization
- Climate: climate of group in interaction

Problems all groups must deal with regarding culture:

- Survival, growth, and adaptation in environment
- Internal integration that permits functioning and adapting.
- The problem of socialization: teaching new comers.
- Can a large org have one culture? Subcultures.

4. Levels of Culture

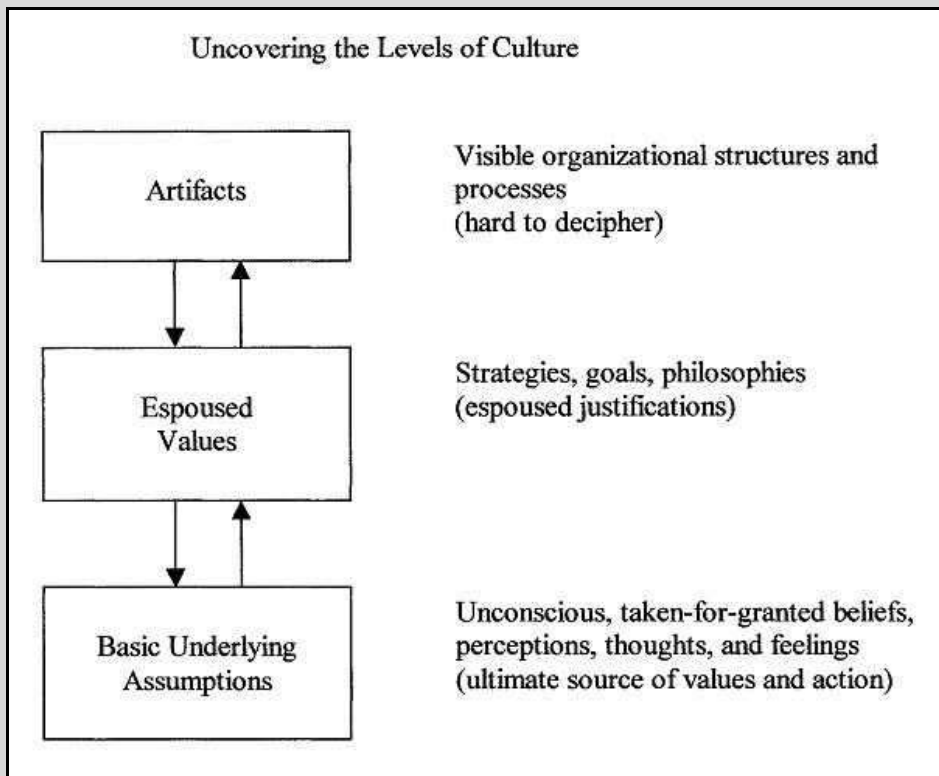


Figure 11 Levels of culture

a) Artifacts

At the surface is the level of artifacts, which includes all the phenomena that you would see, hear, and feel when you encounter a new group with an unfamiliar culture. Artifacts include the visible products of the group, such as the architecture of its physical environment; its language; its technology and products; its artistic creations; its style, as embodied in clothing,

manners of address, and emotional displays; its myths and stories told about the organization; its published lists of values; and its observable rituals and ceremonies.

- On surface
- Sees
- Hears
- Feels
- Visible products
- Language
- Technology
- Products
- Creations
- Style: clothing, manners of address, myths, stories
- Easy to observe
- Difficult to decipher
- Symbols are ambiguous
- Problems in classification

Among these artifacts is the "climate" of the group. Some culture analysts see climate as the equivalent to culture, but it is better thought of as the product of some of the underlying assumptions and is, therefore, a manifestation of the culture. Observed behavior is also an artifact as are the organizational processes by which such behavior is made routine. Structural elements such as charters, formal descriptions of how the organization works, and organization charts also fall into the artifact level.

The most important point to be made about this level of the culture is that it is both easy to observe and very difficult to decipher. The Egyptians and the Mayans both built highly visible pyramids, but the meaning of pyramids in each culture was very different-tombs in one, temples as well as tombs in the other. In other words, observers can describe what they see and feel but cannot reconstruct from that alone what those things mean in the given group.

It is especially dangerous to try to infer the deeper assumptions from artifacts alone because a person's

interpretations will inevitably be projections of his or her own feelings and reactions. For example, if you see a very formal organization, you may interpret that to be a sign of "lack of innovative capacity" if your own experience is based on the assumption that formality means bureaucracy and standardization.

b) Espoused Values

All group learning ultimately reflects someone's original beliefs and values, his or her sense of what ought to be, as distinct from what is. When a group is first created or when it faces a new task, issue, or problem, the first solution proposed to deal with it reflects some individual's own assumptions about what is right or wrong, what will work or not work. Those individuals who prevail, who can influence the group to adopt a certain approach to the problem, will later be identified as leaders or founders, but the group does not yet have any shared knowledge as a group because it has not yet taken a common action in reference to whatever it is supposed to do. Whatever is proposed will only be perceived as what the leader wants. Until the group has taken

some joint action and together observed the outcome of that action, there is not as yet a shared basis for determining whether what the leader wants will turn out to be valid.

For example, if sales begin to decline in a young business, a manager may say, "We must increase advertising" because of her belief that advertising always increases sales. The group, never having experienced this situation before, will hear that assertion as a statement of that manager's beliefs and values: "She believes that when one is in trouble it is a good thing to increase advertising." What the leader initially proposes, therefore, cannot have any status other than a value to be questioned, debated, challenged, and tested.

If the manager convinces the group to act on her belief, the solution works, and the group has a shared perception of that success, then the perceived value that "advertising is good" gradually becomes transformed: first into a shared value or belief and ultimately into a shared assumption (if actions based on it continue to be successful). If this transformation process occurs, group members will tend to forget that originally, they

were not sure and that the proposed course of action was at an earlier time just a proposal to be debated and confronted.

c) Basic Assumptions

This is the final, core layer of culture. Basic underlying assumptions are the things you believe. For example, at Know Your Team, we have a basic underlying assumption that we must be honest, regardless of the personal cost. So, when we made a big mistake a few years ago, we proactively shared it with our customers, even it meant risking losing them. Our basic underlying assumption steered our decision-making and how “we do things around here”—ultimately, driving our culture.

Our basic underlying assumptions are the foundation of culture. If we can influence our basic underlying assumptions, we can influence culture.

Sample Questions:

1. Define culture and summarize the 45 dimensions of national culture based on Hofstede.
2. The characteristics of a work group, organization, specific market, or national population is called
 - a) culture
 - b) individualism
 - c) collectivism
 - d) demographics
3. Define organizational culture and identify the three levels of it.
4. Discuss the factors influencing organizational culture.

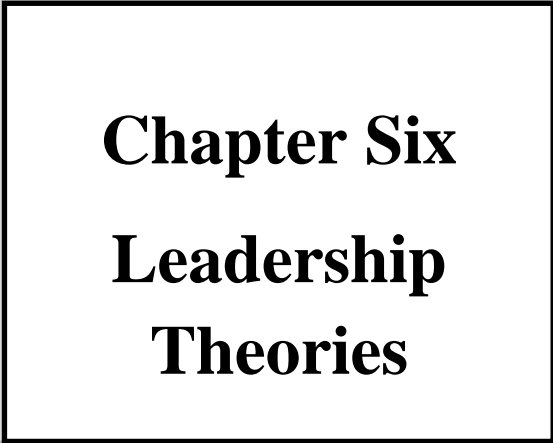
Choose the right answer

1. Which statement is not true of national and organizational culture?
 - A. National cultures all differ, and organizational cultures will often reflect national cultures.
 - B. Organizational cultures, while strong, can't ignore local culture.
 - C. All global firms need to be more culturally sensitive.
 - D. Managers do not need to be aware of national culture when working in global companies.
2. Culture defines the boundary between one organization and others. It:

- A. Conveys a sense of identity for the organization
 - B. Conveys a sense of identity for non-members.
 - C. Facilitates the generation of commitment to self-interest only.
 - D. Serves as a sense-making and control mechanism for fitting employees in the organization.
3. What factors create organizational culture?
- A. The thoughts and values of new employees.
 - B. The founders' own behavior acts as a role model that encourages employees to identify with them and thereby internalize their beliefs, values and assumptions.
 - C. The founders hire and keep only the employees who does not think and feel the same way they do.
 - D. The founders do not indoctrinate and socialize these employees to their way of thinking and feeling.
4. A positive organizational culture is one that:
- A. Increases barriers to diversity which may lead to institutionalized bias.
 - B. Builds on employee weakness by emphasizing and showing workers how they can capitalize on their strengths.
 - C. Rewards more than it punishes by articulating praise and 'catching employees doing something right'.

- D. Emphasizes group vitality and growth by helping employees learn and grow in their jobs and careers.
5. Research suggests that managers can influence the ethical behavior of employees by adhering to which of the following principles:
- A. Provide protective clothing.
 - B. Post ethical expectations through policies.
 - C. Provide ethical training.
 - D. Visibly reward unethical acts.
6. Organization with a weak culture orientation will be less adaptable to changes.
- A. True
 - B. False
7. _____ help turn routine activities into valuable, important actions:
- A. shared values
 - B. ambiguous descriptions
 - C. sagas/ stories
 - D. culturally shared symbols
8. The set of beliefs, goals, and practices that a group of people share is known as:
- A. behavior

- B. interdependence
 - C. culture
 - D. diffusion
9. Culture will never be able to change.
- A. True
 - B. False
10. What does the following statement define "the way things are done around here"?
- A. Staff turnover
 - B. Supply and Demand
 - C. Competition
 - D. Culture



Chapter Six
Leadership
Theories

Chapter Six

Leadership Theories₁

1. Introduction:

An organization has the greatest chance of being successful when all employees work toward achieving its goals. Since leadership involves the exercise of influence by one person over others, the quality of leadership exhibited by managers is a critical determinant of organizational success. Thus, leadership is important to influence the actions of employees toward the achievement of the goals of the organization.

This chapter discuss the following issues related to leadership:

1. What is leadership?
2. The difference between leadership and management.
3. Theories of leadership.

2. What is leadership?

While leadership is easy to explain, leadership is not so easy to practice. Leadership is about behavior first, skills second. Good leaders are followed chiefly because people trust and respect them, rather than the skills they possess. Leadership is different to management.

Management relies more on planning, organizational and communications skills.

Leadership relies on management skills too, but more so on qualities such as integrity, honesty, humility, courage, commitment, sincerity, passion, confidence, positively, wisdom, determination, compassion and sensitivity. Some people are born more naturally to leadership than others. Most people do not seek to be a leader. Those who want to be a leader can develop leadership ability.

Leadership can be performed with different styles. Some leaders have one style, which is right for certain

situations and wrong for others. Some leaders can adapt and use different leadership styles for given situations.

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

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

Basically, this traditional definition of leadership says that a leader influences more than one person toward a goal. The definition of leadership used in this chapter follows.

LEADERSHIP is a dynamic relationship based on mutual influence and common purpose between leaders and collaborators in which both are moved to higher levels

of motivation and moral development as they affect real, intended change.

Three important parts of this definition are the terms relationship, mutual, and collaborators. Relationship is the connection between people. Mutual means shared in common. Collaborators cooperate or work together. This definition of leadership says that the leader is influenced by the collaborators while they work together to achieve an important goal.

3. Leadership versus Management

A leader can be a manager, but a manager is not necessarily a leader. The leader of the work group may emerge informally as the choice of the group. If a manager is able to influence people to achieve the goals of the organization, without using his or her formal authority to do so, then the manager is demonstrating leadership.

According to Kotter (1990), managers must know how to lead as well as manage. Without leading as well as

managing, today's organizations face the threat of extinction.

Management is the process of setting and achieving the goals of the organization through the functions of management: planning, organizing, directing (or leading), and controlling. A manager is hired by the organization and is given formal authority to direct the activity of others in fulfilling organization goals.

Leading is a major part of a manager's job. Yet a manager must also plan, organize, and control. Generally speaking, leadership deals with the interpersonal aspects of a manager's job, whereas planning, organizing, and controlling deal with the administrative aspects.

Leadership deals with change, inspiration, motivation, and influence. Management deals more with carrying out the organization's goals and maintaining equilibrium.

The key point in differentiating between leadership and management is the idea that employees willingly follow leaders because they want to, not because they have to.

Leaders may not possess the formal power to reward or sanction performance. However, employees give the leader power by complying with what he or she requests. On the other hand, managers may have to rely on formal authority to get employees to accomplish goals.

4. Trait Theories of Leadership

In the 1920's and 1930's, leadership research focused on trying to identify the traits that differentiated leaders from non-leaders. The trait approach to understanding leadership assumes that certain physical, social, and personal characteristics are inherent in leaders. Sets of traits and characteristics were identified to assist in selecting the right people to become leaders.

Physical traits include being young to middle-aged, energetic, tall, and handsome. Social background traits

include being educated at the "right" schools and being socially prominent or upwardly mobile. Social characteristics include being charismatic, charming, tactful, popular, cooperative, and diplomatic.

Personality traits include being self-confident, adaptable, assertive, and emotionally stable. Task-related characteristics include being driven to excel, accepting of responsibility, having initiative, and being results-oriented.

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

Problems with Trait theory:

- Trait theory has not been able to identify a set of traits that will consistently distinguish leaders from followers.

- Trait theory posits key traits for successful leadership (drive, desire to lead, integrity, self-confidence, intelligence, and job-relevant knowledge) yet does not make a judgment as to whether these traits are inherent to individuals or whether they can be developed through training and education. No two leaders are alike.
- Furthermore, no leader possesses all the traits. Comparing leaders in different situations suggests that the traits of leaders depend on the situation.
- Thus, traits were de-emphasized to consider situational conditions (contingency perspective).

5. Behavioral Theories

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

a) Theory X and Theory Y

Douglas McGregor described Theory X and Theory Y in his book, *The Human Side of Enterprise*. Theory X and Theory Y each represent different ways in which leaders view employees. Theory X managers believe that employees are motivated mainly by money, are lazy, uncooperative, and have poor work habits. Theory Y managers believe that subordinates work hard, are cooperative, and have positive attitudes. **Theory X** is the traditional view of direction and control by managers. **Theory Y** is the view that individual and organizational goals can be integrated.

b) Ohio State and University of Michigan

Studies conducted at the Ohio State University and the University of Michigan identified two leadership styles and two types of leader behaviors. The Ohio State study identified two leadership styles: *considerate* and *initiating structure*. The University of Michigan study classified leaders' behaviors as being production- or employee-

centered. The primary concern of leaders with considerate and employee-centered style is the employee's welfare. The primary concern of leaders with initiating-structure and production-centered styles is achieving goals. Research findings on which dimension is most important for satisfaction and productivity are inconclusive. However, employee-oriented leaders appear to be associated with high group productivity and job satisfaction.

c) University of Iowa

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

d) The Managerial Grid

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

The five leadership styles of the managerial grid include impoverished, country club, produce or perish, middle-of-the road, and team. The impoverished style is located at the lower left-hand corner of the grid, point (1, 1). It is characterized by low concern for both people and production. The primary objective of the impoverished style is for managers to stay out of trouble. The country club style is located at the upper left-hand corner of the grid, point (1, 9). It is characterized as a high concern for people and a low concern for production. The primary

objective of the country club style is to create a secure and comfortable atmosphere and trust that subordinates will respond positively. The produce or perish style is located at the lower right-hand corner of the grid, point (9,1). A high concern for production and a low concern for people characterize it. The primary objective of the produce or perish style is to achieve the organization's goals. To accomplish the organization's goals, it is not necessary to consider employees' needs as relevant. The middle-of-the-road style is located at the middle of the grid, point (5, 5). A balance between workers' needs and the organization's productivity goals characterize it. The primary objective of the middle-of-the-road style is to maintain employee morale at a level sufficient to get the organization's work done. The team style is located at the upper right-hand of the grid, point (9, 9). It is characterized by a high concern for people and production. The primary objective of the team style is to establish cohesion and foster a feeling of commitment among workers.

6. Contingency Theories

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

a) Fiedler's Contingency Model

Leadership Theory and Research: Perspectives and Directions (Academic Press Inc (HBJ), 1993) was a tribute to Fred Fiedler's 40 year study of leadership and organizational effectiveness. The editors, Martin M. Chemers and Roya Ayman, write of Fiedler's contribution: "The realization that leadership effectiveness depends on the interaction of qualities of the leader with demands of the situation in which the leader functions, made the simplistic "one best way" approach of earlier eras obsolete."

Fred E. Fiedler's contingency theory postulates that there is no best way for managers to lead. Situations will create different leadership style requirements for a manager. The solution to a managerial situation is contingent on the factors that impinge on the situation.

For example, in a highly routinized (mechanistic) environment where repetitive tasks are the norm, a certain leadership style may result in the best performance. The same leadership style may not work in a very dynamic environment.

Fiedler looked at three situations that could define the condition of a managerial task:

- Leader member relations: How well do the manager and the employees get along?
- The task structure: Is the job highly structured, fairly unstructured, or somewhere in between?
- Position power: How much authority does the manager possess?

Managers were rated as to whether they were relationship oriented or task oriented. Task oriented managers tend to do better in situations that have good leader-member relationships, structured tasks, and either weak or strong position power. They do well when the task is unstructured, but position power is strong. Also, they did well at the other end of the spectrum when the leader member relations were moderate to poor and the task was unstructured. Relationship oriented managers do better in all other situations. Thus, a given situation might call for a manager with a different style or a manager who could take on a different style for a different situation.

These environmental variables are combined in a weighted sum that is termed "Favorable" at one end and "unfavorable" at the other. Task oriented style is preferable at the clearly defined extremes of "favorable" and "unfavorable" environments, but relationship orientation excels in the middle ground. Managers could attempt to reshape the environment variables to match their style.

Another aspect of the contingency model theory is that the leader-member relations, task structure, and position power dictate a leader's situational control. Leader-member relations are the amount of loyalty, dependability, and support that the leader receives from employees. It is a measure of how the manager perceives he or she and the group of employees is getting along together. In a favorable relationship the manager has a high task structure and is able to reward and or punish employees without any problems. In an unfavorable relationship the task is usually unstructured, and the leader possesses limited authority. The spelling out in detail (favorable) of what is required of subordinates affects task structure.

Positioning power measures the amount of power or authority the manager perceives the organization has given him or her for the purpose of directing, rewarding, and punishing subordinates. Positioning power of managers depends on the taking away (favorable) or increasing (unfavorable) the decision-making power of employees.

The task-motivated style leader experiences pride and satisfaction in the task accomplishment for the organization, while the relationship-motivated style seeks to build interpersonal relations and extend extra help for the team development in the organization. There is no good or bad leadership style. Each person has his or her own preferences for leadership. Task-motivated leaders are at their best when the group successfully performs such as achieving a new sales record or outperforming the major competitor. Relationship-oriented leaders are at their best when greater customer satisfaction is gained, and a positive company image is established.

b) Hersey-Blanchard Situational Leadership

The Hersey-Blanchard Situational Leadership theory is based on the amount of direction (task behavior) and amount of socio-emotional support (relationship behavior) a leader must provide given the situation and the "level of maturity" of the followers. Task behavior is the extent to which the leader engages in spelling out the duties and

responsibilities to an individual or group. This behavior includes telling people what to do, how to do it, when to do it, where to do it, and who's to do it. In task behavior the leader engages in one-way communication. Relationship behavior is the extent to which the leader engages in two-way or multi-way communications. This includes listening, facilitating, and supportive behaviors. In relationship behavior the leader engages in two-way communication by providing socio-emotional support. Maturity is the willingness and ability of a person to take responsibility for directing his or her own behavior. People tend to have varying degrees of maturity, depending on the specific task, function, or objective that a leader is attempting to accomplish through their efforts.

To determine the appropriate leadership style to use in a given situation, the leader must first determine the maturity level of the followers in relation to the specific task that the leader is attempting to accomplish through the effort of the followers. As the level of followers' maturity

increases, the leader should begin to reduce his or her task behavior and increase relationship behavior until the followers reach a moderate level of maturity. As the followers begin to move into an above average level of maturity, the leader should decrease not only task behavior but also relationship behavior.

Once the maturity level is identified, the appropriate leadership style can be determined. The four leadership styles are telling, selling, participating, and delegating. High task/low relationship behavior (S1) is referred to as "telling." The leader provides clear instructions and specific direction. Telling style is best matched with a low follower readiness level. High task/high relationship behavior (S2) is referred to as "selling." The leader encourages two-way communication and helps build confidence and motivation on the part of the employee, although the leader still has responsibility and controls decision making. Selling style is best matched with a moderate follower readiness level. High relationship/low

task behavior (S3) is referred to as "participating." With this style, the leader and followers share decision making and no longer need or expect the relationship to be directive. Participating style is best matched with a moderate follower readiness level. Low relationship/low task behavior (S4) is labeled "delegating." This style is appropriate for leaders whose followers are ready to accomplish a particular task and are both competent and motivated to take full responsibility. Delegating style is best matched with a high follower readiness level.

7. House's Path-Goal Model

The path-goal theory developed by Robert House is based on the expectancy theory of motivation. The manager's job is viewed as coaching or guiding workers to choose the best paths for reaching their goals. "Best" is judged by the accompanying achievement of organizational goals. It is based on the precepts of goal setting theory and argues that leaders will have to engage in different types of leadership behavior depending on the

nature and demands of the particular situation. It's the leader's job to assist followers in attaining goals and to provide direction and support needed to ensure that their goals are compatible with the organization's.

A leader's behavior is acceptable to subordinates when viewed as a source of satisfaction, and motivational when need satisfaction is contingent on performance, and the leader facilitates, coaches and rewards effective performance. Path goal theory identifies achievement-oriented, directive, participative and supportive leadership styles. In achievement-oriented leadership, the leader sets challenging goals for followers, expects them to perform at their highest level, and shows confidence in their ability to meet this expectation. This style is appropriate when the follower suffers from a lack of job challenge. In directive leadership, the leader lets followers know what is expected of them and tells them how to perform their tasks. This style is appropriate when the follower has an ambiguous job. Participative leadership involves leaders consulting

with followers and asking for their suggestions before deciding. This style is appropriate when the follower is using improper procedures or is making poor decisions. In supportive leadership, the leader is friendly and approachable. He or she shows concern for followers' psychological well-being. This style is appropriate when the followers lack confidence.

Path-Goal theory assumes that leaders are flexible and that they can change their style, as situations require. The theory proposes two contingency variables (environment and follower characteristics) that moderate the leader behavior-outcome relationship. Environment is outside the control of followers-task structure, authority system, and work group. Environmental factors determine the type of leader behavior required if follower outcomes are to be maximized. Follower characteristics are the locus of control, experience, and perceived ability. Personal characteristics of subordinates determine how the environment and leader are interpreted. Effective leaders

clarify the path to help their followers achieve their goals and make the journey easier by reducing roadblocks and pitfalls. Research demonstrates that employee performance and satisfaction are positively influenced when the leader compensates for the shortcomings in either the employee or the work setting.

8. Vroom, Yetton, Jago Leader-Participation Model

The Vroom, Yetton, Jago leader-participation model relates leadership behavior and participation to decision making. The model provides a set of sequential rules to determine the form and amount of participative decision making in different situations. It is a decision tree, requiring yes and no answers incorporating contingencies about task structure and alternative styles.

The following contingency questions must be answered to determine the appropriate leadership style in the leader-participation model.

- Quality Requirement: How important is the technical quality of this decision?
- Commitment Requirement: How important is subordinate commitment to the decision?
Leader's Information: Do you have sufficient information to make a high-quality decision?
Problem Structure: Is the problem well structured?
- Commitment Probability: If you were to make the decision yourself, are you reasonably certain that your subordinates would be committed to the decision?
- Goal Congruence: Do subordinates share the organizational goals to be attained in solving this problem? · Subordinate Conflict: Is conflict among subordinates over preferred solutions likely?

- Subordinate Information: Do subordinates have sufficient information to make a high-quality decision?

9. Transformational Leadership

Transformational leadership blends the behavioral theories with a little dab of trait theories. Transactional leaders, such as those identified in contingency theories, guide followers in the direction of established goals by clarifying role and task requirements. However, transformational leaders, who are charismatic and visionary, can inspire followers to transcend their own self-interest for the good of the organization. Transformational leaders appeal to followers' ideals and moral values and inspire them to think about problems in new or different ways. Leader behaviors used to influence followers include vision, framing, and impression management. Vision is the ability of the leader to bind people together with an idea. Framing is the process whereby leaders define the purpose of their movement in highly meaningful terms. Impression

management is a leader's attempt to control the impressions that others form about the leader by practicing behaviors that make the leader more attractive and appealing to others. Research indicates that transformational, as compared to transactional, leadership is more strongly correlated with lower turnover rates, higher productivity, and higher employee satisfaction.

A transformational leader instills feelings of confidence, admiration and commitment in the followers. He or she is charismatic, creating a special bond with followers, articulating a vision with which the followers identify and for which they are willing to work. Each follower is coached, advised, and delegated some authority. The transformational leader stimulates followers intellectually, arousing them to develop new ways to think about problems. The leader uses contingent rewards to positively reinforce performances that are consistent with the leader's wishes. Management is by exception. The leader takes initiative only when there are problems and is

not actively involved when things are going well. The transformational leader commits people to action and converts followers into leaders.

Transformational leaders are relevant to today's workplace because they are flexible and innovative. While it is important to have leaders with the appropriate orientation defining tasks and managing interrelationships, it is even more important to have leaders who can bring organizations into futures they have not yet imagined. Transformational leadership is the essence of creating and sustaining competitive advantage.

Final notes:

- Autocratic leader does not share decision authority with subordinates.
- Leadership is an interpersonal influence directed toward the achievement of a goal or goals.
- Management is the process of setting and achieving the goals of the organization through the functions

of management: planning, organizing, directing (or leading), and controlling.

- A manager is hired by the organization and is given formal authority to direct the activity of others in fulfilling organization goals.
- Participative leader shares decision authority with subordinates.
- The trait approach to understanding leadership assumes that certain physical, social, and personal characteristics are inherent in leaders.
- Transactional leaders, such as those identified in contingency theories, guide followers in the direction of established goals by clarifying role and task requirements.
- Transformational leaders, who are charismatic and visionary, appeal to followers' ideals and moral values and inspire them to think about problems in new or different ways.

Sample Questions

Question One

1. Define leadership and what is the difference between management and leadership?
2. Write briefly about the Maslow Hierarchy of needs.
3. A manager can be a leader, but a leader is not necessary a manager. Do you agree and why?
4. Write briefly about:
 - a. The contingency theory
 - b. Transformational leadership.

Question Two:

1. **Write short notes in each of the following:**
 - a) Treat theories of leadership.
 - b) Theory X and theory Y.
 - c) Ohio State University leadership styles.
 - d) The Managerial Grid
 - e) Transformational leadership.

Choose the right answer:

1. A manager who uses power to control the behavior of others for the sense of personal satisfaction is said to be an effective leader.

- a) True b) False
2. A manager can be a leader, but a leader is not necessary a manager.
- a) true b) false
3. When a manager uses his power to inspire others to work hard to accomplish important tasks, the manager is exercising.
- a) Power b) Management
c) Leadership d) Charisma.
4. Theory X is the view that individual and organizational goals can be integrated.
- a) true b) false

Chapter Seven
Organizational
Change and
Development

Chapter Seven

Organizational Change and Development

1. OBGECTIVES

After studying this chapter, you should be able to define organizational change and organizational development, discuss the importance of organizational development, determine the responsibility of managing change in organizations, consider the importance of involving people in change, list the change management principles and discuss the eight steps to successful change.

This chapter will focus on the following issues:

1. Definition of organizational development and change.
2. Importance of Organizational Development
3. Responsibility for managing change
4. Involving people in change
5. Change management principles.
6. Eight steps to successful change.

2. Definition of organizational development and change

Organizational change occurs, for example, when an organization changes its overall strategy for success, adds or removes a major section or practice, and/or wants to change the very nature by which it operates. It also occurs when an organization evolves through various life cycles, just like people must successfully evolve through life cycles. For organizations to develop, they often must undergo significant change at various points in their development. That's why the topic of organizational change and development has become widespread in communications about business, organizations, leadership, and management.

Organization Development (OD) is the process of improving organizations. The process is carefully planned and implemented to benefit the organization, its employees and its stakeholders. The change process supports improvement of the organization or group as a whole. The

organization is assessed to create an understanding of the current situation and to identify opportunities for change that will meet business objectives.

The nature and needs of organizations are changing dramatically. Correspondingly, the profession of organization development (OD) has been changing to meet the changing needs of organizations. Therefore, it may be most useful to consider several definitions of organization development. Here's a standard definition. The next section gives some contrasting definitions.

For many years, the following definition was perhaps the standard definition for OD. The following definition was developed in 1969 at a time when an organization was considered to be much like a stable machine comprised of interlocking parts.

“Organization Development is an effort planned, organization-wide, and managed from the top, to increase organization effectiveness and health through planned

interventions in the organization's 'processes,' using behavioral-science knowledge.”²

Today's organizations operate in a rapidly changing environment. Consequently, one of the most important assets for an organization is the ability to manage change -- and for people to remain healthy and authentic. Consider the following definition of OD:

“Organization Development is the attempt to influence the members of an organization to expand their candidness with each other about their views of the organization and their experience in it, and to take greater responsibility for their own actions as organization members. The assumption behind OD is that when people pursue both of these objectives simultaneously, they are likely to discover new ways of working together that they experience as more effective for achieving their own and their shared (organizational) goals. And that when this does not happen, such activity helps them to understand why and to make meaningful

choices about what to do in light of this understanding.”³

Many experts agree that the following definition of OD represents the major focus and thrust of today's OD practitioners.

"Organization development is a system-wide application of behavioral science knowledge to the planned development and reinforcement of organizational strategies, structures, and processes for improving an organization's effectiveness."⁴

3. Importance of Organizational Development

Profitability, productivity, morale and quality of work life are of concern to most organizations because they impact achievement of organization goals. There is an increasing trend to maximize an organization's investment in its employees. Jobs that previously required physical dexterity now require more mental effort. Organizations need to "work smarter" and apply creative ideas.

The work force has also changed. Employees expect more from a day's work than simply a day's pay. They want challenge, recognition, a sense of accomplishment, worthwhile tasks and meaningful relationships with their managers and co-workers. When these needs are not met, performance declines.

Today's customers demand continually improving quality, rapid product or service delivery; fast turn-around time on changes, competitive pricing and other features that are best achieved in complex environments by innovative organizational practices.

The effective organization must be able to meet today's and tomorrow's challenges. Adaptability and responsiveness are essential to survive and thrive.

4. Responsibility for managing change

The employee does not have a responsibility to manage change - the employee's responsibility is no other than to do their best, which is different for every person and

depends on a wide variety of factors (health, maturity, stability, experience, personality, motivation, etc).

Responsibility for managing change is with management and executives of the organization - they must manage the change in a way that employees can cope with it. The manager has a responsibility to facilitate and enable change, and all that is implied within that statement, especially to understand the situation from an objective standpoint (to 'step back', and be non-judgmental), and then to help people understand reasons, aims, and ways of responding positively according to employees' own situations and capabilities. Increasingly the manager's role is to interpret, communicate and enable - not to instruct and impose, which nobody really responds to well.

5. Involving the people in change

Change such as new structures, policies, targets, acquisitions, disposals, re-locations, etc., all create new systems and environments, which need to be explained to

people as early as possible, so that people's involvement in validating and refining the changes themselves can be obtained.

Whenever an organization imposes new things on people there will be difficulties. Participation, involvement and open, early, full communication are the important factors.

Workshops are very useful processes to develop collective understanding, approaches, policies, methods, systems, ideas, etc. See the section on workshops on the website.

Staff surveys are a helpful way to repair damage and mistrust among staff - provided you allow people to complete them anonymously, and provided you publish and act on the findings.

Management training, empathy and facilitative capability are priority areas - managers are crucial to the change process - they must enable and facilitate, not

merely convey, and implement policy from above, which does not work.

You cannot impose change - people and teams need to be empowered to find their own solutions and responses, with facilitation and support from managers, and tolerance and compassion from the leaders and executives. Management and leadership style and behavior are more important than clever process and policy. Employees need to be able to trust the organization.

The leader must agree and work with these ideas, or change is likely to be very painful, and the best people will be lost in the process.

6. Eight steps to successful change

John Kotter's highly regarded books 'Leading Change' (1995) and the follow-up 'The Heart Of Change' (2002) describe a helpful model for understanding and managing change. Each stage acknowledges a key principle identified by Kotter relating to people's response

and approach to change, in which people see, feel and then change (see a more detailed interpretation of the personal change process in John Fisher's model of the process of personal change): Kotter's eight step change model can be summarized as⁵:

- Increase urgency - inspire people to move, make objectives real and relevant.
- Build the guiding team - get the right people in place with the right emotional commitment, and the right mix of skills and levels.
- Get the vision right - get the team to establish a simple vision and strategy, focus on emotional and creative aspects necessary to drive service and efficiency.
- Communicate for buy-in - Involve as many people as possible, communicate the essentials, simply, and to appeal and respond to people's needs. De-clutter communications

- make technology work for you rather than against.
- Empower action - Remove obstacles, enable constructive feedback and lots of support from leaders - reward and recognize progress and achievements.
- Create short-term wins - Set aims that are easy to achieve - in bite-size chunks. Manageable numbers of initiatives. Finish current stages before starting new ones.
- Don't let up - Foster and encourage determination and persistence - ongoing change - encourage ongoing progress reporting - highlight achieved and future milestones.
- Make change stick - Reinforce the value of successful change via recruitment, promotion,

new change leaders. Weave change into culture.

Sample Questions

Question one: Define each of the following concepts:

1. Organizational development.
2. Organizational change.

Question two: Write short notes in each of the following.

1. The importance of organizational development.
2. Change management principles.
3. Responsibility for managing change.
4. How management can involve the people in change
5. Discuss the change management principles.
6. List the eight steps to successful change.

Choose the right answer:

1. Which of the following is not an internal factor driving change?
A. changes in human resources and skill levels

- B. new management approaches
 - C. new product development
 - D. changes in local government elections
2. Which of the following is achieving management commitment?
3. Why might workers resist change?
- A. change could involve higher workloads
 - B. change could involve relocation
 - C. change could involve the breaking up of working groups
 - D. All of the above
4. Which of the following is a part of tangible organizational context?
- A. Organization culture
 - B. Organizational politics
 - C. Organizational environment
 - D. Organizational resources
5. Which of these sequences is correct for the systems development life cycle?

- A. Design, initiation, analysis, build
 - B. Initiation, analysis, design, build
 - C. Analysis, initiation, design, build
 - D. Analysis, design, initiation, build
6. Which of the following is achieving management commitment?
- A. Education and training
 - B. Active involvement by senior staff
 - C. New approach to business self-image
 - D. None of the above
7. An infrastructure and plan is in place to build awareness of change goals
- A. change architecture
 - B. communication
 - C. leadership capacity
 - D. cultural capacity

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End Notes

1 elecollege.dcccd.edu/mgmt1374/book_contents/1overview/managerial_roles/mgrl_roles.htm

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3 Machnamara, from Neilsen, "Becoming an OD Practitioner", Englewood Cliffs, CA: Prentice-Hall, 1984, pp. 2-3. www.managementhelp.org/org_chng/od-field/OD_defn.htm#anchor74706

4 Machnamara, from, Cummings and Worley, "Organization Development and Change", Sixth Edition, South-Western Publishing, 1997, p.2.

⁵ https://www.mindtools.com/pages/article/newPPM_82.htm
vi <http://www.balancedscorecard.org/>