Organizational Psychology (PSY510)

Table of Contents

INTRODUCTION TO ORGANIZATIONAL PSYCHLOGY

Organizational Psychology is the understanding, prediction and control of human behaviour in organizations. As noted by well-known international management scholar Geert Hofstede, "Because management is always about people, its essence is dealing with human nature. Since human nature seems to have been extremely stable over recorded history, the essence of management has been and will be equally stable over time." Therefore the essence of Organizational Psychology remains in trying to better understand and effectively manage human behaviour in organizations.

Foundations/Background of organizational psychology reveals two main sources of information:

*   Anthropology: It is the study of man
*   Sociology: It is the science of society, study of social aggregates

Management is considered to be faced by three major dimensions, technical, conceptual, and human. Psychologists realized the importance of the human dimension of management to the extent that theories were developed to understand human behaviour in organizations. An example of such a theory was Douglas McGregor's Theory X according to which most managers thought that their employees were indolent and lazy. This approach was considered to be successful in managing the human element for a long time. Later it was revealed that that the approach no longer worked with the current environmental demands. The impact of globalization, technological advancement, fast pace of life and all such changes in the organizational environment have caused the behaviour of employees in the organization to be influenced dramatically. The old approaches hold little worth today and new research is being done under the umbrella of Organizational Psychology in order to understand human behaviour in the modern day environment. It was realized by scientists that through little simulation, lab knowledge can be applied to organizations such as industry, banks, stock exchanges, colleges, universities, offices.
It is important that we adopt the new approaches towards organizational psychology and it can be done by looking at old models and paradigms to be scrutinized and new concepts and models to be discovered and applied by empirical research.

Organizational psychology is also known as the study of organizational behaviour. It is a diverse branch of psychology which incorporates various aspects of other fields of psychology and human resource management, including, social psychology, personality psychology, quantitative psychology including psychometrics.
Initially, Organizational Psychology was not distinguished from vocational psychology or the study of human factors. Today Organizational Psychology is considered to be a separate discipline in all over the world, being taught in almost all universities offering psychology courses. Organizational psychologists specialize in one of the following aspects: psychometrics; quality; employment law; personnel selection; training; leadership selection, coaching and development; organizational design and change. Some Organizational Psychologists are academic (working in both business and psychology departments) or nonacademic researchers, while many others are engaged in practice, holding positions such as executive coach; counsellor; diversity consultant; legislative compliance officer etc.

Financial compensation of industrial and organizational psychologists generally is among the highest in the whole field of psychology. While salary and benefits tend to be significantly greater in the private sector, academics who specialize in industrial and organizational psychology may command greater compensation than their faculty peers. Teaching (and sometimes research) opportunities exist in business schools as well as in psychology programs. Business schools typically offer more generous salaries and benefits than do psychology programs.

Coming to the history of Organizational Psychology, it differs country by country. In the United States, its origins are those of applied psychology in the early 20th Century, when the nation was experiencing tremendous industrialization, corporatization, unionization, immigration, urbanization and physical expansion. Arguably, the field's greatest early pioneers were Hugo Münsterberg (1863-1916), Walter Dill Scott (1869-1955) and Walter Van Dyke Bingham (1880-1952). As in other countries, wartime necessity (e.g., World War I and World War II) led to the discipline's substantial growth. Business demand for scientific management, selection and training also has promoted and sustained the field's development.

Organizational psychologists may adopt one of the following approaches to view their subject matter and gather data: Behaviouristic Approach as that of Pavlov or Cognitive Approach as that of Freud

One of the tools that organizational psychologists commonly utilize in the field is called a job analysis. Job analyses identify essential characteristics associated with any particular position through interviews of job incumbents, subject matter experts, supervisors and/or past job descriptions. Job analysis measures both worker facets necessary to perform the job adequately (aka KSAOs - knowledge, skills, abilities, and other characteristics (such as personality, beliefs, and attitudes) as well as unique facets of the job itself. Once a job analysis is complete, I/O psychologists will typically utilize this information to design and validate systems to select new applicants, restructure employee performance appraisals, uncover training needs, and analyze fairness in employee compensation. Though a thorough job analysis takes time, resources and money, its benefits tend to outweigh the costs. Organizational psychologists also may employ psychometric tests to measure employee attitudes such as morale, job satisfaction, or feelings towards management or customers. The major determinant of organizational performance is the human factor in an organization. Psychologists therefore advise senior managers on the management of organizational climate or culture, on dealing with organizational change, or on group dynamics within an organization. This all is a part of organizational psychology.

Hawthorne Effect:

The Hawthorne effect was discovered in 1924 at Hawthorne works at Western Electric Company; Chicago, USA. The **Hawthorne effect** refers to the phenomenon that when people are observed in a study, their behavior or performance temporarily changes. A series of experiments was conducted in the factory between 1924 and 1932.

There were many types of experiments conducted on the employees, but the purpose of the original ones was to study the effect of lighting on workers' productivity. When researchers found that productivity almost always increased after a change in illumination, no matter what the level of illumination was, a second set of experiments began, supervised by Harvard University professors Elton Mayo, Fritz Roethlisberger and William J. Dickson. They experimented on other types of changes in the working environment, using a study group of five young women. Again, no matter the change in conditions, the women nearly always produced more. The researchers reported that they had accidentally found a way to increase productivity. The effect was an important milestone in industrial and organizational psychology and in organizational behaviour. However, some researchers have questioned the validity of the effect because of the experiments' design and faulty interpretations.

As mentioned earlier the Hawthorne studied included a number of experiments which includes;

* Illumination studies
* Relay assembly experiments
* Bank wiring room experiments
* Mica splitting test room

The results of the studies were:

1. Small groups were better. When people in an organization worked in small groups, their performance improved. This was one of the conclusions drawn from the Hawthorne Studies.

2. Type of super-vision matters. The performance of the workers in organization is also influenced by the type of supervision given to them.

3. Interest matters. The interest of the workers in the work and the interest of the managers in the performance of the workers play a role in improving their performance.

4. Novelty of situation matters

The novelty of the situation into which a worker is put also matters. A worker may perform better in a novel working situation.

As mentioned earlier, the Hawthorne studies were a break through in the field of Organizational Psychology. It was perhaps the first experiment of its kind that laid the foundation of further studies in the field.

METHODOLOGIES OF DATA COLLECTION

Psychologists use some of the following methods for research and data collection:

Experimental Method : The experimental research design is when a cause-and-effect relationship between an independent and a dependent variable of interest is to be clearly established, then all other variable that might contaminate or confound the relationship have been tightly controlled. In other words, the possible effects of other variables on the dependent variable have been accounted for in some way.

- **Independent Variable:** An independent variable is one that influences the dependent variable in either a positive or negative way. That is, when the independent variable is present, the dependent variable, there is an increase or decrease in the dependent variable also. In other words, the variance in the dependent variable is accounted for by the independent variable. To establish causal relationships, the independent variable is manipulated.

- **Dependent Variable:** The dependent variable is the variable of primary interest to the researcher. The researcher's goal is to understand and describe the depend variable, or to explain its variability, or predict it. In other words, it is the main variable that lends itself for investigation as a viable factor. Through the analysis of the dependent variable (i.e., finding what variables influence it), it is possible to find answers or solutions to the problem. For this purpose, the researcher will be interested in quantifying and measuring the dependent variable, as well as the other variables that influence this variable.

- **Intervening Variable:** An intervening variable is one that surfaces between the time the independent variables start operating to influence the dependent variable and the time their impact is felt on it. The intervening variable surfaces as a function of the independent variable(s) operating in any situation, and helps to conceptualize and explain the influence of the independent variable(s) on the dependent variable.

Control:

When we postulate cause-and-effect relationships between two variables X and Y, it is possible that some other factors, say A, might also influence the dependent variable Y. In such a case, it will not be possible to determine the extent to which Y occurred only because of X, since we do not know how much of the total variation of Y was caused by the presence of the other factor A. For instance a Human Resource Development manager might arrange for special training to a set of newly recruited secretaries in creating web pages, to prove to his boss that such training would cause them to function more effectively. However, some of the new secretaries might function more effectively than others, mainly or partly because they have had previous intermittent experienced with the web. In this case the manager cannot prove that the special training alone caused greater effectiveness, since the previous intermittent experience of some secretaries with the webs is a contamination factor. If the true effect of the training on learning is to be assessed, then the learner's previous experience has to be controlled. This is what be mean when we say we have to control the contamination factors.

Observational method:

It is possible to gather data without asking questions of respondents. People can be observed in their natural work environment or in the lab setting, and their activities and behaviours or other items of interest can be

noted and recorded.

Apart from the activities performed by the individuals under study, their movements, work habits, the statements made and meetings conducted by them, their facial expressions of joy, anger, and other emotions, and body language can be observed. Other environmental factors such as layout, work-flow patterns, the closeness of the seating arrangement, and the like, can also be noted. This is called observational method of collecting data.

Case design: study of a particular case

Case studies involve in-depth contextual analyses of similar situations in other organizations, where the nature and definition of the problem happen to be the same as experienced in the current situation. Hypothesis can be developed in case studies as well.

Longitudinal methods

The researcher might want to study people or phenomenon at more than one point in time in order to answer the research question. For instance, the researcher might want to study employees' behaviour before and after a change in the top management, so as to know what effects change accomplished. Here, because data are gathered at two different points in time, the study is carried longitudinally across a period of time. Such studies are called longitudinal studies and the method as longitudinal methods.

Survey design; Study of aggregates

Survey design may be called the study of aggregates which means that the data are collected through various instruments such as questionnaires, interviews etc. to gather the information about the variables.

Cross sectional methods

A study can be done in which data are gathered just once, perhaps over a period of days or weeks or months, in order to answer a research question. Such studies are called one-shot or cross-sectional studies.

Concepts Of Reliability And Validity:

Reliability:

The reliability of a measure indicates the extent to which it is without bias (error free) and hence ensures consistent measurement across time and across the various items in the instrument. In other words, the reliability of a measure is an indication of the stability and consistency with which the instrument measure the concept and helps to assess the "goodness" of a measure

Stability of Measures:

The ability of a measure to remain the same over time—despite uncontrollable testing conditions or the state of the respondents themselves—is indicative of its stability and low vulnerability to changes in the situation. This attests to its "goodness" because the concept is stably measured, no matter when it is done. Two tests of stability are test-retest reliability and parallel-form reliability.

Test-retest Reliability:

The reliability coefficient obtained with a repetition of the same measure on a second occasion is called test-retest reliability. That is, when a questionnaire containing some items that are supposed to measure a concept is administered to a set of respondents now, and again to the same respondents, say several weeks to 6monts later then the correlation between the scores obtained at the two different times from one and the same sets of respondents is called test-retest coefficient. The higher it is, the better the test—retest reliability, and consequently, the stability of the measure across time.

Parallel-Form Reliability:

When responses on two comparable sets of measures tapping the same construct are highly correlated, we have parallel-form reliability Both forms have similar items and the same response format, the only changes being the wording and the order or sequence of the questions. What we try to establish here is the error variability resulting from wording and ordering of the questions. If two such comparable forms are highly correlated (say 8 and above), we may be fairly certain that the measures are reasonably reliable, with minimal error variance caused by wording, order, or other factors. Examples (test-retest, split half.

Split-Half Reliability:

It is another measure or reliability which measure the internal consistency of measures. The internal consistency of measures is indicative of the homogeneity of the items in the measure that tap the construct. In other words, the items should "hang together as a set, " and be capable of independently measuring the same concept so that the respondents attach the same overall meaning to each of the items.

Split-half reliability reflects the correlations between two halves of an instrument. The estimates would vary depending on how the items in the measure are split into two halves. For example, if we split a question are into two parts and administer them independently, we may be able to check if the answers to the first half are consistent with those to the second.

Validity:

It refers to the fact that when we ask a set of questions (i.e., develop a measuring instrument) with the hope that we are tapping the concept, how can be we reasonably certain that we are indeed measuring the concept we set out to do and not something else? This can be determined by applying certain validity tests. Several types of validity tests are used to test the goodness of measures and writers use different terms to denote them. However, validity tests may the grouped under the following headings:

Content validity:

Content validity ensures that the measure includes an adequate and representative set of items that tap the concept. The more the scale items represent the domain or universe of the concept being measured, the greater the content validity. To put it differently, content validity is a function of how well the dimensions and elements of a concept have been delineated.

A panel of judges can attest to the content validity of the instrument. Kidder and Judd (1986) cite the example where a test designed to measure degrees of speech impairment can be considered as having validity if it is so evaluated by a group of expert judges (i.e., professional speech therapists).

Predictive/Criterion validity:

It is established when the measure differentiates individuals on a criterion it is expected to predict. This can be done by establishing concurrent validity or predictive validity. Concurrent validity is established when the scale discriminates individuals who are known to be different; that is, they should score differently on the instrument.

Predictive validity indicates the ability of the measuring instrument to differentiate among individuals with reference to a future criterion. For example, if an aptitude or ability test administered to employees at the time of recruitment is to differentiate individuals on the basis of their future job performance, then those who score low on the test should be poor performers and those with high scores good performers.

Construct validity:

It testifies to how well the results obtained from the use of the measure fit the theories around which the test is designed. In other words, it shows relationship of characteristic with other observable constructs.

GLOBALIZATION

Globalization may simply be defined as the free movement of:

- Capital
- Labour
- Goods and services

across various countries of the world.

According to the Wikipedia online encyclopedia, Globalization refers to a process of increasing global connectivity and integration between nation-states, households/individuals corporations and other organizations. It is an umbrella term referring to increased interdependence in the economic, social, technological, cultural, political, and ecological spheres. In the context of global trade, the term Globalization is the opposite of protectionism. Theodore Levitt is usually credited with globalization's first use in an economic context.

The IMF International Monetary Fund stresses the growing economic interdependence of countries worldwide through increasing volume and variety of cross-border transactions ... free international capital flows, and more rapid and widespread diffusion of technology

A less economic-focused definition from the Encyclopedia Britannica states that globalization is the "process by which the experience of everyday life ... is becoming standardized around the world."

The question arises that is globalization just a buzzword or is it a real phenomenon? The world in which we live today, the word distance here has virtually no meanings in it. You can move around the globe in lesser time than the globe takes to revolve around its own axis. In other words, the different parts of the world seem to be connected and moving from one part to another is not a big deal today. A few centuries from today, man had to travel months on land and through sea to reach from one continent to another. Trade was very slow and its volume was negligible as compared to today. But today, as we see, this is no more the case; ships, aircrafts and land transport is fast enough to cover the distance or around the globe in no more than a few hours. This is resulted in brining together various countries and culture of the world. People are now more dependent on each other. For instance, the United States is depended in most of its goods on China, whereas many countries are dependent on Pakistan for the supply of crops. Therefore, the world has become what we call a "Global Village." Although its huge, yet the dependencies have rendered the world like a small village where everyone has to play its part for everybody else's survival.

Further question arises that is Globalization a recent phenomenon? The phenomenon of Globalization was given much more importance during the last few decades and the general perception is that Globalization is a recent phenomenon. In fact, Globalization has been on since the history of mankind. If we trace back the history of mankind, we would find the earliest well-recorded history is that of the Egyptian civilization. The Egyptian civilization was established around river Nile. It was discovered that the Egyptians used to trade wood through this river. Later during the Roman and the Greek civilization, trade was not uncommon. Therefore, we see that since long, man has been involved in conducting commerce and trade across countries and dependencies have been created since long. The city states of Samarkand and Bokhara are said to have flourished because of trade which was carried out between Asia and Europe during the 16th and the 17th centuries. This should make it clear that the path towards Globalization was paved centuries ago, only the pace has increased rapidly today. This is why today we feel that Globalization is a recent phenomenon.

Aspects Of Globalization:

We have already discussed what Globalization is; in order to get a better picture of the impact of Globalization of the lives of human beings, we need to consider the various aspects of Globalization which may be categorized as follows:

Industrial Globalization:

Every country in the world is moving towards specialization. Specialization may be referred to as the phenomenon of producing only that product in which the country has competitive advantage in terms of cost. For example, Singapore specializes in pharmaceutical while the US specializes in military equipment. Therefore, the countries exchange their industrial products, which is known as trade, and fulfill the requirements of their people. Every country of the world today is involved in trade and is depended on some other country one way or the other. The US is the biggest economy in the world and even that is depended on other countries for many of its needs. Hence the industries of the world today are considered to be working not for their native countries but for the world as a whole. This is known as Industrial Globalization.

Furthermore, today various world-wide standards have been developed which ensure that the products of all the countries around the world meet certain quality requirements. For example the ISO 9000 standards are applicable worldwide as quality standards. The markets of the world have united and the products could be sold anywhere without any hindrance. In other words emergence of worldwide production markets and broader access to a range of goods for consumers and companies is known as Industrial Globalization.

Financial Globalization:

It may be defined as the emergence of worldwide financial markets and better access to external financing for corporate, national and sub-national borrowers. For example, the Tarbela Dam and the Mangle Dam projects in Pakistan were sponsored by foreign investors. They may be in the form of international organizations or independent investors. The IMF and the World Bank today give funds to various countries for developmental projects. We may say, that today the financial markets of the world have untied in such a way that finances are easily available throughout the world. This is known as Financial Globalization.

Political Globalization:

This may simply be defined as the development of political interests of countries in other countries.

Informational Globalization:

This aspect of Globalization has perhaps had the greatest impact on the world today. Sitting at one end of the world, you can have access to the information available in any other part of the world with just the push of a button. Internet, television, telephone, fax, etc. are some of the inventions that may be considered as a part of the informational Globalization process where the information flow has dramatically increased between geographically remote areas of the world.

Cultural Globalization:

In the context of Organizational Psychology, this is another important aspect of Globalization which refers to the growth of cross-cultural contacts. The cultures of the world have become similar and have had influence from one another in many ways. This has changed the environment of mankind and it is known as Cultural Globalization.

Effects of Globalization:

As discussed earlier, Globalization refers to the greater international movement of commodities, money, information, and people; and the development of technology, organizations, legal systems, and infrastructures to allow this movement. The effects that Globalization has had on the modern day living of mankind are as follows:

- International Cultural exchange

- Multiculturalism
- Diversity
- Greater international travel and tourism
- Greater immigration, including illegal immigration
- Spread of local consumer products (e.g., food) to other countries (often adapted to their culture)
- World-wide fads and fashions
- World-wide sporting events such as Cricket world cup
- Formation or development of a set of universal values
- Development of a global telecommunications infrastructure
- Greater trans-border data flow,
- Increase in the number of standards applied globally; e.g. copyright laws, patents and world trade agreements.
- International criminal court and international justice movements.
- Development of world-wide commerce
- Improvement in standard of living
- Corporate Imperialism: Dominance of MNCs
- Cultural Imperialism
- Harmful effects on environment due to rapid industrialization
- Suppressing of underdeveloped countries
- Greater market access for firms

Globalization has also affected OP in major ways;

- Trade between nations has become huge

- 6 million foreign nationals are employed by 100 companies

- 450,000 multinationals exist today

- Every organization is moving towards diversity in order to have diverse view points from within the organization

Information Globalization has affected the work and organizations in seven ways

- Flattening: Organizations have today have smaller hierarchy and layers of management

- Downsizing: Organizations employee lesser number of employees today for the same jobs as it did

previously due to dependence on machines.

- Paperlessness: Organizations are dependent on paperless communication, i.e., communications through computers.

- Brain mimicking: Organizations are dependent on computers and artificial intelligence which is similar to the working of the brain of a human being.
- E-business/commerce/intranets: Organizations are dependent on E-Business, i.e. business over the internet and are connected internally through networks called intranets. Business to business is five times greater than business to consumer (B2B greater than B2C).
- Knowledge management: It is the management of intangible assets of knowledge, i.e. outcomes, patents, copyrights and of intangible asset, i.e. intelligence, skills of workers. Organizations are able to better acquire and share knowledge internally and externally.
- Human/intellectual capital: Human capital and intellectual capital has had increased importance due to globalization and extreme competitiveness. Human/intellectual capital is experience, skills and ideas of people. 40-90% market value of firm is human capital.

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DEFINING THE CULTURE

Culture may be understood as:

•   the set of common understandings expressed in language
•   values, beliefs and expectations that members come to share
•   a system for creating, sending, storing and processing information
•   the collective of the mind which distinguishes the members of one group of people from another

The world culture has been derived from the Latin word cultura *stemming from colere,* meaning "to cultivate". It generally refers to patterns of human activity and the symbolic structures that give such activity significance. Different definitions of "culture" reflect different theoretical bases for understanding, or criteria for evaluating, human activity.

Anthropologists most commonly use the term "culture" to refer to the universal human capacity to classify codify and communicate their experiences symbolically. This capacity has long been taken as a defining feature of the humans. Many observers have shown that there are cultural differences in:

- **Self perception**

  Self perception is how people belonging to different culture look at themselves. For example, in some cultures people are viewed as honest while in other people are cynical about each other. Therefore, they act accordingly taking or not taking precautionary measures.

- **Relationship with world**

  This refers to the inclination of the people to dominate their environment to, perhaps extract the most out of it. Further, it also refers to the acceptability of other cultures. In simpler terms, relationship with the world refers to the terms that people have with their environment and the rest of the world.

- **Time Dimension**

  Time dimension refers to the past, present or future orientation of the people in a culture. It means that people in a particular culture may either be concerned about their future or present or past. The Japanese culture is a future oriented while the American culture is considered to be a present oriented.

- **Public and private space**

  In some cultures, people prefer to be sitting alone in their cabins at their workplace, while in other cultures, people tend to inclined towards common working space where they sit together and work. Therefore, the public or private space orientation is also a differentiating feature of cultures.

Key Components Of Culture

A common way of understanding culture sees it as consisting of four elements that are "passed on from generation to generation by learning alone":

1. Values
2. Norms
3. Institutions
4. Artifacts

Values comprise ideas about what in life seems important. They guide the rest of the culture. Norms consist of expectations of how people will behave in various situations. Each culture has methods, called sanctions, of enforcing its norms. Sanctions vary with the importance of the norm; norms that a society enforces formally have the status of laws. Institutions are the structures of a society within which values and norms are transmitted. Artifacts are things, or aspects of material culture.

Organizational Culture

Just as a country has a culture, organizations also have culture which is influenced by the national culture. With respect to cultural differences affecting organizational psychology, two major researches need to be quoted:

- Geert Hofstede's research; and
- Trompenaar's Research

Geert Hofstede's Research

Hofstede researched on 116,000 workers of IBM spread over 70 countries world wide. He discovered that organizational culture differs in the following four terms:

- Power distance (acceptance of other's power)
- Masculinity/Femininity
- Indvidualism/collectivism
- Uncertainty avoidance

Power Distance Index (PDI) that is the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally. This represents inequality (more versus less), but defined from below, not from above. It suggests that a society's level of inequality is endorsed by the followers as much as by the leaders. Power and inequality, of course, are extremely fundamental facts of any society and anybody with some international experience will be aware that 'all societies are unequal, but some are more unequal than others'.

POWER DISTANCE INDEX (PDI)
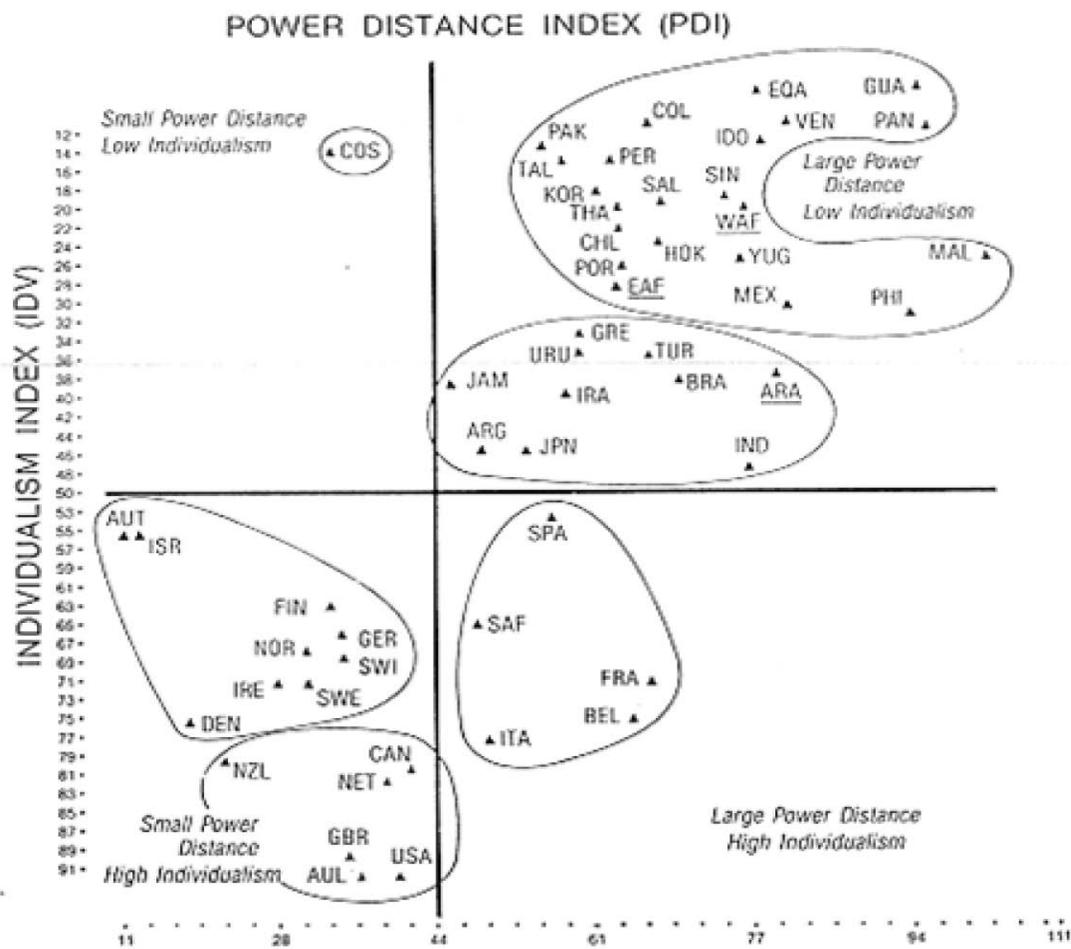
Individualism (IDV) on the one side versus its opposite, collectivism, that is the degree to which individuals are integrated into groups. On the individualist side we find societies in which the ties between individuals are loose: everyone is expected to look after him/herself and his/her immediate family. On the collectivist side, we find societies in which people from birth onwards are integrated into strong, cohesive in-groups, often extended families (with uncles, aunts and grandparents) which continue protecting them in exchange for unquestioning loyalty. The word 'collectivism' in this sense has no political meaning: it refers to the group, not to the state. Again, the issue addressed by this dimension is an extremely fundamental one, regarding all societies in the world.

Masculinity (MAS) versus its opposite, femininity refers to the distribution of roles between the genders which is another fundamental issue for any society to which a range of solutions are found. The IBM studies revealed that (a) women's values differ less among societies than men's values; (b) men's values from one country to another contain a dimension from very assertive and competitive and maximally different from women's values on the one side, to modest and caring and similar to women's values on the other. The assertive pole has been called 'masculine' and the modest, caring pole 'feminine'. The women in feminine countries have the same modest, caring values as the men; in the masculine countries they are somewhat assertive and competitive, but not as much as the men, so that these countries show a gap between men's values and women's values. The following table shows some of the basic characteristics of Feminine and Masculine societies.

Feminine societies	Masculine societies
Assertiveness ridiculed	Assertiveness appreciated
Undersell yourself	Oversell yourself
Stress on life quality	Stress on careers
Intuition	Decisiveness

MASCULINITY INDEX (MAS)
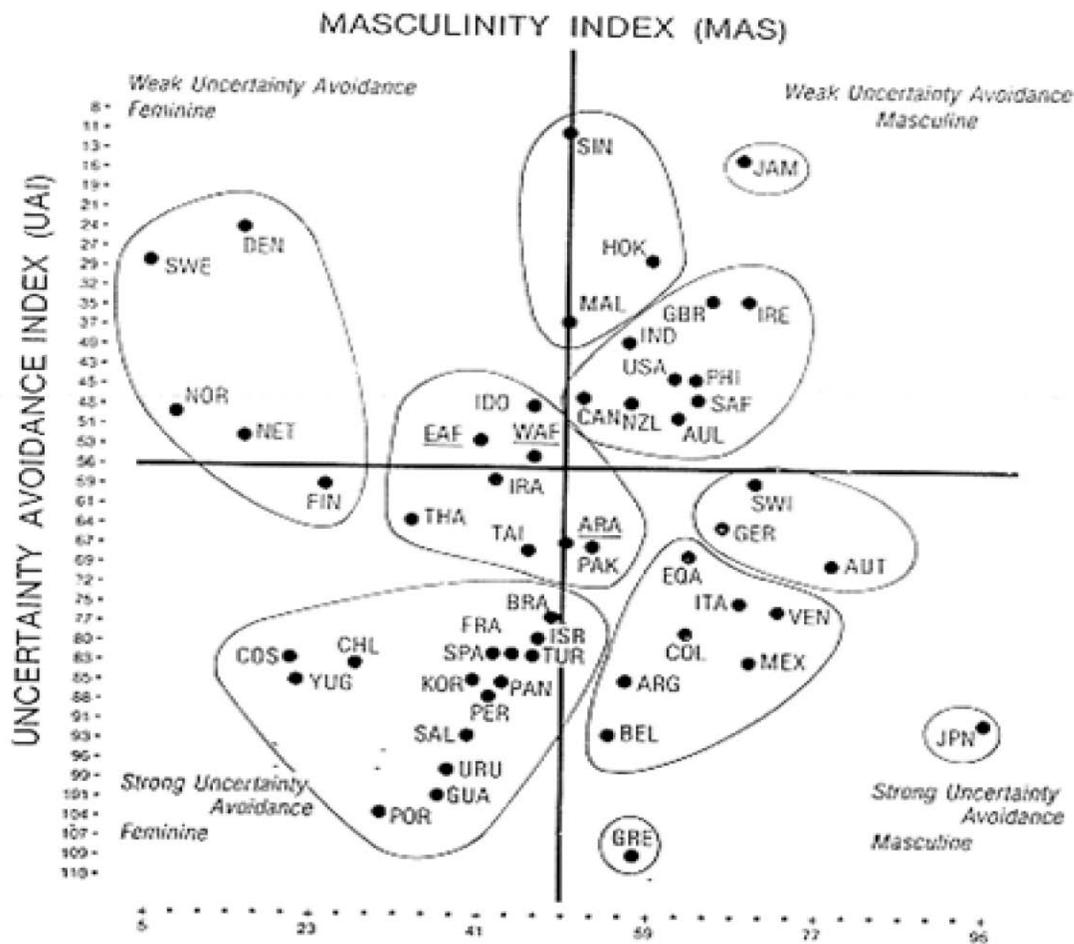
Uncertainty Avoidance Index (UAI) deals with a society's tolerance for uncertainty and ambiguity; it ultimately refers to man's search for Truth. It indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. Unstructured situations are novel, unknown, surprising, and different from usual. Uncertainty avoiding cultures try to minimize the possibility of such situations by strict laws and rules, safety and security measures, and on the philosophical and religious level by a belief in absolute Truth; 'there can only be one Truth and we have it'. People in uncertainty avoiding

countries are also more emotional, and motivated by inner nervous energy. The opposite type, uncertainty accepting cultures, are more tolerant of opinions different from what they are used to; they try to have as few rules as possible, and on the philosophical and religious level they are relativist and allow many currents to flow side by side. People within these cultures are more phlegmatic and contemplative, and not expected by their environment to express emotions.
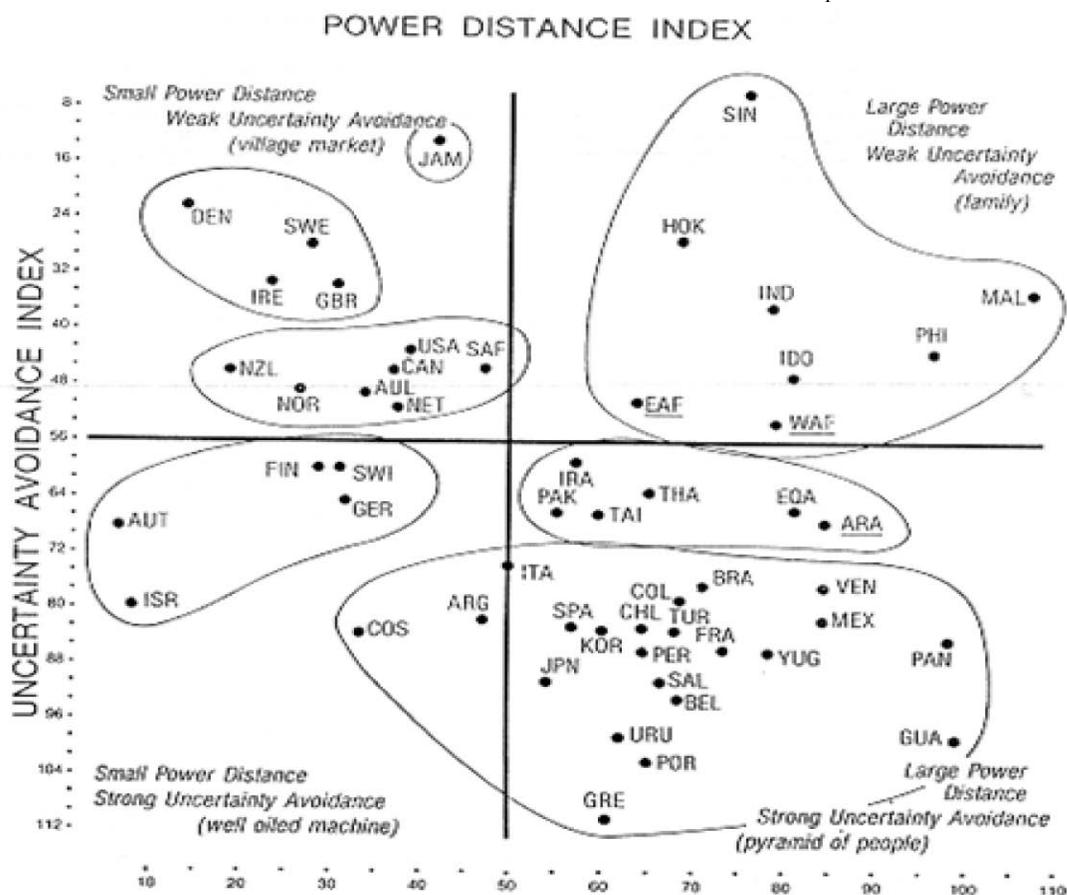
among students in 23 countries around the world, using a questionnaire designed by Chinese scholars It can be said to deal with Virtue regardless of Truth. Values associated with Long Term Orientation are thrift and perseverance; values associated with Short Term Orientation are respect for tradition, fulfilling social obligations, and protecting one's 'face'. Both the positively and the negatively rated values of this dimension are found in the teachings of Confucius, the most influential Chinese philosopher who lived around 500 B.C.; however, the dimension also applies to countries without a Confucian heritage.

The following table shows the ratings for some countries of the world on Hofstede's dimensions:

Country	PDI	IDV	MAS	UAI	LTO
Arab World	80	38	52	68	31
Australia	36	90	61	51	23
Canada	39	80	52	48	118
China	80	20	66	30	
Denmark	18	74	16	23	
France	68	71	43	86	31
Germany	35	67	66	65	96
Hong Kong	68	25	57	29	61
India	77	48	56	40	
Indonesia	78	14	46	48	80
Israel	13	54	47	81	
Italy	50	76	70	75	44
Japan	54	46	95	92	30
Malaysia	104	26	50	36	20
Mexico	81	30	69	82	0
Netherlands	38	80	14	53	48
New Zealand	22	79	58	49	75
Norway	31	69	8	50	33
Pakistan	55	14	50	70	
Russia	93	39	36	95	87
Singapore	74	20	48	8	25
South Korea	60	18	39	85	29
Sweden	31	71	5	29	29
Switzerland	34	68	70	58	29
Taiwan	58	17	45	69	29
United Kingdom	35	89	66	35	29
United States	40	91	62	46	29

Trompenaar's Research

Trompenaar's research comprised 15000 managers in 28 countries. Having researched and written extensively on how reconciling cultural differences can lead to competitive advantage, Fons Trompenaars is now widely recognised as a leading authority on organisational culture.

To Fons Trompenaars, knowledge management is, or should be, fundamentally a cultural issue. "Data becomes meaningful when you structure it in a certain way – it becomes information. When you structure information, it becomes knowledge, and when you structure knowledge it becomes science, it is the process of structuring that adds meaning. And since different cultures have different ways of structuring meaning, you can see that, by definition, knowledge management is a cultural construct."

He identified the following dimensions of culture:

- Universalism/Particularism practices applied universally and in particular countries
- Individualism/collectivism
- Neutral/Affective: emotions held in control; affective cultures emotions are openly expressed.
- Specific/diffuse: differences in public/private space sharing.
- Achievement/Ascription: stress of a person on his work/achievement, or stress on who a person is

The first of these he identifies as the universal versus the particular, a dilemma that he explores in great depth in his book, Did the Pedestrian Die? "Imagine you're going in a car, you're friend is speeding and he hits a pedestrian. You come to court, and your friend's lawyer tells you not to worry, as you were the only witness. You know he was speeding, but what right does your friend have to ask you to lie? Would you do so?" This is a question that vividly demonstrates the divide between universalist and particularist thinking. Trompenaars's research has revealed that 92 per cent of Americans, for example, would fall into the universalist camp: respect to the truth and to the law overrides any notion of there being exceptions to the rule. Conversely, the majority of those in South Korea, Venezuela and France (and indeed most of the Latin world) would tend to a more particularistic standpoint: in Trompenaars's experience, most ask for more information before they are able to decide whether they would lie for their friend, the most common question being, did the pedestrian die?

In a corporate context, this cultural dilemma raises obvious difficulties for a knowledge manager, particularly those operating in a multinational organization. Even on a functional level, it is a disparity that needs to be addressed. As Trompenaar says, while HR, finance and marketing professionals are generally Universalist in their outlook, salespeople tend to be more particularist – they invariably demand exceptions for their clients, for example. For a KM system to succeed, therefore, it must reconcile the two. Implementing a standardized system in every office around the world and across functions will isolate the particularist, just as allowing every office and department to develop their own approach to KM will lead to chaos. "Mass customization is the reconciliation of the universal and the particular," he says. "You will not solve knowledge management through one approach alone; it's about how you combine the two."

The second of Trompenaar's five dimensions is the individual versus the team, which is closely aligned to the third: specific and codified versus diffuse and implicit knowledge. He himself relates "a short time ago we worked with General Motors to help integrate its joint venture with Isuzu, a Japanese truck-producing firm. Because their knowledge was so individualized, the Americans spent about 30 per cent of their time codifying their knowledge and writing it up in handbooks and procedures. The Japanese, on the other hand, never wrote anything down. Their knowledge was stored in the network of their relationships. This infuriated the Americans, but in a group-oriented culture, you need other ways of communicating knowledge. Whereas in an individualized society, there is a tendency to keep knowledge because knowledge is seen as power, in

Japan, knowledge is only knowledge when it is shared; your status is dependent on how much you contribute to the group."

Eventually, GM's managers succeeded in convincing their Japanese counterparts to compile more concise, less time-consuming manuals, which went some way to satisfying both parties, but the challenge of reconciling the individual and the group, particularly in an international organization, is clear.

The last of Trompenaars's five dimensions of knowledge management relates to the disparity between perceptions from the top down and from the bottom up. "Data about clients and products is stored in the heads of individual staff members," he says. "Middle management translates it into information that in turn is organized as knowledge by top management. For effective KM, the reconciliation of this dilemma can be found in 'middle-up-down', in which middle management is the bridge between the standards of top management and the chaotic reality of those on the front line," he says. It can also be reconciled by the 'servant leader', he continues, a leader who connects the bottom with the top through the style with which he or she leads, drawing their authority by serving the community as a whole. In Trompenaars's view, this is an approach Goldman Sachs seems to have mastered.

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WHAT IS DIVERSITY?

Diversity may be defined in a number of ways. Some definitions tend to define diversity in terms of race, gender, ethnicity, age, national origin, religion, and disability (Wheeler, 1994). Broad definitions may include sexual/affectional orientation, values, personality characteristics, education, language, physical appearance, marital status, lifestyle, beliefs, and background characteristics such as geographic origin, tenure with the organization, and economic status (Carr, 1993; Caudron, 1992; Thomas, 1992; Triandis, 1994). Hayles (1996) defines diversity as "All the ways in which we differ". He adds that the diversity concept is not limited to what people traditionally think of it as: race, gender, and disabilities[1]. Morrison (1992) categorized diversity in terms of four levels:

- Diversity as racial/ethnic/sexual balance

- Diversity as understanding other cultures

- Diversity as culturally divergent values

- Diversity as broadly inclusive (cultural, sub-cultural, and individual).

    Griggs (1995) classified diversity into primary and secondary dimensions.

Primary dimensions of diversity are those human differences that are inborn and/or that exert an important impact on our early socialization and have an ongoing impact throughout our lives. The six primary dimensions include (1) age, (2) ethnicity, (3) gender, (4) physical abilities/qualities, (5) race, and (6) sexual/affectional orientation. Griggs also concluded that human beings cannot change these primary dimensions. The secondary dimensions of diversity are those that can be changed and include, but are not limited to, educational background, geographic location, income, marital status, military experience, parental status, religious beliefs, and work experience.

There is no one definitive definition that fully describes the broad range of differences diversity includes, the evolutionary nature of the process it represents, and the far-reaching impact it has on individuals and corporations (Tomervik, 1995).

A broad definition of diversity goes beyond protected-class differences because all employees bring their differences, including a variety of group-identity differences, to the workplace (Johnson, 1995).

Benefits of Diversity

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

1(American Society for Training and Development [ASTD], 1996b)

Improved Organizational Performance

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

Cost Savings

Failure to manage diversity has significant cost implications for organizations. Research has indicated that turnover among women is a significant and costly problem. In the U.S. pharmaceuticals stated that its diversity initiatives resulted in savings of $500,000 mainly from lower turnover among women and ethnic minorities (Mercer, 1988).

Recruitment and Retention

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

Lower Absenteeism Rates

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

Increasing Creativity and Innovation

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

Higher Quality Problem-Solving in Teams

Research shows that more innovative teams produce more innovative solutions to problems. As culturally diverse members have different backgrounds and life experiences, they can see problems from a variety of perspectives. Multiple perspectives stimulate greater discussion and lead to higher quality solutions.

While diverse groups experience more conflict in agreeing on what is important and in working together at the outset, they ultimately outperform homogeneous groups in identifying problem perspectives and generating alternative solutions.

Building Effective Global Relationships

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

Managing Diversity in Organizations

Over the past decade diversity management has become a critical aspect of operating a business. Increasing globalization, the changing composition of the population and increasing reliance on non-traditional workforce talent have provided the fundamental stimulus for diversity management (Montes, 2000). Although top management may view diversity as important, the focus on short term financial results to satisfy shareholders, often shifts the focus to other more tangible and compelling business priorities (Robinson & Dechant, 1997). Diversity management requires a long term commitment and the payback is often not as tangible or predictable as that derived from sales targets or even health and safety initiatives. Yet, unless proponents of diversity management can demonstrate compelling arguments, diversity management is unlikely to get the attention it deserves. In other words, a proper business case for diversity has to be built.

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

Individual approaches to managing diversity

Learning

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

Empathy

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

Organizational approaches

Some of the organizational approaches to managing diversity are:

Testing

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

Training

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

Mentoring

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

Work/Family programs

Adjust work-hours according to family needs. Some employees may not be available at certain times of the day. Therefore, they may be given appropriate arrangements in order to ensure that they can perform at their best. This is also called flex time

Studies have found that these programs decrease family conflict, job dissatisfaction and stress-related problems.

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

Needs Analysis

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

Administrative and Management Commitment and Support

Administrative and management support is critical for diversity change efforts. An important role for senior management is to provide leadership through development of a vision and goals for a diverse workplace. To gain support from administration you need to directly link diversity to the business. Provide data regarding the diversity opportunities in the marketplace, workforce and organization. Benchmarking best practices related to diversity from other organizations, demographic data, briefings regarding complaints, potential lawsuits, and hiring and retention problems are all relevant sources of data. In general, the organizations

experiencing the greatest success with diversity training are more likely to view diversity as a business issue rather than a social issue; link diversity to other organizational initiatives, such as quality management or career development. Finally, administrative support and commitment is essential also for the means to provide the programs and resources necessary for diversity education and training.

Education and Training

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

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

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ETHICS

Definition

According to the Oxford dictionary, the word ethics stands for set of moral philosophies or principles. Simply put, ethics is the right and the wrong of behaviour in organizations.

The word morality and ethics are interchangeable. The presence of two words in the English language with the same meaning is due to the fact that they derive from different roots; *morality,* from the Latin word *moralitas,* and *ethic,* from the Greek *ethikos.* There is no difference, therefore, between describing discrimination as a moral issue and as an ethical issue.

Ethics, along with logic, epistemology, and metaphysics, is a traditional area of philosophical inquiry that dates back to the time of the ancient Greeks. This study is either descriptive or normative.

Descriptive ethics may involve an empirical inquiry into the actual rules or standards of a particular group, or it could include the understanding the ethical reasoning process. On the other hand, the normative ethics is concerned not with what people believe we ought to do but with what we really ought to do and is determined by reasoning or moral argument.

Ethics is a body of principles or standards of human conduct that govern the behavior of individuals and groups. Ethics arise not simply from man's creation but from human nature itself making it a natural body of laws from which man's laws follow.

The principles of ethical reasoning are useful tools for sorting out the good and bad components within complex human interactions. For this reason the study of ethics has been at the heart of intellectual thought since the early Greek philosophers, and its ongoing contribution to the advancement of knowledge and science makes ethics a relevant, if not vital, aspect of management theory. Ethical principles continue, even today, to have a profound influence on many modern management fields including quality management, human resource management, culture management, change management, risk management, mergers, marketing, and corporate responsibility.

Ethics is much more than just a collection of values. Values are almost always oversimplifications, which rarely can be applied uniformly. Values tend to be under-defined, situational by nature and subject to flawed human reasoning such that by themselves they cannot assure true ethical conduct. Consider the sought after value of employee loyalty. Should employees be loyal to co-workers, supervisors, customers, or investors? Since it may be impossible to be absolutely loyal to all four simultaneously, in what order should these loyalties occur? Employers that demand employee loyalty rarely can answer this question completely. Regarding the inadequacy of values, consider this. Murderers, criminals, and liars all have values, so does this make them ethical? Also, killing can be either unethical or ethical (such as in self defense) depending on the situation (religious arguments aside for the moment). For these reasons and more, values by themselves are generally insufficient measures of ethics.

Impact of Ethical Practices On Organizational Behavior

Ethics is influenced by cultural, organizational and personal factors. Poor ethics can be extremely damaging to organizational performance. When ethical behavior is poor it taxes operational performance in many visible and sometimes invisible ways. The tax can be on yield or productivity, which is easily measured. The

tax can impose itself on group dynamics, suppressing openness and communication, which is hard to measure but easily felt. Perhaps the most dangerous tax is the one placed on risk, which is neither measurable nor easily sensed. Whether the damage is visible or invisible, poor ethics blinds the organization to the realities of their declining environment leaving any organization vulnerable to setbacks that could be avoided.

Good ethics on the other hand have a surprisingly positive effect on organizational activities and results. Productivity improves. Group dynamics and communication improve, and risk is reduced. One reason for this is ethics becomes an additional form of logical reasoning, increasing the flow of information, and adding an additional set of eyes and antennae to give the organization needed feedback regarding how it is doing. Increased reasoning capabilities, coupled with additional information, is a strategic advantage in any business or organization.

Real organizational ethics is a rational process for exploring decision and behavior alternatives and selecting the best possible choices for all involved. Real ethics, at the organizational level, goes beyond personal ethics and values. Real ethics is a collective undertaking, or a team sport, with team like demands and results. Ethical issues in organizations can get complicated very quickly, so much that even the best trained ethicists often will not know what decisions to make or what ought to be done. Such times are precisely when the disciplined reasoning of ethics quality pays off the most. Ethical decisions and their corresponding behaviors in organizational settings are never perfect. However, the quality of the processes applied, as well as the usefulness of their outcomes, is precise and measurable with scientific certainty. It is through the process of ethical reasoning that bad things are preventable and great things become more possible.

Organizations need ethics quality not only to prevent unhealthy behavior but to inspire superior reasoning and performance. It is only through human nature, and ethics, that we can inspire greater levels of innovation, teamwork, and process breakthroughs that result in sustainable competitive advantages. Oliver Wendell Holms wrote, "Once a person's mind is expanded by a new idea the mind can never return to its original form." The same is true with management and ethics. When managers understand how ethics makes them better, their role as a manager changes forever. Once ethics is learned we all acquire the ability to see what we often could not see before. We see that using ethics - the reasoning science - to improve individual and group performance is what real ethics -and real management- are all about.

Sexual Harassment

Improper sexual conduct in the workplace—which includes lewd and suggestive comments, touching and fondling, persistent attention, and requests for sexual favours—has long been a problem for women, and occasionally for men. All too often, such sexual harassment has been regarded as employers as a personal matter beyond their control or as an unavoidable part of male-female relations. However, increased attentions to the problem and recent developments in laws have made employers aware of their responsibilities—and women, of their rights! Three fourth of working women in the States are subjected to sexual harassment. Laws are passed in various countries whereby sexual harassment is properly defined and punished if found in the workplace. A number of steps are taken by organizations to discourage employees form sexual harassment.

Surveys of employee attitudes reveal substantial agreement on some of the activities that constitute sexual harassment and differences on others. In particular, most of the respondents in a 1980 poll conducted by Harvard Business Review and Redbook magazine consistently rated a supervisor's behaviour as more serious that the same action by a co-worker, thereby recognizing the sexual harassment is mainly an issue of power.

Although sexual harassment is usually committed by one employee against another, employers bear both legal and ethical obligation to prevent harassment and to act decisively when it occurs. Harassment is more likely

to occur when management has not prescribed clear policies and procedures with regard to conduct of a sexual nature. Employers who display an insufficient concern or have inadequate procedures for detecting harassment in the workplace bear some responsibility for individuals' harassing conduct. In addition, companies cannot fully evade responsibility by blaming the victim for not reporting sexual harassment in accord with the established procedures. The way in which employers respond to claims of sexual harassment sends a powerful message about the seriousness with which management takes in own policies and procedures. The legal duty of an employer also extends to harassment by non-employees such as customers and clients.

Most corporations have recognized the cost of sexual harassment and accepted the responsibility to prevent it by establishing programs to deal with sexual harassment on the job. The major features of these programs are:

1. Developing a firm policy against harassment
2. Communicating this policy to all employees and providing training, where necessary, to secure compliance
3. Setting up a procedure for reporting violations and investigating all complaints thoroughly and fairly; and
4. Taking appropriate action against the offenders.

Pay and Promotion Discrimination

The term discrimination describes a large number of wrongful acts in employment, housing, education, medical care, and other important areas of public life. Although discrimination in each of these areas takes different forms, what they have in common is that person is deprived of some benefit or opportunity because of membership in some group toward which there is substantial prejudice. Discrimination in employment, which is our concern here, generally arises from the decisions employers make about hiring, promotion, pay, fringe benefits, and the other terms and conditions of employment that directly affect the economic interest of employees.

Research shows that women get 60% of men's pay all over the world which particularly women doctors and lawyers get 75% of men's pays.

Another form of discrimination that relates to promotion opportunities in job is referred to as the Glass Ceiling effect where women or other minority groups are not allowed promotion beyond a certain level in the organization. However, Glass ceiling effect can be removed by:

- Warm rather than luke warm management policies: which means that the management needs to stringently enforce non-discriminatory policies in the organization.
- Gender training
- Seeding strategy: directly placing women in senior position

Employee Privacy

Early in the century, the Ford Motor Company set up a "Sociological Department" in order to make sure that workers in Henry Ford's words, were leading "clean, sober, and industrious" lives. Company inspectors checked bank accounts to keep Ford employees from squandering their munificent $5-a-day wages. They visited employees living quarters to see that they were neat and healthful, and they interviewed wives and acquaintances about the handling of finances, church attendance, daily diet, drinking habits, and a host of the other matters. Workers who failed to live up to Henry Ford's standards of personal conduct were dismissed.

Government is not the only collector of information. Great amounts of data are required by corporations for the hiring and placement of workers, for the evaluation of their performance, and for the administration of fringe benefit packages including health insurance and pensions. Private employers also need to compile personal information about race, sex, age, and handicap status in order to document compliance with the laws on discrimination.

Computer technology, drug test policy and efforts to control lifestyles of employees have created employees privacy issues. Monitoring the work of employees is an essential part of the supervisory role of management, and new technologies enable employers to watch more closely than ever before, especially when the work is done on telephones or computer terminals. Supervisors can eavesdrop on the telephone conversations or employees, for example, and call up on their own screens the input and output that appear on the terminals of the operators. A computer record can be made of the number of telephone calls, their duration, and their destination. The number of keystrokes made by a data processor, the number of errors and corrections made, and the amount of time spent away from the desk can also be recorded for use by management.

Without question, the technologies that threaten privacy have brought us many benefits. Finding the right means is a great challenge to business firms which must meet employee and consumer expectations as they utilize new technologies. More than many business ethics problems, protecting privacy require a coordinated solution involving many parties. Until a solution is found, though, the focus of businesses will remain on developing and implementing privacy policies.

Because the study of organizational ethics is in its infancy compared to other areas of healthcare ethics, discussions about it often seem like hot air with no palpable payoff.

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NATURE OF ORGANIZATIONS

An organization is a deliberate arrangement of people to accomplish some specific purpose. Your university is an organization. So are government agencies, banks, insurance companies and your neighborhood departmental store, the fire department and the hospital. These are all organizations because they share three common characteristics which are:

- First, each organization has a distinct purpose. This purpose is typically expressed in terms of a goal or a set of goals that the organization hopes to accomplish
- Second, each organization is composed of people. One person working alone is not an organization, and it takes people to perform the work that is necessary for the organization to achieve its goals.
- Third, all organizations develop some deliberate structure so that their members can do their work. That structure may be open and flexible, with no clear and precise delineation of job duties or strict adherence to explicit job arrangements.

Organizational structure may be defined as the way in which the interrelated groups of an organization are constructed. From a managerial point of view the main concerns are ensuring effective communication and coordination.

Classical management theorists asserted that for a group of people to work toward a particular goal there really was only one way to structure the organization with each person with his or her assigned functions. Today with the ebb and flow of economic factors, rapid pace of change in the demand for and the development of new technology, there is no one structure that works for all organizations.

There is much more to understanding an organization than how it is structured on "paper." Most organizational members will confirm that while organizational structure often dictates lines of authority, responsibility, and function, there often are other equally (or more) important lines of communication and power and influence. Ethnographic and organizational behavioral studies have demonstrated individual organizations may appear to be similar, but upon close examination exhibit their own unique culture: rules for behavior, communication, celebration, ethics, etc. To be effective managers it is essential to understand the complexity of the nature of organizations and their various structures.

The classical management thinkers viewed organizations as stable structures, almost always arranged in hierarchical fashion, with the power and vision flowing in an orderly fashion from the individuals at the top of the organization to those below.

World War II changed that concept some, because massive organizations were needed for the war effort. A highly centralized management structure no longer worked because decision making had to be pushed down into the organization. Today everything is "team organization" but Peter Drucker says, "By now, it should be clear that there is no such thing as the one right organization ... It is not an absolute ... it is a tone for making people productive in working together. As such a given organizational structure fits certain tasks in certain conditions at certain times." He also adds that one hears a great deal today about "the end of hierarchy." This, he views as blatant nonsense. In any institution, there has to be a final authority, that is a boss, someone, who can make the final decision and expect to be obeyed in a situation of common peril (like a ship at sea). However, sometimes the team approach is the right approach.

Vertical Organization

Hierarchically structured organization where all management activities are controlled by a centralized management staff. This traditional type of organization often develops strong bureaucratic control over all organizational activities.

Flat Organization

Flat organization (also known as *horizontal organization*) refers to an organizational structure with few or no levels of intervening management between staff and managers. The idea is that well-trained workers will be more productive when they are more directly involved in the decision making process, rather than closely supervised by many layers of management

Classical Organization Theory

Classical organization theory evolved during the first half of this century. It represents the merger of scientific management, bureaucratic theory, and administrative theory.

Frederick Taylor (1917) developed scientific management theory (often called "Taylorism") at the beginning of this century. His theory had four basic principles: 1) find the one "best way" to perform each task, 2) carefully match each worker to each task, 3) closely supervise workers, and use reward and punishment as motivators, and 4) the task of management is planning and control.

Max Weber (1947) expanded on Taylor's theories, and stressed the need to reduce diversity and ambiguity in organizations. The focus was on establishing clear lines of authority and control. Weber's *bureaucratic theory* emphasized the need for a hierarchical structure of power. It recognized the importance of division of labor and specialization. A formal set of rules was bound into the hierarchy structure to insure stability and uniformity. Weber also put forth the notion that organizational behavior is a network of human interactions, where all behavior could be understood by looking at cause and effect.

Classical management theory was rigid and mechanistic. The shortcomings of classical organization theory quickly became apparent. Its major deficiency was that it attempted to explain peoples' motivation to work strictly as a function of economic reward.

Neoclassical Organization Theory

The human relations movement evolved as a reaction to the tough, authoritarian structure of classical theory. It addressed many of the problems inherent in classical theory. The most serious objections to classical theory are that it created over-conformity and rigidity, thus squelching creativity, individual growth, and motivation. Neoclassical theory displayed genuine concern for human needs.

One of the first experiments that challenged the classical view was conducted by Mayo and Roethlisberger in the late 1920's at the Western Electric plant in Hawthorne, Illinois (Mayo, 1933). While manipulating conditions in the work environment (e.g., intensity of lighting), they found that any change had a positive impact on productivity. The act of paying attention to employees in a friendly and non-threatening way was sufficient by itself to increase output.

The Hawthorne experiment is quite disturbing because it cast doubts on our ability to evaluate the efficacy of new management theories. An organization might continually involve itself in the latest management fads to

produce a continuous string of Hawthorne effects.

Modern Organizational Theories:

Modern theories tend to be based on the concept that the organization is a system which has to adapt to changes in its environment. In modern theory, an organization is defined as a designed and structured process in which individuals interact for objectives (Hicks and Gullet, 1975). The contemporary approach to the organization is multidisciplinary, as many scientists from different fields have contributed to its development, emphasizing the dynamic nature of communication and importance of integration of individual and organizational interests. These were subsequently re-emphasized by Bernard (1938) who gave the first modern and comprehensive view of management. Subsequently, conclusions on systems control gave insight into application of cybernetics. The operation research approach was suggested in 1940. It utilized the contributions of several disciplines in problem solving. Von Bertalanffy (1951) made a significant contribution by suggesting a component of general systems theory which is accepted as a basic premise of modern theory.

Modern understandings of the organization can be broadly classified into:

- The systems approach
- Socio-technical theory, and
- A contingency or situational approach.

Systems Theory

Systems theory was originally proposed by Hungarian biologist Ludwig von Bertalanffy in 1928, although it has not been applied to organizations until recently (Kast and Rosenzweig, 1972; Scott, 1981). The foundation of systems theory is that all the components of an organization are interrelated, and that changing one variable might impact many others. Organizations are viewed as open systems, continually interacting with their environment. They are in a state of dynamic equilibrium as they adapt to environmental changes. Senge (1990) describes systems thinking as: "understanding how our actions shape our reality.

A central theme of systems theory is that nonlinear relationships might exist between variables. Small changes in one variable can cause huge changes in another, and large changes in a variable might have only a nominal effect on another. The concept of nonlinearity adds enormous complexity to our understanding of organizations. In fact, one of the most salient argument against systems theory is that the complexity introduced by nonlinearity makes it difficult or impossible to fully understand the relationships between variables.

Socio-Technical Approach

It is not just job enlargement and enrichment which is important, but also transforming technology into a meaningful tool in the hands of the users. The socio-technical systems approach is based on the premise that every organization consists of the people, the technical system and the environment (Pasmore, 1988). People (the social system) use tools, techniques and knowledge (the technical system) to produce goods or services valued by consumers or users (who are part of the organization's external environment). Therefore, an equilibrium among the social system, the technical system and the environment is necessary to make the organization more effective.

Contingency Theory

Classical and neoclassical theorists viewed conflict as something to be avoided because it interfered with equilibrium. Contingency theorists view conflict as inescapable, but manageable.

Chandler (1962) studied four large United States corporations and proposed that an organization would naturally evolve to meet the needs of its strategy -- that form follows function. Implicit in Chandler's ideas was that organizations would act in a rational, sequential, and linear manner to adapt to changes in the environment. Effectiveness was a function of management's ability to adapt to environmental changes.

In highly volatile industries, it was noted that the importance of giving managers at all levels the authority to make decisions over their domain. Managers would be free to make decisions contingent on the current situation.

Organizational Structure

Until recently, nearly all organizations followed Weber's concept of bureaucratic structures. The increased complexity of multinational organizations created the necessity of a new structure that Drucker called (1974) "federal decentralization". In federal decentralization, a company is organized so that there are a number of independent units operating simultaneously. "Each unit has its own management which, in effect, runs its own autonomous business." (p. 572) This structure has resulted in large conglomerates which have diversified into many different fields in order to minimize risk.

The project management organizational structure has been used effectively in highly dynamic and technological environments (French, Kast and Rosenzweig, 1985). The project manager becomes the focal point for information and activities related to a specific project. The goal is to provide effective integration of an organization's resources towards the completion of a specific project. Impementing a project management approach often involves dramatic changes in the relationships of authority and responsibility.

The matrix organizational structure evolved from the project management form (Kolodny, 1979). It represents a compromise between the traditional bureuacratic approach and the autonomous project management approach. A matrix organization has permanently established departments that provide integration for project management. The matrix form is superimposed on the hierarchical structure, resulting in dual authority and responsibilities. Permanent functionality departments allocate resources to be shared among departments and managers.

New Organizational Structures

Network Structure

This modern structure includes the linking of numerous, separate organizations to optimize their interaction in order to accomplish a common, overall goal. An example is a joint venture to build a complex, technical systems such as the space shuttle. Another example is a network of construction companies to build a large structure.

Virtual Organization

This emerging form is based on organization members interacting with each other completely, or almost completely, via telecommunications. Members may never actually meet each other. A Virtual Organization is an organization existing as a corporate, not-for-profit, educational, or otherwise productive entity that does not have a central geographical location and exists solely through telecommunication tools.

A **Virtual Organization** comprises a set of (legally) independent organizations that share resources and skills to achieve its mission/goal, but that are not limited to an alliance of for profit enterprises. The interaction among members of the virtual organization is mainly done through computer networks. A Virtual Organization is a manifestation of Collaborative Networks.

Learning Organizations In an environment where environments are continually changing, it's critical that organizations detect and quickly correct its own errors. This requires continuous feedback to, and within, the organization. Continual feedback allows the organization to `unlearn' old beliefs and remain open to new feedback, uncolored by long-held beliefs. Peter Senge (1990) defines learning as enhancing ones capacity to take action so learning organizations are organizations, which are continually enhancing their capacity to create. Senge believes that organizations are evolving from controlling to predominantly learning.

In a learning organization, managers don't direct as much as they facilitate the workers' applying new information and learning from that experience. Managers ensure time to exchange feedback, to inquire and reflect about the feedback, and then to gain consensus on direction.

There are two types of learning strategies used

Single Loop Learning

This occurs when errors are detected and corrected and firms continue with their present policies and goals. According to Dodgson (1993), Single-loop learning can be equated to activities that add to the knowledge-base or firm-specific competences or routines without altering the fundamental nature of the organization's activities.

It has already been referred to as "Lower-Level Learning" by Fiol and Lyles.

Double Loop Learning

This occurs when, in addition to detection and correction or errors, the organization questions and modifies its existing norms, procedures, policies and objectives. Double-loop learning involves changing the organization's knowledge-base or firm-specific competences or routines. Double-loop learning is also called "Higher-level learning" by Fiol and Lyles (1985), "Generative Learning" or "Learning to Expand an Organization's Capabilities" by Senge (1990), and "Strategic Learning" by Mason (1993).

Double-loop learning is concerned with why and how to change the organization, while Single-Loop learning is concerned with accepting change without questioning underlying assumptions and core beliefs.

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ORGANIZATIONAL CULTURE

As national culture affects human psychology, so does organizational culture i.e. it is the belief, systems, values, and the behaviors of people in organizations.

The term organizational culture refers to the basic assumptions and beliefs shared by members of an organization. These beliefs operate unconsciously and "taken for granted".

The key elements of organizational culture are:

- *Observed behavioral regularities* when people interact, such as the language used and the ritual surrounding deference and demeanor.

- The *norms* that evolve in working groups, such as the norm of a fair day's work for a fair day's pay.

- The *dominant values* espoused by an organization, such a product quality or low prices.

- The *philosophy* that guides an organization's policy toward employees and customers.

- The *rules of the game* for getting along in the organization—"the ropes" that a newcomer must learn to become an accepted member.

- The *feeling or climate* that is conveyed in an organization by the physical layout and the way in which member of the organization interact with one another, customers, and outsiders.

Firms that make cultural adjustments to keep up with environmental changes are likely to outperform those whose culture is rigid and unresponsive to external jolts. IBM's bureaucratic culture—with its emphasis on hierarchy, centralization of decisions, permanent employment, and strict promotion played a large role in its difficulties earlier in the 1990s. In contrast, Hewlett-Packard, named one of the best-managed new companies more than a decade ago, retained its strong position through the 2000s. Many attribute Hewlett Packard's continued success to the fact that the corporation divided into smaller sections in the mid-1980s, making it more nimble and able to bring new products to market quickly.

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 particular culture of an organization. Culture is one of those terms that's difficult to express distinctly, but everyone knows it when they sense it. For example, the culture of a large, for-profit corporation is quite different than that of a hospital which is quite different that that of a university. You can tell the culture of an organization by looking at the arrangement of furniture, what they brag about, what members wear, etc. --similar to what you can use to get a feeling about someone's personality.

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.

There's been a great deal of literature generated over the past decade about the concept of organizational culture -- particularly in regard to learning how to change organizational culture. Organizational change efforts are rumored to fail the vast majority 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's one of the reasons

that many strategic planners now place as much emphasis on identifying strategic values as they do mission and vision.

Types of Culture

There are different types of culture just like there are different types of personality. Researcher Jeffrey Sonnenfeld identified the following four types of cultures.

Academy Culture

Employees are highly skilled and tend to stay in the organization, while working their way up the ranks. The organization provides a stable environment in which employees can develop and exercise their skills. Examples are universities, hospitals, large corporations, etc.

Baseball Team Culture

Employees are "free agents" who have highly prized skills. They are in high demand and can rather easily get jobs elsewhere. This type of culture exists in fast-paced, high-risk organizations, such as investment banking, advertising, etc.

Club Culture

The most important requirement for employees in this culture is to fit into the group. Usually employees start at the bottom and stay with the organization. The organization promotes from within and highly values seniority. Examples are the military, some law firms, etc.

Fortress Culture

Employees don't know if they'll be laid off or not. These organizations often undergo massive reorganization. There are many opportunities for those with timely, specialized skills. Examples are savings and loans, large car companies, etc.

Strong/Weak Cultures

Simply put, when the staff responds to stimuli because of their alignment to organizational values, it is said to be a strong culture.

On the other hand, where there is little alignment with organizational values and control must be exercised through extensive procedures and bureaucracy, the culture is said to be weak.

Where culture is strong—people do things because they believe it is the right thing to do—there is a risk of another phenomenon, Groupthink. **Groupthink** was described by Irving L. Janis. He defined it as "...a quick and easy way to refer to a mode of thinking that people engage when they are deeply involved in a cohesive in-group, when members' strivings for unanimity override their motivation to realistically appraise alternatives of action." This is a state where people, even if they have different ideas, do not challenge organizational thinking, and therefore there is a reduced capacity for innovative thoughts. This could occur, for example, where there is heavy reliance on a central charismatic figure in the organization, or where there is an evangelical belief in the organization's values, or also in groups where a friendly climate is at the base of their identity (avoidance of conflict). In fact groupthink is very common, it happens all the time, in almost every group. Members that are defiant are often turned down or seen as a negative influence by the rest of the group, because they bring conflict (conflicting ideas) and disturb the central culture. In cultural studies, culture is seen as ethnocentric (Barone, J.T, Switzer, J.Y), or culturo-centric, meaning that we tend to think that our culture/subculture is the best. The stronger the culture, the greater the risks of groupthink. By contrast, bureaucratic organizations may miss opportunities for innovation, through reliance on established procedures. Innovative organizations need individuals who are prepared to challenge the status quo—be it groupthink or bureaucracy, and also need procedures to implement new ideas effectively.

Creating Culture

Organizational culture can be created by means of concerted efforts on part of the founders of the organization. Although the organizational culture can be developed in a number of ways, the common steps involved in creating an organizational culture are as follows:

- A person has an idea for a new enterprise. The person is usually the founder of the organization. He develops certain rules, norms and regulation informally and comes up with the basic theme of the culture.

- In the second step, the conceiver collects key people whom he deems suitable to implement his or her ideas by converting them into organizational rules, norms and procedures.

- The key people and the conceiver work together to get things of the ground and develop them into laid down rules and regulations.

- Finally the organization takes its shape and other members are incorporated into the organization.

- A culture emerges based on the conceptions of the founder. The culture is then molded by the activities within the organization.

Maintaining Culture

Once the organizational culture is established, the organization adopts some measure to ensure that the culture is maintained and its core values accepted and adopted by the employees. This is done through the following steps of socialization:

- Selection/rejection

  This is the first step which ensures the persistence of the culture. At the entry level, i.e. hiring and recruitment, employees are selected based on their ability to adhere to the culture.

- Placement in a job

  After the selection of the fit person for the organization, the new recruit is made to perform certain tasks in the organization that may acquaint him with the culture. In other words, it is a process of giving hands on experience to the new employee.

- Job Mastery

  One the selection and employment procedures are over, the employee is subject to training and gains experience at the job. Ultimately he or she becomes an expert in not just the job but also becomes the carrier of the organizational culture.

- Measuring and rewarding performance

  The performance of the employee is measured using suitable techniques and he or she is rewarded as deemed right.

- Adherence to important values

  This refers to the employee's commitment to sacrifice his or her own interests for the organization. He or she would then show full commitment towards the organization and its values.

- Reinforcing stories and folklore

  In this step, organizational stories and folklore is related in a manner that it presents the culture to the employees as the basic and the core distinction and competitive advantage for the organization.

- Recognition and promotion

Finally deserving individuals are recognized and promoted within the organization.

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CHANGING ORGANIZATIONAL CULTURE

An organization's current customs, traditions and general way of doing things are largely due to what it has done before and the degree of success it has had with those endeavors. The original source of an organization's culture usually reflects the vision or mission of the organization's founders. Because the founders have the original idea, they may also exhibit biases in how to carry out the idea. They are not constrained by previous customs or approaches. The founders establish the early culture by projecting an image of what the organization should be. The small size of most new organization also helps the founder instill their vision in all organization members. However, it is not only the organizational culture that plays a significant role. The organization, if considered as an open system, it interacts with its environment as it takes in inputs and distributes outputs. The external environment refers to forces and institutions outside the organization that potentially can affect the organization's performance.

The external environment is made up of two components, the specific environment and the general environment.

The specific environment includes those constituencies that have a direct and immediate impact on manager's decisions and actions and are directly relevant to the achievement of the organization's goals. It includes the customers, suppliers, public pressure groups etc.

The general environment includes the broad economic, political, legal, socio-cultural, demographic, technological and global conditions that may affect the organization. This brings us to the fact that if the external environment undergoes a change, it impacts the organization. In order to adapt to the external change, the organization must undergo a change in terms of its culture as well. Further, if there is a change in the internal environment of the organization, it also needs to undergo a change in terms of the culture of the organization.

Why change the culture?

Organizational culture needs to be changed since it has a direct impact on managerial decision making. Because it constrains what they can and cannot do, an organization's culture is particularly relevant to managers. These constraints are rarely explicit. They are not written down. It is unlikely that they will even be spoken. But they are there, and all managers quickly learn what to do and what not to do in their organizations.

Change is specifically required in an organization due to the following reasons:

- Mergers and acquisitions happen

Merger is a tool used by companies for the purpose of expanding their operations often aiming at an increase of their long term profitability. Evidence on the success of mergers and acquisitions however is mixed: 50-75% of all mergers and acquisitions deals are found to fail adding value.

Usually mergers occur in a consensual setting where executives from the target company help those from the purchaser in a due diligence process to ensure that the deal is beneficial to both parties.

Acquisitions can also happen through a hostile takeover by purchasing the majority of outstanding shares of a company in the open market against the wishes of the target's board. In the United States, business laws vary from state to state whereby some companies have limited protection against hostile takeovers. One form of protection against a hostile takeover is the shareholder rights plan, otherwise known as the "poison pill".

Mergers and acquisitions affect the culture of the organization since it either completely changes norms and values of the organization or partially amends them.

- Rapidly changing external environment

The external environment of organizations is also in a process of change. This can be best understood by considering the impact of the globalization on organizations.

Globalization refers to the greater international movement of commodities, money, information, and people; and the development of technology, organizations, legal systems, and infrastructures to allow this movement. The effects that Globalization has had on the modern day living of mankind are as follows:

- International Cultural exchange

- Multiculturalism

- Diversity

- Greater international travel and tourism

- Greater immigration, including illegal immigration

- Spread of local consumer products (e.g., food) to other countries (often adapted to their culture)

- World-wide fads and fashions

- Formation or development of a set of universal values

- Development of a global telecommunications infrastructure

- Increase in the number of standards applied globally; e.g. copyright laws, patents and world trade agreements.

- Corporate Imperialism: Dominance of MNCs

- Cultural Imperialism

- Emergence of virtual organizations require change in organizational culture, a global alliance is required in trust, communications, negotiating, etc.

A Virtual Organization is an organization existing as a corporate, educational, or otherwise productive entity that does not have a central geographical location and exists solely through telecommunication tools. It comprises a set of (legally) independent organizations that share resources and skills to achieve its mission / goal, but that is not limited to an alliance of for profit enterprises. The interaction among members of the virtual organization is mainly done through computer networks. A Virtual Organization is a manifestation of Collaborative Networks.

Organizational Culture Must Change In Terms Of:

- **Change in organizational structure**
  Organizational structure is the arrangement of various jobs levels of management within the organization. It may be flat, i.e. fewer layers of management or it may be vertical, i.e. large number of managerial layers. Therefore, in an organization, whenever there needs to be incorporated a change in terms of its culture; the structure needs to be revised. For example, organizations are moving away from centralized decision making towards decentralized decision making. This requires a change in the organizational structure which has to have lesser number of layers than before.

- **Change in organizational politics**
  Politics is the art of gaining and sharing power. Every organization has its set of politics. In order to change the culture, the politics of the organization need to be reviewed and adjusted according to the requirement of the new culture.

- **Change in organizational emotions**
  The emotions of the organization refer to the feelings which are possessed within the organization by

the employees. They also need to be manipulated according to the requirements of the changing culture.

How to Change Organizational Culture

Following are the steps in changing the organizational culture:

Assess current culture

The first step in changing organizational culture is to assess the current culture and the requirements, i.e. why and what needs to be changed?

Set change goals, bottom line

The second step in the change process is to set goals and targets, i.e. to define what shall be the ultimate motive behind a cultural change effort.

Recruit experienced people

The third step is to involve people to carry out the change process. It is imperative to involve experienced people from within and from outside the organization to carry out the change.

Make changes and include employees in changes

Once the changes are made, employees need to be made a part of the change since they shall be the first ones to get affected.

Expect problems, be ready to tackle

Once the culture is changed, the problems may arise in terms of non-compliance from the employees. These should be expected and plans already in place to help sort out such problems.

Move decisively, defuse resistance

The cultural change should be enforced with rigor and the resistance shall be countered with tactful measures.

Persist, get feedback

The change should not be rolled back since it was meticulously designed in the beginning. Feedback may be taken from the employees to ensure that the change causes the desired results.

Do no abandon roots

An important consideration in making the change is to not to abandon the cultural roots of the organization. This means that the change should be congruent with the mission statement and the original culture of the organization.

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REWARD SYSTEMS: PAY

Pay is the first reward system available to managers or owners. The pay system is one of the most important mechanisms that firms and managers can use to attract, retain, and motivate competent employees to perform in ways that support organizational objectives. It also has a direct bearing on the extent to which labor costs detract from or contribute to business objective and profitability.

The HR department plays an important role in designing administrative rules and procedures to ensure fair allocation of pay, control labor costs, and maintain parity with competitor's pay levels for similar jobs. However, organizations face many choices in terms of which pay policies and practices to use. The challenges for top mangers, in consultation with the HR personnel, are to pick those that are most appropriate to the firm. Most managers of all levels of the organization enjoy some discretion in making pay decisions for subordinates. Such decisions should be equitable and relate to criteria such as unique skills, performance level, and the flexibility to perform multiple tasks.

An employee's pay cheque is certainly important for its purchasing power. In most societies, however, a person's earnings also serve as an indicator of power and prestige and are tied to feelings of self-worth. In other words, compensation affects a person economically, sociologically, and psychologically. For this reason, mishandling compensation issues is likely to have a strong negative impact on employees and, ultimately, n the firm's procedure.

The wide variety of pay policies and procedures presents managers with a two-pronged challenge: to design a compensation system that:

1. enables the firm to achieve its strategic objectives and

2. is molded to the firm's unique characteristics and environment.

Usually mangers and owners are different in terms of:

- **Using pay as an incentive.** Managers tend to pay more since they are more interested in the well-being of the company in the long run. Owners are interested more in short-run profits, in general.

- **Risk taking:** Managers tend to take greater risk while owners have a long term perspective and take fewer risks. They are concerned about losing their investment.

- **Time horizons:** As mentioned earlier, managers have a short term perspective and owners have a long term perspective.

Research shows a number of things that are related to pay as reward:

1. Pay increases motivation
2. The more money given, the more employees want. This means that as the employees get more money as reward for performance, they tend to be focused more on money only rather than on the job.
3. Reduction in pay will lead to lowering of morale
4. Money means different things to different employees depending on age, gender, status, family, etc.
5. If the gap (spread) in pay is more in a team of workers, performance of team is low
6. Rewarding team rather than person is more motivating

Methods of Pay

1. **Base Pay**

   It is the first and the largest element of total compensation. It comprises fixed pay an employee

receives on a regular basis, either in the form of a salary or as an hourly wage. It is determined by market conditions

2. **Merit Pay**

   It is paid according to predetermined criteria, e.g. cost of living

3. **Pay for Performance**

Simply put, pay-for-performance is that more the work done, the more the pay; bonus or stock options. Pay for performance systems, also called incentive systems, reward employee performance on the basis of three assumptions:

- Individual employees and work teams differ in how much they contribute to the firm-not only in what they do but also in how well they do it.

- The firm's overall performance depends to a large degree on the performance of individuals and groups with the firm.

- To attract, retain, and motivate high performances and to be fair to all employees, a company needs to reward employees on the basis of their relative performance.

Individual incentive plan

At the most micro level, firms attempt to identify and reward the contributors of individual employees. Individual-based pay plans are the most widely used pay-for-performance plans in industry. Individual bonus programs are given on a one-time basis and do not raise the employee's base pay permanently. Bonuses tend to be larger than merit pay increases because they involve lower risk to the employer. Bonuses can also be given outside the annual review cycle when employees achieve certain milestones or offer a valuable cost-saving suggestion.

Awards, like bonuses, are one-time rewards but are given in the form of a tangible prize, such as a paid vacation or a television set etc.

The advantages of individual-based pay-for-performance plans are:

- Performance that is rewarded is likely to be repeated
- Individuals are goal oriented and financial incentives can shape an individual's goals over time.
- Assessing the performance of each employee individually helps the firm achieve individual equity.

The disadvantages of individual-based pay-for-performance plans are:

- Create competition and destroy cooperation among peers and
- Sour working relationships between subordinates and supervisors.

Team-based incentive plan

In an attempt to increase the flexibility of their workforces, a growing number of firms are redesigning work to allow employees with unique skills and backgrounds to tackle projects or problems together. For instance, at Compaq Computer Corp., as many as 25 percent of the company's 16,000 employees are on teams that develop new products and bring them to market. Employees in this new system are expected to cross job boundaries within their team and to contribute in areas in which they have not previously worked.

Team-based pay plans normally reward all team members equally based on group outcomes. These outcomes may be measured objectively or subjectively whether the criteria for defining a desirable outcome are broad or narrow. As in individual-based programs, payments to team members may be

made in the form of a cash bonus or in the form of non-cash awards such as trips, time off, or luxury items.

Team-based pay plans may include:

Gain sharing plan: where team/group performance is rewarded as a whole when the organization gains as a result of the contribution of the group. Profit sharing; where profit is shared by employees in an organization. Whatever the profit of the organization is, the employees get a certain percentage in it. Advantages of team-based-pay-for-performance plans

- They foster group cohesiveness.
- They aid performance measurement

Disadvantages of team-based-pay-for-performance plans:

- Possible lack of fit with individualistic cultural values
- The free-riding effect
- Difficulties in identifying meaningful groups
- Inter-group competition leading to a decline in overall performance

New Pay Techniques Commissions beyond sales to customers

It is an incentive plan in which employees are given commission on factors other than sales to customers. These factors may include customer satisfaction etc.

Rewarding leadership roles

This incentive plan is linked with the leadership ability of the managers. It is based on employee satisfaction and the ability of the manger to produce the desired results for the organization.

Rewarding new goals

As indicated by the name, this plan is linked with the employee's ability to achieve other goals than the core goals of profits and sales. These goals may include an improved productivity or customer satisfaction etc.

Pay for knowledge

This plan is based on the knowledge of the workers in the organization. For example in a team, some of the employees may be more knowledgeable than the others, therefore, they are paid more.

Skill pay

Under this plan, employees are paid on the basis of their skills rather than the job they perform.

Competency pay

This plan tends to reward the competencies of the employees which are not visible but are useful for the organization. For example an employee may know more than one language.

Broad-banding

This refers to setting a range of pay within which certain employees may exist. For example, the pay range for middle level managers may be 10,000 to 50,000. The top management may increase pay within these limits and does not need any pay grading system.

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REWARD SYSTEMS: RECOGNITION AND BENEFITS

RECOGNITION

Organizational and social recognition is used by managers as rewards. Companies operating in global markets need employees who continuously improve the way they do their jobs to keep the company competitive. Employees are more likely to share their ideas for work improvements when managers give them credit for their contributions. Employee recognition programs can enhance employee relations by communicating that the organization cares about its employees' ideas and is willing to reward them for their efforts. The HR department can help here by developing and maintaining formal employee recognition programs such as suggestion systems and recognition awards.

A recognition program does not have to be expensive. The structure of a recognition program is limited only by your imagination. An effective program has the following components:

- Fairness
- High visibility and consistency

To be fair, a program must not favor one employee over another, merely because of his or her position within the organization, or his relationship with his supervisor. There must be an effective means of identifying employees who should be recognized. In many programs, there is an easy means by which employees can nominate others for recognition. As a supplement to a nomination program, supervisors can keep lists of notable employee achievements.

Making certain that a program is highly visible helps to ensure consistent implementation. If a recognition program becomes viewed as management's "program of the month," nominations will drop and those who are nominated may well be those who are perceived in the eyes of many to be management's "favorites." Small, but meaningful achievements may be ignored unless there is a plan to actively solicit nominees.

The actual rewards can be anything you want. One approach is to have small rewards initially, and make each employee who receives eligible to receive a larger reward at the end of the year.

The reward itself should be just part of the process. Recognition can be achieved by having the reward given at a gathering of employees, and by recognizing the award in corporate communications, such as the corporate newsletter or Intranet site. Some of the awards to consider include the following:

- Practice giving **concentrated/ focused** recognition by calling deserving employees into your office.
- **Buy a trophy** and give it to the most deserving employee in the unit or department.
- **Deal with this "out of sight, out of mind"** problem by faxing, e-mailing, or leaving a voice mail for the person that says "thank you for a job well done."
- **Write a note** that recognizes an individual's contributions during the last pay period and attach this note to the person's pay check.
- **Acknowledge the role** that was played by your support staff by taking all of them out to lunch.
- **Take a picture** of someone who is being congratulated by his or her manager.
- **Have a senior manager** come by and attend one of your team meetings during which your recognize people to their accomplishments.
- **Invite your work team** or department to your house on a Saturday evening.
- Recognize the outstanding skill or expertise of an individual by **assigning the person an employee**

to mentor
- The next time you hear a **positive remark** made about someone, repeat it to that person as soon as possible.
- Stay alert to the types of **praise** and recognition that employees seem to like the best and use **these as often as possible**.
- Catch people doing **things right**-and let them know!

Efficiency Wage Theory

It states that organizations can save money by offering higher pays/benefits because they can hire best talent. Basically Efficiency wage theory is the idea that you will pay way above average wages and attract the best employees to your organization. These bright workers will be very productive, more than most employees, because you'll have a group of the best and brightest in your field working together. As well, those workers, because of their high wage and fear of losing it, won't be slacking off and there will be less risk of them leaving to work elsewhere. And if you are in a developing country, your employees may earn enough from these increased wages to buy food and medicine. It's good to have employees who are paid enough to eat. Healthier employees can be more productive!

So why doesn't everyone pay Efficiency wages? Obviously, the reason is cost. You are paying above market wages to attract the best and the brightest, and if enough other firms start doing the same that new higher wage will become the new market wage and you will have to raise prices again to attract those superstar employees. Also, Efficiency wages can increase unemployment. You see, if I as a manager hire a group of superstar employees who are much more productive, all of a sudden instead of hiring ten semislickerss who barely get the job done, I only need to hire 5 top guns. Those other five fools are off on the street looking for new work.

If these new higher wages become the regular market wage demanded by that industry, and something similar takes place throughout the work force risk bringing on the higher wages, then higher wages (people having more money and thus being able to spend more money and driving up prices by doing so) will cause inflation.

Benefits

Employee benefits are group membership rewards that provide security for employees and their family members. They are sometimes called indirect compensation because they are given to employees in the form of a plan (such as health insurance) rather than cash. A benefits package complements the base-compensation and pay-incentives components of total compensation. Employee benefits protect employees from risks that could jeopardize their health and financial security. They provide coverage for sickness, injury, unemployment, and old age and death. They may also provide services or facilities that many employees find valuable, such as child-care services or an exercise centre.

Benefits issues are important to employees. Managers must help employees understand and make the best use of their benefits. For instance, if an employee has a child who needs urgent medical attention, the employee's managers should be able to explain the company's medical benefits to ensure that he employee obtains all available coverage.

Benefits are a powerful recruiting tool. Managers at firms that offer enticing benefits can use this advantage to recruit high-quality applicants.

Benefits help retain talented employees. Firms that offer an attractive benefits package to employees give managers an advantage because the package often helps reduce turnover

Certain benefits play a part in managerial decisions. Some benefits such as vacations, family and medical leave, and sick days-give employees scheduling flexibility. Managers need to aware of these benefits to effectively manage work schedules.

Managers also need to be aware of their own benefits options. Some decisions, particularly those concerning retirement plans, have long-term consequences. Good decisions in this area made early in a career can affect quality of life at the end of and after a career.

Types of Benefits

There are two types of benefits:

1. Traditional
2. Newer Type

Traditional Benefits

- Health insurance: Health insurance covers hospital costs, physician charges, and the costs of other medical services. Because of its importance health insurance is usually considered separately from other types of insurance.

- Life insurance: Insurance plans protect employees or their dependents from financial difficulties that can arise as a result of disability or death.

- Education for children

- Pension plans after retirement

- Vacation time. Employees are sent on paid vacations by the company.

- Medical facilities for self and family.

- Eid holiday is also an example of benefit.

- Disability compensations are compensations provided for disability of employees.

- Old age benefit plans are to provide certain income to retired employees.

- Free travel facilities are often provided to employees as a part of benefits package.

Newer Type

1. Wellness programs: These programs are designed to keep employees health. These include provision of gyms, vacations, exercise facilities, weight control measures etc.

2. Life cycle benefits: These are given at different stages of life cycles, for marriage, child birth, children's education etc.

3. Employee Assistance Programs (E.A.P.): These are company –sponsored programs that help employees cope with personal problems that are interfering with their job performance. For example, an employee assistance program may be run for solving alcohol programs of employees.

4. Flexible benefits: The flexibility of benefits choice concerns the degree of freedom employees have to tailor the benefits package to their personal needs. Some organizations have a relatively standardized benefits package that give employees few options. This system makes sense in organizations that have fairly homogeneous workforce. In these firms a standardized benefits package can be designed for a "typ0ical" employee. In organizations that cannot develop a "typical" employee profile, a decentralized benefits package that emphasized choice will probably be more effective.

5. Others: Organizations also provide benefits which cannot be categorized above. These benefits include services such as helping employees get education or training. It is a common practice these days.

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PERCEPTION

Perception may be defined as the process of acquiring, interpreting, selecting, and organizing sensory information. The word perception comes from the Latin capere, meaning "to take," the prefix per meaning "completely." Methods of studying perception range from essentially biological or physiological approaches, through psychological approaches through the philosophy of mind.

In short, perception is a very complex cognitive process that yields a unique picture of the world, a picture that may be quite different from reality. In terms or organizational psychology, perception plays the role of creating a picture for the employee based on his or her own thinking. Therefore, the same situations/stimuli may produce very different reactions and behaviours from different employees. Understanding the difference between this perceived image and the real image is imperative to understand behaviour of employees. The perceptual image of the manager may be quite different from the perceptual image of the employee, and both may be very different from reality.

Sensations and Perceptions

Sensations can be defined as the passive process of bringing information from the outside world into the body and to the brain. The process is passive in the sense that we do not have to be consciously engaging in a "sensing" process. Perception can be defined as the active process of selecting, organizing, and interpreting the information brought to the brain by the senses.

How They Work Together

Sensation occurs when:

- Sensory organs absorb energy from a physical stimulus in the environment.

- Sensory receptors convert this energy into neural impulses and send them to the brain.

Perception follows:

- The brain organizes the information and translates it into something meaningful.

You may look at a painting and not really understand the message the artist is trying to convey. But, if someone tells you about it, you might begin to see things in the painting that you were unable to see before.

All of this is called Psychophysics

Psychophysics can be defined as, the study of how physical stimuli are translated into psychological experience. In order to measure these events, psychologists use Thresholds. Threshold is a dividing line between what has detectable energy and what does not. For example - many classrooms have automatic light sensors. When people have not been in a room for a while, the lights go out. However, once someone walks into the room, the lights go back on. For this to happen, the sensor has a threshold for motion that must be crossed before it turns the lights back on. So, dust floating in the room should not make the lights go on, but a person walking in should.

Perceptual Organization

Organizing raw sensory stimuli into meaningful experiences involves cognition, a set of mental activities that includes thinking, knowing, and remembering. Knowledge and experience are extremely important to perception, because they help us make sense of the input to our sensory systems.

Gestalt Laws of Grouping

How people perceive a well-organized pattern or whole, instead of many separate parts, is a topic of interest in Gestalt psychology. According to Gestalt psychologists, the whole is different than the sum of its parts. Gestalt is a German word meaning configuration or pattern.

A major goal of Gestalt theory in the 20th century was to specify the brain processes that might account for the organization of perception. Gestalt theorists, chief among them the German-U.S. psychologist and philosopher, the founder of Gestalt theory, Max Wertheimer and the German-U.S. psychologists Kurt Koffka and Wolfgang Köhler, rejected the earlier assumption that perceptual organization was the product of learned relationships (associations), the constituent elements of which were called simple sensations. Although Gestaltists agreed that simple sensations logically could be understood to comprise organized percepts, they argued that percepts themselves were basic to experience. One does not perceive so many discrete dots (as simple sensations), for example; the percept is that of a dotted line.

Without denying that learning can play some role in perception, many theorists took the position that perceptual organization reflects innate properties of the brain itself. Indeed, perception and brain functions were held by Gestaltists to be formally identical (or isomorphic), so much so that to study perception is to study the brain. Much contemporary research in perception is directed toward inferring specific features of brain function from such behavior as the reports (introspections) people give of their sensory experiences. More and more such inferences are gratifyingly being matched with physiological observations of the brain itself.

Many investigators relied heavily on introspective reports, treating them as though they were objective descriptions of public events. Serious doubts were raised in the 1920s about this use of introspection by the U.S. psychologist John B. Watson and others, who argued that it yielded only subjective accounts and that percepts are inevitably private experiences and lack the objectivity commonly required of scientific disciplines. In response to objections about subjectivism, there arose an approach known as behaviorisms that restricts its data to objective descriptions or measurements of the overt behavior of organisms other than the experimenter himself.

Wertheimer (1923) studied some factors which influence grouping in images, the so called *Gestalt Principles of Perceptual Organization*. He identified the following grouping factors

Figure and Background

Not only does perception involve organization and grouping, it also involves distinguishing an object from its surroundings. Notice that once you perceive an object, the area around that object becomes the background. Gestalt psychologists have devised ambiguous figure-ground relationships - that is, drawings in which the figure and ground can be reversed - to illustrate their point that the whole is different from the sum of its parts. The "figure and ground" illusion is commonly experienced when one gazes at the illustration of a black vase the outline of which is created by two white profiles. At any moment one will be able to see either the black vase (in the centre area) as "figure" or the white profiles on each side (in which case the black is seen as "ground"). The fluctuations of figure and ground may occur even when one fails deliberately to shift

attention, appearing without conscious effort. Seeing one aspect apparently excludes seeing the other. Although such illustrations may fool our visual systems, people are rarely confused about what they see. In real world, vases do not change into faces as we look at them. Instead, our perceptions are remarkably stable. The Gestaltist's concept is "figure-ground segregation" is not only referring to foreground-background, but also covers situations, e.g., in which you look through a window outside at a tree. The frame of the window is then the ground the tree the "figure", although it is behind the "ground."
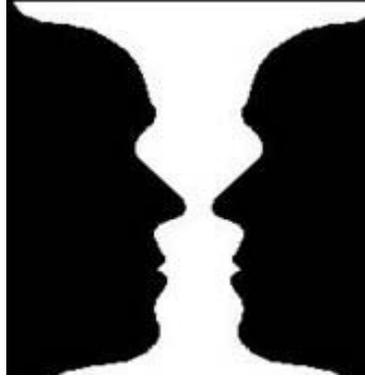
Proximity

Objects that are close to each other in physical space are often perceived as belonging together. This is the law of proximity or closeness. In the figure below, proximity results in a grouping containing pairs of dots.

Similarity

This law states that objects that are similar are perceived as going together. For example, if I ask you to group the following objects: (* * # * # # #) into groups, you would probably place the asterisks and the pound signs into distinct groups.

Continuity of Direction

There is a tendency in our perception to follow a direction, to connect the elements in a way that makes them seem contiguous or flowing in a particular direction We follow whatever direction we are led. Dots in a smooth curve appear to go together more than jagged angles. This principle really gets at just how lazy humans are when it comes to perception.
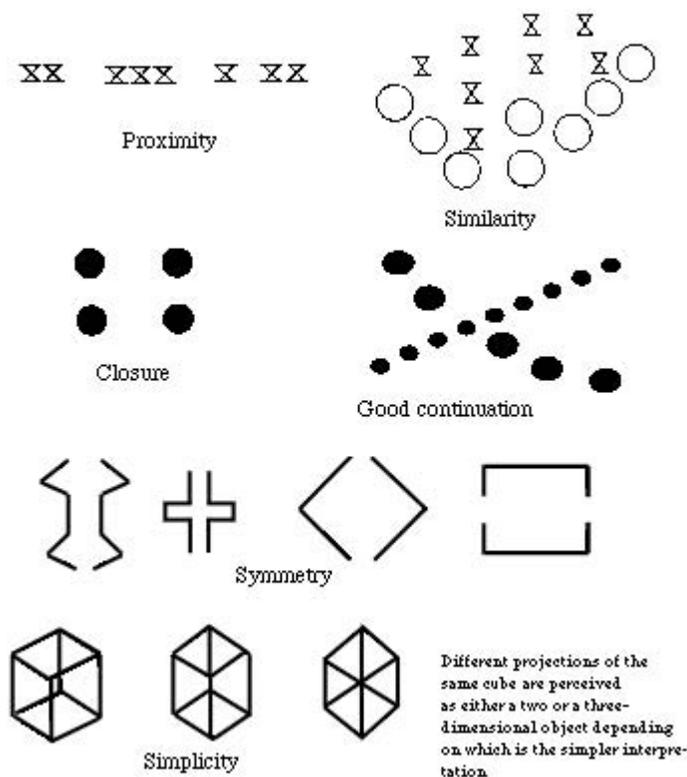
Closure

There is a tendency in our perception to complete incomplete figures, to fill in gaps. And units forming a closed figure tend to be perceived together. We actually tend to complete a form when it has gaps.

Simplicity/Pragnanze

We group elements that make a good form. However, the idea of "good form" is a little vague and subjective. Most psychologists think good form is what ever is easiest or most simple. For example, what do you see here: : >) do you see a smiling face? There are simply 3 elements from my keyboard next to each other, but it is "easy" to organize the elements into a shape that we are familiar with or which is meaningful.

Perceptual Selection

From a purely biological standpoint our senses are utilized to perceive the world around us and to help us learn about it (Kerby, 1975). We take in stimuli from this world by tasting, touching, smelling, hearing and seeing what's going on around us. Since stimulation comes at us from several directions at once, we have the biological capability to physically 'tune out' most of what we do not need for the task at hand.

The human body receive a number of stimuli. The noise of the environment, the sound of the home appliances etc. are a few of the stimuli affecting the senses plus the impact of the total environmental situation. Sometimes the stimuli are below the person's conscious threshold, a process called **subliminal perception**. Despite the presence of all these stimuli, only few are registered by the body. Why it happens can be explained as follows:

The principles of perceptual selection involve two types of factors:

- Objective Factors
- Subjective Factors

Objective Factors

Intensity

According to this principle, the more intense the stimulus, more its chances of being perceived. A loud noise is more likely to be perceived as compared to a softer one.

Size

According to this principle, the larger the object, the more likely it will be perceived. The tallest building in a bird-eye view of a city is more likely to be perceived than a smaller one.

Contrast

This principle states that external stimuli that stand out against the background will receive greater attention. For example, warning signs on road with black colour on yellow background are based on the principle of contrast.

Repetition

Repeated external stimulus is more attention getting than a single one. Advertisement efforts are often based on same principle.

Motion Vs stationary

The motion principle says that people pay more attention to moving objects in the field of vision than they will to stationary objects.

Novelty/familiarity

The novelty familiarity principle states that either a novel or a familiar external situation can serve as attention getter

Subjective factors

Motivation and Habits

Motivation and habits play a vital role in determining the perceptions of individuals in an organization. In most cases, however, learning motivation and personality lead to extreme individual difference s because of

the way the individual is set to perceive. People may make wrong perceptions or perceive the same stimulus or stimulation in entirely different ways.

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PERCEPTUAL DEFENCE

Not only do absolute thresholds vary from person to person, they also vary from time to time for a single person. The type of stimulus, the state of one's nervous system, and the costs of false "detections" all make a difference. Emotional factors are also important. Unpleasant stimuli, for example, may raise the threshold for recognition. This effect is called perceptual defense. "Dirty" words took longer to recognize when flashed on a screen that did "clean" words. Apparently it is possible to process information on more than one level and to resist information that causes anxiety, discomfort, or embarrassment (Dember & Warm, 1979).

In other words, the tendency of perceivers to protect themselves against ideas, objects, or people that are threatening to them is called perceptual defence. It is a function of selective perception which protects the individual from threatening or contradictory stimuli" (1992, 160). "Perceptual defence occurs when a person's value orientations act as a barrier to stimuli that are threatening" (Runyon, 1977, 300). For example, an alcoholic may avoid anti-drinking and driving campaigns in fear of what could happen because they know they drink and drive sometimes. They fear what could possibly happen if they actually accepted the message

In case of consumer, perceptual defence can cause them to avoid or misinterpret otherwise important messages. It can occur under the following conditions (Assael, 1992, 142):

- When consumers have strong beliefs and attitudes about a brand. If the message does not conform to what they believe, they are less likely to perceive. If someone sees an ad for vegetables, they may choose to ignore it if they eat fast food every day.
- When consumers have consistent experience with a brand. Brand-loyals are less likely to switch, regardless of how much "better" another product is.
- When anxiety is produced by a stimulus. If an overweight person sees an ad for Weight Watchers or a gym, they may disregard the message because that stimuli produces fears and anxieties.
- When there is a high level of postpurchase dissonance. Consumers will search out positive information about a brand after they have purchased that brand and they will ignore the negative information

Cognitive Dissonance Theory

It may be defined as the feeling of uncomfortable tension which comes from holding two conflicting thoughts in the mind at the same time.

Dissonance increases with:

- The importance of the subject to us.
- How strongly the dissonant thoughts conflict.
- Our inability to rationalize and explain away the conflict.

Dissonance is often strong when we believe something about ourselves and then do something against that belief. If I believe I am good but do something bad, then the discomfort I feel as a result is cognitive dissonance.
Cognitive dissonance is a very powerful motivator which will often lead us to change one or other of the conflicting belief or action. The discomfort often feels like a tension between the two opposing thoughts.

To release the tension we can take one of three actions:
*   Change our behaviour.
*   Justify our behaviour by changing the conflicting cognition.
*   Justify our behaviour by adding new cognitions.

Dissonance is most powerful when it is about our self-image. Feelings of foolishness, immorality and so on (including internal projections during decision-making) are dissonance in action.

If an action has been completed and cannot be undone, then the after-the-fact dissonance compels us to change our beliefs. If beliefs are moved, then the dissonance appears during decision-making, forcing us to take actions we would not have taken before.

Cognitive dissonance appears in virtually all evaluations and decisions and is the central mechanism by which we experience new differences in the world. When we see other people behave differently to our images of them, when we hold any conflicting thoughts, we experience dissonance.

Dissonance increases with the importance and impact of the decision, along with the difficulty of reversing it. Discomfort about making the wrong choice of car is bigger than when choosing a lamp.

Research

Festinger first developed this theory in the 1950s to explain how members of a cult who were persuaded by their leader, a certain Mrs Keech, that the earth was going to be destroyed on 21st December and that they alone were going to be rescued by aliens, actually *increased* their commitment to the cult when this did not happen (Festinger himself had infiltrated the cult, and would have been very surprised to meet little green men). The dissonance of the thought of being so stupid was so great that instead they revised their beliefs to meet with obvious facts: that the aliens had, through their concern for the cult, saved the world instead.

In a more mundane experiment, Festinger and Carlsmith got students to lie about a boring task. Those who were paid $1 felt uncomfortable lying.

Example

Smokers find all kinds of reasons to explain away their unhealthy habit. The alternative is to feel a great deal of dissonance.

Social Nature of Perception

Social nature of perception relates to how people look at themselves and others. There are two effects that are worth mentioning while talking about social nature of perception:

1) Stereotyping

Stereotypes are generalizations, or assumptions, that people make about the characteristics of all members of a group, based on an image (often wrong) about what people in that group are like. For example, one study of stereotypes revealed that Americans are generally considered to be friendly, generous, and tolerant, but also arrogant, impatient, and domineering. Asians, on the other hand, were expected to be shrewd and alert, but reserved. Clearly, not all Americans are friendly and generous; and not all Asians are shrewd. If you assume you know what a person is like, and don't look at each person as an individual, you are likely to make errors in your estimates of a person's character.

The word *stereotype* was invented by Firmin Didot in the world of printing; it was originally a duplicate impression of an original typographical element, used for printing instead of the original. American journalist Walter Lippmann coined the metaphor, calling a stereotype a "picture in our heads" saying "Whether right or wrong, ...imagination is shaped by the pictures seen... Consequently, they lead to stereotypes that are hard to

shake." (Public Opinion, 1922, 95-156). To note, *cliché* and stereotype were both originally printers' words, and in their literal printers' meanings were synonymous. Specifically, cliché was a French word for the printing surface for a stereotype.

In conflicts, people tend to develop overly-negative images of the other side. The opponent is expected to be aggressive, self-serving, and deceitful, for example, while people view themselves in completely positive ways. These stereotypes tend to be self-perpetuating. If one side assumes the other side is deceitful and aggressive, they will tend to respond in a similar way. The opponent will then develop a similar image of the first party, and the negative stereotypes will be confirmed. They may be grow worse, as communication is shut down and escalation heightens emotions and tension.

When we consider a person good (or bad) in one category, we are likely to make a similar evaluation in other categories. It is as if we cannot easily separate categories. It may also be connected with dissonance avoidance, as making them good at one thing and bad at another would make an overall evaluation (which we do anyway) difficult.

Edward Thorndike found, in the 1920s, that when army officers were asked to rate their charges in terms of intelligence, physique, leadership and character, there was a high cross-correlation.

Just because I dress like a rock star, it does not mean I can sing, dance or play the guitar (come to think of it, the same is true of some real rock stars!).

2) Halo effect

The halo effect refers to a cognitive bias whereby the perception of a particular trait is influenced by the perception of the former traits in a sequence of interpretations.

The halo effect is involved in Kelley's implicit personality theory, where the first traits we recognize in other people then influence the interpretation and perception of latter ones (because of our expectations). Attractive people are often judged as having a more desirable personality and more skills than someone of average appearance. Celebrities are used to endorse products that they have no expertise in evaluating.

When commanding officers were asked to rate their soldiers in an early psychology experiment conducted by Edward L. Thorndike, he found high cross-correlation between all positive and all negative traits. People seem to rarely think of each other in mixed terms; instead we seem to see them as universally roughly good or roughly bad across all categories of measurement. Solomon Asch also performed research in this area. The halo effect may be involved with the theory of cognitive dissonance. Solomon Asch has also done a study about central traits and his findings suggest that attractiveness is a central trait, so we presume all the other traits of an attractive person are just as attractive and sought after. Individuals often exhibit their best behavior in the presence of authority figures, presumably to avoid being accosted by said figures.

The halo effect is also a term used in HR recruitment. While interviewing a person, you might be influenced by one of his attributes and ignore his/her other weaknesses.

Subliminal Nature of Perception

Anytime information is processed below the normal **limen** (threshold or limit) for awareness, it is subliminal. Subliminal perception was demonstrated by an experiment in which people saw a series of shapes flashed on a screen for 1/1000 second each. Later, they were allowed to see these shapes and other "new" shapes for as

long as they wanted. At that time, they rated how much they liked each shape. Even tough they could not tell "old" shapes from "new," they gave "old" shapes higher ratings (Kunst-Wilson & Zajonc, 1980). It seems that the "old" shapes had become familiar and thus more "likable," but at a level below normal awareness. To summarize, there is evidence that subliminal perception occurs. However, well-controlled experiments have shown that subliminal stimuli are basically weak stimuli. Advertisers are better off using the loudest, clearest, more attention-demanding stimuli available --as most do.

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ATTRIBUTION

It is one of the basic human instincts to try to explain things around us to himself/herself and other people. In other words, attributing cause to the events around us. This gives us a greater sense of control. When explaining behavior, it can affect the standing of people within a group (especially ourselves).

Attributions are judgments about what caused a person's behaviour-either characteristics of the person or of the situation.

When another person has erred, we will often use internal attribution, saying it is due to internal personality factors. When we have erred, we will more likely use external attribution, attributing causes to situational factors rather than blaming ourselves and vice versa. We will attribute our successes internally and the successes of our rivals to external 'luck'.

When a football team wins, supporters say 'we won'. But when the team loses, the supporters say 'they lost'.

Our attributions are also significantly driven by our emotional and motivational drives. Blaming other people and avoiding personal recrimination are very real self-serving attributions. We will also make attributions to defend what we perceive as attacks. We will point to injustice in an unfair world.

We will even tend to blame victims (of us and of others) for their fate as we seek to distance ourselves from thoughts of suffering the same plight.

We will also tend to ascribe less variability to other people than ourselves, seeing ourselves as more multifaceted and less predictable than others. This may well because we can see more of what is inside ourselves (and spend more time doing this).

In practice, we often tend to go through a two-step process, starting with an automatic internal attribution, followed by a slower consideration of whether an external attribution is more appropriate. As with Automatic Believing, if we are hurrying or are distracted, we may not get to this second step. This makes internal attribution more likely than external attribution.

Dispositional and Situational Attribution

Behaviour is considered to be determined by either internal or external factors. These factors also determine dispositional or situational attribution.

Dispositional attribution: Where "cause" is attributed to internal/personality factors. Inside factors fall inside your own control. You can choose to behave in a particular way or not. So your behaviour is not influenced, limited or even completely determined by influences outside you control. Therefore, you feel responsible. A typical example is your own intelligence. In other words, Dispositional attribution is the explanation of individual behavior as a result caused by innate characteristics that reside within the individual, as opposed to outside influences that stem from the environment or culture in which that individual is placed

Situational attribution: Where "cause" is attributed to external/social factors. Outside factors fall outside your control. You perceive you have no choice. So your behaviour is influenced, limited or even completely determined by influences outside you control. Therefore, you feel not responsible. A generic example is weather. This is situational attribution.

Internal or external attribution is also made with respect to other people (i.e., is another person personally responsible for a certain event, or is it caused by something beyond his or her control?). We make this sort of attribution when we decide whether or not to blame a friend for failing to pay back a loan. If we blame it on her personal qualities, the attribution is internal. If we blame it on a problem she is having, then the attribution is external.

Locus of Control

A major concept in the study of attribution theory is locus of control: whether one interprets events as being caused by one's own behavior or by outside circumstances. A person with an internal locus of control, an "internal," for example, will believe that her performance on a work project is governed by her ability or by how hard she works. An "external" will attribute success or failure by concluding that the project was easy or hard, the boss was helpful or unhelpful, or some other rationale. In general, an internal locus of control is associated with optimism and physical health. People with an internal locus of control also tend to be more successful at delaying gratification.

Locus of Control is the tendency to place the primary responsibility for one's success or failure either within oneself (internally) or on outside forces (externally).

Internal locus people believe that they control their own fate:

- Easier to motivate
- Better to handle complex info and problem solving
- More achievement orientated
- More independent
- More difficult to lead

External locus people believe they are pawns; luck, chance

- Hard to motivate
- Blame others for poor performance
- Conform easier
- Easier to lead

Three factors influence whether the behavior of others is attributed to internal or external causes: consensus, consistency, and distinctiveness.

Consensus refers to whether other people exhibit similar behaviour; whether people tend to respond to similar situations in the same way. A person who has observed others handle similar situations in the same way will likely make an external attribution.

Consistency refers to whether the behavior occurs repeatedly. whether the person being observed has a history of behaving in the same way. People generally make internal attributions about consistent behavior.

Distinctiveness is concerned with whether the behavior occurs in other, similar, situations; whether the behaviour is unusual for that person. If the behaviour is distinctive, the perceiver probably will make an external attribution

Attributional Errors

Fundamental Attribution Error

In attribution theory, the fundamental attribution error (also known as correspondence bias or over attribution effect) is the tendency for people to over-emphasize dispositional, or personality-based, explanations for behaviors observed in others while under-emphasizing situational explanations. When we are trying to understand and explain what happens in social settings, we tend to view behavior as a particularly significant factor. We then tend to explain behavior in terms of internal disposition, such as personality traits, abilities, motives, etc. as opposed to external situational factors.

This can be due to our focus on the person more than their situation, about which we may know very little. We also know little about how they are interpreting the situation.

Western culture exacerbates this error, as we emphasize individual freedom and autonomy and are socialized to prefer dispositional factors to situational ones.

When we are playing the role of observer, which is largely when we look at others, we make this fundamental attribution error. When we are thinking about ourselves, however, we will tend to make situational attributions.

In short, fundamental attribution error occurs when situational factors are ignored in judging others. In other words, it is the tendency to underestimate the influence of external factors on another's behaviour and to overestimate the influence of internal factors.

Self serving bias

It is the tendency to overestimate the contribution of internal factors to one's successes and the contribution of external factors to one's failures. In other words, it is to present oneself favourably.

A self-serving bias occurs when people are more likely to claim responsibility for successes than failures. It may also manifest itself as a tendency for people to evaluate ambiguous information in a way beneficial to their interests.

For instance, a student who gets a good grade on an exam might say, "I got an A because I am intelligent and I studied hard!" while a student who does poorly on an exam might say, "The teacher gave me an F because he does not like me!" When someone seeks out external causes for their poor performance, it may be labeled self-handicapping. Self-serving bias may simply be a form of wishful thinking.

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IMPRESSION MANAGEMENT

Impression management (IM) theory states that any individual or organization must establish and maintain impressions that are congruent with the perceptions they want to convey to their publics (Goffman, 1959).

The goal is for one to present themselves the way in which they would like to be thought of by the individual or group they are interacting with. This form of management generally applies to the *first* impression.

When we are under scrutiny, we will try to deliberately manage the impressions that others form of us. We will use self-enhancement to make us seem good, for example through smart dress, careful language, etc. The alternative is other-enhancement to make the other person feel good, such as with flattery.

For example, watch people being interviewed on TV. Notice how a good interviewer uses other-enhancement to relax them. Spot how people use self-enhancement to look good.

To some extent, we are constantly managing impressions of others in most social circumstances and of course we want to look good in interviews. However there are two question that may be asked:

- The extent to which it is ethical and acceptable, both socially and for the interviewers.
- The extent to which it is effective. More impression management does not necessarily mean a better impression is gained.

Impression management not only happens, it is expected to happen. This can cause a dilemma where the interviewer either marks you down for not managing impression sufficiently (for example not being smart enough or not being assertive enough) or managing it too much (low-cut dresses, boasting, exaggeration).

A particular dilemma is where the interviewer expects a certain degree of exaggeration or fabrication and downgrades what everyone says. If you are truthful and everyone else exaggerates, then you can lose out.

Do manage the impression you make, but do not over-do it (and do not under-do it either).

- Dress tidily (e.g. suit and tie) but not over-doing it (eg. bow tie, frock coat).
- Show respect, but show neither aggression nor timidity.
- Do not offer any outright lies.
- Notice your body language, but do not over-control it.
- Show your experiences in a positive light, but do not over-exaggerate.

In sociology and social psychology, impression management is the process through which people try to control the impressions other people form of them. It is a goal-directed conscious or unconscious attempt to influence the perceptions of other people about a person, object or event by regulating and controlling information in social interaction. It is usually synonymous with self-presentation, if a person tries to influence the perception of his image.

From both a communications and public relations viewpoint, the theory of impression management encompasses the vital ways in which one establishes and communicates this congruence between personal or organizational goals and their intended actions which create public perception. The idea that perception is reality is the basis for this sociological and social psychology theory, which is framed around the presumption that the other's perceptions of you or your organization become the reality from which they form ideas and

the basis for intended behaviors.

Goffman presented Impression management dramaturgically, explaining the motivations behind complex human performances within a social setting based on a play metaphor (Dillard et al., 2000). Goffman's work is written from a symbolic interactionist perspective, emphasizing a qualitative analysis of the interactive nature of the communication process (Barnhart, 1994).

Two Techniques of Impression Management

Impression Motivation

It may simply be defined as how a boss is made to see an employee. A subordinated would try to present a picture of himself to the boss, which suits just the needs of the organization and what is expected of him.

For example, when an employee has to meet his boss, he might pay special attention to his dress and take some time to do his hair. Therefore, he makes a deliberate effort to appear good in front of the boss. This technique is known as impression management.

Impression Construction

It may be defined as how others are made to see one. In other words, it relates to specific type of impression that people want to make. For example, someone might want to appear competitive; he or she may show interest in a competitive sport.

Strategies of Impression Management

Demotion/prevention strategy

This strategy is related to correcting a negative image, when something goes wrong. It is more like minimizing the responsibility for something which has gone wrong. The demotion-preventative strategy is characterized by the following:

- Accounts: Employees attempt to excuse themselves. They try to give reasons for something going wrong; in other words, attributing the wrong to something which was deemed much important to be done, hence causing the wrong to occur.
- Apologies: It may be considered as the last resort, i.e. when employees find no other way out, they may apologize to the boss creating an impression that they take the blame and responsibility and ensure that it shall not happen again.
- Disassociation: It occurs when employees tend to detach themselves from the wrong. They often tend to exonerate themselves on the account that they had warned about the possible mishap.

Promotion enhancement

It is related to creating a positive or a good image which enhances them. Employees often tend to present themselves as better than what they actually are.
- Entitlements: Under this approach, employees who feel that due credit have not been given to them for their achievements tend to elude do the key officials about it.
- Enhancements: This approach is to increase one's share of praise. As employees feel that the credit or praise they have received for something is not enough, they try to point out the fact to the

concerned people.
- Obstacle Disclosure: This strategy involves illuminating the barriers or obstacles that were faced in achieving the goals.
- Association: This strategy involves, being seen with the right people at the right time. Therefore, a perception may be created that the employee is connected with the successful projects.

Three Types of Impression Management

Research suggests three types of impression management techniques are used:

Self-focused IM

Self-promotion is the packaging of one's strengths, especially useful where the individual is not well known to those who control resources such as promotion. However, self-promotion of successes is seen as risky, because it can be interpreted as bragging, which may result in a negative reaction by the target. Self-promotion of ambition is essential for career management, so that managers are aware of this need – they may be too busy to read your mind. But self-promotion is a Catch 22 for ambitious women – they are damned if they do it and damned if they don't.

Manager-Focused IM

Networking upwards and outwards, and building a good relationship with your manager are assertive tactics to gain approval of senior managers controlling significant rewards. Early use of IM by subordinates in a supervisory relationship, especially where they are of the same gender as the supervisor is likely to result in enhanced performance ratings, which is of significance for females managed by males, putting them at a disadvantage. Cranfield's research shows that women tend to be less instrumental than their male peers in initiation and maintenance of such relationships.

Job-Focused IM

Many choose to impress through delivery of extra high performance and high commitment, but these have to be visible to achieve the rewards.

Impression management signals ambition and drive which when coupled with professionalism and commitment could be a key organizational resource. It is a tool which can benefit the individual, their team, their manager and the organization, through highly professional and committed performance, good organizational citizenship and goal delivery, relationship-building and political/cultural awareness. However, males seem more willing than females to use upward influence IM as part of their career management. If women are not noticed, then they may not extend their potential to the full advantage of their employer or themselves. There is a growing business case for organizations to develop their resource pool of women, as some investors start to move their funds into companies with visible senior female representation. Women directors bring new ideas and different perspectives to corporate decision-making on previously all-male boards, as well as act as role models for those below, enhancing the recruitment and retention of talented women. However, both males and females need to be noticed in order for organizations to invest in development for more senior levels. Managers should not assume that females who do not push themselves forward are not as ambitious or able as their male peers. Some men and women trust the formal HRM systems to provide career opportunities, underestimating the importance of informal networks for information about senior posts. Some individuals with potential do not always realize the importance of "branding" their values and core strengths to their senior managers. Managers could help their junior staff by

clarifying the kind of performance and commitment which get rewarded, so that they can make better-informed choices. Perhaps individuals do not want to use IM, but they should know the unwritten penalties for not delivering and being seen to deliver what the organization wants and needs.

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Lesson 16

PERSONALITY

In psychology, personality is a description of consistent emotional, thought, and behavior patterns in a person. The several theoretical perspectives on personality involve different ideas about the relationship between personality and other psychological constructs as well as different ideas about the way personality doesn't develop.

Personality theories are mainly concerned with the structure of the human mind or psyche, which subsumes explaining how individual psychological processes are organized and made coherent. As such, personality theories serve as the basis and synthesizing element for many other fields in psychology.

Personality psychology, also known as personology, is the study of the person, that is, the whole human individual. Most people, when they think of personality, are actually thinking of personality differences types and traits and the like. This is certainly an important part of personality psychology, since one of the characteristics of persons is that they can differ from each other quite a bit. But the main part of personality psychology addresses the broader issue of "what is it to be a person."

Personality psychologists view their field of study as being at the top (of course) of a pyramid of other fields in psychology, each more detailed and precise than the ones above. Practically speaking, that means that personality psychologists must take into consideration biology (especially neurology), evolution and genetics, sensation and perception, motivation and emotion, learning and memory, developmental psychology, psychopathology, psychotherapy, and whatever else might fall between the cracks.

Since this is quite an undertaking, personality psychology may also be seen as the least scientific (and most philosophical) field in psychology. We have dozens and dozens of theories, each emphasizing different aspects of personhood, using different methods, sometimes agreeing with other theories, sometimes disagreeing.

Like all psychologists - and all scientists - personality psychologists yearn for a unified theory, one we can all agree on, one that is firmly rooted in solid scientific evidence. Unfortunately, that is easier said then done. People are very hard to study. We are looking at an enormously complicated organism (one with "mind," whatever that is), embedded in not only a physical environment, but in a social one made up of more of these enormously complicated organisms. Too much is going on for us to easily simplify the situation without making it totally meaningless by doing so.

Classifying Personality Theories

Psychodynamic

The Freudians and neo-Freudians, who for the most part, attribute significance to unconscious processes.

Freud: Role of Unconsciousness

Freud didn't exactly invent the idea of the conscious versus unconscious mind, but he certainly was responsible for making it popular. The conscious mind is what you are aware of at any particular moment, your present perceptions, memories, thoughts, fantasies, feelings, what have you. Working closely with the conscious mind is what Freud called the preconscious, what we might today call "available memory:" anything that can easily be made conscious, the memories you are not at the moment thinking about but can readily bring to mind. Now no-one has a problem with these two layers of mind. But Freud suggested that these are

the smallest parts!

The largest part by far is the unconscious. It includes all the things that are not easily available to awareness, including many things that have their origins there, such as our drives or instincts, and things that are put there because we can't bear to look at them, such as the memories and emotions associated with trauma.

According to Freud, the unconscious is the source of our motivations, whether they be simple desires for food or sex, neurotic compulsions, or the motives of an artist or scientist. And yet, we are often driven to deny or resist becoming conscious of these motives, and they are often available to us only in disguised form. These factors influence personality.

Jung: Influence of collective unconsciousness

Jung's theory divides the psyche into three parts. The first is the ego, which Jung identifies with the conscious mind. Closely related is the personal unconscious, which includes anything which is not presently conscious, but can be. The personal unconscious is like most people's understanding of the unconscious in that it includes both memories that are easily brought to mind and those that have been suppressed for some reason. But it does not include the instincts that Freud would have it include.

But then Jung adds the part of the psyche that makes his theory stand out from all others: the collective unconscious. You could call it your "psychic inheritance." It is the reservoir of our experiences as a species, a kind of knowledge we are all born with. And yet we can never be directly conscious of it. It influences all of our experiences and behaviors, most especially the emotional ones, but we only know about it indirectly, by looking at those influences.

There are some experiences that show the effects of the collective unconscious more clearly than others: The experiences of love at first sight, of deja vu (the feeling that you've been here before), and the immediate recognition of certain symbols and the meanings of certain myths, could all be understood as the sudden conjunction of our outer reality and the inner reality of the collective unconscious. Grander examples are the creative experiences shared by artists and musicians all over the world and in all times, or the spiritual experiences of mystics of all religions, or the parallels in dreams, fantasies, mythologies, fairy tales, and literature. The collective unconscious influences the personality of a person therefore.

Adler: Feelings of inferiority

Alfred Adler postulates a single "drive" or motivating force behind all our behavior and experience. By the time his theory had gelled into its most mature form, he called that motivating force the striving for perfection. It is the desire we all have to fulfill our potentials, to come closer and closer to our ideal. It is, as many of you will already see, very similar to the more popular idea of self-actualization.

The last phrase he used, before switching to striving for perfection, was striving for superiority. His use of this phrase reflects one of the philosophical roots of his ideas: Friederich Nietzsche developed a philosophy that considered the will to power the basic motive of human life. Although striving for superiority does refer to the desire to be better, it also contains the idea that we want to be better than others, rather than better in our own right. Adler later tended to use striving for superiority more in reference to unhealthy or neurotic striving. This striving for superiority influences a person's personality.

Behavioristic

Focus on careful observation of behavior and environment and their relations. Behaviorists include Hans

Eysenck, B. F. Skinner, and Albert Bandura.

Watson: external reinforcements

J.B. Watson is regarded by many as the founder of the school of behaviourism. Watson taught that psychology should ignore consciousness and concentrate on concrete facts: psychology. According to Watsonian behaviourism, behaviour can be studied in terms of stimulus-response patterns. This means, that a stimulus is received by organism and it responds. For example, when someone touches a hot object, he immediately withdraws his hand from the object. In other words, the hotness of the object serves as the stimulus while the withdrawing action of the individual is his or her response to the stimulus. Watson therefore stated that there is nothing mysterious in this action and reaction and all of it could be explained in simple physiological terms. Further, it could be said that external reinforcements force the person to behave in a particular manner which therefore determines his r her personality. Watson further proclaimed that by controlling the environment of an organism we could control and predict its behaviour. This is known as environmentalism, that organism is affected by its environment.

Bandura: Contingent factors, role models

Behaviorism, with its emphasis on experimental methods, focuses on variables we can observe, measure, and manipulate, and avoids whatever is subjective, internal, and unavailable -- i.e. mental. In the experimental method, the standard procedure is to manipulate one variable, and then measure its effects on another. All this boils down to a theory of personality that says that one's environment causes one's behavior.

Bandura found this a bit too simplistic for the phenomena he was observing -- aggression in adolescents -and so decided to add a little something to the formula: He suggested that environment causes behavior, true; but behavior causes environment as well. He labeled this concept reciprocal determinism: The world and a person's behavior cause each other. Later, he went a step further. He began to look at personality as an interaction among three "things:" the environment, behavior, and the person's psychological processes. These psychological processes consist of our ability to entertain images in our minds, and language. At the point where he introduces imagery, in particular, he ceases to be a strict behaviorist, and begins to join the ranks of the cognitivist. In fact, he is often considered a "father" of the cognitivist movement!

Humanistic/Existential

Focus on phenomenological methods and believe that the answers are to be found in consciousness or experience.

Rogers: Realize ones potential

Roger's theory is a clinical one, based on years of experience dealing with his clients. He has this in common with Freud, for example. Also in common with Freud is that his is a particularly rich and mature theory -- well thought-out and logically tight, with broad application.

The entire theory is built on a single "force of life" he calls the actualizing tendency. It can be defined as the built-in motivation present in every life-form to develop its potentials to the fullest extent possible. We're not just talking about survival: Rogers believes that all creatures strive to make the very best of their existence. If they fail to do so, it is not for a lack of desire.

Rogers captures with this single great need or motive all the other motives that other theorists talk about. He

asks us, why do we want air and water and food? Why do we seek safety, love, and a sense of competence? Why, indeed, do we seek to discover new medicines, invent new power sources, or create new works of art? Because, he answers, it is in our nature as living things to do the very best we can!

Maslow: Self actualization

One of the many interesting things Maslow noticed while he worked with monkeys early in his career, was that some needs take precedence over others. For example, if you are hungry and thirsty, you will tend to try to take care of the thirst first. After all, you can do without food for weeks, but you can only do without water for a couple of days! Thirst is a "stronger" need than hunger. Likewise, if you are very very thirsty, but someone has put a choke hold on you and you can't breath, which is more important? The need to breathe, of course. On the other hand, sex is less powerful than any of these. Let's face it, you won't die if you don't get it!

Maslow took this idea and created his now famous hierarchy of needs. Beyond the details of air, water, food, and sex, he laid out five broader layers: the physiological needs, the needs for safety and security, the needs for love and belonging, the needs for esteem, and the need to actualize the self, in that order.

The five levels of needs are: Physiological needs, safety needs, belonging needs, esteem needs and self-actualization. The last level is a bit different. Maslow has used a variety of terms to refer to this level: He has called it growth motivation (in contrast to deficit motivation), being needs (or B-needs, in contrast to D-needs), and self-actualization.

The self-actualizers also had a different way of relating to others. First, they enjoyed solitude, and were comfortable being alone. And they enjoyed deeper personal relations with a few close friends and family members, rather than more shallow relationships with many people. Each level of motivation has its own impact on personality of a person.

Five Traits of Personality Related To Op

Personality researchers have proposed that there are five basic dimensions of personality. Evidence of this theory has been growing over the past 50 years, beginning with the research of D. W. Fiske (1949) and later expanded upon by other researchers including Norman (1967), Smith (1967), Goldberg (1981), and McCrae & Costa (1987).

The "big five" are broad categories of personality traits. While there is a significant body of literature supporting this five-factor model of personality, researchers don't always agree the exact labels of each dimension. However, these five categories are usually described as follows:

- Extroversion: This trait includes characteristics such as excitability, sociability, talkativeness, assertiveness, and high amounts of emotional expressiveness.
- Agreeableness: This personality dimension includes attributes such as trust, altruism, kindness, affection, and other pro-social behaviors.
- Conscientiousness: Common features of this dimension include high levels of thoughtfulness, with good impulse control and goal-directed behaviors.
- Neuroticism: Individuals high in this trait tend to experience emotional instability, anxiety, moodiness, irritability, and sadness.
- Openness: This trait features characteristics such as imagination and insight, and those high in this trait also tend to have a broad range of interests.

These dimensions represent broad areas of personality. Research has demonstrated that these groupings of characteristics tend to occur together in many people. For example, individuals who are sociable tend to be talkative. However, these traits do not always occur together. Personality is a complex and varied and each person may display behaviors across several of these dimensions.

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PERSONALITY ASSESSMENT

Personality assessment may be defines as the measurement of personality and behavior. Personality testing tells us about:

- a person's coping in general with stress and life, sometimes by creating a stressful situation in the act of testing, giving us a chance to watch the person react, make sense of something that is senseless, or assign meaning to things and explain their thoughts
- how a person copes with specific stressful situations or demands, and more about how they are handling matters now (e.g., seriously depressed and suicidal) c) some question put to us by others, like ability to hold some job, reach some goal, or likelihood of behaving in some way d) providing therapy and providing self-understanding for the client regarding strengths and weaknesses

A personality test aims to describe aspects of a person's character that remain stable throughout a person's lifetime, the individual's character pattern of behavior, thoughts, and feelings. An early model of personality was posited by Greek philosopher/physician Hippocrates. The 20th century heralded a new interest in defining and identifying separate personality types, in close correlation with the emergence of the field of psychology. As such, several distinct tests emerged; some attempt to identify specific characteristics, while others attempt to identify personality as a whole.

It is essential that the measurement used for personality be:

Reliable

This means that the measuring device is consistent in measuring the personality. Primary measures of reliability include:

1. Internal Consistency
2. Inter-Rater Reliability
3. Stability across time (test-retest reliability).

Validity

Validity refers to how well does the test correlate with other psychological variables the test claims to measure. For example, how well do SAT or ACT scores predict success in college. This type of validity is known as Criterion Validity

Standardized

This refers to the test being applicable to different people under different circumstances. In other words, the test should be usable at different organizations for testing different people and should not be specific.

Imagine that this test is administered to the same group of people twice, with 6 weeks of time elapsing between test times. Good test-retest reliability would mean that someone's 2nd score would be reasonable close to their first score. That is, the test would correlate highly with itself over time and 2 different administrations. Poor test-retest reliability would mean that a test would not be able to predict itself over time.

The level of reliability sets an upper limit on the level of validity a test may have. For example, if the test-retest reliability of the SAT is r=.6, the validity correlation of the SAT predicting college G.P.A. will never be greater than r=.6

Personality tests measure:

- Information on resources and problem solving styles, impulses and impulse control, coping skills and level of adjustment.
- Emotional ability or stability, emotional coping (master of my emotions or slave to them), insight into feelings and their sources, specific feelings that may be hard to deal with, affective sense of oneself (good vs. bad, strong vs. vulnerable), and defenses and ability/flexibility in using them.
- Relationship quality, stability, and potential, empathy and it's depth, and strategy for meeting needs.

Basic Categories of Measures

Three basic categories of measure have been developed:

Objective Tests

Objective (Standardized) tests like the MMPI and Millon take standard questions which research shows can help us classify people, give them to the patient, and then compare the client's answers to the answers given by certain groups. The MMPI was designed to diagnose patients for psychiatrists, and the Millon forces people into categories Objective tests are actually psychological tests which are based on Freudian Psychology (Psychoanalysis) and seek to expose the unconscious perceptions of people. Conversely, objective tests generally explore an individual's conscious thoughts and feelings. Objective tests tend to be more reliable and valid than projective tests.

<u>Examples of objective tests:</u>

Minnesota Multiphasic Personality Inventory

Minnesota Multiphasic Personality Inventory or MMPI is the most frequently used clinical test. Therefore, it is employed quite often in court cases to provide personality information on defendants or litigants in which psychological adjustment factors are pertinent to resolution of the case. It is easy to administer and provides an objective measure of personality. Since it is such a well-researched and highly reliable instrument, it is often used in custody evaluations. It provides clear, valid descriptions of people's problems, symptoms, and characteristics in broadly accepted clinical language. The profiles are easy to explain in court and appear to be relatively easy for people to understand. The Minnesota Multiphasic Personality Inventory, or MMPI, was developed in the late 1930s by a psychologist and a psychiatrist at the University of Minnesota. It was originally intended for use with an adult population, but was then extended to include teenagers, mostly for teens in the middle years, about 15 and 16.

16PF

The 16PF was developed from the work of Dr. Raymond Cattell and his factor analysis over 45 years ago. It has 16 different scales that measure things like anxiety, liveliness, dominance, sensitivity, perfectionism, openness to change, group-orientation, and more. The factors are further grouped together into global factors: self-control, anxiety, extraversion, independence, and tough-mindedness.

Projective Tests

Projective tests are based partially on Freudian ideas of projection. Freud thought we project parts of ourselves we can't accept onto objects or people. It's a way to expel parts of us we can't handle but still deal with them. He thought you were, by definition, unconscious of the process. A projective test, in psychology, is a personality test designed to let a person respond to ambiguous stimuli, presumably revealing hidden emotions and internal conflicts. This is different from an "objective test" in which responses are analyzed according to a universal standard (for example, a multiple choice exam) rather than an individual's judgement.

Example of projective tests

Thematic Appreciation Test (TAT)

Historically, the Thematic Apperception Test or TAT has been amongst the most widely used, researched, and taught projective psychological tests. Its adherents claim that it taps a subject's unconscious to reveal repressed aspects of personality, motives and needs for achievement, power and intimacy, and problem-solving abilities

The TAT is popularly known as the picture interpretation technique because it uses a standard series of 30 provocative yet ambiguous pictures about which the subject must tell a story. TAT was developed by the American psychologists Henry A. Murray and Christiana D. Morgan at Harvard during the 1930s to explore the underlying dynamics of personality, such as internal conflicts, dominant drives, interests, and motives.

Situational Tests

Situational Tests present applicants with realistic, hypothetical scenarios and ask them to identify an appropriate response. Situational Tests are being used increasingly and for various purposes. For example, they are often used as a sift tool for external applicants, as part of selection in an internal promotion process, and as a development tool by providing useful feedback on how the candidate's responses compare to the ideal response.

Some recent work on personality testing also measures the big five:

- Extraversion
  The degree to which a person is sociable, talkative, assertive, and comfortable, with interpersonal relationships

- Agreeableness
  The degree to which a person is able to get along with others by being good-natured, cooperative, forgiving, understanding, and trusting

- Conscientiousness
  The degree to which a person is focused on a few goals, thus behaving in ways that are responsible, dependable, persistent, and achievement oriented

- Emotional Stability
  The degree to which a person is focused on a few goals, thus behaving in ways that are responsible, dependable, persistent, and achievement oriented The degree to which a person is calm, enthusiastic, and secure, rather than tense, nervous, depressed, moody, or insecure

- Openness to experience
  The degree to which a person has a broad range of interests and is imaginative, creative, artistically sensitive, and willing to consider new ideas

A person with all these qualities will be a asset for the organization.

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ATTITUDE

Attitude is a mental position relative to a way of thinking, behaving or leaning toward that which you believe. It is the way a person thinks about somebody or something and the way she behaves toward someone. It is her personal view or opinion of something. It also describes her general emotional approach to any person or situation.

From a personal development standpoint, attitude is broader than this popular usage. A positive attitude implies a way of thinking that is predominantly positive and optimistic. The opposite inclination, a negative attitude is predominantly pessimistic.

Components of Attitude

Attitude has three components, namely:

1. Emotional

The emotional component represents a person's feelings towards an object. In other words, it is the disposition towards something. For example, a sales representative behaves in a positive manner with his clients. He feels that the client can do good to him by making a purchase, therefore he has a positive emotional component.

2. Informational

The informational component consists of the information, idea or beliefs that a person has about the object. For example, if someone feels that his partner can not play cricket very well, he would not let him take charge if needed. Therefore, the belief plays the role of determining the informational component.

3. Behavioural

The behavioural component represents how a person actually behaves. It consists of cognitive and affective (values & beliefs) parts. Our beliefs and values are combined with our cognitive component; thus, two components (affective and cognitive) give us our long range or persistent measurements for dealing with the world.

While a person may have the competency to perform a task, that does not mean he or she will have the desire (attitude) to do so correctly. In other words, competencies give us the ability to perform, while attitudes give us the desire to perform. Attitudes change with various events in a person's life. These emotional changes also vary in length of time.

Positive and Negative Affectivity

Positive Affectivity (PA)

It may be defined as a sense of well being, pleasantly involved in life and having positive attitudes. Positive attitude, positive thinking, and optimism are now known to be a root cause of many positive life benefits-the good life and well being. You'll live longer and be healthier and happier with a positive attitude toward life. In addition, you're more likely to be successful if you learn to use the power of thinking positive, adopting

positive attitudes, and affirmations to gain important life benefits. A positive attitude and optimistic thinking early in life predict health and well being in later years. Analysis of 99 Harvard graduates found a strong correlation between their optimistic thinking as college students and good health at age 40 and above.

In his ground-breaking book, A Primer in Positive Psychology, Christopher Petersen, PhD, says, "...optimism has demonstrable benefits, and pessimism has drawbacks." He goes on to say, "...optimism...has been linked to positive mood and good morale; to perseverance and effective problem solving; to academic, athletic, military, occupational, and political success; to popularity; to good health; and even to long life and freedom from trauma."

Even if a person has been a pessimistic, negative thinker for many years, it is never too late to change the way of thinking and reap the benefits of a positive attitude. Optimists believe they are accountable for good things and that good things will generally come their way. If something bad comes instead, optimists tend to write it off as an isolated incident, an anomaly, or something out of their control; optimists believe things will be better in the future.

Negative Affectivity (NA)

It is the state of being nervous, tense, worried, distressed and pessimistic. Negative affectivity (NA) has been defined as reflecting individual differences in negative emotion and self concept (Watson & Clark, 1984). It has been argued that NA may affect perceived levels of stress by influencing perceptions of the self or environment. Accordingly, individuals found to be high in NA tend to report higher levels of dissatisfaction and perceived stress, when compared with individuals who have lower levels of NA. Although there is strong empirical evidence linking NA to psychological well-being outcomes some authors have suggested that this relationship originates out of a tendency of those individuals high in NA to respond to self report methodologies with an overall negative perception.

Moyle (1995), in a comprehensive analysis of the effects of NA on a number of outcome measures, found that negative affectivity did not universally affect all outcomes in a similar manner. Instead she found that NA functioned in a number of different ways to influence outcomes. Moyle noted that NA was not simply a generic nuisance variable but rather it played a complex and substantive role within the stress process.

Functions of Attitude

Adjustment Function

Attitudes help employees in organizations to adjust to the organizational environment. For example, if an employee finds his job satisfying and develops a positive attitude towards it, he or she is more likely to adjust with the organizational environment as compared to the one who has developed a negative attitude towards the job or the organization.

Ego Defence Function

Attitude defines and defends self image. A person may make a poor decision and stick to it despite warnings and in the process, develop a negative attitude towards the one who had warned him, considering him inexperienced and irreverent. Hence, later this attitude would protect the ego of the person when he shall refuse to listen to the warnings.

Value Expressive Function

Attitudes towards certain things help in expressing the values possessed. A person, who has a strong negative attitude towards a liar, has his values of not telling a lie represented by this attitude.

Knowledge function

Attitude helps to understand and explain the world. A person may have negative attitude towards a group and therefore consider everything said or done by that group to be wrong or threatening. He has developed a frame of reference to assay the group which is a function of his attitude.

Changing Attitudes

Changing attitudes in organizations and in general is a difficult task; however, modification of existing attitudes is much easier.

The first step in trying to change or modify attitudes is to identify the barriers in it and demolish them. The common barriers are as follows:

Prior Commitment

Prior commitment of people prevents attitudinal change in them. It is actually disposition towards certain beliefs. For example, a graduate from a foreign university would often be considered suitable for a number of jobs irrespective of his interest and aptitude, based on the belief that he or she is a foreign qualified person. This belief may be harmful for the organization. It is actually a prior commitment of the hiring people.

Insufficient Information

Another barrier to bringing about attitudinal change is insufficiency of information. People do not find sufficient reasons for changing their attitude which may become a hindrance in changing attitudes.

How to Change Attitudes

Find prior commitment, break it

Probably most overlooked is this strategy. Most often we forget that one of the reasons people don't change their attitude is that they have made a conscious or subconscious prior commitment. Uncovering those hidden agendas usually results in an opportunity to change one's attitude about previous commitments. Even stability can be a prior commitment and until I understand that this new change, method or system is going to produce stability--I am not willing to let go of what is stable.

Provide new/different information

Often, people don't see or feel the need to change. Providing information to support change or the need to change can often open previously closed doors. Communicating change initiatives prior to implementation is often scary but almost always better than not doing it until the implementation begins.

Use fear/ punishment

Fear can be positive if we take the time to frame it correctly. Fear of some sort, often creates the urgency needed for change to take place and for change gaps to be bridged, but the key to using fear is to show how

the present path is not the best one. You don't just threaten people by stating if they don't do it they will suffer the consequences. You use a combination of tactics to show with information how the present direction will lead to lower levels of benefits and more sacrifice than changing directions--personally or organizationally.

Influence friends/family

One of the major reasons--in my view--for using 360 degree assessment is so that someone can get hit over the head by people whose opinions often matter--saving leadership from doing it. While this may be the crass side of 360, it does work because of the influence of friends and peers. 360s certainly have weaknesses and used solely for the purpose of changing attitudes is probably more harmful than helpful in the "long term." However, a structured ongoing program of development that includes regular 360 assessments and training can be effective in changing attitudes.

Psychotherapy

Psychotherapy is actually the treatment of mental and emotional disorders using psychological methods. Psychotherapy, thus, does not include physiological interventions, such as drug therapy or electroconvulsive therapy , although it may be used in combination with such methods. Behavior therapy aims to help the patient eliminate undesirable habits or irrational fears through conditioning. Humanistic therapy tends to be more optimistic, basing its treatment on the theory that individuals have a natural inclination to strive toward self-fulfillment. Therapists such as Carl Rogers and Abraham Maslow used a highly interactive client-therapist relationship, compelling clients to realize exactly what they are saying or how they are behaving, in order to foster a sense of self-awareness. Cognitive therapies try to show the client that certain, usually negative, thoughts are irrational, with the goal of restructuring such thoughts into positive, constructive ideas. Such methods include Albert Ellis's rational-emotive therapy, where the therapist argues with the client about his negative ideas.

Psychotherapy may be brief, lasting just a few sessions, or it may extend over many years. More than one client may be involved, as in marriage or family counselling, or a number of individuals, as in group psychotherapy.

Cooperate, involve in decision making

Giving people--whose attitude is deviant from the norm--leadership opportunity can often lead to positive change for the person and the organization. Some say resistance is energy and this resistant energy occurs often in the form of challenging attitudes and opposition--disagreeableness. Yet, often this energy can be harnessed to propel the organization forward while leading to attitudinal change in the opposition.

Seek first to understand

An age old maxim made popular by Stephen Covey's 7 habits, empathy like compassion forces us to take the view of the opposing force and to attempt to understand the reasons for the resistance. Much has been written about this "soft" skill but by far, the caring sense that someone expresses authentically towards another person removes barriers to changes in attitudes. Empathy creates openings for new information and influence to reach through previously locked doors.

Resolve cognitive dissonance.

Most often, each of us has a dialectic taking place inside ourselves about our attitudes and about the results of

our behaviors. To resolve this dissonance or conflict can often lead to positive changes in attitudes for us personally as well as in organizations. People are certain that their behavior always works, yet must often protect that faulty behavior with an attitude. Helping them to understand the conflict between their attitude and the behavior can lead to positive change.

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JOB SATISFACTION

It may be defined as a pleasurable state of being as a result of doing one's job. Job satisfaction is in regard to one's feelings or state-of-mind regarding the nature of their work. It can be influenced by a variety of factors, eg, the quality of one's relationship with their supervisor, the quality of the physical environment in which they work, degree of fulfillment in their work, etc. Job satisfaction is one of the central variables in work and organizational psychology. On the one hand, job satisfaction is viewed as a dependent variable, which varies dependent on the quality of working conditions
(e.g. stressors). On the other hand, job satisfaction is supposed to be an independent variable, which should determine a variety of consequences such as absenteeism, fluctuation, and performance.

Job Satisfaction Is Related To:

The work
In relation to work, job satisfaction stems from the individual perception about the opportunities for learning that are provided by the job. The ability of the job to enhance his or her learning and a chance to accept responsibility are related to job satisfaction.

Pay
An obvious relation is between the financial incentives of the job. Job satisfaction is related to the pay that an employee gets for the job he performs.

Promotion/Advancement Opportunities
Another important aspect of job satisfaction is the chances for the employee to excel in the organization to higher organizational levels. More the advancement opportunities, greater the satisfaction, and vice versa.

Nature of Supervision Provided
The supervision plays an important role in job satisfaction of employees. If the supervision provided is supportive, employees tend to be more satisfied with their jobs.

Nature of Co-Workers
The nature of co-workers also plays an important role in job satisfaction. If the fellow workers are supportive, there tends to be greater job satisfaction.

Measurement of Job Satisfaction
There are many methods of measuring job satisfaction. However, following are some of the methods which may be used:

Rating scales
By far, the most common method for collecting data regarding job satisfaction is using rating scales such as the Likert scale (named after Rensis Likert). Likert scales typically allow for five, seven, or nine responses to questions/statements on surveys, with the highest and lowest score indicating extreme degrees of either agreement or disagreement, and with the middle score showing neutrality. Sometimes an even number of options are used to force direction towards positive or negative in one's choice.

Description of Critical Incidents on Job
Critical Incidents (CIs) are events or features which could affect efforts to achieve personal or system objectives. CI Analysis is a way of identifying events that may have a positive or a negative influence on individuals and systems. John Flanagan developed the critical incident technique (CIT) to identify behaviors

that contribute to the success or failure of individuals or organizations in specific situations. Critical incidents description typically involves meetings where organizational people share critical incidents they have witnessed that show a necessary knowledge, skill, or ability that an incumbent needs for the job.

Interviews

Interviews may be conducted with employees to measure job satisfaction. Professional psychologists may be hired to conduct the interviews.

Action Tendencies/Initiatives
Satisfied employees have tendencies to work in a manner which is favorable for the organization as a whole. These tendencies are a test of employee satisfaction with his or her job.

Outcomes of Job Satisfaction

Following are some of the outcomes of job satisfaction:

One important discovery is that job satisfaction is correlated with life satisfaction. This correlation is reciprocal, meaning people who are satisfied with life tend to be satisfied with their job and people who are satisfied with their job tend to be satisfied with life.

- Satisfaction leads to high productivity, though it is not a strong relationship.
- Satisfaction leads to performance and performance leads to satisfaction.
- People who are dissatisfied with their job tend to miss more work. Although there is not a strong correlation, people tend to not miss work very much regardless of their degree of satisfaction. However, people will readily deem extraneous situations to be justifiable reasons to miss work. For example, a dissatisfied worker may not miss work on a warm, sunny day but will be more likely to miss on a cold day.
- Along the same lines as absenteeism, job satisfaction also is negatively correlated with turnover.
- Others: better mental and physical health, few accidents, better citizenship

Organizational Commitment

Organizational commitment may be defined as the employee's psychological attachment to the organization. It can be contrasted with Job Satisfaction (an employee's feelings about their job). Further, it may be defined as any of the following:

- Strong desire to remain in the organization
- Willingness to work hard
- Acceptance of organizational beliefs and norms

Organizational scientists have developed many definitions of organizational commitment, and numerous scales to measure them. Exemplary of this work is Meyer & Allen's model of commitment, which was developed to integrate numerous definitions of commitment that had proliferated in the research literature. According to Meyer and Allen's (1991) three-component model of commitment, prior research indicated that there are three "mind sets" which can characterize an employee's commitment to the organization:

- Affective Commitment: AC is defined as the employee's emotional attachment to the organization. As a result, he or she strongly identifies with the goals of the organization and desires to remain a part of the organization. This employee commits to the organization because he/she "wants to". In developing this concept, Meyer and Allen drew largely on Mowday, Porter, and Steers's (1982) concept of commitment.

- Continuance Commitment: The individual commits to the organization because he/she perceives high costs of losing organizational membership (cf. Becker's 1960 "side bet theory"), including economic losses (such as pension accruals) and social costs (friendship ties with co-workers) that would have to be given up. The employee remains a member of the organization because he/she "has to".

- Normative Commitment: The individual commits to and remains with an organization because of feelings of obligation. For instance, the organization may have invested resources in training an employee who then feels an obligation to put forth effort on the job and stay with the organization to 'repay the debt.' It may also reflect an internalized norm, developed before the person joins the organization through family or other socialization processes, that one should be loyal to one's organization. The employee stays with the organization because he/she "ought to".

Note that according to Meyer and Allen, these components of commitment are not mutually exclusive: an employee can simultaneously be committed to the organization in an affective, normative, and continuance sense, at varying levels of intensity. This idea led Meyer and Herscovitch (2001) to argue that at any point in time, an employee has a "commitment profile" that reflects high or low levels of all three of these mind-sets, and that different profiles have different effects on workplace behavior such as job performance, absenteeism, and the chance that they will quit.

Meyer and Allen (1984, 1991; Allen & Meyer, 1990) used the terms effective and continuance commitment to distinguish between the views of commitment popularized by Porter and his associates (Mowday, Steers, & Porter, 1979; Porter et al., 1974) and Becker (1960), respectively. Porter et al. described commitment as "the strength of an individual's identification with and involvement in a particular organization". For Becker, commitment was the tendency to engage in "consistent lines of activity" because of the perceived cost of doing otherwise. In the case of commitment to the organization, the activity involves staying with the organization, and the perceived cost of leaving might include the loss of attractive benefits and seniority, disruption of personal relationships, and so on.

Enhancing Organizational Commitment

Organizational commitment can be enhanced by considering the following:
- Hire the right person for the job.
- Clarify organization's mission so that there is not chance of a clash between the employees' personal goals and the organization's goals.
- Give justice in organization to create a sense of fair-play in the organization.
- Create sense of community.
- Involve in decision making and give them due responsibilities.
- Support employee development and develop career paths for the employees.

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MOTIVATION

Motivation is the willingness to exert high levels of effort to reach organizational goals, conditioned by the effort's ability to satisfy some individual needs. The key elements can be seen in this definition: effort, organizational goals and need. The effort element is the measure of intensity or drive. When someone is motivated, he or she tries hard. But high levels of effort are unlikely to lead to favourable job performance outcomes unless the effort is channelled in a direction that benefits the organization. Therefore, the quality of the effort must be considered as well as its intensity. Effort that is directed towards, and is consistent with, organization's goals is the kind of effort managers should be seeking. Finally, motivation is created as a need-satisfying process. A need refers to some internal state that makes certain outcomes appear attractive. An unsatisfied need creates tension that stimulates drives within an individual. These drives generate a search behaviour to find particular goals that, if attained, will satisfy the need and reduce the tension. It can be said that motivated employees are in a state of tension. To relieve this tension, they exert effort. The greater the tension, the higher the effort level. If this effort leads to the satisfaction of the need, it reduces tension. Since the focus here is on work behaviour, this tension reduction effort must also be directed towards organizational goals. Therefore, inherent in the definition of motivation is the requirement that the individual's needs be compatible and consistent with the organization's goals. Motivating high levels of employee performance is such an important consideration that academic researchers and practicing managers have been trying to understand and explain employee motivation for years.

Extrinsic motive
Extrinsic motivation is when someone is motivated by external factors, as opposed to the internal drivers of intrinsic motivation. Extrinsic motivation drives people to do things for tangible rewards or pressures, rather than for the fun of it.

Intrinsic motive
Intrinsic motivation is when someone is motivated by internal factors, as opposed to the external drivers of extrinsic motivation. Intrinsic motivation drives people to do things just for the fun of it, or because they believe it is a good or right thing to do. There is a paradox of intrinsic and extrinsic motivation. Intrinsic motivation is far stronger a motivator than extrinsic motivation, yet external motivation can easily act to displace intrinsic motivation.

Primary Motives
Primary Motives are unlearned motives which may be biological or physiological motives. These include motives such as: Hunger, thirst, sex, need for sleep etc., curiosity, manipulation, activity.

Secondary Motives
Secondary Motives are learned motives which a person is not born with for example the need for power, the need for achievement etc.

Theories of work motivation

Maslow's Theory

The best known theory of motivation is probably Abraham Maslow's hierarchy of needs theory. Maslow was a humanistic psychologist who proposed that within every person is a hierarchy of five needs:

Physical needs

Food, drink, shelter, sexual satisfaction and other physical requirements

Safety needs

Security and protection from physical and emotional harm as well as assurance that physical needs will continue to be met.

Need for love

Affection, belongingness, acceptance and friendship

Esteem needs

Internal esteem factors such as self-respect, autonomy, and achievement, and external esteem factors such as status, recognition and attention.

Self-actualization

Growth, achieving one's potential and self-fulfilment; the drive to become what one is capable of becoming. In terms of motivation, Maslow argued that each level in the hierarchy must be substantially satisfied before the next is activated, and that once a need is substantially satisfied, the next need becomes dominant. In terms of the figure given below, the individual moves up the needs hierarchy. If you want to motivate someone, according to Maslow, you need to understand what level that person is on in the hierarchy and focus on satisfying needs at or above that level. Managers who accepted Maslow's hierarchy attempted to change their organizations and management practices so that employees' needs could be satisfied. In addition, Maslow separated the five needs into higher and lower levels. Physiological and safety needs were described as lower-order and social, esteem and self-actualization needs were described as higher-order needs. The difference between the two levels was made on the premise that higher-order needs are satisfied internally, while lower-order needs are predominantly satisfied externally. In fact, the natural conclusion from Maslow's classification is that, in times of economic prosperity, almost all permanently employed workers have their lower-order needs substantially met. Maslow's needs theory received world wide recognition, particularly among practising managers during the 1960s and 1970s. This recognition can be attributed to the theory's intuitive logic and ease of understanding.

Herzberg's Two Factor Theory

Fredrick Herzberg's motivation-hygiene theory proposes that intrinsic factors are related to job satisfaction and motivation, whereas extrinsic factors are associated with job dissatisfaction. Believing that in individual's relation to his or her work is a basic one and that his or her attitude towards work determines success or failure, Herzberg investigated the question 'What do people want from their jobs?' He asked people for detailed descriptions of situation in which they felt exceptionally good or bad about their jobs. Their responses were then tabulated and categorized. Analysing the responses, Herzberg concluded that the replies people gave when they felt good about their jobs were significantly different from the replies given when they felt bad. Certain characteristics were consistently related to job satisfaction, and other to job dissatisfaction. Intrinsic factors such as achievement, recognition and responsibility were related to job satisfaction. When the people questioned felt good about their work, they tend to attributed these characteristics to themselves. On the other hand, when they were dissatisfied, they tended to cite extrinsic factors such as company policy and administration, supervision, interpersonal relationships and working conditions. In addition, Herzberg

believed that the data suggested that the opposite of satisfaction was not dissatisfaction, as traditionally had been believed. Removing dissatisfying characteristics from a job would not necessarily make the job satisfying (or motivating). Herzberg proposed that his findings indicated the existence of a dual continuum: the opposite of 'satisfaction' is 'no satisfaction', and the opposite of 'dissatisfaction' is 'no dissatisfaction'. According to Herzberg, the factors that led to job satisfaction were separated and distinct from those that led to job dissatisfaction. Therefore, mangers who sought to eliminate factors that created job dissatisfaction could bring about workplace harmony but not necessarily motivation. Because they do not motive employee, the extrinsic factors that create job dissatisfaction were called hygiene factors. When these factors are adequate, people will not be dissatisfied; however, neither will they be satisfied (motivated). To motivate people in their jobs, Herzberg suggested emphasizing on motivators, the intrinsic factors that increase job satisfaction.

Alderfer's ERG Theory

The ERG Theory of Clayton P. Alderfer is a model that appeared in 1969 in a Psychological Review article entitled "An Empirical Test of a New Theory of Human Need". In a reaction to Maslow's famous Hierarchy of Needs, Alderfer distinguishes three categories of human needs that influence worker's behaviour; existence, relatedness and growth. These ERG Theory categories are:

- **Existence Needs**: physiological and safety needs (such as hunger, thirst and sex) (Maslow's first two levels)

- **Relatedness** Needs: social and external esteem (involvement with family, friends, co-workers and employers) (Maslow's third and fourth levels)

- **Growth Needs**: internal esteem and self actualization (desires to be creative, productive and to complete meaningful tasks) (Maslow's fourth and fifth levels)

Contrarily to Maslow's idea that to the higher levels of his pyramid required satisfaction in the lower level needs, according to Alderfer the three ERG areas are not stepped in any way.

ERG Theory recognizes that the order of importance of the three Categories may vary for each individual. Managers must recognize that an employee has multiple needs to satisfy simultaneously. According to the ERG theory, focusing exclusively on one need at a time will not effectively motivate. In addition, the ERG theory acknowledges that if a higher level need remains unfulfilled, the person may regress to lower level needs that appear easier to satisfy. This is know as frustration-regression principle. This frustration-regression principle impacts workplace motivation. For example if growth opportunities are not provided to employee's they may regress to relatedness needs, and socialize more with co-workers.

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THEORIES OF MOTIVATION

Victor Vroom's Expectancy Theory of Motivation

The Expectancy Theory of Victor Vroom deals with motivation and management. Vroom's theory assumes that behavior results from conscious choices among alternatives whose purpose it is to maximize pleasure and minimize pain. Together with Edward Lawler and Lyman Porter, Vroom suggested that the relationship between people's behavior at work and their goals was not as simple as was first imagined by other scientists. Vroom realized that an employee's performance is based on individuals factors such as personality, skills, knowledge, experience and abilities.

- The expectancy theory says that individuals have different sets of goals and can be motivated if they believe that:
- There is a positive correlation between efforts and performance,
- Favorable performance will result in a desirable reward,
- The reward will satisfy an important need,
- The desire to satisfy the need is strong enough to make the effort worthwhile.

Vroom's Expectancy Theory is based upon the following three beliefs:

Valence (Valence refers to the emotional orientations people hold with respect to outcomes [rewards]. The depth of the want of an employee for extrinsic [money, promotion, time-off, benefits] or intrinsic [satisfaction] rewards). Management must discover what employees value. Expectancy (Employees have different expectations and levels of confidence about what they are capable of doing). Management must discover what resources, training, or supervision employees need. **Instrumentality** (The perception of employees whether they will actually get what they desire even if it has been promised by a manager). Management must ensure that promises of rewards are fulfilled and that employees are aware of that. Vroom suggests that an employee's beliefs about Expectancy, Instrumentality, and Valence interact psychologically to create a motivational force such that the employee acts in ways that bring pleasure and avoid pain. This force can be 'calculated' via the following formula: Motivation = Valance x Expectancy (Instrumentality) This formula can be used to indicate and predict such things as job satisfaction, one's occupational choice, the likelihood of staying in a job, and the effort one might expend at work.

Porter-Lawler Model
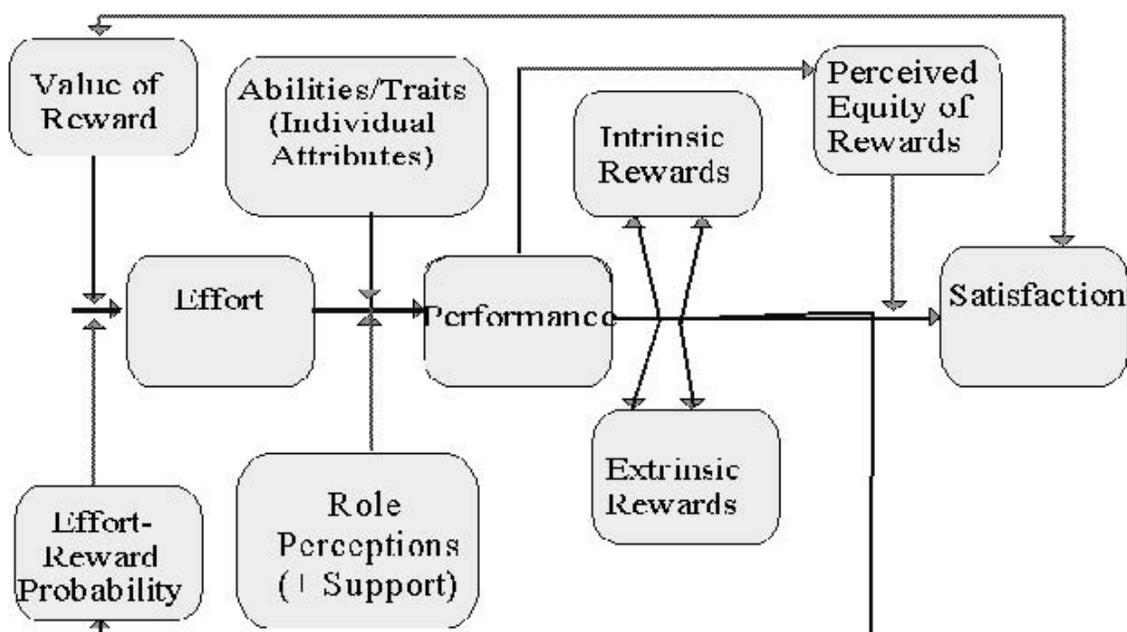
The process theory called the Porter-Lawler Model suggests that levels of motivation are based more on the value that individuals place on the reward. The components that effect motivation then, are called valence (what's important to you) and expectancy (can I do it). Porter and Lawler suggest that perceived inequality in this model plays a pivotal role in job satisfaction. Our motivation, or effort leads to performance. Our performance is followed by intrinsic and extrinsic rewards. The perceived equity of those rewards leads to satisfaction. The model of ties in Vroom's Expectancy Theory, roles and traits, intrinsic and extrinsic rewards as well as satisfaction. Porter and Lawler suggest that employee effort is jointly determined by two key factors: the value placed on certain outcomes by the individual, and the degree to which the person believes that his effort will lead to the attainment of these rewards. However, the person's ability and role clarity may prevent performance, thus, managers must assign people to tasks where ability fits the requirements. Porter and Lawler use satisfaction in their model. Satisfaction raises several interesting thoughts regarding managers' motivation of employees. We define "satisfaction" as needs being met. Think about it, if needs are met, what is the purpose of behavior? The same holds true for "happy." Managers want to believe that happy, satisfied employees are the most productive. There is no reputable research which confirms this.

Stacy Adams'S Equity theory
John Stacey Adams, workplace and behavioural psychologist, put forward his Equity Theory on job motivation in 1963. We each seek a fair balance between what we put into our job and what we get out of it. Adams calls these inputs and outputs. We form perceptions of what constitutes a fair balance or trade of inputs and outputs by comparing our own situation with other 'referents' (reference points or examples) in the market place. We are also influenced by colleagues, friends, partners in establishing these benchmarks and our own responses to them in relation to our own ratio of inputs to outputs.

If we feel are that inputs are fairly and adequately rewarded by outputs (the fairness benchmark being subjectively perceived from market norms and other comparables references) then we are happy in our work and motivated to continue inputting at the same level. If we feel that our inputs out-weigh the outputs then we become demotivated in relation to our job and employer. People respond to this feeling in different ways: generally the extent of demotivation is proportional to the perceived disparity between inputs and expected outputs. Some people reduce effort and application and become inwardly disgruntled, or outwardly difficult,

recalcitrant or even disruptive. Other people seek to improve the outputs by making claims or demands for more reward, or seeking an alternative job.

Attribution Theory: Kelly

Human beings are rational and are motivated to identity, understand and change the environment. Perception and not actual world govern motivation. Locus of internal or external control creates motivation. According to attribution theory, the explanations that people tend to make to explain success or failure can be analyzed in terms of three sets of characteristics: First, the cause of the success or failure may be internal or external. That is, we may succeed or fail because of factors that we believe have their origin within us or because of factors that originate in our environment. Second, the cause of the success or failure may be either stable or unstable. If the we believe cause is stable, then the outcome is likely to be the same if we perform the same behavior on another occasion. If it is unstable, the outcome is likely to be different on another occasion. Third, the cause of the success or failure may be either controllable or uncontrollable. A controllable factor is one which we believe we ourselves can alter if we wish to do so. An uncontrollable factor is one that we do not believe we can easily alter. The basic principle of attribution theory as it applies to motivation is that a person's own perceptions or attributions for success or failure determine the amount of effort the person will expend on that activity in the future. There are four factors related to attribution theory that influence motivation: ability, task difficulty, effort, and luck. In terms of the characteristics discussed previously, these four factors can be analyzed in the following way: Ability is a relatively internal and stable factor over which the learner does not exercise much direct control. Task difficulty is an external and stable factor that is largely beyond the learner's control. Effort is an internal and unstable factor over which the learner can exercise a great deal of control. Luck is an external and unstable factor over which the learner exercises very little control.

Emerging Theories

Control Theory
Control theory relates to feeling that employees are in full control of their lives, or are in control of their jobs. Recent studies have shown that those who believe they have such personal control tolerate unpleasant events and experience less stress on the job than those who do not perceive such control.

Agency Theory
According to the Agency Theory, the interest of the organization and individuals may clash resulting in lesser motivation of the employees. Problems relating to clash between interests of individuals and the organization are known as agency problems.

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MOTIVATION ACROSS CULTURES

Motivation and motivators differ across cultures. Practices that might be highly motivating for employees in one country may not be as effective in others. Some of the reasons for this variance in motivational factors are as follows:

Meaning of Work

In some cultures work is more central to one's life than in other cultures. In culture's that value work, people's self-identity is derived from their work; they "live to work". In culture's that place less value on work, people's self-identity is tied to other factors such as family, friends, etc.; they "work to live". Motivating workers in culture's valuing work can, in part, come from the work itself and not the manager's actions.

In some countries, work is equated with monetary and economic rewards. People tend to work because they want money to buy things and make their lives better. Thus people try to do maximum amount of work in least possible time. They exert extra efforts on it therefore. They also like to have things defined for them so that they know what is expected and when tasks should be completed.

But motivation theories do no hold applicable uniformly over all countries of the world. Different countries have different work habits and people tend to equate work with non-monetary rewards also. The Japanese philosophy Kaizen, which means continuous improvement in lives is an example of it. Kaizen means "improvement". Kaizen strategy calls for never-ending efforts for improvement involving everyone in the organization – managers and workers alike.

The roles of work and the motivational processes of human resources in given cultures may also change over time. For example, in recent years downsizing and increased competitive pressures within organizations and people tend to work harder in order to remain with the organization.

Role of Religion

While not everyone is stringently religious, many people who are, agree that religion helps improve daily motivation. Religion can be used as a great motivational tool for people from all walks of life. Religion - no matter what kind - encourages mindfulness and internal motivation. The religious depend on their beliefs to strengthen them mentally. People often depend on their religion when things are going downhill. Prayer and meditation inspire those who might otherwise turn to drinking, food, or drugs to nurture their spirits. Religion may help some people to be more mentally and physically healthy. Therefore, religion is a positive source of daily motivation.

For instance, some religions place greater emphasis on allowing events to develop in their own way, or just letting things happen. Many Hindus in India would follow this line of thinking. North Americans, on the other hand, are more likely to practice religions that teach them to try to control matters.

Uncertainty Avoidance

Uncertainty avoidance is a cultural measure of the degree to which people tolerate risk and unconventional behavior. We live in a world of uncertainty. The future is largely unknown and always will be. Societies respond to this uncertainty in different ways. Some socialize their members into accepting it. People in such societies are relative comfortable with risks. They are also relatively tolerant of behavior and opinions that differ from their own because they do not feel threatened by them. Hofstede describes such societies as having low uncertainty avoidance. That is people feel relative secure. Countries that fall into this category include Singapore, Sweden and Denmark.

A society that is high in uncertainty avoidance is characterized by a considerable level of anxiety among its people, which manifests itself in nervousness, high stress and aggressiveness. Because people feel threatened by uncertainty and ambiguity in these societies, political and social mechanisms are created to provide security and to reduce risks. Their organizations are likely to have more formal rules, there will be less tolerant for unusual ideas and behaviors and members will strive to believe in absolute truths. Not surprisingly, in organizations in countries with high uncertainty avoidance employee demonstrate relatively low job mobility and lifetime employment is widely practiced policy. Countries in this category include Japan, Portugal, Pakistan, etc.

Power Distance

People naturally vary in terms of physical and intellectual abilities. This, in turn, creates differences in wealth and power. How does a society deal with these inequalities? Hofstede used the term power distance as a measure of the extent to which a society accepts the fact that power in institutions and organization is distributed unequally. A high power-distance society accepts wide differences in power in organizations. Employees show a great deal of respect those in authority. Titles, ranks, and status carry a lot of weight. When negotiating in high power-distance countries, companies find it helps to send representatives with titles at least as high as those with whom they are bargaining. Countries high in power distance include Philippines, Venezuela, India and Pakistan.

In contrast low power-distance society plays down inequalities as much as possible. Superiors still have authority, but employees are not fearful or in awe of the boss. Denmark, New Zealand, Israel and Australia are examples of countries with low power-distance scores.

Nature of National Economy

This contribution has been made by Prof. Humair Hashmi. According to him, nature of economy, i.e. free, controlled and mixed effect motivation

Acquired motives of an individual are to a great extent dominated by economic motives. In other words it is the most important of the acquired motives. For an employee working in an organization, the foremost incentive and motivation is certainly money. Therefore, the nature of economy has a direct influence on motivation of an employee, since economy determines the importance of the wealth that an individual has. Let us consider the motivation of an employee in case of each of the three natures of economies separately, assuming utopian economies in the first two cases:

Controlled Economy (Socialist Economy)

In a controlled economy, (centrally planned economy) all employees are government servants. The key characteristic of such an economy is that all individuals have equal opportunities, and there is no private ownership. Here private ownership refers to ownership of those resources which can help an individual to generate income. Therefore every individual in this economy is guaranteed all his or her basic necessities to survive. As a result the individual is not motivated to strive harder for something. The employee working in an organization has no desire to work harder because he is sure that his basis necessities of life would be fulfilled and his hard work would seldom render him better off than his companions.

However the acquired motives if classified into the following two broad categories, the comparison would become simpler:

- Monetary Motives
- Social Motives

Social motives such as the need for power, importance, etc. are as important in a socialist economy as in the capitalist economy. It is so because of the fact that even in a socialist classless society, classes exist. While each individual has equal opportunity in comparison to an individual with equal abilities, opportunities are different for individual on the basis of their abilities. For example a doctor would have different and more opportunities than a nurse who would have different and greater opportunities than a sweeper. Therefore, every individual would have a drive and an internal motivation to achieve the social status with the greatest opportunities. Once the individual has reached the desired social status, he would have no further desire to work hard since he has no greater opportunities than his companions. A student would work hard to become a doctor. An employee on the other hand would not work hard to be a manager unless and until he sees that the manger has a much high social standing as compared to that employee. This renders the motivation level in a socialist society low as compared to the capitalist society.

Free Economy (Capitalist Economy)

In a capitalist economy or a free market economy all decisions are made by the market. People are not government servants and private ownership is allowed, i.e. ownership of those resources which can be used to generate income. Therefore, all individuals, whether belonging to any strata of the society, may have different opportunities as compared to his or her companions. This entails a drive to achieve more and make the most use of the resources in possession and excel ahead of the fellow individuals. Considering the two broad categories of motives:

- Social Motives
- Monetary Motives

In the capitalist society, the social motives then get attached to the monetary motives. As you go on earning more, you keep on shifting to a higher level of social status. Therefore each individual has two sorts of motives working with him at the same time. This renders the level of motivation in a capitalist economy greater as compared to the socialist setup. For example, in a capitalist setup, a doctor can own his private clinic and practice to earn more as compared to his companions. This drive to be wealthier and therefore belong to higher strata of the society dominates the individual's thinking and he is motivated. An employee working for an organization would be more motivated to be a manager because a manager would earn much more than he does. Once he reaches that level, he would also have the opportunity to enjoy the luxuries that the manager enjoys, owing to the higher level of income. These luxuries would in turn render him to be more socially important.

Mixed Economy

A mixed economy which is the case in most countries is the one in which some resources are owned by the government while some are privately owned. In such an economy the level of motivation varies from the nature of resources and organization in which an individual is working. For example in Pakistan, employees working in a government organization get a promotion in which all are benefited at the same time. Grades of all servants are raised while in a private organization the case is different. Individual rewards and benefits are given which motivates every employee individually. The government servants would therefore be contented not to work hard if only one of them is working hard because the benefits would be reaped by all of them. On the other hand, in a private organization if an employee sees his co-worker being rewarded, he might have the desire to earn the same reward for himself or herself.

Therefore, the nature of economy has an effect on the motivation levels of employees working in an organization. Employees in a capitalist economy are more motivated to work harder as compared to a socialist economy. This is due to the reinforcement of the social motives by the monetary motives. This is the reason why a capitalist economy is more efficient as compared to a socialist economy.

There is little evidence that motivation theories hold true across cultures while there is also evidence against it. However some intervening or extraneous variables have been identified which affect motivation theory effectiveness across cultures:

- Cultural/ historical context Cultural factors play a vital role in determining the validity of motivation theories across cultures. Some of these factors are related with the factors mentioned above, such as uncertainty avoidance, religion, power distance, etc. Hofstede's and Trompenaar's research are important in this respect.

- Human resource management practices/ policies/ideas

    - Human resource management policies and practices differ widely across countries. Some countries follow stringent human resource management policies while others do not. Therefore, motivational factors also differ across due to his reason.

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POSITIVE PSYCHOLOGY

The field of Positive Psychology has originated from Humanistic Psychology. It may generally be defined as the scientific study of human happiness. The history of psychology as a science shows that the field has been primarily dedicated to addressing mental illness rather than mental wellness. Its research programs and application models have dealt mainly with how people are wrong rather than how they are right. The need to correct this bias was anticipated in psychological writings as early as those of the American psychologist and philosopher William James. In his 1902 book, The Varieties of Religious Experience, James argues that happiness is a chief concern of human life and those who pursue it should be regarded as "healthy-minded."

Several humanistic psychologists—such as Abraham Maslow, Carl Rogers, and Erich Fromm—developed successful theories and practices that involved human happiness despite there being a lack of solid empirical evidence behind their work. However, it is the pioneering research of Martin Seligman, Ed Diener, Mihaly Csikszentmihalyi, Christopher Peterson, Don Clifton, and many others that promises to put the study of human happiness onto a firms scientific foundation and add some positivity to the predominantly negative discipline of psychology.

Positive psychology is a new and rapidly expanding field focused on the empirical study of human flourishing. One of its central missions is the development of an operationalzed classification of the strengths and virtues that constitute character. The aim is to foster the identification, measurement, and cultivation of these strengths and virtues.

It may be considered as the scientific pursuit of optimal human functioning and the building of a field focusing on human strength and virtue. It builds on the bench science and research methods that shed light on the "dark side" of human functioning, and it opens the door to understanding prevention and health promotion. Dr. Seligman (1998) noted:

"We have discovered that there is a set of human strengths that are the most likely buffers against mental illness: courage, optimism, interpersonal skill, work ethic, hope, honesty and perseverance. Much of the task of prevention will be to create a science of human strength whose mission will be to foster these virtues in young people."

Criticisms of 'Traditional' Psychology

The following is a list of some of the main criticisms Seligman and others advance against traditional, empirical psychology:

- Traditional psychology has an underlying negative bias whereby it assumes that human beings are largely motivated by negative emotions such as jealousy or by self-serving ends. For example, according to such a view, Princess Diana did not campaign against land mines because she wanted to end human suffering but because she was narcissistic or motivated by rage against the Royal Family.
- Psychologists have operated within a disease model and have therefore spent time researching everything which could go wrong with the human brain and personality. This means they have spent little time defining positive human traits such as altruism or kindness. Largely as a result of psychologists' bias, people in western society as a whole have lost the capacity to think in terms of virtue or good character.
- Psychologists have spent much more time studying negative emotions such as anger or depression rather than positive emotions such as happiness or joy.

- Psychology's emphasis on the negative side of life means it is, in Seligman's terminology, 'halfbaked' as it does not adequately look at the whole range of human experience.
- Psychology has focused on identifying and fixing weaknesses rather than identifying and building on people's strengths.
- Traditional psychology renders individuals passive victims of things which happen to them in life. It does not tend to see them as being masters of their own fate or in control of their emotions.

Positive Psychology has the following characteristics:

- It is interested in what has been termed 'the science of optimal human functioning'.
- It wants to learn what works from studying human success rather than human failure or weaknesses.
- It focuses attention on positive subjective experiences such as happiness and well-being as well as positive human characteristics such as strengths and virtues.
- It is not just interested in individuals but in how group structures such as organisations, families or cultures can induce positive emotion and encourage the use of strengths.

Positive Psychology concerns with:

1. Optimism
2. Hope
3. Emotional Intelligence
4. Self Efficacy
5. Subjective Well-being (SWB)

Optimism

Optimism is the extent to which a person sees life in positive or negative terms. A popular expression used to convey this idea concerns the glass half filled with water. A person with a lot of optimism will tend to see it as half full, whereas a person with les optimism (a pessimist) will often see it as half empty. Optimism is also related to positive and negative affectivity. In general, optimistic people tend to handle stress better. They will be able to see the positive characteristics of the situation and recognize that things may eventually improve. In contrast, les optimistic people may focus more on the negative characteristics of the situation and expect things to get worse, not better.

It may be defined as an outlook on life such that one maintains a view of the world as a positive place. It is the opposite of pessimism. Optimists generally believe that people and events are inherently good, so that most situations work out in the end for the best.

Martin Seligman, in researching this area, criticizes academics for focusing too much on causes for pessimism and not enough on optimism. He points out that in the last three decades of the 20th century journals published 46,000 psychological papers on depression and only 400 on joy.

Optimism has been shown to be correlated with better immune systems in healthy people who have been subjected to stress.

Optimism also has its drawbacks, for example, in organizations optimistic managers may become distracted from making necessary action plans to attain goals.

Martin Seligman and Mihaly Csikszentmihalyi, describe positive psychology as: Well being, content,

satisfaction, capacity for love, courage, sensibility, forgiveness, responsibility, tolerance and work ethic. A useful definition of optimism was offered by anthropologist Lionel Tiger (1979): "a mood or attitude associated with an expectation about the social or material future—one which the evaluator regards as socially desirable, to his/her advantage or pleasure". An important implication of this definition, one drawn out by Tiger, is that there can be no single or objective optimism, at least as characterized by its content, because what is considered optimism depends on what the individual regards as desirable. Optimism is predicated on evaluation—on given affects and emotions, as it were.

Contemporary approaches usually treat optimism as a cognitive characteristic—a goal, an expectation, or a causal attribution—which is sensible so long as we remember that the belief in question concerns future occurrences about which individuals have strong feelings. Optimism is not simply cold cognition, and if we forget the emotional flavor that pervades optimism, we can make little sense of the fact that optimism is both motivated and motivating. Indeed, people may well need to feel optimistic about matters.

Along these lines, we can ask whether people can be generically optimistic, that is, hopeful without specific expectations. Although at odds with conventional definitions, the possibility of free-floating optimism deserves scrutiny. Some people readily describe themselves as optimistic yet fail to endorse expectations consistent with this view. This phenomenon may merely be a style of self-presentation, but it may additionally reflect the emotional and motivational aspects of optimism without any of the cognitive aspects. Perhaps extraversion is related to this cognitively shorn version of optimism.

Dimensions of Optimism

o Earlier, optimism was considered to be only an illusion which was not a part of human nature. It was only a way to avoid the realistic view of things. With the development of the science of Positive Psychology, optimism was considered as an imperative part of healthy human psychology. Discussions of optimism take two forms. In the first, it is posited to be an inherent part of human nature, to be either praised or decried. Early approaches to optimism as human nature were decidedly negative. Writers as diverse as Sophocles and Nietzsche argued that optimism prolongs human suffering: It is better to face the hard facts of reality. This negative view of positive thinking lies at the heart of Freud's influential writings on the subject. Freud proposed that optimism is part of human nature but only as a derivative of the conflict between instincts and socialization. He thought some individuals—Freud mentioned the educated and in particular neurologists—did not need the illusion of optimism. Similar statements were offered by the entire gamut of influential psychologists and psychiatrists from the 1930s through the 1960s: Allport, Erikson, Fromm, Maslow, Menninger, and Rogers, among many others (see Snyder, 1988, and Taylor, 1989, for thorough reviews).

Matters began to change in the 1960s and 1970s in light of research evidence showing that most people are not strictly realistic or accurate in how they think. Cognitive psychologists documented an array of shortcuts that people take as they process information. Margaret Matlin and David Stang (1978) surveyed hundreds of studies showing that language, memory, and thought are selectively positive. For example, people use more positive words than negative words, whether speaking or writing. In free recall, people produce positive memories sooner than negative ones. Most people evaluate themselves positively, and in particular more positively than they evaluate others. Apparently, in our minds, we are all children of Lake Wobegon, all of whom are above average.

1. Another dimension of optimism stems for learned helplessness which is the tendency to consider one helpless against different things. One third humans do not become helpless, so they are optimists.

2. Pessimistic make internal (their own fault), stable (permanent) and global (will undermine everything they do) attributions

3. Optimists make external (not my) unstable (temporary) specific (situational) attributions'

4. Optimism may vary in different people. At the same time optimism as human nature was being discussed in positive terms by theorists like Lazarus, Beck, Taylor, and Tiger, other psychologists who were interested in individual differences began to address optimism as a characteristic people possess to varying degrees. These two approaches are compatible. Our human nature provides a baseline optimism, of which individuals show more versus less: "In dealing with natural systems the shortest analytical distance between two points is a normal curve". Our experiences influence the degree to which we are optimistic or pessimistic.

5. Social learning/modeling can create optimism

Optimism in Workplace

Optimism in Workplace is a Motive and a Motivator

• Optimists
    1. Work harder
    2. Persevere
    3. Are healthy
    4. Have high morale
    5. Have high levels of aspiration
    6. Better sales people

They suffer less anxiety and depression. Pessimists tend to see bad events as inevitable, as some permanent reflection of the environment or themselves. Optimists, on the other hand, tend to see bad situations as temporary and specific — something they can address. They can take responsibility for their own poor behavior. They will not, however, blame themselves as a whole. Pessimists, in fact, can be more "realistic" about their flaws. Optimists function effectively with even a slightly enhanced view of themselves. Not arrogance or delusion, just a polished reality.

Optimism also helps the healthy population deal with stressors. A study of first-year law students, for instance, found optimists with a higher level of self-acceptance and more confidence about their achievements. They started school with the same level of immunity as the pessimists. By the end of the year, however, the optimists had higher levels of helper T cells and natural killer-cell cytotoxicity— that is, an ability to kill cancer cells.

Various optimism scales have been developed to measure the level of optimism in people.

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HOPE

Rick Synder defines hope as "a positive motivational state; having will power and way power" Snyder traced the origins of his thinking to earlier work by Averill, Catlin, and Chon (1990) and Stotland (1969), in which hope was cast in terms of people's expectations that goals could be achieved. According to Snyder's view, goal-directed expectations are composed of two separable components. The first is agency, and it reflects someone's determination that goals can be achieved. The second is identified as pathways: the individual's beliefs that successful plans can be generated to reach goals. The second component is Snyder's novel contribution, not found in other formulations of optimism as an individual difference.

Hope so defined is measured with a brief self-report scale (Snyder et al., 1996). Representative items, with which respondents agree or disagree, include the following:

1. I energetically pursue my goals. [agency]

2. There are lots of ways around any problem. [Path ways]

Responses to items are combined by averaging. Scores have been examined with respect to goal expectancies, perceived control, self-esteem, positive emotions, coping, and achievement, with results as expected (e.g., Curry, Snyder, Cook, Ruby, & Rehm, 1997; Irving, Snyder, & Crowson, 1998).

•   Hope is considered to be positively related to a number of factors such as:
•   Academic achievement: The more hopeful the candidate, the higher the achievement.
•   Athletic achievement: The more hopeful the athlete, the better the performance.
•   Emotional health: Hopeful people have better emotional stability and overall emotional health.
•   Ability to cope with illness: Hopeful people fall less sick.
•   And hardships: Hopeful people cope better with hardships and difficult situations.

Happiness/Subjective Well Being (SWB)

Subjective well-being refers to all of the various types of evaluation, both positive and negative, that people make of their lives. It includes reflective cognitive evaluation, such as life satisfaction and work satisfaction, interest and engagement and effective reactions to life events, such as joy and sadness. Thus, subjective well-being is an umbrella term for the different valuations people make regarding their lives, the events happening to them, their body and mind, and the circumstances in which they live. Although, well-being and ill-being are "subjective" in the sense that they occur within a person's experience, manifestations of subjective well-being and ill-being can be observed objectively in verbal and non-verbal behavior, actions, biology, attention, and memory. The term well-being is often used instead of subjective well-being because it avoids any suggestion that there is something arbitrary or unknowable about eh concepts involved.

Three factors related to SWB include:

Personality: It is one of the predictors of SWB.

Our goals: Making progress towards goals is related to SWB.

Our coping: People tend to return to their original level of SWB after coping with different adverse situations.

Diener and colleagues have identified the following dimensions of SWB:

Life satisfaction
Life satisfaction represents a report of how a respondent evaluates or appraises his or her life taken as a whole. It is intended to represent a broad, reflective appraisal the person makes of his or her life. The term life can be defined as all areas of a person's life at a particular point in time, or as an integrative judgment about the person's life since birth, and this distinction is often left ambiguous in current measures.

Satisfaction with important domains

These are judgments people make in evaluation major life domains, such as physical and mental health, work, leisure, social relationships, and family. Usually people indicate how satisfied they are with various areas, but they might also indicate how much they like their lives in each area, how close to the ideal they are in each area, how much enjoyment they experience in each area, and how much they would like to change their lives in each area.

Positive affect

Positive affect denotes pleasant moods and emotions, such as joy and affection. Positive or pleasant emotions are part of subjective well-being because they reflect a person's reactions to events that signify to the person that life is proceeding in a desirable way. Major categories of positive or pleasant emotions include those of low arousal (e.g., contentment), moderate arousal (e.g., pleasure), and high arousal (e.g., euphoria). They include positive reactions to others, positive reactions to activities, and general positive moods.

Negative affect

Negative affect includes moods and emotions that are unpleasant, and represent negative responses people experience in reaction to their live, health, events and circumstances. Major forms of negative or unpleasant reactions include anger, sadness, anxiety and worry, stress, frustration, guilty and shame, and envy. Other negative states, such as loneliness, or helplessness, can also be important indicators of ill-being. Although some negative emotions are to be expected in life and can be necessary for effective functioning, frequent and prolonged negative emotions indicate that a person believes his or her life proceeding badly. Extended experiences of negative emotions can interfere with effective functioning, as well as make life unpleasant.

In a research in 42 countries, involving 7240 subjects, 94% reported SWB to be more important than money. People in poor nations show average SWB scores close to, or slightly below, the neutral point. Countries that are wealthier possess greater freedom and human rights, and an emphasis on individualism, and have citizens with higher SWB (Diener, Diener, & Diener, 1995) -- scoring between slight and strong SWB. Surprisingly, other factors such as the economic growth and the cultural homogeneity of a society do not correlate with average levels of SWB.

Although reports of SWB are higher in individualistic nations, the cultural dimension of individualism versus collectivism produces complex effects. Individualistic cultures are those that emphasize the individual -- her autonomy, motives, and so forth. In contrast, in collectivist cultures, the group (e.g., the family) is often considered more important than the individual. There is an emphasis on harmonious group functioning, and the belief that the individual's motives and emotions should be secondary. In individualistic nations, reports of global well-being are high, and satisfaction with domains such as marriage are extremely high. Nevertheless, suicide rates and divorce rates in these same individualistic nations are also high (Diener & Suh, in press-b). It may be that people in individualistic nations make more attributions for events internally to themselves, and therefore the effects are amplified when things go either well or badly. It might also be that

individualists are more able to follow their own interests and desires, and therefore more often find self-fulfillment. At the same time, there may be less social support in individualistic cultures during troubled periods. Furthermore, individualists are more likely to get divorced, or even commit suicide, if things do not go well. Thus, individualists may experience more extreme levels of SWB, whereas collectivists may have a safer structure that produces fewer people who are very happy but perhaps also fewer people who are isolated and depressed. Our data support this line of reasoning in that not only do individualistic nations have higher suicide and divorce rates, but they also have higher reports of SWB.

In adults, optimism, self-esteem, and extraversion are several of the personality traits possessed by happy people. For example, informant reports of extraversion and sociability correlate with the amount of pleasant affect that nursing home residents display. Extraverts in a national probability sample in the U.S.A. who lived in a variety of different circumstances experienced higher SWB (Diener, Sandvik, Pavot, & Fujita, 1992). It is useful, however, to differentiate the separate components of SWB. The two major forms of affect, pleasant and unpleasant, appear to be related to the separate personality factors of extraversion and neuroticism, respectively. Although extraverts experience more pleasant affect, they do not experience a predictable level of unpleasant affect. Neurotics are very likely to experience high levels of unpleasant affect, but are less predictable when it comes to levels of pleasant affect. When measurement error is controlled, the relations between these two facets of affect and these two personality dimensions are strong in Western nations. What is not yet known is whether extraversion predicts pleasant affect to the same extent in different cultures such as in India or Nepal.

Extraversion and neuroticism are cardinal traits that are part of a system of personality labelled the Five Factor Model (e.g., McCrae & Costa, 1985). Two more traits in this model, Agreeableness and Conscientiousness, are correlated moderately with SWB. Agreeableness and Conscientiousness might relate to SWB because of environmental rewards. That is, in many or most environments, people who are agreeable and conscientious may receive more positive reinforcements from others, and therefore may experience higher SWB. For example, a conscientious person might receive better grades in school, better pay at work, and may even be more likely to have a good marriage. Thus, although conscientiousness might not directly produce greater SWB, it might result in receiving rewards that heighten one's SWB. If agreeableness and conscientiousness are related to SWB because of the reinforcement structure, their relation to SWB may differ across cultures.

The fifth cardinal trait in the Five Factor Model, Openness, may relate to emotional intensity (having both intense unpleasant and pleasant emotions) rather than to hedonic balance. Larsen and Diener (1987) suggest that emotional intensity is a personality trait that may influence the quality of one's happiness -- whether one is likely to be elated versus contented, or is distressed versus melancholic.

SWB is related to job satisfaction. Job satisfaction and SWB have a direct relationship. On the other hand, unemployment causes lower SWB.

The usual method of measuring SWB is through self-report surveys in which the respondent judges and reports his life satisfaction, the frequency of her pleasant affect, or the frequency of his unpleasant emotions.

Subjective well-being rankings of 82 societies
(based on combined Happiness and Life Satisfaction scores)

HIGH		MEDIUM HIGH		MEDIUM-LOW		LOW	
Puerto Rico	*4.67*	Saudi Arabia	3.01	S. Africa	1.86	Estonia	0.24
Mexico	*4.32*	Singapore	3.00	Croatia	1.55	Serbia	0.21
Denmark	4.24	Britain	2.92	Greece	1.45	Tanzania	0.13
Ireland	4.16	W. Germany	2.67	*Peru*	*1.32*	Azerbaijan	0.13
Iceland	4.15	France	2.61	China	1.20	Montenegro	0.06
Switzerland	4.00	*Argentina*	*2.61*	S. Korea	1.12	India	0.03
N. Ireland	3.97	Vietnam	2.59			Lithuania	-0.07
Colombia	*3.94*	*Chile*	*2.50*			Macedonia	-0.14
Netherlands	3.86	Philippines	2.32	Iran	0.93	Pakistan	-0.30
Canada	3.76	Taiwan	2.26			Latvia	-0.70
Austria	3.69	*Domin. Rep.*	*2.25*	Poland	0.84	Albania	-0.86
El Salvador	*3.67*	*Brazil*	*2.23*	Turkey	0.84	Bulgaria	-0.87
Venezuela	*3.58*	Spain	2.13	Bosnia	0.82	Belarus	-0.92
Luxembourg	3.52	Israel	2.08	Morocco	.74	Georgia	-1.11
U.S.	3.47	Italy	2.06	Uganda	0.67	Romania	1.30
Australia	3.46	E. Germany	2.02	Algeria	0.57	Moldova	-1.63
New Zealand	3.39	Slovenia	2.02	Bangladesh	0.54	Russia	-1.75
Sweden	3.36	*Uruguay*	*2.02*	Egypt	0.52	Armenia	-1.80
Nigeria	3.32	Portugal	1.99	Hungary	0.41	Ukraine	-1.01
Norway	3.25	Japan	1.96	Slovakia	0.40	Zimbabwe	-1.88
Belgium	3.23	Czech Rep.	1.94	Jordan	0.39	Indonesia	2.40
Finland	3.23						

High-income countries are shown in bold face type. All 28 high-income countries (in **bold type**) rank high or medium-high on subjective well-being; and all 10 Latin American countries (in *italics*) except Peru *also* rank high or medium-high. All 25 ex-communist countries (names underlined) except Vietnam, Slovenia and Czech Republic are low or medium-low (the median ex-communist country has a negative score); and all ten ex-Soviet countries are Low (eight of the ten have negative scores).

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EMOTIONAL INTELLIGENCE

Emotional Intelligence, also called EI, describes an ability, capacity, or skill to perceive, assess, and manage the emotions of one's self, of others, and of groups. However, being a relatively new area, the definition of emotional intelligence is still in a state of flux.

It may also be defined as the ability to recognize and monitor our own emotions and those of others and to use this information as a guide to thinking and actions.

Robert Cooper and Aymen Sawaf defined emotional intelligence as "the ability to sense, understand, and effectively apply the power and acumen of emotions as a source of human energy, information, connection and influence."

Therefore, emotional intelligence is the ability to use emotional information and emotional energy to understand and motivate self and others for personal and professional development, and to create an environment of harmony with fellow persons to achieve success.

For many decades and centuries, a lot of emphasis has been placed on certain aspects of intelligence such as cognitive skills, logical reasoning, math skills, spatial skills, understanding analogies, verbal skills etc. We can however see that some of the top achievers were not clever at all in childhood and a significant proportion of who were clever are not at the top now. Researchers were puzzled by the fact that while IQ could predict to a significant degree the academic performance and, to certain degree, professional and personal success, there was something missing in the equation. Some of those with great IQ scores were not doing well in life, perhaps wasting their potential by thinking, behaving and communicating in a way that hindered their chances to succeed. One of the major missing parts, discovered later, in the success equation is emotional intelligence.

Importance of Emotional Intelligence

75% of careers are derailed for reasons related to emotional competencies, including inability to handle interpersonal problems; unsatisfactory team leadership during times of difficulty or conflict; or inability to adapt to change or elicit trust (The Centre for Creative Leadership, 1994). People who accurately perceive others' emotions are better able to handle changes and build stronger social networks. Social and emotional abilities were four times more important than IQ in determining professional success and prestige.

Daniel Goleman revolutionised the literature about emotional intelligence saying emotional quotient (EQ) is more important than IQ in obtaining and retaining jobs.

Salovy and Mayer 1990 also postulated that emotional intelligence is linked to problem solving and achievement. It is also described that while interacting with members of the social environment, emotionally intelligent people produce win-win relationship and outcome for themselves and others. Emotionally intelligent people develop a magnetic field of emotional attraction around them and often are the owners of an ever-increasing network of social relationships. They provide a nucleus of support to all others around and are able to sustain progress for themselves and those in their team.

Emotionally intelligent people are capable of diagnosing and monitoring the internal environment of their own and others' minds and show remarkable skills in managing mutually beneficial relationships with others.

Emotionally intelligent people are generally optimistic, flexible and realistic, and are fairly successful in solving problems and coping with stress without losing control. This is a road to sure success and can be acquired. Sandra Ford Watson , international author of book Courage said, emotional intelligence is a required skill if you are to lead or work successfully with a group or team.

Daniel Goleman isolated five elements/dimensions of EI:

1. Self-awareness

Being aware of your emotions and their strengths and weaknesses

2. Self-management

Using awareness of your emotions to manage your response to different situations and people.

3. Self Motivation

Motivating self for doing job and achieving success.

4. Empathy

Understanding the perspectives of other people including their motivations, their emotions, and the meaning of what they do and say.

5. Social skills

Using awareness of one's own emotions and the emotions of others to manage relationships to a successful outcome.

EI IS Related To Emotions and Intelligence

Each emotion expresses a quantity or magnitude in a positive/negative scale. This way, we experience positive and negative emotions in different degrees and with diverse intensity. We can experience abrupt or gradual changes of emotional intensity, either towards the positive or negative side. That is to say, all emotion represents a magnitude or measurement along a continuum that can take positive or negative values. Positive emotions are emotions such as: Love, joy, surprise, etc., while negative emotions are Fear, sadness, anger, disgust, shame, etc.

Intelligence is a property of mind that encompasses many related mental abilities, such as the capacities to reason, plan, solve problems, think abstractly, comprehend ideas and language, and learn.

An intelligence quotient or IQ is a score derived from one of several different standardized tests attempting to measure intelligence. IQ tests are generally designed and used because they are found to be predictive of later intellectual achievement, such as educational achievement. IQ also correlates with job performance and income, although in all cases other factors explain most of the variance. Recent work has demonstrated links between IQ and health.

In 1905 the French psychologist Alfred Binet published the first modern intelligence test, the Binet-Simon intelligence scale. His principal goal was to identify students who needed special help in coping with the

school curriculum. Along with his collaborator Theodore Simon, Binet published revisions of his intelligence scale in 1908 and 1911, the last appearing just before his untimely death.

Multiple Intelligences
Charles Spearman and Cyril Burt, researchers in the early 1900's, created a remarkable theory that would expand to the current science of multiple intelligences. Before them, scientists had left unanswered the exact nature of intelligence. They believed that there was a collection of various specific abilities *"s"*, such as mathematical or writing ability, that unified into a single factor of intelligence, *"g"*. This theory provided that the *g* factor was more important to the specific *s* factors than others by a given multiplicative value, depending on the *s* factor. For example, they concluded that *g* was 4.5 times more important to mathematical skill than it was to musical aptitude.

Although crude, these ideas formed the foundation upon which multiple intelligences, a much kinder science, would lie. With the popularity of these ideas came the idea that each person had a different area of aptitude, and thus that people who tested poorly on a Stanford-Binet or other standardized verbal or logical examination were not necessarily lower in intelligence.

Howard Gardner, is another forerunner in the field who labels behavior into the aptitudes in seven types of intelligence. The following dimensions of multiple intelligence were identified by Gardner:

Multiple intelligence consists of 10 dimensions:

Logical

You may be number smart. You will be good at mathematics and other number activities; you are also good at solving problems. This is sometimes called being Logical smart.

Verbal

You may be word smart. You will enjoy reading, writing and talking about things. This is sometimes called being Linguistic smart

Interpersonal

You may be people smart. You will like to mix with other people and you will belong to lots of clubs. You like team games and are good at sharing. This is sometimes called being Interpersonal smart.

Intrapersonal (Being alone)

You may be myself smart. You will know about yourself and your strengths and weaknesses. You will probably keep a diary. This is sometimes called being Intrapersonal smart

Spatial

You may be picture smart. You will be good at art and also good at other activities where you look at pictures like map reading, finding your way out of mazes and graphs. This is sometimes called being Visual/Spatial smart.

Musical

You may be music smart. You will enjoy music and can recognise sounds, and timbre, or the quality of a tone. This is sometimes called being Musical smart.

Kinesthetic (Body Movement)

You may be body smart. You will enjoy sports and are good at swimming, athletics, gymnastics and other sports. This is sometimes called being Kinaesthetic smart.

Naturalist (Concern with nature)

You may be nature smart. You will like the world of plants and animals and enjoy learning about them. This is sometimes called being Naturalistic smart

Existential (Personal mission)

Knowing the reason for one's existence. In other words, knowing about the mission of his or her.

Emotional

Understanding the emotions of oneself, and others.

Emotional intelligence is related to:

1. Success in job
2. Effectiveness
3. Adoption and change in organizations
4. Life success
5. Leadership

Many organizations are using EI as a basis for selection, promotion and prediction of employee behavior and success in organizations

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SELF EFFICACY

Self efficacy refers to an individual's belief that he or she is capable of performing a task. The higher your self-efficacy, the more confidence you have in your ability to succeed in a task. So, in difficult situations, we find that people with low self-efficacy are more likely to lessen their effort or give up altogether whereas those with high self-efficacy will try harder to master the challenge. In addition, individuals high in self-efficacy seem to respond to negative feedback with increased effort and motivation; those low in self-efficacy are likely to lessen their effort when given negative feedback.

The concept of Self Efficacy was developed by Albert Bandura. He has defined self-efficacy as our belief in our ability to succeed in specific situations. Your sense of self-efficacy can play a major role in how you approach goals, tasks, and challenges. The concept of self-efficacy lies at the center Bandura's social cognitive theory, which emphasizes the role of observational learning and social experience in the development of personality. According to Bandura's theory, people with high self-efficacy - that is, those who believe they can perform well - are more likely to view difficult tasks as something to be mastered rather than something to be avoided.

Self-efficacy is different from self esteem which is one's evaluation of self. It is the extent to which a person believes he or she is a worthwhile and deserving individual. Self-efficacy is different from expectancy where expectancy revolves around expected consequences of one's behavior. Self efficacy and locus of control/attribution is different where attribution/locus are causal judgments, SE is about one's self

Self-efficacy beliefs determine how people feel, think, motivate themselves and behave. Such beliefs produce these diverse effects through four major processes. They include cognitive, motivational, affective and selection processes.

A strong sense of efficacy enhances human accomplishment and personal well-being in many ways. People with high assurance in their capabilities approach difficult tasks as challenges to be mastered rather than as threats to be avoided. Such an efficacious outlook fosters intrinsic interest and deep engrossment in activities. They set themselves challenging goals and maintain strong commitment to them. They heighten and sustain their efforts in the face of failure. They quickly recover their sense of efficacy after failures or setbacks. They attribute failure to insufficient effort or deficient knowledge and skills which are acquirable. They approach threatening situations with assurance that they can exercise control over them. Such an efficacious outlook produces personal accomplishments, reduces stress and lowers vulnerability to depression.

In contrast, people who doubt their capabilities shy away from difficult tasks which they view as personal threats. They have low aspirations and weak commitment to the goals they choose to pursue. When faced with difficult tasks, they dwell on their personal deficiencies, on the obstacles they will encounter, and all kinds of adverse outcomes rather than concentrate on how to perform successfully. They slacken their efforts and give up quickly in the face of difficulties. They are slow to recover their sense of efficacy following failure or setbacks. Because they view insufficient performance as deficient aptitude it does not require much failure for them to lose faith in their capabilities. They fall easy victim to stress and depression. **General self-efficacy:** stable over time and situations **Specific self-efficacy:** specific to task

Impact of Self Efficacy

Choice of behavior

People are partly the product of their environment. Therefore, beliefs of personal efficacy can shape the course lives take by influencing the types of activities and environments people choose. People avoid activities and situations they believe exceed their coping capabilities. But they readily undertake challenging activities and select situations they judge themselves capable of handling. By the choices they make, people cultivate different competencies, interests and social networks that determine life courses. Any factor that influences choice behavior can profoundly affect the direction of personal development. This is because the social influences operating in selected environments continue to promote certain competencies, values, and interests long after the efficacy decisional determinant has rendered its inaugurating effect.

Career choice and development is but one example of the power of self-efficacy beliefs to affect the course of life paths through choice-related processes. The higher the level of people's perceived self-efficacy the wider the range of career options they seriously consider, the greater their interest in them, and the better they prepare themselves educationally for the occupational pursuits they choose and the greater is their success.

Motivation

Self-beliefs of efficacy play a key role in the self-regulation of motivation. Most human motivation is cognitively generated. People motivate themselves and guide their actions anticipatorily by the exercise of forethought. They form beliefs about what they can do. They anticipate likely outcomes of prospective actions. They set goals for themselves and plan courses of action designed to realize valued futures.

There are three different forms of cognitive motivators around which different theories have been built. They include causal attributions, outcome expectancies, and cognized goals. The corresponding theories are attribution theory, expectancy-value theory and goal theory, respectively. Self-efficacy beliefs operate in each of these types of cognitive motivation. Self-efficacy beliefs influence causal attributions. People who regard themselves as highly efficacious attribute their failures to insufficient effort, those who regard themselves as inefficacious attribute their failures to low ability. Causal attributions affect motivation, performance and affective reactions mainly through beliefs of self-efficacy.

In expectancy-value theory, motivation is regulated by the expectation that a given course of behavior will produce certain outcomes and the value of those outcomes. But people act on their beliefs about what they can do, as well as on their beliefs about the likely outcomes of performance. The motivating influence of outcome expectancies is thus partly governed by self-beliefs of efficacy. There are countless attractive options people do not pursue because they judge they lack the capabilities for them. The predictiveness of expectancy-value theory is enhanced by including the influence of perceived self- efficacy.

Perseverance

It requires a strong sense of efficacy to remain task oriented in the face of pressing situational demands, failures and setbacks that have significant repercussions. Indeed, when people are faced with the tasks of managing difficult environmental demands under taxing circumstances, those who are beset by self-doubts about their efficacy become more and more erratic in their analytic thinking, lower their aspirations and the quality of their performance deteriorates. In contrast, those who maintain a resilient sense of efficacy set themselves challenging goals and use good analytic thinking which pays off in performance accomplishments.

Thoughts

Perceived self-efficacy to control thought processes is a key factor in regulating thought produced stress and depression. It is not the sheer frequency of disturbing thoughts but the perceived inability to turn them off that is the major source of distress. Both perceived coping self-efficacy and thought control efficacy operate jointly to reduce anxiety and avoidant behavior.

Low self efficacy can lead people to believe tasks are harder than they actually are. This often results in poor task planning, as well as increased stress. Observational evidence shows that people become erratic and unpredictable when engaging in a task in which they have low efficacy. On the other hand, people with high self efficacy often take a wider picture of a task in order to take the best route of action. People with high self efficacy are shown to be encouraged by obstacles to greater effort. Self efficacy also affects how people respond to failure. A person with a high efficacy will attribute the failure to external factors, where a person with low self efficacy will attribute failure to low ability.

Vulnerability to stress

People's beliefs in their coping capabilities affect how much stress and depression they experience in threatening or difficult situations, as well as their level of motivation. Perceived self-efficacy to exercise control over stressors plays a central role in anxiety arousal. People who believe they can exercise control over threats do not conjure up disturbing thought patterns. But those who believe they cannot manage threats experience high anxiety arousal. They dwell on their coping deficiencies. They view many aspects of their environment as fraught with danger. They magnify the severity of possible threats and worry about things that rarely happen. Through such inefficacious thinking they distress themselves and impair their level of functioning. Perceived coping self-efficacy regulates avoidance behavior as well as anxiety arousal. The stronger the sense of self-efficacy the bolder people are in taking on taxing and threatening activities.

Sources of Self-Efficacy

People's beliefs about their efficacy can be developed by four main sources of influence.

Mastery experience/ performance leading to attainment

The most effective way of creating a strong sense of efficacy is through mastery experiences. Successes build a robust belief in one's personal efficacy. Failures undermine it, especially if failures occur before a sense of efficacy is firmly established.

If people experience only easy successes they come to expect quick results and are easily discouraged by failure. A resilient sense of efficacy requires experience in overcoming obstacles through perseverant effort. Some setbacks and difficulties in human pursuits serve a useful purpose in teaching that success usually requires sustained effort. After people become convinced they have what it takes to succeed, they persevere in the face of adversity and quickly rebound from setbacks. By sticking it out through tough times, they emerge stronger from adversity.

Modeling, seeing people

The second way of creating and strengthening self-beliefs of efficacy is through the vicarious experiences provided by social models. Seeing people similar to oneself succeed by sustained effort raises observers' beliefs that they too possess the capabilities master comparable activities to succeed. By the same token, observing others' fail despite high effort lowers observers' judgments of their own efficacy and undermines

their efforts. The impact of modeling on perceived self-efficacy is strongly influenced by perceived similarity to the models. The greater the assumed similarity the more persuasive are the models' successes and failures. If people see the models as very different from themselves their perceived self-efficacy is not much influenced by the models' behavior and the results its produces.

Modeling influences do more than provide a social standard against which to judge one's own capabilities. People seek proficient models who possess the competencies to which they aspire. Through their behavior and expressed ways of thinking, competent models transmit knowledge and teach observers effective skills and strategies for managing environmental demands. Acquisition of better means raises perceived self-efficacy.

Social persuasion

Social persuasion is a third way of strengthening people's beliefs that they have what it takes to succeed. People who are persuaded verbally that they possess the capabilities to master given activities are likely to mobilize greater effort and sustain it than if they harbor self-doubts and dwell on personal deficiencies when problems arise. To the extent that persuasive boosts in perceived self-efficacy lead people to try hard enough to succeed, they promote development of skills and a sense of personal efficacy.

It is more difficult to instill high beliefs of personal efficacy by social persuasion alone than to undermine it. Unrealistic boosts in efficacy are quickly disconfirmed by disappointing results of one's efforts. But people who have been persuaded that they lack capabilities tend to avoid challenging activities that cultivate potentialities and give up quickly in the face of difficulties. By constricting activities and undermining motivation, disbelief in one's capabilities creates its own behavioral validation.

Physical/psychological arousal

People also rely partly on their somatic and emotional states in judging their capabilities. They interpret their stress reactions and tension as signs of vulnerability to poor performance. In activities involving strength and stamina, people judge their fatigue, aches and pains as signs of physical debility. Mood also affects people's judgments of their personal efficacy. Positive mood enhances perceived self-efficacy, despondent mood diminishes it. The fourth way of modifying self-beliefs of efficacy is to reduce people's stress reactions and alter their negative emotional proclivities and is interpretations of their physical states.

It is not the sheer intensity of emotional and physical reactions that is important but rather how they are perceived and interpreted. People who have a high sense of efficacy are likely to view their state of affective arousal as an energizing facilitator of performance, whereas those who are beset by self-doubts regard their arousal as a debilitator. Physiological indicators of efficacy play an especially influential role in health functioning and in athletic and other physical activities.

Implications for Workplace

Self Efficacy has the following implications for workplace:

1. High SE people show 28% more performance than controls
2. High SE people are frequently hired by HRD people
3. Training is imparted for developing SE
4. Stress management is being done by training in high SE
5. Leadership training involves developing high SE

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COMMUNICATION (Part I)

Communication can be defined as the use of symbols to transfer information. Communication is a social process in which two or more parties exchange information and share meaning. Communication has been studies from many perspectives. Research shows that 44% of managerial effectiveness comes from routine communication. Organizational communication may be defined as all the patterns, networks and systems of communication within an organization.

Good communication is often erroneously defined by the communicator as agreement with the message instead of clear understanding of the message. If someone disagrees with us, many of us assume that the person just did not fully understand our position. In other words, many of us define good communication as having someone accept our views. But anyone can clearly understand what we mean and just not agree with what we say. In fact, many times when a conflict has gone on a long time, people will say it is because the parties are not communicating effectively. This assumption reflects the tendency to think that effective communication equals agreement, which is not true.

Historical Background

Henry Fayol's Contribution

Henry Fayol gave a detailed analysis of and solution to communication problem. According to him, formal channels of communication in the organization cause the communication to be slow and distorted. If there are a number of channels and steps between the top management and the frontline managers, the information emanating for the frontline managers would become highly distorted when it reaches the top management, i.e. only if the information actually reaches the addressee. Therefore, according to Fayol, formal channels of communication in organizations should not be followed in an organization but "gangplank" should be allowed. Gangplank literally means a plank or a board used for boarding or disembarking from a ship. In the context of communication, gangplank, as used by Fayol refers to the ability of the members of the organization to bypass all formal channels of communication and use the plank to reach any level of authority in order to convey the information exactly as it is intended. In other words, it the situation where anyone talks to anyone else without regard to status, position or rank.

Chester Barnard's Contribution

Chester Irving Barnard (1886–1961) was a telecommunications executive and author of Functions of the Executive, an influential 20th century management book, in which Barnard presented a theory of organization and the functions of executives in organizations.

Two of his theories are particularly interesting: the theory of authority and the theory of incentives. Both are seen in the context of a communication system that should be based in some essential rules:

Chester Barnard: Believed that communication shapes the form and internal economy of an organization. He lists 6 factors which facilitate communication:

1. Channels should be known to all

It means that whatever channels of communication exist within the organization, all members of the organization should have an idea about them. They should be clearly communicated to the members and the members should know how to approach the channels and use them.

2. Definite channels available to everyone Further, channels of communication within an organization should not be restricted to some people only, i.e. formal channels of communication should be available to everyone in order to ensure effective communication.

3. Line should be direct and short The communication channels should ensure that the line of communication is short and the communication is direct between the sender and the receiver.

4. Competent persons should hold communication channels Communication channels should be handled by competent people who have the ability to maintain the integrity of the information and are aware of the worth of information which they are communicating. They should be experts in the field.

5. Lines should not be interrupted during the functioning of organizations The line of communication should be such that any functioning of the organization should not distort the communication or the channel itself.

6. Communication should be authenticated

> Communication in the organization should be authentic and should convey information which is true and dependable. Fake information should be ruled out. In other words, the integrity of communication should be maintained.

According to Barnard, what makes a communication authoritative rests on the subordinate rather than in the boss. Thus, he takes a perspective that was very unusual at that time. One might say that managers should treat workers respectfully and competently to obtain authority.

Modern View

The modern model of communication can be understood by considering the continuum model of communication. According to this model, there are two types of communications, both representing continuums of communication options.

Informal-Formal

Communication within an organization is often described as formal or informal. Formal communication refers to communication that follows the official chain of command or is part of the communication required to do one's job. For example, when a manger asks an employee to complete a task, he or she is communicating formally. So is the employee who brings a problem to the attention of his or her manager. Any communication that takes place within prescribed organizational work arrangements would be classified as formal.

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

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

Humanistic-Mechanistic

Humanistic and Mechanistic model of communication represents another continuum of communication. Communication in organization may be humanistic when it is done by the members of the organization, i.e. verbal communication during meetings, informal verbal communication, formal verbal communication etc.

On the other hand, communication may be called mechanistic when is done through machines such as the computer or fax machine. Emailing, voice recording, messaging, etc. are examples of mechanistic communication.

Communication Technology

Technology, and more specifically information technology, has radically changed the way organizational members communicate. For example, it has significantly improved a manager's ability to monitor individual or team performance, it has allowed employees to have more complete information to make faster decisions, and it has provided employees with more opportunities to collaborate and shore information.

Management Information System (Mis)

It may also be understood as exchange of information done by computers. Management Information Systems (MIS) is a general name for the academic discipline covering the application of people, technologies, and procedures — collectively called the information system — to solve business problems. MIS are distinct from regular information systems in that they are used to analyze other information systems applied in operational activities in the organization. Academically, the term is commonly used to refer to the group of information management methods tied to the automation or support of human decision making, e.g. Decision Support Systems, Expert systems, and Executive information systems. MIS has greatly improved organizational communication.

Telecommunication Technology (TT)

Telecommunication may be defined as communication over a distance by circuits using cable, fiber optics, satellites, radio etc. In the context of organizational communication, telecommunication technology is the use of telecommunication for exchange of information. In other words it is the exchange of information through telephone, television and Email. Organizational members may make use of this technology to quickly and efficiently communicate.

Non-Verbal Communication

Also called silent language, paralanguage, facial expression, space utilization (characteristics of environment), Body language, (voices quality, oh, oh, um, laugh, etc.). Nonverbal communication includes all the elements associated with human communication that are not expressed orally or in writing. Sometimes it conveys more meaning that words. Human elements include facial expressions and physical movements, both conscious and unconscious. Physical movements and "body language" are also highly expressive human elements. Body language includes both actual movement and body positions during communication. The handshake is a common form of body language. Other examples include making eye contact, which expresses a willingness to communicate; sitting of the edge of a chair, which may indicate nervousness or anxiety; and sitting back with arms folded, which may convey an unwillingness to continue the discussion. Environmental elements such as buildings, office space, and furniture can also convey messages. A spacious office, expensive draperies, plush carpeting and elegant furniture can combine to remind employees or visitors that they are in the office of the president and the CEO of the firm. The physical setting can also be instrumental in the

development of communication networks, because a centrally located person can more easily control the flow of task related information.

How to improve non-verbal communication (3)

Three key points can be defined to improve non-verbal communication:

Look at the whole situation

When the non-verbal behavior of a person is an emotional response, it is reflection of what is going on within his or her mind or what sort of a situation he or she is in. It can therefore be use to better understand the person's non-verbal behavior.

Note Discrepancy between Verbal and Non-Verbal Language

Often non-verbal signals show that the verbal communication is not accurate or the information provider is either hiding something or lying.

Note Subtleties

It is important to note the subtleties or hidden motives. A genuine or fake smile by be discovered to improve non-verbal communication.

Cultural differences play an important part in body language. Different gestures and moves or different non-verbal communications may be interpreted differently across cultures.

Interpersonal Communication

Interpersonal Communication is the communication between two people in an organization. Before communication can take place, a purpose, expressed as a message to be conveyed, must exist. It passes between a source (the sender) and a receiver. The message is converted to symbolic form (called encoding) and passed by way of some medium (channel) to the receiver, who retranslates the sender's message (called decoding). The result is transfer of meaning from one person to another. This is the process of interpersonal communication.

Effective and Ineffective Interpersonal Communication

Following are some of the characteristics of effective interpersonal communication:

1. Intended to help the employee rather than discourage him or her
2. Specific to the situation or the need of the employee
3. Useful for correcting the situation or suitable to the situation.

Following are some of the characteristics of ineffective interpersonal communication:
1. Intend to belittle employee.
2. General.
3. Untimely.

Effective feedback

Following are the suggestions that can help managers be more effective in providing feedback:

- Intention of sender Effective feedback is when feedback is to improve the employee's performance not a personal attack on the employee.

- Focus on specific behavior Effective feedback intends to focus on specific behavior of the employees that need to be addressed and is not general.

- Descriptive Effective feedback tells the employee what he or she has done in objective terms rather than presenting a value judgment.

- Useful Effective feedback helps the employee to improve performance and is useful for him or her and the organization as well.

- Timely Effective feedback is given at the right time.

- Employee must be ready to receive it In order for the feedback to be effective, employees must be willing to receive it.

- Clear Feedback should be unambiguous.

- Valid Feedback to be effective needs to be valid and correct, and free from biases.

Other Variable Effecting Interpersonal Communication

- Some other variables also effect interposal communication, such as: Trust; expectations; values; status; compatibility. If the employees do not trust the boss or his judgment, the communication is likely to be ineffective. All other variables mentioned above also effect interpersonal communication.

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COMMUNICATION (Part II)

Downward Communication

Any communication that flows downward from a manager to employees is downward communication. Downward communication is used to inform, direct, coordinate and evaluate employees. When mangers assign goals to their employees, they are using downward communication. Managers are also using downward communication by providing employees with job descriptions, informing them of organizational policies and procedures, pointing out problems that need attention, or evaluating their performance. Downward communication does not have to be oral or face-to-face contact. When management sends letters to employees' homes to advise them organization's new policy, it is using downward communication. Usually organizational media is used for this purpose: newsletter, gazettes, Hotlines, etc.

Katz and Kahn have described the following as the purposes of downward communication:

1. It is used to give directives When managers give orders to the employees, it is basically downward communication. Therefore, downward communication is used to give directives.

2. It is used to give information Organizational procedures, practices, policies etc. are all conveyed to the employees using downward communication channels.

3. It is used to give feedback to employees Managers give feedback to employees using the channels of downward communication.

4. It is used to provide ideological information

   Ideological information and organizational vision and mission are communicated to the employees through downward communication channels. Therefore, it also serves as a means to communicate the organizational goals.

Following are some of the ways to improve downward communication in organizations:

1. People tend to ignore useful information
2. People follow paths of least resistance, so information must be tailored accordingly
3. They accept message consonant to their values
4. They reject messages incongruent to their beliefs
5. Need fulfilling messages are accepted
6. Total situation of organization affects flow of messages

Upward Communication

Upward communication flows to a higher level in the group or organization. It is used to provide feedback to higher-ups, inform them of progress towards goals, and relay current problems. Upward communication keeps managers aware of how employees feel about their jobs, coworkers, and the organization in general. Managers also rely on upward communication for ideas on how things can be improved.

Some organizational examples of upward communication are performance reports prepared by lower management for review by middle and top management, suggestion boxes, employee attitude surveys, grievance procedures, superior-subordinate discussions, and informal gripe sessions where employees have the opportunity to identify and discuss problems with their boss or representatives of higher management.

Upward communication keeps managers aware of how employees feel about their jobs and the organization. The extent of upward communication depends on the organizational culture. If manager have created a climate of trust and respect and use participative-decisions-making or empowerment, there will be considerable upward communication as employees provide input to decisions. However, in a highly mechanistic and authoritarian environment, upward communication still takes place but will be limited both in style and content.

Ways to improve:

1. Allow employees to appeal beyond immediate boss Procedures should be developed to allow employees to appeal beyond the immediate boss, i.e. develop procedures to communicate grievances.

2. Boss should have open doors Another method to improve upward communication is that the managers should have open doors policy, i.e. employees should be allowed to directly walk up to the mangers and discuss their problems. There should be no gap between the employees and the managers.

3. Opportunity for counseling exit (interviews those leaving organization) The human resource department can have valuable information by interviewing those people who are leaving the organization. This is also a means to improve upwards communication.

4. Participative decision making Decision making in the organization can be participative, i.e. employees should be involved in decision making in the organization. This is also an improvement in upward communication.

5. Ombudsperson
An ombudsman is a person with the task of investigating complaints from the employees. If the management appoints an ombudsman, it would allow complaints of the employees to be communicated effectively to the top managers and hence be helpful in removing grievances.

7. Managers to develop listening skills Managers need to develop listening skills which do not make the employee feel uncomfortable when communicating with the manger. This shall also improve upward communication in the organization.

The ability to be an effective listener is often taken for granted. We confuse hearing with active listening. Hearing is merely picking up sound vibrations. Listening is making sense of what is heard. Listening requires paying attention, interpreting and remembering sound stimuli.

Following are some of the factors to be taken into account in order to be an active listener:

a) Maintain attention **b)** Use restatement **c)** Show empathy **d)** Draw out **e)** Encourage suggestion **f)** Know when to speak and when to be quite

Interactive communication

Communication is vertical and horizontal, but the new stress is to see it as interactive rather than vertical or horizontal. Interactive communication is the generation of meaning through exchanges using a range of contemporary tools, transmissions, and processes. It involves communication that takes place between groups on the same organizational level. It today's chaotic and rapidly changing environment, horizontal teams, for instance, rely heavily on this form of communication interaction.

Interactive communication is useful for the organization and leads to:

• Task coordination Groups and departments may communicate easily to each other about the tasks and performances of their entity.

• Problem solving Groups and departments involved in such communication can leverage ideas, expertise and help from each other in problem solving.

•   Information sharing
•   Conflict resolving

It is a useful way of sharing information laterally and immediately.

It can be used to resolve conflicts between employees, group etc.

Communication Across Cultures

Effective communication is difficult under the best of conditions. Cross-cultural factors clearly create the potential for increased communication problems. The need arises because of shrinking world, world market; emergence of MNCs etc.

Problems in cross-cultural communication arise because of the following reasons:

• **Perceptual Problems**

Perception of people is influenced by their cultural training. Different things may be perceived differently across different cultures. For example, opening comments about family/wife may be like in one culture while they may not be liked in another. Therefore, perceptual problems dominate cross-cultural communication.

• **Stereotyping Problems**

It is the problem of considering another person belonging to a particular class which is either deemed inferior or is disliked. Therefore, across cultures, communication is also likely to be affected by stereotyping.

• **Halo effecting problems**

Halo effect is considering all related to one as similar to him or her. It is also a problem while communicating across cultures.

• **Ethnocentric problems**

This may be defined as considering the practices of your own culture as superior while considering other inferior. This is often a problem while communicating across cultures.

Improving Communication Across Cultures

Communication across cultures can be improved in the following ways:

•   Cultural training programs People who have to communicate across cultures can be given special cross cultural training programs to sensitize them with the practices of the client cultures.

•   Provide historical/social/cultural reading/taped material to employees to know the other culture It is similar to cultural training, but involves less formalized efforts. Employees again need to be sensitized to the culture they are dealing with.

•   Training/exposure of both husband and wife is better than only one person alone

Research shows that whenever a family is to be sent to another country, training of both husband and wife is necessary in order for the employee to deal effectively with culture of the new country.

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DECISION MAKING

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

Decisions made in organizations can be classified according to frequency and to information conditions. In a decision-making context, frequency is how often a particular decision recurs and information conditions describe how much information is available about the likelihood of various outcomes.

History

The decision making process is often broken down into steps. According to Herbert Simon, following are the steps of decision making:

• **Intelligence activity**

   Intelligence here has been taken from the military. It means, gathering information about the environment and the alternatives.

• **Design activity**

   It is the process of developing and analyzing possible course of action.

• **Choice activity**

   This the final stage of decision making, i.e. making the choice of the alternative.

Mintzberg has also given steps of decision making as follows:

•   Identification

It is the phase during which a problem arises and is identified. In other words, diagnosis of the problem is made.

•   Development

This is the step in which the problem is compared with existing standards and procedures to see if it could be solved using these. Otherwise, a new procedure is developed of solving the problem. The development of this new procedure is purely based on trial and error.

•   Selection

This is the final step in which the choice of the alternative is made.

Rationality in Decision Making

If appropriate means are chosen to reach the desired results, the decision is said to be rational. Rationality in decision making is means to an end. But, modern organizations do not always make decisions on rationality. All possible options or approaches to solving the problem under study are identified and the costs and benefits of each option are assessed and compared with each other. The option that promises to yield the greatest net benefit is selected. The main problem with rational-comprehensive approaches is that it is often very costly in terms of time and other resources that must be devoted to gathering the relevant information. Often the costs and benefits of the various options are very uncertain and difficult to quantify for rigorous comparison. The costs of undertaking rational-comprehensive decision-making may themselves exceed the benefits to be gained in improved quality of decisions.

Rationality in organizational decision making is of the following kinds:

Objective rationality

Can be applied to decisions that maximize value since value maximization is the ultimate goal of the organization.

Subjective rationality

It is when a decision-maker is rational to the extent that she chooses a strategy which she believes will produce the optimal consequence.

Deliberate rationality

A decision is made deliberately rational by the decision maker when he or she adjusts the means for the end deliberately. In other words, it is when the decision maker or the manager creates a situation that the decision become favourable.

Personal Rationality

Personal rationality is when the decision is directed towards personal goals rather than organizational goals.

Organizational rationality

It is when the decisions are directed towards the organizational goals.

Models of Decision Making

Economic Rationality Model

It is a perfectly and completely rational model based upon economic dictates. It is based on the classical economic model and assumes that all decisions are made rationally. Further, it assumes that there is awareness of all alternatives to the decision maker and the decision maker has a system of preferences to make the decision. All decisions are directed towards the point of maximum profit, i.e. MC=MR, where marginal costs equal marginal revenue-an economic model. It is a basically a quantitative model and not supported by the modern economic models.

Social Model

This model regards humans as collections of feelings, emotions and unconscious wishes, therefore their decision making also reflects the same. It is opposite to the Economic Rationality Model and takes into view the humanistic side. Psychological influences have a significant impact on decision making and the social model takes into account all these influences. The environment, peer pressure, experience and many other factors influence decision making which is the basis of the Social Model.

Simon's Bounded Rationality Model

It is similar to the the econo-logic model but keeps in view people's and organization's idiosyncrasies and limitations. In other words, it as an alternative to the Economic Rationality Model. According to this model, the decision makers or the mangers take a simplistic view of the world and therefore look for the best alternative rather than trying to maximize everything. They therefore use simple tools for decision making and make their choices easily considering all the constraints of the practical world.

Judgemental, heuristics and biases model

This model regards that decision making is based upon heuristics (simplifications) and biases. Specific systematic biases influence judgement and decision making. These biases are developed either from experience or some other source. According to Kahneman and Tversky, decision makers rely on simplification for making the decisions. The take into account more factors than just the economic factors. Following are some of the biases that influence decisions:

Availability

This bias arises due the frequency of occurrence of something. In other words, the activity or happening that is frequently available in the memory influences decision making. When a manager hires a business graduate from a business school and finds him to be hard working, he is likely to hire another one from the same school when given a choice the next time, based on the recollection from this memory.

Representativeness

This bias arises due to the tendency of the decision maker to find similarity between something previously done and the alternative presented to him. His decision is influenced by this similarity. If the similarity reveals a positive result in the past, he or she is likely to accept and vice versa.

Anchoring

This bias is based on held views. The given situation is likely to have an impact on the decision maker' choice. If presented with a result at the start, the decision maker is likely to derive the same result or build upon the same result.
Research show that decisions are made on all of the above basis.

Decision Making Styles

Following are four decision making styles in organizations:

Directive

Decagon makers with a directive style have a low tolerance for ambiguity and are oriented toward task and the technical concerns. They are autocratic in nature.

Analytical

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

Conceptual

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

Behavioural

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

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PARTICIPATIVE DECISION MAKING TECHNIQUES

Participative decision making techniques involve individuals or groups in process. As organizations move from centralized decision making to a non-centralized one, it has become important for all concerned people to be involved in the decision making process so that the decision is the best possible alternative. Participated decision making techniques range from no participation to participation of all concerned individuals. Participation techniques are being applied formally and informally on an individual or a team basis or formally on a program basis.

These techniques may be categorized as follows:

- Consultative: In consultative decision making, the right of decision making resides with the manager and he may consult or have the opinion of other concerned.
- Democratic: In democratic decision making, decision is made by the group as a whole rather than an individual.

Participative decision making, as mentioned earlier, is the need of the hour. However, it has some merits as well as demerits. The most important merit participative decision making is that it allows all concerned people to participate which is not only encouraging for them but also leads to satisfaction on part of the employees with their jobs.

On the other hand, on the greatest demerits of such techniques is that they are time consuming as compared to individual decision making. Further, the concept of pseudo-participation may serve as a cause of dissatisfaction for those employees who put in their best in the decision making process. Pseudo-participation refers to employees pretending to participate in the process while actually contributing very little. It is similar to a group of students working on an assignment where two out of the four may work very hard while others may only pretend to work. This leads to dissatisfaction on part of the employees rather than satisfaction.

Creativity

A psychodynamic approach to understanding creativity was proposed by Sigmund Freud, who suggested that creativity arises as a result of frustrated desires for fame, fortune, and love, with the energy that was previously tied up in frustration and emotional tension in the neurosis being sublimated into creative activity. Freud later retracted this view.

Although intuitively a simple phenomenon, it is in fact quite complex. It has been studied from the perspectives of behavioural psychology, social psychology, psychometrics, cognitive science, artificial intelligence, philosophy, history, economics, design research, business, and management, among others. The studies have covered everyday creativity, exceptional creativity and even artificial creativity. Unlike many phenomena in science, there is no single, authoritative perspective or definition of creativity. Unlike many phenomena in psychology, there is no standardized measurement technique.

Creativity has been attributed variously to divine intervention, cognitive processes, the social environment, personality traits, and chance ("accident," "serendipity"). It has been associated with genius, mental illness and humour. Some say it is a trait we are born with; others say it can be taught with the application of simple techniques.

As the world becomes a global village, one of the greatest challenges faced by organizations is to remain competitive and think beyond the box. Organizations need to change, adapt to the change and innovate in

order to survive the continuously harshening environment. In simple terms, the process of being able to think beyond the box and come up with novel ideas which are practical and applicable is creativity.

According to the creativity researcher Teresa Amabile, creativity consists of three things:

• **Expertise**

   Expertise refers to technical, procedural and intellectual knowledge.

• **Thinking skills**

   Thinking skills refer to how flexibly and imaginatively people can deal with problems and make effective decisions.

• **Motivation**

   Motivation is the desire to solve given problems.

Simply put, creativity results in people looking at things differently. Research shows that, in contrast to the average person, creative people seem better able to do things such as abstracting, imaging, synthesizing, recognizing patterns and empathizing with others. Creativity and decision making have a close relationship as creative people tend to make useful decisions for the organization's survival.

Psychological definition of creativity is that it involves combing responses in a novel way. Psychologists suggest that it is difficult to point out the reasons for creativity however, following dimensions of creativity have been identified:

• **Divergent thinking**

   This refers to a person's ability to generate novel, but still appropriate, responses to question and problems. This is in contrast to convergent thinking where decisions are based purely on logic and rationality.

• **Cognitive complexity**

   This refers to a person's ability to use intricate and complex stimuli and thinking patterns. Such decision making patterns are usually adopted in solution of philosophical or abstract problems.

Group and Decision Making
Research in social psychology has shown that in group decision making following variants are observed:

• **Majority Wins Scheme**

   According to this scheme, the group finally comes to the same conclusion or decision which was initially supported by the majority.

• **Truth Wins Scheme**

   According to this scheme, the group tends to make decisions based on objectively correct and plausible

alternatives.

• **Two-third Majority Scheme**

According to this scheme, the group tends to support decisions that were initially supported by two-third majority.

• **First-shift scheme**

According to this scheme, if in a group there is an opposition to some decision, the decision would be based on the first person changing has allegiance with the point of view which he or she originally held.

• **Status quo tendency**

Group decision making often tends to support or end up in status quo.

• **Risky Shift**

Decisions made in a group tend to be riskier than decisions made by individuals.

• **Group think**

Phenomenon in which the norm for consensus overrides the realistic appraisal of alternative courses of action.

Delphi Techniques of Decision Making

The Delphi technique is a method for obtaining forecasts from a panel of independent experts over two or more rounds. Experts are asked to predict quantities. After each round, an administrator provides an anonymous summary of the experts' forecasts and their reasons for them. When experts' forecasts have changed little between rounds, the process is stopped and the final round forecasts are combined by averaging. Delphi is based on well-researched principles and provides forecasts that are more accurate than those from unstructured groups (Rowe and Wright 1999, Rowe and Wright 2001).

It is a complex and time consuming alternative. It does not require the physical presence of group members. In fact, the Delphi technique never allows the group's members to meet face to face. The following steps characterize Delphi technique:

- The problem is identified and members are asked to provide potential solutions through a series of carefully designed questionnaires.
- Each member anonymously and independently completes the first questionnaire.
- Results of the first questionnaire are compiled at a central location, transcribed, and reproduced.
- Each member receives a copy of the results.
- After viewing the results, members are again asked for their solutions. The results typically trigger new solutions or cause changes in the orginal position.
- Steps 4 and 5 are repeated as often as necessary until consensus is reached.

The Delphi technique insulates group members from undue influence of others. Because it does not require the physical presence of the participants, the Delphi technique can be used for decision making among geographically scattered groups. For instance, a Japanese electronics company could use the technique to

query its mangers in Tokyo, Brussels, Paris, London, New York Toronto, Rio de Janeiro, and Melbourne as to the best worldwide price for one of the company's products. The cost of brining the executive together a central location is avoided. Of course, the Delphi technique has its drawbacks. Because the method is extremely time consuming, it is frequently not applicable where a speedy decision is necessary. Additionally, the method may not develop the rich array of alternatives as the nominal group technique does. Ideas that might surface from the heat of face-to-face interaction may never arise. Interacting group suffer from inhibition and group think therefore this method is more useful.

Nominal Group Techniques (NGT) Of Decision Making

The nominal group technique is a decision-making method for use among groups of many sizes, who want to make their decision quickly, as by a vote, but want everyone's opinions taken into account (as opposed to traditional voting, where only the largest group is considered). The method of tallying is the difference. First, every member of the group gives their view of the solution, with a short explanation. Then, duplicate solutions are eliminated from the list of all solutions, and the members proceed to rank the solutions. The numbers each solution receives are totalled, and the solution with the highest (i.e. most favored) total ranking is selected as the final decision. There are variations on how this technique is used. For example, it can identify strengths versus areas in need of development, rather than be used as a decision-making voting alternative. Also, options do not always have to be ranked, but may be evaluated more subjectively.

The nominal group technique restricts discussion or interpersonal communication during the decision-making process, hence the term nominal. Group members are al physically present, as in a traditional committee meeting, but members operate independently. Specifically, a problem is presented and then the following steps take place:

1. Members meet as a group but, before any discussion takes place, each member independently writes down his or her ideas on the problem.
2. This silent period is followed by each member presenting one idea to the group. Each member takes his or her turn, going around the table, presenting a single idea until all ideas have been presented and recorded (typically on a flip chard or chalkboard). No discussion takes place until all ideas have been recorded.
3. The group now discusses the ideas for clarity and evaluates them.
4. Each group member silently and independently rank-orders the ideas. The final decision is determined by the ideas with the highest aggregate ranking.

The chief advantage of the nominal group technique is that it permits the group to meet formally but does not restrict independent thinking, as does the interacting group. Nominal group technique is considered superior to Delphi technique.

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JOB STRESS

Many people today work long hours, face constant deadlines, and are subject to pressure to produce more and more. Organizations and the people who run them are under constant pressure to increase income while keeping costs in check. To do things faster and better-but with fewer people-is the goal of many companies today. An unfortunate effect of this trend to put too much pressure on people—operational employees, other managers, and oneself is stress. The results can indeed be increased performance, higher profits, and faster growth. But stress, burnout, turnover, aggression, and other unpleasant side effects can also occur.

Many people think of stress as a simple problem. In reality, however, stress is complex and often misunderstood. In order to understand job stress, we must first define it and then describe the process through with it develops.

Stress has been defined in many ways, but most definitions say that stress is caused by a stimulus, that the stimulus can be either physical or psychological, and that the individual responds to the stimulus in some way. Here, then, we define stress as a person's adaptive response to a stimulus that places excessive psychological or physical demands on him or her.

Given the underlying complexities of this definition, we need to examine its components carefully. First is the notion of adaptation. As we discuss presently, people may adapt to stressful circumstances in any of several ways. Second is the role of the stimulus. This stimulus, generally called a stressor, is anything that induces stress. Third, stressors can be either psychological or physical. Finally,, the demands the stressor places on the individual must be excessive for stress to result. Of course what is excessive for one person may be perfectly tolerable for another. The point is simply that a person must perceive that demands as excessive or stress will not result.

This also leads us to a simpler definition of stress, i.e. "excessive physical and psychological demands on a person."

According to an estimate, job stress costs American economy 200/300 billion dollars every year. People in American organizations face situations of overburdening and stress and have to be counselled. Often people leave the organizations due to excessive work load. Therefore, job stress is a cause of massive financial loss to these organizations and the economy as a whole. Not to mention the worldwide economy. Other countries also face the problems related to job stress in organizations.

Distress and Eustress

Hans Selye is recognized as the father of stress who discovered that tissue damage results from stress. Selye also pointed out that the sources of stress need not be bad. For example, receiving a bonus ant then having to decide what to do with the money can be stressful. So can getting a promotion, gaining recognition, getting married and similar "good" things. Selye called this type of stress eustress. Eustress can lead to a number of positive outcomes for the individual.

Of course, there is also negative stress. Called distress, this is what most people think of when they hear the word stress. Excessive pressure, unreasonable demands on our time, and band news all fall into this category. As the term suggests, this form of stress generally results in negative consequences for the individual.

Burnout

A consequence of stress, burnout, has clear implications for both people and organizations. Burnout is general feeling of exhaustion that develops when a person simultaneously experiences too much pressure and has too few sources of satisfaction.

In other words it is the stage of losing sense of direction and control. Burnout generally develops in the following way:

First people with high aspirations and strong motivation to get things done are prime candidates for burnout under certain conditions. They are especially vulnerable when the organization suppresses or limits their initiative while constantly demanding that they serve the organization's own needs.

In such a situation, the individual is likely to put too much of himself or herself into the job. In other words, the person may well keep trying to meet his or her own agenda while simultaneously trying to fulfil the organization's expectations. The most likely effects of this situation are prolonged stress, fatigue, frustration and helplessness under the burden of overwhelming demands. The person literally exhausts hir or her aspirations and motivation, much as a candle burns itself out. Loss of self-confidence and psychological withdrawal follow. Ultimately, burnout results. At this point, the individual may start dreading going to work in the morning, may put in longer hours but accomplish less than before, and may generally display mental and physical exhaustion.

General Adaptation Syndrome

Much of what we know about stress today can be traced back to the pioneering work of Dr. Hans Selye. Among Selye's most important contributions were his indent faction of the general adaptation syndrome and the concepts of eustress and distress.

According to this model, each of us has a normal level of resistance to stressful events. Some of us can tolerate a great deal of stress and other much less, but we al have a threshold at which stress starts to affect us.

The GAS begins when a person first encounters a stressor. The first stage is called "alarm." At this point, the person may feel some degree of panic and begin to wonder how to cope. The individual may also have to resolve a "fight-or-flight" question: Can I deal with this, or should I run away? For example, suppose a manger is assigned to wire a lengthy report overnight. His or her first reaction be "How will I ever get this done by tomorrow?"

If the stressor is too extreme, the person may simply be unable to cope with it. In most cases, however, the individual gather his or her strength (physical or emotional) and begins to resist the negative effects of the stressor. The manager with the long report to write may calm down, call home to tell that he or she would be working late, roll up the sleeves, order out for dinner, and get to work. Thus at stage two of the GAS, the person is resisting the effects of the stressor.

Often, the resistance phase ends the GAS. If the manger completes the report earlier than expected, he may drop it in his briefcase, smile to himself, and feel tired but happy. On the other hand, prolonged exposure to a stressor without resolution may bring on phase three of the GAS: exhaustion. At this stage, the person literally gives up and can no longer fight the stressor. For example, the manager may fall asleep at his desk at 3 A.M. and fail to finish the report.

Individual Consequences of Stress

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

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

•   Behavioural

The behavioural consequences of stress may harm the person under stress or others. One such behaviour is smoking. Research has clearly documented that that people who smoke tend to smoke more when they experience stress. There is also evidence that alcohol and drug abuse are linked to stress, though this relationship is less well documented. Other possible behavioural consequences are accident proneness, violence and appetite disorders.

Causes of Stress

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

Extra-organizational Stressors

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

• **Life/Social/Technical Change**

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

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

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

• **Class Conditions**

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

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

• **Organizational Policies**

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

• Physical Conditions

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

• Process

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

Group Stressors

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

• Lack of Cohesiveness

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

• Lack of Social Support

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

• Conflicts Within and Inter-group

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

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The GAS begins when a person first encounters a stressor. The first stage is called "alarm." At this point, the person may feel some degree of panic and begin to wonder how to cope. The individual may also have to resolve a "fight-or-flight" question: Can I deal with this, or should I run away? For example, suppose a manger is assigned to wire a lengthy report overnight. His or her first reaction be "How will I ever get this done by tomorrow?"

If the stressor is too extreme, the person may simply be unable to cope with it. In most cases, however, the individual gather his or her strength (physical or emotional) and begins to resist the negative effects of the stressor. The manager with the long report to write may calm down, call home to tell that he or she would be working late, roll up the sleeves, order out for dinner, and get to work. Thus at stage two of the GAS, the person is resisting the effects of the stressor.

Often, the resistance phase ends the GAS. If the manger completes the report earlier than expected, he may drop it in his briefcase, smile to himself, and feel tired but happy. On the other hand, prolonged exposure to a stressor without resolution may bring on phase three of the GAS: exhaustion. At this stage, the person literally gives up and can no longer fight the stressor. For example, the manager may fall asleep at his desk at 3 A.M. and fail to finish the report.

Individual Consequences of Stress

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

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

•   Behavioural: The behavioural consequences of stress may harm the person under stress or others. One such behaviour is smoking. Research has clearly documented that that people who smoke tend to smoke more when they experience stress. There is also evidence that alcohol and drug abuse are linked to stress, though this relationship is less well documented. Other possible behavioural consequences are accident proneness, violence and appetite disorders.

Causes of Stress

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

Extra-organizational Stressors

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

• **Life/Social/Technical Change**

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

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

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

• **Class Conditions**

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

Organizational Stressors

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

• **Organizational Policies**

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

• **Physical Conditions**

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

• **Process**

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

Group Stressors

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

• **Lack of Cohesiveness**

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

• **Lack of Social Support**

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

• **Conflicts Within and Inter-group**

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

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INDIVIDUAL STRESSORS

Personality Type: Type A and Type B

Type A and Type B profiles were first observed by two cardiologists, Meyer Friedman and Ray Rosenman. They first got the idea when a worker repairing the upholstery on their waiting-room chairs noted that many of the chairs were worn only on the from This suggested to the two cardiologists that many heart patients were anxious and had a hard time sitting still---they were literally sitting on the edges of their seats!

Using this observation as a starting point, Friedman and Rosenman began to study the phenomenon more closely. They eventually concluded that their patients were exhibiting one of the two very different types of behaviour patterns. Their research also led them to conclude that the differences were personality based. The labelled these two behaviour patterns as Type A and Type B.

The extreme Type A individual is extremely competitive, very devoted to work, and has a strong sense of time urgency. Moreover, this person is likely to be aggressive, impatient, and highly work oriented. He or she has a lot of drive and motivation and wants to accomplish as much as possible in as short a time as possible.

The extreme Type B person, in contrast, is less competitive, is less devoted to work, and has a weaker sense of time urgency. This person feels less conflict with either people or time and has a more balanced, relaxed approach to life. She or he has more confidence and is able to work at a constant pace.

A common-sense expectation might be that Type A people are more successful that Type B people. In reality, however, this is not necessarily true---the Type B person is not necessarily any more or less successful that the Type A. There are several possible explanation for this for example, Type A people may alienate others because of their drive and may miss out on important learning opportunities in their quest to get ahead. Type B's, on the other hand, may have better interpersonal reputations and may learn a wider array of skills.

Friedman and Rosenman pointed out that people are not purely Type A or Type B; instead, people ten toward one or the other type. For example, an individual might exhibit marked Type A characteristics much of the time but still be able to relax once in a while and even occasionally forget about time.

Firedman and Rosenman's initial research on the Type A and Type profile differences yielded some alarming findings. In particular, they suggested that Type A's were much more likely to get coronary heart disease that were Type B's. In recent years, however, follow-up research by other scientists has suggested that the relationship between Type A behaviour and the risk of coronary heart disease is not all straightforward.

Although the reasons are unclear, recent findings suggest that Type A's are much more complex than originally believed. For example, in addition to the characteristics already noted, they are likely to be depressed and hostile. Anyone of these characteristics or a combination of them can lead to heart problems. Moreover, different approaches to measuring Type A tendencies have yielded different results.

Finally, in one study that found Type A's to actually be less susceptible to heart problems that Type B's, the researchers offered and explanation consistent with earlier thinking: Because Type A's are compulsive, they seek treatment earlier and are more likely to follow their doctor's orders.

Role Ambiguity/ Role Conflict

Role ambiguity arises when a role is unclear. If your instructor tells you to write a term paper but refuses to provide more information, you will probably experience ambiguity. You do not know what the topic is, how long the paper should be, what format to use, or when the paper is due. In work settings, role ambiguity can stem from poor job descriptions, vague instructions from a supervisor, or unclear cues from co-workers. The result is likely to be a subordinate who does not know what to do. Role ambiguity can thus be a significant sour of stress.

Role conflict occurs when the messages and cues form others about the role are clear but contradictory or mutually exclusive. One common form is inter-role conflict---conflict between roles. For example, if a person's boss says that to get ahead one must work overtime and on weekends, and the same person's spouse says that more time is needed at home with the family, conflict may result. Intra-role conflict may occur when the person gets conflicting demands from different sources within the context of the same role. A manager's boss may tell her that he needs to put more pressure on the subordinates to follow new work rules. At the same time, his subordinates may indicate that they expect him to get the rules changed. Thus, the cues are in conflict, and the manager may be unsure about which course to follow.

Intra-sender conflict occurs when a single source sends clear but contradictory messages. This might occur if the boss says one morning that there can be no more overtime for the next month but after lunch tells someone to work late that same evening.

Person-role conflict results from a discrepancy between the role requirements and the individual's personal values, attitudes, and needs. If a person is told to do something unethical or illegal, or if the work is distasteful, person-role conflict is likely.

Role conflict of all varieties is of particular concern to managers. Research has shown that conflict may occur in a variety of situations and lead to a variety of adverse consequences, including stress, poor performance, and rapid turnover.

Personal Control

Personal control refers to the control over the environment. Research has shown that if people are given more control over their environment, for instance if employees are involved in decision making, they tend to have lesser stress and vice versa.

Learned Helplessness

Learned helplessness is a psychological condition in which an animal has learned to believe that it is helpless. It has come to believe that it has no control over its situation and that whatever it does is futile. As a result, the animal will stay passive in the face of an unpleasant, harmful or damaging situation, even when it does actually have the power to change its circumstances. Learned helplessness theory is the view that depression results from a perceived lack of control over the events in one's life, which may result from prior exposure to (actually or apparently) uncontrollable negative events. It is also a source of potential stress.

Self Efficacy

Research has shown that people high in self-efficacy are less prone to stress while those low in self-efficacy are more prone to stress.

Hardiness

Research suggests that some people have what are termed hardier personalities that others. Hardiness is a person's ability to cope with stress. People with hardy personalities have an internal locus on control, are strongly committed to the activities in their lives, and view change as an opportunity form advancement and growth. Such people are seen as relatively unlikely to suffer illness if they experience high levels of pressure and stress. On the other hand, people with low hardiness may have more difficulties in coping with pressure and stress.

Stress Due To Conflict

Interpersonal Conflict

Research shows that people attribute others' behaviour to personal factors such as intelligence, ability, motivation, attitudes, or personalities. This causes interpersonal conflicts. Whetton and Cameron have identified four major sources of interpersonal conflict:

• **Personal Differences**

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

• **Information Deficiency**

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

• **Role Incompatibility**

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

• **Environmental Stress**

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

Inter-Group Conflicts

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

• **Competition for Resources**

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

•   **Task Interdependence**

- **Jurisdictional Ambiguity**

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

These are ambiguities regarding the area of control of groups. Groups in organizations make take credit for performance for another group which causes conflicts or this sort.

• **Status Struggle**

Status struggle is the struggle among groups in organizations to be ranked higher than others. It is also a source of conflict between groups.

Group conflicts create stress and give rise to "in group" versus "out group" feeling. Group conflict/rivalry may be good for the organization as well.

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EFFECTS OF STRESS

Stress shows itself in a number of ways. For instance, an individual who is experiencing a high level of stress may develop high blood pressure, ulcers, irritability, difficulty in making routine decisions, loss of appetite, accident proneness, and the like. Some of these effects can be summed as follows:

Physical Effects

Most of the early concern with stress was directed at physiological symptoms. This was primarily because the topic was researched by specialists in the health and medical sciences. This research lead to the conclusion that stress could create changes in metabolism, increase heart and breathing rates, increase blood pressure, bring on headaches, and induce heart attacks.

The link between stress and particular physiological symptoms is not clear. There are few, if any, consistent relationships. This is attributed to the complexity of the symptoms and the difficulty of objectively measuring them.

Psychological Effects

Stress can cause dissatisfaction. Job-related stress can job-related dissatisfaction. Job dissatisfaction, in fact, is "the simplest and most obvious psychological effect" of stress. But stress shows itself in other psychological states---for instance, tension, anxiety, irritability, boredom, and procrastination.

The evidence indicated that when people are placed in jobs that make multiple and conflicting demands or in which there is lack of clarity as to the incumbent's duties, authority, and responsibilities, both stress and dissatisfaction are increased. Similarly, the less control people have over the pace of their work, the greater the stress and dissatisfaction. While more research is need to clarify the relationship, the evidence suggests that jobs providing a low level of variety, significance, autonomy, feedback, and identity to incumbents create stress and reduce satisfaction and involvement in job. Some of the psychological effects of stress include, anger, anxiety, depression, irritability, lower self esteem, resentment to supervision, lack of concentration, etc.

Behavioural Effects

Behaviourally related stress symptoms include changes in productivity, absence, and turnover, as well as changes in eating habits, increased smoking or consumption of alcohol, rapid speech, fidgeting, sleep disorders, drug abuse, absenteeism, tardiness, etc.

Coping With Stress

From the organization's point of view, management may not be concerned when employees experience low to moderate levels of stress. The reason is that such levels of stress may be functional and lead to higher employee performance. But high levels of stress, or even low levels sustained over long periods of time, can lead to reduced employee performance and, thus require action by management.

While a limited amount of stress may benefit an employee's performance, don't expect employees to see it that way. From the individual's standpoint, even low levels of stress are likely to be perceived as undesirable. It's not unlikely, therefore, for employees and management to have different notions of what constitutes an acceptable level of stress on the job. What management may consider as "a positive stimulus that keeps the adrenaline running" is very likely to be seen as "excessive pressure" by the employee. Keep this in mind as we

discuss individual and organizational approaches toward managing stress.

Individual Strategies

An employee can take personal responsibility for reducing his or her stress level. Individual strategies that have proven effective include implementing time-management techniques, increasing physical exercise, relaxation training, and expanding the social support network.

Many people manage their time poorly. The things they have to accomplish in any given day or week are not necessarily beyond completion if they manage their time properly. The well-organized employee, like the well-organized student, can often accomplish twice as much as the person who is poorly organized. So an understanding and utilization of time-management principles can help individuals better cope with tension created by job demands.

Non-competitive physical exercise such as aerobics, walking, jogging, swimming, and riding a bicycle have long been recommended by physicians as a way to deal with excessive stress levels. These forms of physical exercise increase heart capacity, lower at-rest heart rate, provide a mental diversion from work pressures, and offer a means to let off steam.

Individuals can teach themselves to reduce tension through relaxation techniques such as meditation, hypnosis, and biofeedback. The objective is to reach a state of deep relaxation, where one feels physically relaxed, somewhat detached form the immediate environment, and detached from body sensations.

Networking-social support friends, relatives, also help in reducing stress. Having friends, family, or work colleagues to talk to provides an outlet when stress levels become excessive. Expanding our social network, therefore, can be a means for tension reduction. It provides you with someone to hear your problems and a more objective perspective on the situation. Research also demonstrates that social support moderates the stress-burnout relationships. That is, high support reduces the likelihood that heavy work stress will result in job burnout.

Organizational Strategies

Several of the factors that cause stress, particularly task and role demands, and organization structure, are controlled by management. As such, the can be modified or changed. Strategies that management might want to consider include improved personnel selection and job placement, use of realistic goal setting, redesigning jobs, increased employee involvement, improved organizational communication, etc.

While certain jobs are more stressful than others, individuals differ in their response to stress situations. We know, for example, that individual with little experience or an external locus of control tend to be more stress prone. Selection and placement decisions should take these facts into consideration. Obviously, although management shouldn't restrict hiring to only experienced individual with an internal locus, such individuals may adapt better to high-stress jobs and perform those jobs more effectively.

Based on an extensive amount of research it can be concluded that individuals perform better when they have specific and challenging goals and receive feedback on how well they are progressing toward these goals. The use of goals can reduce stress as well as provide motivation. Specific goals that are perceived as attainable clarify performance expectations. Additionally, goal feedback reduces uncertainties as to actual job performance. The result is less employee frustration, role ambiguity, and stress.

Redesigning jobs to give employees more responsibility, more meaningful work, more autonomy, and increased feedback can reduce stress because these factors give the employee greater control over work activities and lessen dependence on others.

Some other measures which could be adopted by organizations to reduce stress levels in employees are creating supportive organizational climate, i.e. decentralized, participative environment; reducing conflict and clarifying organizational roles; planning and developing career paths and providing counselling.

Negotiation

Negotiation is something that we do all the time and is not only used for business purposes but for everyday life as well. For example, we use it in our social lives perhaps for deciding a time to meet, or where to go on a rainy day. Therefore, negotiation is much more closely related to us than we normally consider it to be.

Negotiation requires an open mind, good preparation, and a tremendous amount of creativity. If you always give the same kind of responses, that's not creative and it is not likely to contribute to a solution. If your response is unexpected, shows imagination, it is likely to bring others up short and make them think more creatively themselves.

Don't expect that all males/females fall into a single category. Don't assume that a person's ethnicity determines their behavior. The same person may respond differently on different days: health problems, issues at home or work, and other factors can make a difference.

Since negotiation is the process we use from infancy until just before we die, the issue is not a matter of recognizing that negotiation is a fundamental life skill. The real goal should be to understand how to negotiate effectively to reach wise solutions to all kinds of issues. In ancient times, when two landowners had a disagreement they would hire knights – mercenaries – to 'wage war' to determine who was right. Then someone invented lawyers, and for the past thousand years or so, we have been 'waging law' to determine who's right. Negotiation is a means we can use to 'wage peace'. It can make all of life more pleasant.

Negotiation is usually considered as a compromise to settle an argument or issue to benefit ourselves as much as possible. In reality, negotiation is the process where interested parties resolve disputes, agree upon courses of action, bargain for individual or collective advantage, and/or attempt to craft outcomes which serve their mutual interests. Negotiation is usually regarded as a form of alternative dispute resolution.

Communication is always the link that will be used to negotiate the issue/argument whether it is face-toface, on the telephone or in writing. Negotiation is not always between two people: it can involve several members from two parties. Successful negotiation generally results in a Contract between the parties.

In other words, negotiation is the process of two individuals or groups reaching joint agreement about differing needs or ideas. Oliver (1996) described negotiation as "negotiators jointly searching a multidimensional space and then agreeing to a single point in the space."

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

Negotiation is a common way to resolve differences and conflicts

Harvard Negotiating Project identified (4) elements of good negotiations

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

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POWER AND POLITICS

Power may be defined as getting things done in spite of opposition and resistance: get a person/group to change. It is the capacity that A has to influence the behaviour of B, so B does something he or she would not do otherwise. This definition implies:

- a potential that need not be actualized to be effective,
- a dependency relationship, and
- the assumption that B has some discretion over his or her own behaviour.

Types of Power

There are five types of powers:

Reward Power

It is the ability to change people because one controls their rewards. People comply with the wishes or directives of another because it produces positive benefits; therefore, one who can distribute rewards that others view as valuable will have power over them. These rewards can be anything another person values. In an organizational context, we think or money, favourable performance appraisals, promotions, interesting work assignments, friendly colleagues, important information, and preferred work shifts or sales territories.

Coercive Power

It is the ability to create fear in people, can inflict pain or punishment. One reacts to this power out of the fear or the negative results that might occur if one failed to comply. It rest on the application, or the threat of application, of physical sanctions such as the infliction of pain, the generation of frustration through restriction of movement, or the controlling by force of basic psychological or safety needs.

At the organizational level, A has a coercive power over B if A can dismiss, suspend or demote B, assuming B values his or her job. Similarly if A can assign B work activities that B finds unpleasant or treat B in a manner that B finds embarrassing, A possesses coercive power over B.

Coercive and reward power are actually counterparts of each other. If you can remove something of positive value from another or inflict something of negative value upon him or her, you have coercive power over that person. If you can give someone something of positive value or remove something of negative value, you have reward power over that person.

Legitimate Power

In formal groups and organizations, probably the most frequent access to one or more of the power bases is one's structural position. This is called legitimate power. It represents the power a person receives as a result of his or her position in the formal hierarchy of an organization.

Positions of authority include coercive and reward powers. Legitimate power, however, is broader than the power to coerce and reward. Specifically, it includes acceptance by members of an organization of the authority of a position. When school principals, bank presidents, or army captains speak; teachers, tellers, and officers listen and usually comply.

Referent Power

Its base is identification with a person who has desirable resources or personal traits. If I admire and identify with you, you can exercise power over me because I want to please you.

Referent power develops out of admiration or another and a desire to be like that person. In a sense, then, it is a lot like charisma. If you admire someone to the point of modelling you behaviour rand attitudes after him o her, this person possesses referent power over you. Referent power explains why celebrities are paid huge sums of money to endorse products in commercials. Marketing research shows that people like Imran Khan, Shahrukh Khan, etc. have the power to influence your choice of purchase. In organizations, if you are articulate, domineering, physically imposing, or charismatic, you hold personal characteristics that may be used to get others to do what you want.

Expert power

It is the influence wielded as a result of expertise, special skills, or knowledge. Expertise has become one of the most powerful sources of influence as the world has become more technologically oriented. As jobs become more specialized, we become increasingly dependent on "experts" to achieve goals. So, while it is generally acknowledged that physicians have expertise and hence expert power-most of us follow the advice our doctor gives us-you should also recognize that computer specialists, accountants, engineers, psychologists, and other specialists are able to wield power as a result of their expertise.

<u>**Influencibility and Power**</u>

There are six factors of influencibility that are responsible for developing power:

1. Dependence

The greater B's dependency on A, the greater the power A has over B. When you possess anything that others require but you alone control, you make them dependent on you and, therefore, you gain power over them. Dependency, then, is inversely proportional to the alternative sources of supply. If something is plentiful, possession of it will not increase your power. If everyone is intelligent, intelligence gives no special advantage.

2. Uncertainty

Uncertainty refers to the doubt in the minds of the people about a particular behaviour being correct or incorrect. Therefore, more uncertain the people are, more likely are they to be influenced.

3. Personality

People who are anxious, ambiguity intolerant are easy to influence while people who have high self-esteem are less likely to be influenced.

4. Intelligence

People who are more intelligent are less likely to be influenced while they may pay more attention; on the other hand, people with lower level of intelligence are easily influenced.

5. Sex

Research has shown that women are more likely to be influenced as compared to men.

6. Culture

Cultural values of a society play a vital role in determining the influencibility of a person. It is seen that the Eastern cultures are more influenceable as compared to the Western cultures.

Two Faces of Power

In addition to sources of power, two types of power have also been identified by the works of David McClelland:

1. Negative Power
2. Positive Power

Negative Power: It is also called personal power. It is when people are trying to use their abilities to get ahead of others and are only oriented towards personal goals rather than organizational goals. In organizations, people try to find reasons to convince the boss for a promotion. This is when they are using the power for their personal motives rather than the objective of the organization.

Positive Power: It is also called social power. It is characterized by the concern for others, groups, and society. In the context of the organization, it has the concern for the organizational goals. According to McClelland, social power is a "we" oriented power as compared to personal power which is an "I" oriented power. Socially powerful leader and managers are more effective in organizations.

Employees' perception of their own power or empowerment in an organization is critical to the success of an organization.

It increases:

•   Innovation

Innovation is increased by the employees' perception of being powerful because he or she feels that that they can take the liberty of trying and inventing. They feel that they have the resources at their own disposal which they can use for the benefit of the organization responsibly.

•   Cooperation

 When employees feel they have power in the organization, they are more willing to cooperate and share knowledge, information and experiences. Therefore, the performance of the organization is enhanced.

•   Responsibility

When employees have power in the organization, they also have the sense of responsibility and can be held responsible for their actions. It is not meant to punish the employees but to ensure that they put in their best efforts to improve the working of the organization.

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POLITICS

When people get together in groups, power will be exerted. People want to carve out a niche from which to exert influence, to earn awards, and to advance their careers. When employees in organizations convert their power into action, we describe them as being engaged in politics. Those with good political skills have the ability to use their bases of power effectively.

For our purposes, we can define political behaviour in organizations as those activities that are not required as part of one's formal role in the organization, but that influence, or attempt to influence, the distribution of advantages and disadvantages within the organization.

This definition encompasses key elements from what most people mean when they talk about organizational politics. Political behaviour is outside one's specified job requirements. The behaviour requires some attempt to use one's power bases. Additionally, our definition encompasses efforts to influence the goals, criteria, or processes used for decision making when we state that politics is concerned with "the distribution of advantages and disadvantages within the organization." Our definition is broad enough to include such varied political behaviour as withholding key information from decision makers, whistle blowing, spreading rumours, leaking confidential information about organizational activities to the media, exchanging favours with others in the organization for mutual benefit, and lobbying on behalf of or against a particular individual or decision alternative.

It is important to note that legitimate political behaviour refers to normal everyday politics-complaining to your supervisor, bypassing the chain of command, forming coalitions, obstructing organizational policies or decisions through inaction or excessive adherence to rules, and developing contacts outside the organization through one's professional activities.

However, there are also illegitimate political behaviours that violate the implied rules of the game. Those who pursue such extreme activities are often described as individuals who play hardball. Illegitimate activities include sabotage; whistle-blowing and symbolic protests such as wearing unorthodox dress or protest buttons and groups of employees simultaneously calling in sick. All organizations, particularly large ones are political.

The vast majority of all organizational political actions are of the legitimate variety. The reasons re pragmatic: The extreme illegitimate forms of political behaviour pose a very real risk of loss of organizational memberships or extreme sanctions against those who use them and then fall short in having enough power to ensure they work.

Organizations are political for the following reasons:

1. Organizations have power structures that compete amongst themselves. Different coalitions are formed in organizations between people who think alike in the organization. These coalitions then therefore compete for power in the organization and politics stem from this competition.
2. Various groups within organization protect themselves. In order to achieve this protection they may either try to acquire power themselves or join coalitions in the organization what help them gain power.
3. Power within an organization may be unequally distributed, which is dehumanizing. The unequal distribution of power creates a sense of unfairness in the organization and causes the people to react by yearning for power.
4. Organizations are faced with change which encourages politics.

Sources of Politics in Organizations

Politics within organizations comes from the following sources:

1. Limited resources

   Resources in organizations are limited, which often turns potential conflict into real conflict. If resources were abundant, then all the various constituencies within the organization could satisfy their goals. But because they are limited, not everyone's interest can be provided for. Further, whether true or not, gains by one individual or group are often perceived as being the expense of others within the organization. These forces create competition among members of the organization which results in politics.

2. Ambiguous decisions

   Most decisions have to made in a climate of ambiguity in the organization-where facts are rarely fully objective and thus are open to interpretation-people within organizations will use whatever influence they can to taint the facts to support their goals and interests. That, of course, creates the activities we call politicking.

3. Ambiguous goals

   Another potential source of organizational politics is ambiguity of goals. If goals in an organization are ambiguous, the people may want to interpret them to meet their personal goals. This also causes politics to stem up.

4. Change

   In today's world, change is important for every organization; organizations need to adapt to the rapidly changing environment in order to survive. People in the organization are often resistant to the change and try to evade the change through acquisition of power. This also causes politics to stem up in organizations.

Insight into Power in Organizations

Following is a detailed insight into power tactics in organizations:

1. Maintain alliance with powerful people

Formation of coalitions and alliances within organizations is a tactic of acquiring power. These coalitions could be formed between the managers and the workers as well. Therefore, the influence of the manger serves as the power for the worker. This power may be useful for the organization and if used negatively can also be harmful for the organization.

2. Embrace or demolish

Embrace or demolish principle applies especially to organizations which have been acquired. The top managers of acquired firms should either be sacked or embraced. If sacked they would do not harm but if demoted or relegated, shall be a source of potential danger.

3. Divide and rule

It is a military strategy which can be applied in organizations as well; as organizations face politics, if people are divided, they are less likely to form alliances and coalitions.

4. Manipulate classified information

Having key information about the organization is a potential source of power. Therefore, manipulation of classified information serves to be a potential source of politics in organizations.

5. Look good on important projects

It is important to appear good on important projects to get the attention of higher ups in the organization. Once the attention has been attained, better and more important projects shall be assigned and will result in acquisition of power.

6. Collect and use IOUs

Power seeker in organizations should provide favours to people, help them, get them out of distress and cause them to be thankful to him or her. These people shall pay back when needed.

7. Avoid decisive engagements

Not opting for revolutionary change in the organization but making the things to change gradually should be the policy of power seeker in the organization. This is what is suggested by the strategy of avoiding decisive engagements in the organization.

8. One step at a time (Camel's head)

This strategy is drawn from the story of the Arab and the Camel. It is important for power seeker to make one move at a time and not to look for huge changes or achievements.

9. Wait for a crisis

It is important for a power seeker to wait and watch for a crisis which he or she can mange. It would then be easy for him or her to take charge and become the leader.

10. Take counsel with caution

It is important for managers and power seekers to take advice with caution and to assay each and every advice before acting upon it.

Final Word about Power

Power Ito be kept within "ethical" limits. The first question you need to answer addresses self-interest versus organizational goals. Ethical actions are consistent with the organization's goals. Spreading untrue rumours about the safety of a new product introduced by your company, in order to make that product's design team look bad, is unethical. However, there may be nothing unethical if a department head exchanges favour with his division's purchasing manager in order to get a critical contract processed quickly.

The second question concerns the rights of other parties. If the department head described in the previous paragraph went down to the mail room during his lunch hour and read through the mail directed to the purchasing manger-with the intent of "getting something on him" so he'll expedite your contract-he would be acting unethically. He would have violated the purchasing managers' right to privacy.

The final question that needs to bad dressed related to whether the political activity conforms to standards of equity and justice. The department head who inflates the performance evaluation of a favoured employee and deflates the evaluation of a disfavoured employee-then uses these evaluations to justify giving the former a big raise and nothing to the latter-has treated the disfavoured employee unfairly.

It is important to keep power within ethical limit in the organization and to refrain from activities which might hurt the organization.

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GROUPS AND TEAMS

A group is a team of people, who are motivated to join, perceive each other as members and interact with each other. A group may also be defined as two or more individuals, interacting and interdependent, who have come together to achieve particular objectives. Groups can be either formal or informal. By formal groups, we mean those defined by the organization's structure, with designated work assignments establishing tasks. In formal groups, the behaviors that one should engage in are stipulated by and directed toward organizational goals. The three members making up an airline flight crew are an example of a formal group. In contrast, informal groups are alliances that are neither formally structured nor organizationally determined. These groups are natural formations in the work environment that appear in response to the need for social contact. Three employees from different departments who regularly eat lunch together are an example of an informal group.

Why Groups Are Formed

Following are some of the reason for the formation of groups:

• **Propinquity-spatial/geographical proximity**

Groups may be formed due to the geographical nearness of individuals. For example, students living in the same hostel room may form a group or people having desks close to each other in the office may get together as an informal group.

• **Common activities, interactions, sentiments**

Groups may form due to the common activities of individuals. When people go together for lunch in the organization, they interact with each other and share the sentiments. This sharing of sentiments and interaction between individuals results in the formation of a group.

• **Balance theory, similar ideas, attitudes**

Balance theory suggests that groups form due the sharing of similar ideas and attitudes by people. When people have similar ides and think alike, they tend to gel together. For example, religion, lifestyles, work, etc. all can be sources or similarity and therefore group formation.

• **Exchange theory**

Exchange theory is based on the reward-cost outcomes of interaction. When people find some sort of a reward from interaction with others, they tend to be together which results in formation of groups.

• **Economic security/social needs**

By joining a group, individuals can reduce the insecurity of standing alone. People feel stronger, have fewer self-doubts, and are more resistant to threats when they are part of a group.

Stages of Group Development
From the mid-1960s, it was believed groups pass through a standard sequence of five stages. These five stages have been labeled forming, storming, norming, performing, and adjourning.

Forming

The first stage, forming, is characterized by a great deal of uncertainty about the group's purpose, structure, and leadership. Members are testing the waters to determine what types of behaviors are acceptable. This stage is complete when members have begun to think of themselves as part of a group.

Storming

The storming stage is one of intra-group conflict. Members accept the existence of the group, but resist the constraints the group imposes on individuality. Further, there is conflict over who will control the group. When this stage is complete, a relatively clear hierarchy of leadership exists within the group.

Norming

This third stage is one in which close relationships develop and the group demonstrates cohesiveness. There is now a strong sense of group structure identity and camaraderie. This norming stage is complete when the group structure solidifies and the group has assimilated a common set of expectations of what defines correct member behavior.

Performing

The fourth stage is performing. The structure at this point is fully functional and accepted. Group energy has moved from getting to know and understand each other to performing the task at hand. For permanent work groups, performing is the last stage in their development. However, for temporary committees, teams, task forces, and similar groups that have limited tasks to perform, there is an adjourning stage.

Adjourning

In this stage, the group prepares for its disbandment. High task performance is no longer the group's top priority. Instead, attention is directed toward wrapping up activities. Responses of group members vary in this stage. Some are upbeat, basking in the group's accomplishments. Others may be depressed over the loss camaraderie and friendships gained during the work group's life.

Types of Groups

Following are some types of groups in addition to formal and informal groups discussed above:

- **Primary groups**: These are groups in which members have face to face interaction. For example, a family, group of friends, etc.
- **In group:** It I the group to which an individual feels, he or she belongs. For example, his friends, his organization, etc.
- **Out group:** It is the group which his opposing the primary group.
- **Reference group:** It is the group to which a person yearns to belong to. For example, a group of high achievers, a project team working on an important assignment, etc.

Group Dynamics

The performance of any group is affected by several factors other than its reasons for forming and stages of its development. In a high-performing group, a group synergy often develops in which the group's performance is more than the sum of the individual contributions of its members. Several additional factors may also account for this accelerated performance.

In order to understand group dynamics, three studies need to be viewed:

Hawthorne Studies

Hawthorne studies were undertaken at the Western Electric Company's Hawthorne Works in Cicero, Illinois. These studies, originally begun in 1924 but eventually expanded and carried on through 1930s, were initially devised by Western Electric industrial engineers to examine the effect of various illumination levels on worker productivity. Control and experimental groups were established. Later the engineers asked Harvard professor Elton Mayo and his associates in 1927 to join the study as consultants.

Mayo's conclusion were that behavior and sentiments are closely related, group influences significantly affect the individual behavior, group standards establish individual worker output and money is less a factor in determining output than group standards, group sentiments and security. These conclusions lead to a new emphasis on human factor in the functioning of organizations and the attainment of their goals.

Stanley Schachter Study

The classic study by Schachter showed the relationship between cohesiveness, induction and productivity. Cohesiveness was defined as the average resultant force acting on members in a group. Induction on the other hand is supervision. In other words, it refers to how group members are induced. The Shachter studies showed the following results:

	Cohesion	Induction	Productivity
1.	Hi	Hi	Hi
2.	Lo	Hi	Hi
3.	Lo	Lo	Lo
4.	Hi	Lo	Lowest

- In the first case, cohesion and induction are both hi, i.e. the group is quite powerful and productivity can be expected to be hi as well.
- In the second instance, cohesion is low while induction is high but it still results in hi productivity. Therefore, in a group where cohesion between members is lo, good supervision can increase productivity.
- In the third instance, the result of lo productivity is obvious since induction and supervision are both lo.
- In the last case, cohesion is hi while supervision is lo. It results in lowest productivity which apparently is an anomaly. It happens because the members of the group spend time chatting with each other rather than concentrating on their work. Therefore, the productivity is greatly reduced.

Andrew Szilagyi and Marc Wallace Study

Studies by Andrew Szilagyi and Marc Wallace showed factors that influence cohesiveness in groups. These factors are:
- **Agreement on group goals:** If all members of the group agree on the goals unanimously and completely, the cohesion amongst them is expected to be high since they all would share common thoughts, ideas and beliefs.
- **Frequency of interaction:** Frequency of interaction between group members also affects cohesion;

higher the frequency, the greater the chance of members of the group to share their sentiments and understand each other. This shall increase cohesion.

- **Inter-group competition:** Competition between groups causes members of the competing groups to unite and face the other groups. This is also a source of cohesion between group members.

Group Effectiveness

Whether groups are more effective than individuals depends on the criteria you use for determining effectiveness. In terms of accuracy, group decisions tend to be more accurate. The evidence indicates that, on the average, groups make better quality decisions as compared to individuals. If creativity is important, groups tend to be more creative overall. And if effectiveness means the degree of acceptance the final solution achieves, the nod again goes to the group. Effectiveness of groups depends on the following factors:

- **Task interdependence:** It refers to how closely members have to work to finish a task. In other words, how much the members feel that their performance and task completion is dependent on the performance or task completion of other members in the group.
- **Outcome interdependence:** It refers to how much the members perceive rewards and punishments being related to cooperation or non-cooperation.
- **Shared dreams:** If the members of the group have a similar vision and agree upon the same, they are likely to make the group more effective.
- **Trusting and Leaders:** A trust on the leader and his ability to steer the group through difficult times is important for the group to be effective.
- **Realize the importance of task:** In order to the effective, the members of the group should realize the importance of their task in the overall performance of the group.
- **Group members' perceptions of fairness of their goals:** If the group members do not perceive the goals for the group to be fair or legitimate or good for the organization, there is a likelihood of lack of effectiveness of the group.

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DYSFUNCTIONS OF GROUPS

Dysfunctions of groups refer to the negative functions of groups. These include the following four:

Norm Violation

Norm is the standard against which appropriateness of a behavior is judged. Thus, norms determine the behavior expected in a certain situation. By providing a basis for predicting others' behaviors, norms enable people to behave in a manner consistent with and acceptable to the group. Without norms, the activities of the group would be chaotic. Groups often tend to violate norms by displaying antisocial behavior, lying, sexual harassment, rumor mongering, etc.

Group Think

The phenomenon of group think is related to norms. It describes situation in which group pressures for conformity deter the group from critically appraising unusual, minority, or unpopular views. Groupthink is a disease that attacks many groups and can dramatically hinder their performance.

It is the phenomenon that occurs when group members become so enamored of seeking concurrence; the norm for consensus overrides the realistic appraisal of alternative courses of action and the full expression of deviant, minority, or unpopular views. It describes deterioration in and individual's mental efficiency, reality testing, and moral judgment as a result of group pressures.

Symptoms of the group think phenomenon are:

1. Group members rationalize any resistance to the assumptions they have made. No matter how strongly the evidence may contradict their basic assumptions, members behave so as to reinforce those assumptions continually.
2. Members apply direct pressures on those who momentarily express doubts about any of the group's shared views or who question the validity of arguments supporting the alternative favored by the majority.
3. Those members who have doubts or hold differing points of view seek to avoid deviating from what appears to be group consensus by keeping silent about misgiving and even minimizing to themselves the importance of their doubts.
4. There appears to be an illusion of unanimity. If someone does not speak, it is assumed he or she is in full accord. In other words, abstention becomes viewed as a "Yes" vote.

Evidence suggests that not al groups are equally vulnerable to group think. Researchers have focused on three moderating variables—the group's cohesiveness, its leader's behavior, and its insulation from outsiders—but the findings have not been consistent. At this point, the most valid conclusions we can make are these:

1. Highly cohesive groups have more discussion and bring out more information, but it is unclear whether such groups discourage dissent;
2. groups with impartial leaders who encourage member input generate and discuss more alternative solutions;
3. leaders should avoid expressing a preferred solution early in the group's discussion because this tends to limit critical analysis and significantly increase the likelihood the group will adopt this solution as the final choice; and;
4. Insulation of the group leads to fewer alternative being generated and evaluated.

Risky Shift

In comparing group decisions with individual decisions of members within the group, evidence suggests that there are differences. In some cases, the group decisions are more conservative than the individual decisions. More often, the shift is toward greater risk. What appears to happen in groups is that the discussion leads to a significant shift in the positions of members toward a more extreme position in the direction toward which they were already leaning before the discussion. So conservative types become more cautions and the more aggressive types take on more risk. The group discussion tends to exaggerate the initial position of the group.

The risky shift can be viewed as a special case of groupthink. The decision of the group reflects the dominant decision-making norm that develops during the group's discussion. Whether the shift in the group's decision is toward greater caution or more risk depends on the dominant pre-discussion norm.

The greater occurrence of the shift toward risk has generated several explanations for the phenomenon. It has been argued, for instance, that the discussion creates familiarization among the members. AS they become more comfortable with each other, they also become more bold and daring. Another argument is that our society values risk, we admire individual who are willing to take risks, and group discussion motivates members to show they are at least as wiling as their peers to take risks. The most plausible explanation of the shift toward risk, however, seems to be that the group diffuses responsibility Group decision free any single member from accountability for the group's final choice. Greater risk can be taken because even if the decision fails, no one member can be held wholly responsible.

Social Loafing

Social loafing is the tendency for individual to expend less effort when working collectively than when working individually. It directly challenges the logic that the productivity of the group as a whole should at least equal the sum of the productivity of each individual in that group.

A common stereotype about groups is that the sense of team spirit spurs individual effort and enhances the group's overall productivity. In the late 1920s, a German psychologist named Ringelmann compared the results of individual and group performance on a rope-pulling task. He expected that the group's effort would be equal to the sum of the efforts of individuals within the group; that is, three people pulling together should exert three times as much pull on the rope as one person, and eight people should exert eight times as much pull. Ringelmann's results, however, did not confirm these expectations. Groups of three people exerted a force only two-and-a-half times the average individual performance. Group of eight collectively achieved less that four times the solo rate. Therefore, increases in group size are inversely related to individual performance.

Teams

Groups and teams are not the same thing. A group is a two or more individuals, interacting and interdependent, who have come together to achieve particular objectives. A team is a specially created group in an organization for some specific purposes. A work team is a group whose individual efforts result in a performance that is greater that the sum of those individual inputs.

Types of Teams

Teams can be classified on their objective. Following are three of the common types of teams:**CROSS**

Functional Teams

Cross-functional teams consist of individuals from various departments of an organization. They are employees from about the same hierarchical level, but from different work areas who come together to accomplish a task. Cross-functional teams are an effective way to allow people from diverse areas within an organization (or even between organizations) to exchange information, develop new ideas and solve problems, and coordinate complex projects. Of course, cross-functional teams are no picnic to manage. Their early stages of development are often very time consuming as members learn to work with diversity and complexity. It takes time to build trust and team-work, especially among people from different background, with different experiences and perspectives.

Virtual Teams

Virtual teams are teams that may never actually meet together in the same room—their activities take place on the computer via teleconferencing and other electronic information systems. Engineers in the United States can connect audibly and visually directly with counterparts all around the globe, sharing files via internet, electronic mail, and other communication utilities; all participants can look at the same drawing, print, or specification so decision are make much faster. With electronic communication systems team members can more in or out or a team or a team discussion as the issues warrant.

Self-Managed Teams

These teams consist of employees who are responsible for managing/performing tasks that reach and satisfy internal and external customers. These are generally composed of ten to fifteen people who take on the responsibilities of their former supervisors. Typically, this includes collective control over the pace of work, determination of work assignments, organization of breaks, and collective choice of inspective procedures. Fully self-managed teams even select their own members; have the members evaluate each other's performance. AS a result, supervisory positions take on a decreased importance and may even be eliminated. Self managed teams (SMT) lead to greater job satisfaction, higher productivity, positive attitude, etc.

How to Make Effective Teams

In order to ensure effectiveness of teams, following measures need to be adopted:

- Provide "right" environment, reward system and communication system. The environment should be conducive enough for the team members to be able to put in their best efforts and adjust easily.
- Develop task interdependence. Interdependence of tasks creates a sense of responsibility and help in improving the team's performance.
- The size of the team should be good enough for optimal performance.
- External competition may also result in increased performance.
- Exclusivity of the team also results in higher performance from the team.

Guidelines for Team Training

Following are some guidelines for team trainers:

- The trainer needs to establish his or her own credibility in order for the team members to listen to him or her.
- It is imperative that the team members be given proper orientation

- Clearly defined and achievable goals should be set for the teams.
- Defined procedures should be spelt out.
- The trainer should oversee the performance and help tackle deviations.
- The trainer should gradually end intervention and involvement and let teams work on their own.

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JOB DESIGN

Job design is an important method managers can use to enhance employee performance. Job design is how organizations define and structure jobs. Properly designed jobs can have a positive impact on the motivation, performance and job satisfaction of those who perform them. On the other hand poorly designed jobs can impair motivation, performance, and jobs satisfaction

History of Job Design

Until the nineteenth century, many families grew the things they needed, especially food. General craft jobs arose as people ceased or reduced their own food production, used their labor to produce other goods such as clothing and furniture, and traded these goods for food and other necessities. Over time, people's work became increasing specialized as they followed this general pattern. For example, the general craft of clothing production splintered into specialized craft jobs such as weaving, tailoring, and sewing. This revolution towards specializing accelerated as the Industrial Revolution swept Europe in the 1700s and 1800s, followed by the United States in the later 1800s.

The trend toward specialization eventually became a subject of formal study. The two most influential students of specialization were Adam Smith and Charles Baggabe. Smith, an eighteen-century Scottish economist, originated the phrase division of labor in his classic book An Inquiry into the Nature and Causes of the Wealth of Nations, published in 1776. The book tells the story of a group of pin makers who specialized their jobs to produce many more per person in a day than each could have made by working alone.

In Smith's time, pin-making like most other production work, was still an individual job. One person would perform all of the tasks required: drawing out a strip of wire, clipping it to the proper length, sharpening one end, attaching a head to the other end, and polishing he finished pin. With specialization, one person did nothing bud drew out wire, another did the clipping and so on. Smith attributed the dramatic increases in output to factor such as increased dexterity owing to practice, decreased time changing from one production operation to another and the development of specialized equipment and machinery. The basic principles described in the Wealth of Nations provided the foundation for the assembly line.

Charles Babbage wrote On the Economy of Machinery and Manufacturers in 1832. Extending Smith's work, Babbage cited several additional advantages of job specialization: Relatively little time was needed to learn specialized jobs, waste decreased, workers needed to make fewer tool and equipment changes, and workers' skills improved through frequent repetition of tasks.

As the Industrial Revolution spread to the United States from Europe, job specialization proliferated throughout industry. It began in the mid-1880s and reached its peak with the development of scientific management in the early 1900s.

Fredrick W. Taylor, the chief proponent of job specialization, argued that jobs should be scientifically studied, broken down into small component tasks, and then standardized across all workers doing the jobs. Taylor's view was consistent with the premises of division of labor as discussed by Smith and Babbage.

In 50s and 60s Job Rotation and Job Enlargement were added to Job Design.

Job Rotation

Job rotation involves systematically shifting workers from one job to another to sustain their motivation and interest. Under specialization, each task is broken down into small parts. For example, assembling pens might involve four discrete steps: testing the ink cartridge, inserting the cartridge into the barrel of the pen, screwing the cap onto the barrel, and inserting the assembled pen into a box. One worker performs each of these four tasks. When job rotation is introduced, the tasks themselves stay the same. However, the workers who perform them are systematically rotated across the various tasks.

Job Enlargement

Job enlargement, or horizontal job loading, is expanding a worker's job to include tasks previously performed by other workers. Before enlargement, workers perform a single, specialized task; afterward, they have a "larger" job to do.

It has now developed into job engineering where increasing the efficiency of a job is stressed

Job Enrichment

Job Enrichment is a further development of JD and JR, where opportunities are provide to employees to achieve, advance and grow. Job rotation and job enlargement seemed promising but eventually disappointed managers seeking to counter the ill effects of extreme specialization. They failed partly because they were intuitive, narrow approaches rather than fully developed, theory-driven methods. Consequently, a new, more complex approach to task design—job enrichment—was development. It entails giving workers more tasks to perform and more control over how perform them. Job enrichment programs are also being criticized today due to certain factors.

Method of Job Design

Turner and Lawrence's requisite task attributes theory laid the foundation for what is today the dominant framework of defining task characteristics and understanding their relationship to employee motivation, performance and satisfaction: Hackman and Oldham's job characteristic model (JCM). According to JCM any job can be described in terms of five core job dimensions, defined as follows:

Skill Variety

It is the degree to which the job requires a variety of different activities so the worker can use a number of different skills and talents.

Task Identity

The degree to which the job requires completion of a whole and identifiable piece of work.

Task Significance

The degree to which the job has a substantial impact on the lives or work of other people.

Autonomy

It is the degree to which the job provides substantial freedom, independence, and discretion to the individual in scheduling the work and in determining the procedures to be used in carrying it out.

Feedback

The degree to which carrying out the work activities required by the job results in the individual obtaining direct and clear information about the effectiveness of his or her performance.

Result

The five factors mentioned above in the Job Characteristic Model create three psychological states that motivate workers. There are:

- Meaningfulness

  It is the degree to which the individual experiences the job as generally meaningful, valuable, and worthwhile. This cognitive state involves the degree to which employees perceive their work as making a valued contribution, as being important and worthwhile.

- Responsibility

  It is the degree to which individuals feel personally accountable and responsible for the results of the work. This state is concerned with the extent to which employee feels a sense of being personally responsible or accountable for the work being done.

- Knowledge of results

  It is the degree to which individuals continuously understand how effectively they are performing the job. Coming directly from the feedback, this psychological state involves the degree to which employees understand how they are performing in the job.

Guidelines for Job Design

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

- **Combine tasks.** Managers should seek to take existing and fractionalized tasks and put them back together to form a new and larger module of work. This increases skill variety and task identity.
- **Create natural work units.** The creation of natural work units means the tasks an employee does form an identifiable and meaningful whole. This increases employee "ownership" of the work and improves the likelihood that employees will view their work ad meaningful and important rather than as irrelevant and boring.
- **Establish client relationship.** The client is the user of the product or the service that the employee works on. Wherever possible, managers should try to establish direct relationships between workers and their clients. This increases skill variety, autonomy, and feedback for the employee.
- **Expand jobs vertically.** Vertical expansion gives employees responsibilities and control that were formerly allocated to management. It seeks to partially close the gap between the "doing" and the "controlling" aspects of the job, and it increases employee autonomy.
- **Open feedback channels.** By increasing feedback, employees not only learn how well they are performing their jobs, but also whether their performance is improving, deteriorating, or remaining at a constant level. Ideally, this feedback bout performance should be received directly as the employee does the job, rather than from management on an occasional basis.

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JOB DESIGN

While designing jobs, certain factors need to be taken into consideration to ensure that employees are satisfied with their jobs. According to William Kahn, most previous views of job design take a static view of dynamic organizational involvement. In other words, old theories consider a constant behaviour from employees in terms of their motivation, involvement in job, and satisfaction from the job. It should be taken into account that people's reactions to their jobs change from time to time. In this regards, four factors need to be looked at:

1. **Engagement**

   It may be defined psychological, physical and emotional involvement of people with their jobs. Engagement can be created by three factors:

   Meaningfulness of job: It is when the worker perceives his job to be useful and worthwhile.

   Psychological Safety: It is when the worker sees to threat to his status, job or career.

   Psychological Ability: It is when the worker perceives that he has the physical, psychological and emotional resources to complete the job.

2. **Disengagement**

   It can be describe by the statement "going through motions." It is the situation when the employee detaches himself or herself from the job. People who are at a given moment personally disengaged are emotionally distant, hiding what they think and feel to the point of stifling any sense of energy or creativity that might be given to the job. Such conditions might be created by unsuitable environmental factors.

3. **Social Information Processing**

   People can look at the same job and evaluate id differently. The fact the people respond to their jobs as they perceive them rather than to the objective jobs themselves is the central thesis of social information processing (SIP) model. The SIP model argues that employees adopt attitudes and behaviours in response to the social cues provided by others with whom they have contact. These others can be co-workers, supervisors, friends, family members, or customers. A number of studies generally confirm the validity of the SIP model. For instance, it has been shown that employee motivation and satisfaction can be manipulated by such subtle actions as a co-worker or boss commenting on the existence or absence of job features like difficulty, challenge, and autonomy. So managers should give as much (or more) attention to employees' perceptions of their jobs as to the actual characteristics of those jobs. They might spend more time telling employees how interesting and important their jobs are. And managers should also not be surprised that newly hired employees and people transferred or promoted to a new position are more likely to be receptive to social information than those with greater seniority.

4. **Motivation**

   Motivation of employees in a job ebbs and flows. People change on a daily basis showing different levels of motivation and not being absolutely consistent in their behaviour. Various factors play their role in

changing level of motivation of employees.

Job Design must take all of the above mentioned factors into account.

Additional Considerations in Job Design

Following are some of the additional considerations that need to be taken into account while designing jobs:

1. **Quality Of Work Life**

It is a concept where managers pay attention to employee's empowerment and participation to bring about an overall improvement in the organizational climate. It improves motivation. J. Lloyd Suttle defined quality of work life as the "degree to which members of a work organization are able to satisfy important personal needs through their experiences in the organization." Quality of work life programs focus strongly providing a work environment conducive to satisfying individual needs. The emphasis on improving life at work developed during the 1970s, a period of increasing inflation and deepening recession. The development was rather surprising, because an expanding economy and substantially increased resources are the conditions that usually induce top management to being people oriented programs. Improving life at work was viewed by top management as means of improving productivity.

2. **Socio Technical Design (Std)**

The socio-technical design concept refers to mangers paying attention to creating a balance between social and humanistic elements of the job and the technical, mechanical aspect of the job. The balance improves motivation and performance. It is an approach to organization design in which the organization is viewed as an open system structured to integrate the technical and social subsystems into a single management system. The technical subsystems are the means by which inputs are transformed into outputs while the social subsystem includes the interpersonal relationships that develop among people in organizations. Employees learn one another's work habits, strengths, weaknesses, and preferences while developing a sense of mutual trust.

3. **High-Performance Work Practices (HPWP)**

High performance work practices refer to reaching a fit between people, technology, information and work. It is actually creating an organizational culture that supports organizational change to fit employees' needs and organization's needs.

As the definition suggests, HPWPs must become a way of thinking about people, work, and performance. In this vein, a total organizational culture must be devised, highlighting variable including a focus on the organization's strategy, a systematic organizational design, encouragement of innovation, measures of internal an external customer service, cooperation, teamwork, and a new organizational value system. In addition, this culture supporting HPWPs incorporate higher levels of open communication and trust, and leaders must be focused on both employees and the organization's needs. Recent analyses have found the HPWPs are indeed positively related with both financial and operation performance.

Goal Setting

Goal setting is a very useful method of enhancing employee performance. From a motivational perspective, a

goal is a desirable objective. Goals are used for two purposes in most organizations. First, they provide a useful framework for managing motivation Managers and employees can set goals to help attain an overall goal. Second gaols are an effective control device; control is monitoring by management of how well the organization is performing. Comparing people's short-term performances with their gaols can be an effective way to monitor the organization's long-run performance.

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

Research in the past has shown nine important factors related to goal setting, all of which must be considered while setting goals:

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

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

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

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

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

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

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

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

Management by Objectives (MBO)

Management by objectives emphasizes participatively set goals that are tangible, verifiable, and measurable. It

is not a new idea. In fact, it was originally proposed by Peter Durcker more than 40 years ago as a means of using goals to motivate people rather then to control them.

MBO consists of five steps:

Setting overall objectives

MBO's appeal undoubtedly lies in its emphasis on converting overall organizational objectives into specific objectives for organization units and individual members. Setting the overall objectives for the organization is the first step.

- **Developing the organization**

  The second step of MBO consists of developing the organization to achieve the objectives. In includes leveraging necessary resources to reach the set goals, including human resources, financial resources, etc.

- **Set individual goals**

  MBO operationalizes the concept of objectives by devising a process by which objectives cascade down through the organization. The organization's overall objectives are translated into specific objectives for each succeeding level in the organization. But because lower unit managers jointly participate in setting their own goals, MBO works from the bottom up as well as from the top down. The result is a hierarchy of objectives that links objectives at one level to those at the next level. And for the individual employee, MBO provides specific personal performance objectives. Each person, therefore, has an identified specific contribution to make to his or her unit's performance. If all the individuals achieve their goals, then their unit's goals will be attained and the organization's overall objective become a reality.

- **Periodic review**

  The next step in MBO after setting goals at all levels in the organization is to review periodically the performance of all these levels and correct any deviations from these goals at any level.

- **Final feedback and appraisals**

  The final ingredient in an MBO program is feedback on performance. MBO seeks to give continuous feedback on progress toward goals. Ideally, this accomplished by giving ongoing feedback to individuals so they can monitor and correct their own actions. This is supplemented by periodic managerial evaluations, when progress is reviewed. This applies at the top of the organization as well as the bottom. Formal appraisal meetings also take place at which superiors and subordinates can review progress toward goals and further feedback can be provided.

Effects and Hindrances

Some of the factors that hinder goal setting and their achievement are:

• **Psychological resistance**

Goals that are not psychologically acceptable by employees may result in causing the employees to resist. Therefore, psychological resistance becomes a hindrance to setting effective goals.

• **Higher goals with lower compensation**

When employees are given challenging goals to achieve and they feel that they are not being adequately compensated for these goals, they tend to react negatively towards goal achievement and it becomes a hindrance for the organization.

• **Restructuring**

Restructuring of the organization might be demodulating for the employees and may cause a hindrance in goal achievement.

• **Downsizing**

Downsizing is a reduction in organizational workforce. It is also often demodulating for the employees and might cause the goal achievement process to be hindered.

• **Reliance on temporary workers**

Reliance on temporary workers is often a hindrance in goal setting since these employees can leave the organization at critical times and might cause the goal achievement to be marred.

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LEARNING

A psychologist's definition of learning is considerably broader than the layperson's view that "it is what we did when we went to school." In actuality, each of us is continuously going to school. Learning occurs all of the time. A generally accepted definition of learning, therefore, is any relatively permanent change in behaviour that occurs as a result of experience. Ironically, we can say that changes in behaviour indicate learning has taken place and that learning is a change in behaviour.

Obviously, the foregoing defining suggests we never see someone learning. We can see changes taking place but not the learning itself. The concept is theoretical and, hence, not directly observable. Our definition has several components that deserve clarification. First, learning involves change. This may be good or bad from an organizational point of view. People can learn unfavourable behaviours—to hold prejudices or to restrict their output, from example—as well as favourable behaviour. Second, the change must be relatively permanent. Temporary changes may be only reflexive and fail to reprints any learning. Therefore, this requirement rules out behavioural changes caused by fatigue or temporary adaptations. Third, our definition is concerned with behaviour. Learning takes place where there is a change in actions. A change in an individual's though processes or attitudes, if accompanied by no change in behaviour, would not be learning. Finally, some form of experience is necessary for learning. This may be acquired directly through observation or practice. Or it may result form an indirect experience, such as that acquired through reading. The crucial test still remains: doe this result in a relatively permanent change in behaviour? If the answer is yes, we can say that learning has taken place.

Types of Learning

Motor Learning

Motor learning is the process of improving the motor skills, the smoothness and accuracy of movements. It is obviously necessary for complicated movements such as speaking, playing the piano and climbing trees, but it is also important for calibrating simple movements like reflexes, as parameters of the body and environment change over time.

Verbal Learning

Verbal learning is the process of improving cognitive skills, and learning to interpret things. It involves gaining of knowledge and insight into things.

Theories of Learning

Theories of learning are divided into the following three categories:

1. Behaviouristic Theories
2. Cognitive Theories
3. Social Learning Theory

Behaviouristic Theories:
Classical Conditioning

Classical conditioning grew out of experiments to reach dogs to salivate in response to the ringing of a bell, conducted at the turn of the century by a Russian physiologist, Ivan Pavlov. A simple surgical procedure

allowed Pavlov to measure accurately the amount of saliva secreted by a dog. When Pavlov presented the dog with a piece of meat, the dog exhibited a noticeable increase in salivation. When Pavlov withheld the presentation f meat and merely rang a bell, the dog had not salivation. After repeatedly hearing the bell before getting the food, the dog began to salivate as soon as the bell rang. After a while, the dog would salivate merely at the sound of the bell, even if no food was offered. In effect, the dog has learned to respond—0that is, to salivate—to the bell. His concept of learning by conditioning was explained by him using the following basic principles:

Reflex: Reflex may be defined as an unlearned or an automatic response of the organism to a stimulus. For example, when a puff of air strikes the eye, the eye blinks; when a person touches something hot, he immediately withdraws his hand etc. In these examples, the puff of air and the hot object become the stimulus while the response is the blinking of the eye or withdrawing of the body. Importantly all these actions are involuntary and a natural reaction of the body towards the stimuli. This reaction is what has been termed by Pavlov as reflex.

Unconditioned stimulus (UC): It is a stimulus that elicits a natural response. In other words, it is a stimulus which causes the body to respond to itself, although the body is not conditioned to it. For example, when a bell is ring, a dog which is able to hear the sound of the bell pricks his ears in response to the bell. Therefore, the dog responds to an unconditioned stimulus. The dog has not learnt to respond to the stimulus in that manner.

Unconditioned response (UR): It is a natural response of an organism to an unconditioned stimulus. For example, when a dog looks at food, its mouth starts to salivate. This means that the stimulus that the dog has received from the environment, it is not a conditioned, but the dog reacts in a certain manner to the unconditioned stimulus.

Conditioned stimulus (CS): According to Pavlov, when we combine a neutral stimulus with an unconditioned stimulus, it evokes a different response. This response has been termed as Conditioned Response which is as a result of the conditioned stimulus. The conditioned stimulus is when a dog is presented with the ringing of the bell along with food. This is expected to cause the effect of salivation in the dog's mouth. In other words, the stimulus of the food has been conditioned using the stimulus of the ringing of the bell.

Conditioned response (CR): As the conditioned stimulus is given to the organism, it reacts in a certain manner, which is known as the conditioned response of the organism. In the previous example, a dog was presented with the stimulus of the ringing of the bell and that of food. This resulted in salivation in the mouth of the dog. But later, if the dog is presented with the stimulus of the bell alone, it is expected to salivate. This means that the response of the dog has been associated with the conditioned stimulus rather than the original stimulus of the food. The dog would give the same response as it gave to the stimulus of the food.

Based upon these basic elements, Pavlov put forward the idea of how animals and human beings learn. According to him, when an unconditioned stimulus and a conditioned stimulus are repeatedly presented together and they invoke an unconditioned response, it would later result in that only the presentation of a conditioned stimulus evokes the same response as before. In simple terms, considering the example given earlier, if ringing of a bell and food are presented together to a dog, and they lead to salivation, after repeated trials when the bell alone is rung, it evokes the response of salivation because the dog has learnt to expect food with the ringing of the bell. This is how Pavlov showed by his experiments that animal and humans learn. Based upon his experiments he also formulated some principles of learning which are as follows:

Acquisition: According to Pavlov, learning in humans and animals takes place when the paired stimuli result in a response from the organism and the response is reinforced. That is if a dog is presented with food and ringing of the bell at the same time, it results in learning of a certain response by the dog.

Extinction: If the conditioned response is not reinforced, the response disappears. This process is known as extinction of the conditioned response. For example if a dog is given food with the ringing of the bell and later the dog is not given food with the ringing of the bell, the dog would stop expected food with it. This would result in disappearing of the conditioned response of salivation by the dog.

Spontaneous Recovery: When the conditioned response of an organism disappears because the conditioned stimulus is not paired with the unconditioned stimulus, the process is extinction. The organism would not show the conditioned response as long as the conditioned stimulus is not reinforced, but once reinforcement is introduced, the extinguished conditioned response is quickly recovered. This means that when a dog is not given food with the ringing of the bell, it stops expecting food with it. But as soon as the ringing of the bell is accompanied with the food, the dog again starts expecting food with the bell. This is known as spontaneous recovery.

Generalization: According to Pavlov, when similar stimuli evoke a conditioned response, it is a case of generalization. This means that that for example the dog which shows the conditioned response of salivating on the ringing of the bell, when presented with a similar stimulus of ringing, it may show the same conditioned response as before.

Discrimination: When a slightly different stimulus does not evoke a conditioned response it is a case of discrimination. This means that for example, the dog is given the stimulus of the ringing of a bell with food using a special type of a bell. When it has learned the conditioned response, the type of bell is changed and a similar bell is used. This then does not result in the conditioned response from the dog. In other words, the dog has discriminated between the two types of stimuli.

Operant Conditioning

Operant conditioning argues that behaviour is a function of its consequences. People learn to behave to get something they want to or avoid something do not want. Operant behaviour means voluntary or learned behaviour in contrast to reflexive unlearned behaviour. The tendency to repeat such behaviour is influence by the reinforcement or lack of reinforcement brought about by the consequences of the behaviour. Reinforcement, therefore, strengthens a behaviour and increases the likelihood it will be repeated.

What Pavlov did for classical conditioning, the late Harvard psychologist B.F. Skinner did for operant conditioning. Building on earlier work in the field, Skinner's research extensively expanded our knowledge of operant conditioning.

Behaviour is assumed to be determined from without—that is, learned—rather from within—reflexive or unlearned. Skinner argued that by creating pleasing consequences to follow specific forms of behaviour, the frequency of that behaviour will increase. People will most likely engage in desired behaviours if they are positively reinforced for doing so. Rewards, for example, are most effective they immediately follow the desired response. Additionally, behaviour that is not rewarded, or is punished, is less likely to be repeated.

Main concepts of operant conditioning include the following schedules of reinforcement:

Fixed ratio schedule: In a fixed ratio schedule, after a fixed or constant number of responses are given, a reward is initiated.

Variable ratio schedule: When the reward varies relative to the behaviour of the individual, he or she is said to be reinforced on a variable ratio schedule.

Fixed interval schedule: When rewards are spaced at uniform intervals, the reinforcement schedule is of the fixed interval type. The critical variable is time, and it is held constant. That is the predominant schedule for almost all salaried workers.

Variable interval schedule: If rewards are distributed in time so reinforcements are unpredictable, the schedule is of the variable interval type.

Cognitive Theories

Cognitive theory assumes that people are conscious, active participants in how they learn. First, the cognitive view suggests that people draw on their experiences and use pas learning as a basis for their present behavior. These experiences represent knowledge, or cognitions. For example, an employee faced with a choice of job assignments will use previous experiences in deciding which one to accept. Second, people make choices about their behavior. The employee recognizes that he has two alternatives and chooses one. Third, when the employee finds the job assignment rewarding and fulfilling, he will recognize that the choice was a good one and will understand why. Finally, people evaluate those consequences and add them to prior learning, which affects future choices. Faced with the same job choices next year the employee will probably be motivated to choose the same one. Several perspectives on learning take a cognitive view.

Cognitive theories are usually attributed to Tolman and Kohler. Kohler saw that monkeys were able to attach sticks together to reach far off objects which they thought was food. They would also pile up boxes to reach high places if they wanted to. Kohler concluded that learning takes place by insight. Monkeys thought about what to do first and then performed the action. Based on this observation, Kohler concluded rejected trial and error as a method of learning.

Kohler also postulated the concept of isomorphism which means that there is kind of a mental map of the objects in environment, and this mental map helps learning by insight. This means that the mind of individuals, there is a map which according to him is the explanation of the things around him. In other words, the map is the individual's perception about the world around him.

Social Learning Theory

Individuals can also learn by observing what happens to other people and just by being told about something, as well as by direct experiences. So, for example, mush of what we have learned comes from watching models—parents, teachers, peers, motion picture and television performers, bosses, and so forth. This view that we can learn through both observation and direct experience has been called social learning theory. It is attributed to Bandura.

While social-learning theory is an extension or operant conditioning—that is, it assumes behaviour is a function of consequences—it also acknowledges the existence of observational learning and the importance or perception in learning. People respond to how they perceive and define consequences, not to the objective consequences themselves.

The influence of models is central to the social-learning viewpoint. Four processes have been found to determine the influence that a model will have on an individual. As we show later in this chapter, the inclusion of the flowing processes when management sets up employee training programs will significantly improve the likelihood the programs will be successful:

1. **Attention processes:** People only learn from a model when they recognize and pay attention to its critical features. We tend to be most influence by models that are attractive, repeatedly available, important to us, or similar to us in our estimation.
2. **Retention processes:** A model's influence will depend on how well the individual remembers the model's action after the model is no longer readily available.
3. **Motor reproduction processes:** After a person ahs seen a new behaviour by observing the model, the watching must be converted to doing. This process then demonstrates that the individual can perform the modelled activities.
4. **Reinforcement processes:** Individuals will be motivated to exhibit the modelled behaviour if positive incentives or rewards are provided. Behaviour that are reinforced will be given more attention, learned better, and performed more often.

Common Principles of Learning Theories

Following are two of the common principles of learning theories:

1. According to all of the above mentioned learning theories, punishment is a stimulus that decreases the probability of a response while on the other hand;
2. Reward is a stimulus that increases the probability of a response.

Punishment

Punishment may be defined as an unpleasant, or aversive, consequence that results from behaviour. Punishment tends to decrease the frequency of undesirable behaviour.

Research shows that in order for punishment to be effective, it needs to be:

- **Immediate:** Given as soon as the behaviour is found divergent.
- **Consistent:** Similar in nature, every time it is given and given for the same reason.
- **Impersonal:** Should not focus on the personal attributes of the employee but should be based on the performance deviations.

Rewards or Reinforcers

The reinforcement theory is the same as operant conditioning by Skinner, which is based on the idea that behaviour is a function of its consequences. Reinforcers may be categorized into the following two categories based on the needs they satisfy:

Primary Reinforcers: These reinforcers satisfy the primary needs of individuals such as hunger, security, etc.

Secondary Reinforcers: These reinforcers are related to satisfaction of secondary needs such as need to recognitions, etc.

Reinforcers in Organizations

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

Monetary Reinforcers

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

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

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

Non-Monetary Reinforcers

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

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

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OBMOD

OBMOD or Organizational Behaviour Modification is a program where managers identify performance-related employee behaviour and then implement an intervention strategy to strengthen desirable performance behaviour and weaken undesirable behaviours.

It combines the works of Pavlov, Skinner, Luthans and Bandura. OBMOD is the application of reinforcement theory to people in organizational settings. Reinforcement theory says that we can increase the frequency of desirable behaviour by linking those behaviours with positive consequences and decrease undesirable behaviour by linking them with negative consequences. OBMOD characteristically uses positive reinforcements to encourage desirable behaviours in employees.

The typical OBMOD program follows a five step problem solving model:

1. Identification of performance related behaviours
2. Measurement of the behaviours
3. Identification of behavioural contingencies
4. Development and implementation of an intervention strategy
5. Evaluation of performance improvement

Everything an employee does on his or her job is not equally important in terms of performance outcomes. The first step in OBMOD, therefore, is to identify the critical behaviours that make a significant impact on the employee's job performance. These are those 5 to 10 percent of behaviours that may account for up to 70 to 80 percent of each employee's performance.

The second step requires the manager to develop some baseline performance data. This is obtained by determining the number of times the identified behaviour is occurring under present conditions.

The third step is to perform a functional analysis to identify the behavioural contingencies or consequences of performance. This tells the manager the antecedent cues that emit the behaviour and the consequences currently maintaining it.

Once the functional analysis is complete, the manager is ready to develop and implement an intervention strategy to strengthen desirable performance behaviours and weaken undesirable behaviours. The appropriate strategy will entail changing some element of the performance-reward linkage-structure, processes, technology, groups or the task—with the goal of making high-level performance more rewarding.

The final step in OBMOD is to evaluate performance improvement. If the performance has increased, the manager must try to maintain the desirable behaviour through some schedule of positive reinforcement. For example, higher commissions might be granted for every other sale, for sales over a certain rupee amount, and so forth.

Finally, the manager looks for improvements in individual employees' behaviour. Here the emphasis is on offering significant longer-term rewards, such as promotions and salary adjustments, to sustain ongoing efforts to improve performance.

OBMOD has been used by a number of organizations to improve employee productivity and to reduce errors, absenteeism, tardiness, and accident rates. OBMOD has also proven effective in sports organizations. The philosophy behind OBMOD additionally appears to be affecting many managers in the way they related

to their employees—in the kind and quantity of feedback they give, the content of performance appraisals and the type and allocation or organizational rewards.

Despite the positive results that OBMOD has demonstrated, it is not without its critics. Is it a technique for manipulation people? Does it decrease an employee's freedom? If so, is such action on the part of managers unethical? And do non-monetary reinforcers like feedback, praise, and recognition get stale after a while? Will employees being to see these as a way for management to increase productivity without providing commensurate increases in their pay? There are no easy answers to questions such as these.

This approach to motivation and dealing with problem behaviors is based on the application of learning theory to people in the workplace. Reinforcement theory holds that a desirable behavior can be increased by linking that behavior with positive outcomes, while undesirable behaviors can be decreased by linking them with negative consequences or by eliminating reinforcers. The advantage of this approach is that it focuses on specific behaviors in the workplace and is thus performance based. It also, at least to some degree, avoids sensitive personal counselling issues in a person's personal life, by focusing on what needs to be done to improve performance. Finally, it provides a clear structure and consequences to employees that encourage them to change in an observable way in a structured time frame. The model below outlines the stages of its use:

Organizational Behavior Modification (OB-Mod)

1. Identify the performance-related behaviors that are problematic. What are the behaviors and organizational consequences?

2. Measure: Establish a baseline in the target problem behavior. What is the frequency, duration, or intensity of the behavior?

3. Identify behavioral contingencies through functional analysis. What are the triggers or antecedent conditions that lead to the behavior?

4. Develop an intervention strategy. How can you use structure, technology, tasks, processes, and groups to modify the behavior?

5. Apply the strategy. Use +/- reinforcement, punishment, extinction, or combination

6. Measure: Chart the response following intervention. Does the behavior show a pattern of change?

7. Is the Problem Solved?

8. Maintain the desirable behavior. Use a reinforcement schedule to maintain it (fixed/variable interval or ratio, self-reinforced)

9. Evaluate performance improvement

This relatively simple and straight forward approach has been used in a variety of organizations with varying rates of success. For example, B.F. Goodrich has used OB-Mod to increase productivity by more than 300%, and Weyerhauser increased productivity in three different groups by 8%. However, a program initiated by Standard Oil of Ohio was discontinued due to failure to meet objectives, and A Michigan Bell program was considered only modestly successful.

Applications of OBMOD

Following are some of the applications of OBMOD that have been identified through research:

1. Behaviour of manufacturing and service organizations improves through OBMOD program.
2. Employee productivity improves through OBMOD program.
3. A reduction in absenteeism of up to 18-50% is seen through OBMOD programs.
4. OBMOD programs have resulted in 90% decrease in tardiness.
5. Safety, accident prevention: 33% reduction, lot of money saved on medical bills and thus organizational time saved.
6. Sales performance improves due to OBMOD programs.

Correcting Group Dysfunctions

Dysfunctions of groups refer to the negative functions of groups. These include the following four:

1. Norm Violation
2. Group Think
3. Risky Shift
4. Social Loafing

Following are some of the techniques of correcting group dysfunctions:

Shaping

When managers attempt to mould individuals by guiding their learning in graduated steps, we are shaping behaviour. Consider the situation in which an employee's behaviour is significantly different from that sought by management. If management only reinforced the individual when he or she showed desirable responses, very little reinforcement might be taking place. In such a case, shaping offers a logical approach toward achieving the desired behaviour.

We shape behaviour by systematically reinforcing each successive step that moves the individual closer to the desired response. If an employee who has chronically been a half hour late for work comes in only 20 minutes late, we can reinforce this improvement. Reinforcement would increase as responses more closely approximate the desired behaviour. The procedure for shaping is as follows:

1. **Chart:** Define desired behaviour
2. **Reward:** responses that approximate desired behaviour
3. **Use differential reinforcement:** to refine each step and reinforce desired behaviour.

Management by Objectives

Another method for correcting group dysfunctions is through the process of MBO. It includes the following five steps:

1. Setting overall objectives
2. Developing organization
3. Setting individual goals
4. Periodic reviews

5. Final Appraisal

OBMOD

The third method of correcting group dysfunctions is through OBMOD programs. It includes the following steps:

1. Identify
2. Measure
3. Analyze
4. Intervene
5. Evaluate

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LEADERSHIP PROCESS

Managers versus Leaders

As one expert puts it, "There are almost as many definitions of leadership as there are persons who have attempted to define the concept." While almost everyone seems to agree that leadership involves an influence process, differences tend to be centred around whether leadership but be non-coercive and whether it is distinct from management. The later issue has been a particularly heated topic of debate in recent years, with most experts arguing that leadership and management are different.

For instance, Abraham Zaleznik of the Harvard Business School argues that leaders and managers are very different kinds of people. They differ in motivation, personal history, and how they think and act. Zaleznik says that managers tend to adopt impersonal, if not passive attitudes towards goals, whereas leaders take a personal and active attitude toward goal. Managers tend to view work as an enabling process involving some combination of people and ideas interacting to establish strategies and make decision. Leaders work from high-risk positions—indeed, they are often temperamentally disposed to seek out risk and danger, especially when opportunity and reward appear high. Managers prefer to work with people; they avoid solitary activity because it makes them anxious. They related to people according to the role they play in a sequence of events or in a decision-making process. Leaders, who are concerned with ideas, related to people in more intuitive and empathic ways.

John Kotter, a colleague of Zalznik at Harvard, also argues that leadership is different from management, but for different reasons. Management, he proposes, is about coping with complexity. Good management brings about order and consistency by drawing up formal plans, designing rigid organization structures, and monitoring results against the plans. Leadership, in contrast, is about coping with change. Leaders establish direction by developing a vision of the future; they then align people by communicating this vision and inspiring them to overcome hurdles. Kotter sees both strong leadership and strong management as necessary for optimum organizational effectiveness. But he believes that most organizations are under-lead and over-managed. He claims we need to focus more on developing leadership in organization because the people in charge today are too concerned with keeping things on time and on budget and with doing what was done yesterday, only doing it five percent better.

Defining Leadership

So where do we stand? We use a broad definition of leadership, one that con encompass all the current approaches to the subject. **Thus we define leadership as the ability to influence a group toward the achievement of goals**. The source of this influence may be formal, such as that provided by the possession of managerial rank in an organization. Since management positions come with some degree of formally designated authority, a person may assume a leadership role simply because of the position he or she holds in the organization. But not all leaders are managers; nor, for that matter, are all managers leaders. Just because an organization provides its managers with certain formal rights is no assurance they will be able to lead effectively. WE find that non-sanctioned leadership—that is, the ability to influence that arises outside the formal structure of the organization—is as important as or more important than formal influence. In other words, leader can emerge form within a group as well as by formal appointment to lead a group.

Leadership can be defined in terms of:

*   Personality
*   Group processes

- Particular behaviours
- Persuasion
- Power
- Goal achievement
- Interaction
- And combination of two or more of the above

Leadership Theories

Two sets of leadership theories can be identified: traditional and modern.

Traditional Leadership Theories

Kurt Lewin's Theory of Leadership

Kurt Lewin identified three types of leaders:

1. **Authoritarian:** These are leaders who tend to delegate least authority and become the sole decision makers. They do not involve people in decision making.
2. **Democratic:** These are leaders who tend to involve people in decision making and give people the right to express their opinion. However, they do not give full authority in decision making to their subordinates.
3. **Laissez Faire:** These leaders tend to delegate maximum authority and allow their subordinates to operate as they deem good for the organization.

Trait Theories

The trait approach to leadership attempted to identify stable and enduring character traits that differentiated effective leaders from non-leaders. Hundreds of studies guided by this research agenda were conducted during the first several decades of the 20th century. The earliest writers believed that important leadership traits included:

- **Brighter:** Leaders tend to be brighter and more intelligent than other people. They are visionaries who can direct people to follow them.
- **Empathetic, sensitive:** Leaders have an empathic attitude towards their followers. They tend to think in terms of their people rather than only work.
- **Self confidence:** Leaders are people who are high at self-confidence and tend to believe in themselves.
- **Confidence in followers:** Leaders are people who tend to have confidence in their followers and expect their followers to do the right things.
- **High EQ:** Relating to the empathic element, leaders are high at Emotional Quotient, i.e. they have the ability to understand the emotions of others and use them for the benefit of everyone involved.
- **Integrity:** Leaders are people who have sound integrity and govern respect.
- **Drive:** Leaders are high at motivation levels.

Group and Exchange

The group and exchange theories of leadership are derived from social psychology. These have their roots in the exchange theory. According to this theory, leaders provide more benefits and rewards than burdens/costs to followers and in exchange followers carry out leaders' orders. It is an exchange process where followers

also impact leaders. Chester Barnard applied such an analysis to managers and subordinates in an organizational setting more than half a century ago. More recently, this social exchange view of leadership has been summarized by Yammarino and Dansereau as follows:

In work organizations, the key partners involved in exchange relationships of investments and returns are superiors and subordinates. Superiors make investments in and receive returns from subordinates; subordinates make investment in and receive returns fro superiors; and the investments and returns occur on a one-to-one basis in each superior-subordinate dyad.

Contingency Theory

It soon became clear to those who were studying the leadership phenomenon that the predicting of leadership success was more complex than isolating a few traits or preferable behaviours. The failure to obtain consistent results, lead to a focus on situational influences. The relationship between leadership style and effectiveness suggested that under condition 'a', style 'x' would be appropriate whereas style 'y' would be more suitable for condition 'b,' and style 'z' for condition 'c.' But what were the conditions a,b,c and so forth? It was one thing to say that leadership effectiveness was dependent on the situation and another to be able to isolate those situational conditions.

Several approaches to isolating key situational variables have proven more successful than others and, as a result, have gained wider recognition. We shall focus on the Fred Fiedler model of contingency theory:

Fred Fiedler: contingency model of leadership effectiveness

The first comprehensive contingency model for leadership was developed by Fred Fiedler. The Fiedler contingency model proposes that effective group performance depends on the proper match between the leader's style of interacting with his or her subordinates and the degree to which the situation gives control and influences to the leader. He isolated three situational criteria as below:

1. **Relationship of leader-follower**: It is the degree of confidence, trust, and respect subordinates have in their leaders.
2. **Nature of task:** It is the degree to which the job assignments are procedurized (that is structured or unstructured)
3. **Leader's power:** The degree of influence a leader has over power variables such as hiring, firing, discipline, promotions, and salary increases.

There is some experimental support of this theory.

Path-Goal Leadership Theory

Currently, one of the most respected approaches to leadership is the path-goal theory. Developed by Robert House, path-goal theory is a contingency model of leadership that extracts key elements from the Ohio State leadership research on initiating structure and consideration and the expectancy theory of motivation.

The essence of the theory is that the leaders' job to assist his or her followers in attaining their goals and to provide the necessary direction and/or support to ensure their goals are compatible with the overall objectives of the group or organization. The term path-goal is derived from the belief that effective leaders clarify the path to help their followers get from where they are to the achievement of their work goals and make the journey along the path easier by reducing roadblocks and pitfalls.

Leaders make the path for goal achievement as smooth as possible in the following manner:

Four processes

- **Directive leadership:** Directive leadership is close to Kurt Lewin's authoritarian leadership where leaders direct the followers rather than involving them in the decision making. Directive leadership leads to greater satisfaction when tasks are ambiguous or stressful than when are highly structured and well laid out.
- **Supportive leadership:** Such a leader is friendly and shows concern for the subordinates. It is similar to democratic leadership style given by Kurt Lewin but differs in a way that it supports rather than allowing the subordinates to express themselves. Supportive leadership results in high employee performance and satisfaction when subordinates are performing structured tasks.
- **Participative leadership:** The participative leader consults with subordinates and uses their suggestion before making a decision.
- **Achievement oriented leadership:** The achievement oriented leader sets challenging goals and expects subordinates to perform at their highest level.

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MODERN THEORIES OF LEADERSHIP PROCESS

Charismatic Leadership Theories

Charismatic leadership theory says that followers make attributions of heroic or extraordinary leadership abilities when they observe certain behaviours. Studies on charismatic leadership have, for the most part, been directed at identifying behaviours that differentiate charismatic leaders from their non-charismatic counterparts.

Several authors have attempted to identify personal characteristics of the charismatic leaders. Robert House identified the following characteristics of the charismatic leaders:

- **Self confidence:** They have complete confidence in their judgment and ability.
- **Confidence in followers**: They believe in their followers as well, giving them tasks which are important.
- **High expectations from followers:** Derived from the characteristic of confidence in followers, charismatic leaders also have high expectations from their followers.
- **Ideological vision:** This is an idealized goal that proposes a future better than the status quo. The greater the disparity between this idealized goal and status quo, the more likely that followers will attribute extraordinary vision to the leader.
- **Superior debating skills:** They are able to clarify and state the vision in terms that are understandable to others. They are good at communication and the articulation demonstrates understanding of the followers' needs and, hence, acts as a motivating force.
- **High technical expertise:** Charismatic leaders are people who have high technical expertise which they can demonstrate.

Transformational Leaders

Transformational leaders are people who provide individualized consideration and intellectual stimulation and who possess charisma. Bernarnd Bass and Bruce Avolio identified the following as the qualities of transformational leaders:

- **Change agent:** Transformational leaders are perceived as leaders of radical change rather than care takers of the status quo.
- **Courage:** Transformational leaders are considered be highly committed, and willing to take on high personal risks, incur high costs, and engage in self-sacrifice to achieve their goal.
- **Belief in followers:** Transformational leaders trust their followers' abilities.
- **High value drive:** Transformational leaders have a motivation to achieve the greatest possible value for their group.
- **Life long learners:** Transformational leaders are people who tend to learn from every event and are thus life long learners.
- **Can deal with ambiguity, uncertainty:** These leaders are able to make realistic assessments of the environmental constraints and can deal easily with ambiguous and uncertain situations.
- **Are visionaries:** The have a vision which is an idealized goal proposing a better future.

Transformational Versus Transactional Leaders

Some psychologists distinguish between transformational and transactional leaders:

Transformational Leaders

Following are the characteristics of transformational leaders:

- **Charisma:** Provide vision and sense of mission, instils pride, gains respect and trust
- **Inspiration:** Communicates high expectations, uses symbols to focus efforts, expresses important purposes in simple ways.
- **Intellectual Stimulation:** Promotes intelligence, rationality, and careful problem solving.
- **Individualized Considerations:** Gives personal attention, treats each employee individually, coaches, advises.

Transactional Leaders

Following are the characteristics of transactional leaders:

- **Contingent Reward:** Contracts exchange of rewards for efforts, promises rewards for good performance, recognizes accomplishments.
- **Management by Exception (Active):** Watches and searches for deviations from rules and standards, takes corrective action.
- **Management by Exception (Passive):** Intervenes only if standards are not met.
- **Laissez Faire:** Abdicates responsibilities, avoids making decisions.

Social Cognitive Approach

Social cognitive approach of leadership is given by Fred Luthans. According to approach, leadership is a function of continuous reciprocal interaction between:

- Leaders
- Followers
- And environment

The successful application of the social cognitive approach "depends upon the leaders ability to bring into awareness the overt or covert antecedent cues and contingent consequences that regulate the leaders and subordinates performance behaviour." More specifically, in this leadership application, the followers are actively involved in the process, and together with the leader they concentrate on their own and one another's behaviours, the environmental contingencies (both antecedent and consequent), and their cognitions such as self-efficacy. Some examples of this approach are the following:

- The leader identifies the environmental variables that control his or her own behaviour.

- The leader works with the subordinate to discover the personalized set of environmental contingencies that regulate the subordinate's behaviour.

- The leader and the subordinate jointly attempt to discover ways in which they can manage their individual behaviour to produce more mutually reinforcing and organizationally productive outcomes.

- The leader enhances the efficacy of subordinates through setting up successful experiences, modelling, positive feedback and persuasion, and physiological arousal that can lead to performance improvement. This success with subordinates can in turn lead to leadership efficacy.

Substitutes for Leadership

Researchers have also identified certain substitutes for leadership. Steve Kerr and John Jermier have identified the following substitutes for leadership:

1. **Nature of task**: Structured and routines tasks are a substitute for leadership.
2. **Nature of subordinates**: Experienced and able subordinates do not need leadership and serve as substitutes for leadership.
3. **Organizational Characteristics**: Cohesive groups also serve as substitutes for leadership.

Leaders across Cultures

Leaders across various cultures of the world differ on characteristics. Some of the varying characteristics of leaders across cultures are as follows:

1. **Leadership differs in terms of stress on personal values** of the leaders, and they reflect national cultural values.
2. **Leadership differs on the basis of backgrounds:** Americans do not care about background of the manger/leader while in France and Japan, background matters.
3. **Deference to authority:** In some countries, deference to authority is high, while in other, it is low.
4. **Power distance:** It is the degree to which members of a collective expect power to be distributed equally. Power distance varies across different cultures of the world.
5. **Uncertainty avoidance:** It is the extent to which a society, organization, or groups rely on norms, rules, and procedures to alleviate the unpredictability of future events. Uncertainty avoidance differs among cultures of the world.

Women Leaders

A research conducted by Imperial College of Business Studies, Lahore, under the United Nations Development Program on women leaders in financial institutions shows that women leaders are:

- **Honest:** Honest in their dealings.
- **Open:** Communicate openly with the subordinates and operate transparently.
- **Suffering from glass ceiling effect:** Have trouble moving up the organizational ladder.

An extensive review of the literature suggests two conclusions regarding gender and leadership. First, the similarities between men and women tend to outweigh the differences. Second, what differences there are seem to be that women fall back on a more democratic leadership style whereas men feel more comfortable with the directive style.

The similarities among men and women leaders shouldn't be completely surprising. Almost all the studies looking at this issue have used managerial positions as being synonymous with leadership. As such, gender differences apparent in the general population don't tend to be as evident. Why? Because of career self selection and organization selection. Just as people who choose careers in law enforcement or civil engineering have a lot in common, individual who choose managerial careers also tend to have commonalities. People with traits associated with leadership—such as intelligence, confidence, and sociability—are more likely to be perceived as leaders and encouraged to pursue careers where they can exert leadership. This is true nowadays regardless of gender. Similarly, organizations tend to recruit and promote people into leadership positions who project leadership attributes. The result is that, regardless of gender, those who achieve formal leadership positions in organizations lend to be more alike than different.

In spite of the previous conclusion, studies indicate some differences in the inherent leadership styles between women and men. Women tend to adopt a more democratic leadership style. They encourage participation, share power and information, and attempt to enhance followers self-worth. They prefer to lead through intuition and rely on their charisma, expertise, contacts, and interpersonal skills to influence others. Men, however, are more likely to use a directive command and control style. They rely on the formal authority of their position for their influence base.

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GREAT LEADERS: STYLES, ACTIVITIES AND SKILLS

The IOWA Leadership Studies

A series of pioneering leadership studies conducted in the late 1930s by Ronal Lippitt and Ralph K. White under the general direction of Kurt Lewin at the University of Iowa have had a long lasting impact. The studies found that:

1. People react aggressive or apathetically under authoritarian leaders
2. People react extremely aggressively under laissez faire leaders
3. People's reaction of aggression falls between those two extremes in democratic leaders

The Ohio State Leadership Studies

These studies were conducted in 1945 by the Bureau of Business Research at Ohio State University. These researchers saw to identify independent dimension of leader behaviour. Beginning with over thousand dimensions, they eventually narrowed the list in two categories that substantially accounted for most of the leadership behaviour described by subordinates. These called these two dimensions, initiating structure and consideration.

Initiating structure refers to the extent to which a leader is likely to define and structure his or her role and those of subordinates in the search for goal attainment. It includes behaviour that attempts to organize work, work relationships, and goals. The leader characterized as high in initiating structure would be described in terms such as "assigns group members to particular tasks," "expects workers to maintain definite standards of performance," and "emphasizes the meetings of deadlines."

Consideration is described as the extent to which a person is likely to have job relationships that are characterized by mutual trust, respect for subordinates ideas, and regard for their feelings. He or she shows concern for followers comfort, well being, status, and satisfaction. A leader high in consideration as one who helps subordinates with personal problems, is friendly and approachable, and treats all subordinates as equal.

Extensive research based on these definitions, found that leaders high in initiating structure and considerations tended to achieve high subordinate performance and satisfaction more frequently than those who were rated low on either of the two or both. However, the high-high did not always result in positive consequences. For example, leader behaviour characterized as high on initiating structure lead to greater rates of grievances, absents, and turnover and lower levels of job satisfaction for the workers performing the routine tasks. Other studies found that high consideration was negatively related to performance ratings of the leader by his or her superior. In conclusion, the Ohio state studies suggested that the high-high style generally resulted in positive outcomes, but enough expectations were found to indicate that situational factors needed to be integrated in to the theory.

The Michigan Leadership Studies

These studies were conducted around 1945 at the Survey Research Centre at the University of Michigan. These studies had the research objective to locate behavioural characteristics of leaders that appear to be related to measures of performance effectiveness.

The Michigan group also came up with two dimensions of leadership behaviour that they labelled employee oriented and production oriented. Employee-oriented leaders were described as emphasizing interpersonal

relations; they took a personal interest in the needs of the subordinates and accepted individual differences among members. The production-oriented leaders, in contrast, tended to emphasize the technical or task aspects of the job; their main concern was in accomplishing their group's task and the group members were a means to that end.

The conclusions arrived at by the Michigan researchers strongly favoured the leaders who were employee oriented in their behaviour. Employee-oriented leaders were associated with higher group productivity and higher job satisfaction.

Production-oriented leaders tended to be associated with low group productivity and lower job satisfaction.

Globalization and Leadership

Globalization may simply be defined as the free movement of:

- Capital
- Labour
- Goods and services

across various countries of the world.

According to the Wikipedia online encyclopedia, Globalization refers to a process of increasing global connectivity and integration between nation-states, households/individuals corporations and other organizations. It is an umbrella term referring to increased interdependence in the economic, social, technological, cultural, political, and ecological spheres. Globalization also has its impact on leadership. It is affecting leadership in five ways:

1. Creating strategic vision

Leaders in the modern context need to have strategic visions that fit with the global village theme. As the world gets closer and closer, competition due to foreign firms is constantly on the rise. Therefore, in order to survive, the leader needs to develop a vision of global competitiveness and global expansion.

2. Empowering employees

Global leadership and management can no more be a one man show. Globalization has made it imperative for leaders to empower employees to make decisions which are needed immediately. It is impossible to keep pace with time if such decisions are left to the leader only.

3. Acquiring and sharing knowledge

As the world moves towards a global village, knowledge becomes the most important and worthwhile asset of the companies. It has become imperative for the leaders to develop means and processes to acquire and share knowledge from outside the organization and within the organization, in order for the organization to survive.

4. Integrating knowledge

Acquiring and sharing knowledge is the solution to the global challenge. The acquired knowledge needs to be integrated into the business processes and made full use of. Leaders have the responsibility of doing so.

5. Challenging status quo

Leaders are also expected to challenge the status quo in face of globalization; organizations which do no adapt to the changing environment and maintain the status quo are expected to be losers in the near future.

Leadership Styles

Leadership style refers to the description of leader's functioning. Several researches have been conducted on how leaders function in organizations, and how managers and leaders differ in their functions. The Ohio State leadership studies came up with two types of leadership functions which were: Initiating structure and Consideration. Initiating structure refers to the extent to which a leader is likely to define and structure his or her role and those of subordinates in the search for goal attainment. Consideration is described as the extent to which a person is likely to have job relationships that are characterized by mutual trust, respect for subordinates ideas, and regard for their feelings. The Michigan group also came up with two dimensions of leadership behaviour that they labelled employee oriented and production oriented. Both these studies labelled the leaders as either somewhat, employee oriented or task oriented. However, four other researches need to quoted in this regard:

David Nadler and Michael Tushman

David Nadler and Michael Tushman in 1990 came up with the following functions of a charismatic leader:

1. Envisioning

An envisioning leader is a one who presents a prosperous future to the followers; provides them hope that the future would be better than the present and communicates effectively the vision to the followers.

2. Energizing

He energizes the members of the group and is able to motivate them towards the goal or the vision.

3. Enabling

He helps the people psychologically and physiologically in face of challenge, giving them the courage and ability to get out of difficult situations.

Robert Tannenbaum and Warren Schmidt

Robert Tannenbaum and Warren Schmidt came up with their explanation of leadership styles as follows:

**1. Boss-centred leadership**

> The characteristics of a boss centred leader are, he believes in theory X, is autocratic, is production centred, initiating structure, task directed and directive. In other words, he has little concern for the employees and is more focused on the task at hand.

2. Employee-centred leadership

> This type of a leader is a proponent of theory Y, is democratic, considerate, maintains good human relations, supportive and participative. Therefore, the employee centred leader has a high concern for his employees.

Robert Blake's and Jane Mouton's Managerial Grid

The Managerial Grid Model (1964) is a behavioural leadership model developed by Robert Blake and Jane Mouton. This model identifies five different leadership styles based on the concern for people and concern
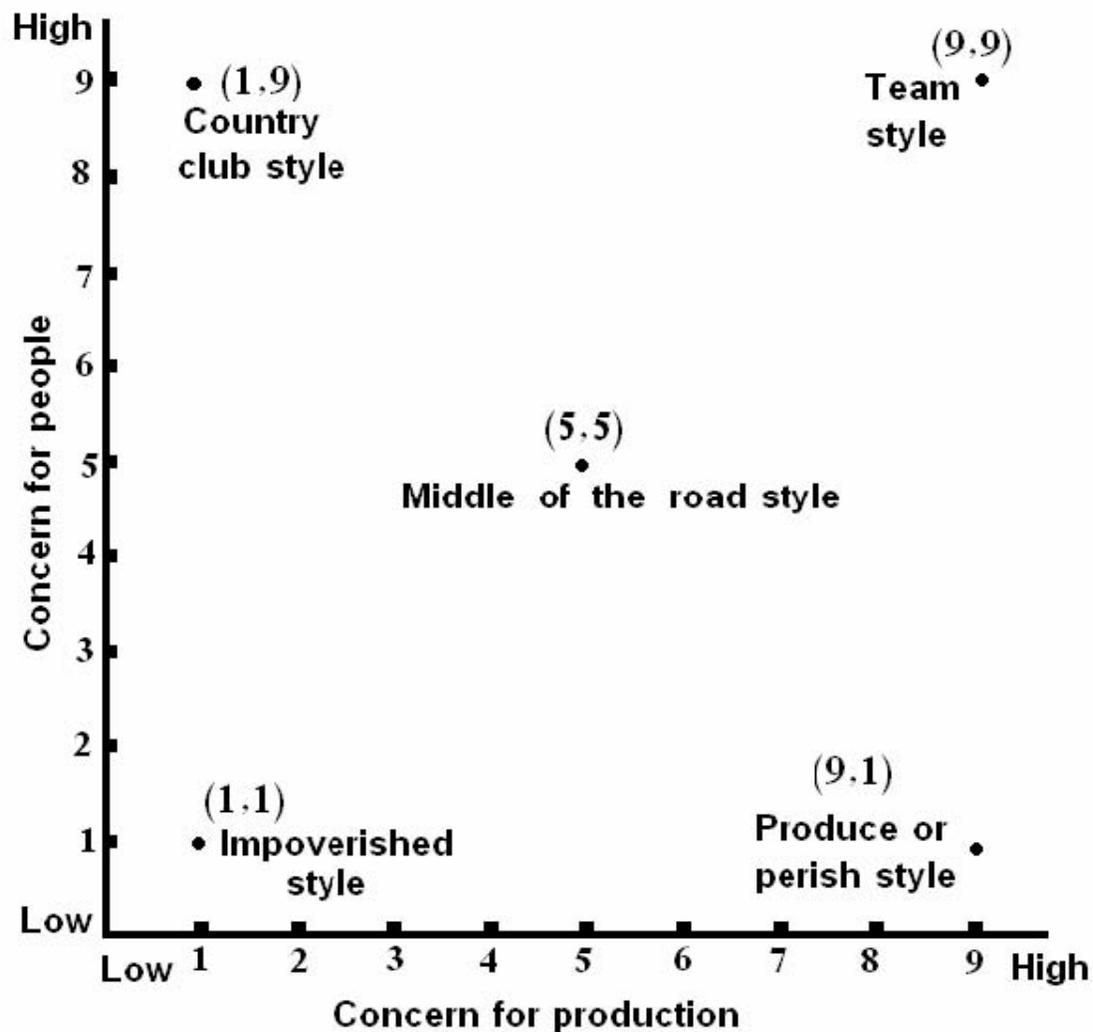
for production. The optimal leadership style in this model is based on Theory Y.

As shown in the figure, the model is represented as a grid with concern for production as the X-axis and concern for people as the Y-axis; each axis ranges from 1 (Low) to 9 (High). The five resulting leadership styles are as follows:

The impoverished style (1,1)

In this style, managers have low concern for both people and production. Managers use this style to avoid getting into trouble. The main concern for the manager is not to be held responsible for any mistakes, which results in less innovative decisions.

Features 1. Does only enough to preserve job and job seniority. 2. Gives little and enjoys little. 3. Protects himself by not being noticed by others.

Implications 1. Tries to stay in the same post for a long time.

The country club style (1,9)

This style has a high concern for people and a low concern for production. Managers using this style pay much attention to the security and comfort of the employees, in hopes that this would increase performance. The resulting atmosphere is usually friendly, but not necessarily that productive.

The produce or perish style (9,1)

With a high concern for production, and a low concern for people, managers using this style find employee needs unimportant; they provide their employees with money and expect performance back. Managers using this style also pressure their employees through rules and punishments to achieve the company goals. This dictatorial style is based on Theory X of Douglas McGregor, and is commonly applied by companies on the edge of real or perceived failure.This is used in case of crisis management.

The middle-of-the-road style (5,5)

Managers using this style try to balance between company goals and workers' needs. By giving some concern to both people and production, managers who use this style hope to achieve acceptable performance.

The team style (9,9)

In this style, high concern is paid both to people and production. As suggested by the propositions of Theory Y, managers choosing to use this style encourage teamwork and commitment among employees. This method relies heavily on making employees feel as a constructive part of the company.

Paul Hersey and Kenneth Blanchards

Paul Hersey and Ken Blanchard have developed a leadership model that has gained a strong following among management development specialists. This model—called situational leadership theory—has been used as a major training device at Fortune 500 companies. Situational leadership uses the same two leadership dimensions that Fiedler identified: task and relationship behaviours. However, Hersey and Blanchard go a step further by considering each as either high or low and then combining them into four specific behaviours:

1. Telling style: (High Task-Low Relationship) the leader defines roles and tell people what, how, when, and where to do various tasks. It emphasizes directive behaviour.
2. Selling style: (High Task-High Relationship) the leader provides both directive behaviour and supportive behaviour.
3. Participating style: (Low Task-High Relationship) the leader and follower share in decision making,

with the main role of the leader being facilitating and communicating.
4. Delegating style: (Low Task-Low Relationship) the leader provides little direction or support.

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GREAT LEADERS: STYLES, ACTIVITIES AND SKILLS

Fred Luthans' And Diane Lockwood's Study 1984

Fred Luthans and Diane Lockwood in 1984 observed various organizations and leader's/manager's activities and prepared a description of them under twelve heads:

1. Planning

The first activity is that of planning. Planning refers to setting goal for the organization or the group that is being lead. It goes on till each member is aware of his or her duty and the contribution expected. Each activity is coordinated by the leader's planning.

2. Staffing

Staffing is the process of hiring and recruiting people for the organization. It starts from developing job descriptions for position openings. It goes on till information dissemination to the applicant of his or her hiring.

3. Training

Training is the process of teaching the employee on job skills. It is an essential part of organizational human resource management. Orienting employee, holding seminars, clarifying roles, duties, etc. are all part of training which is also a function or job of the leader.

4. Problem Solving

Manager or leader is a person how has a very important role to play in the organization in terms of managing people's problems and organizational problems. He or she is the one who defines problems, selects alternatives, and actually decides what to do.

5. Processing

Processing refers to managing day to day work in terms of finalizing, overseeing, documenting, reporting, etc. A manager processes mails, reads reports, writes reports etc.

6. Exchanging Information

The manager is supposed to be an expert in the field with all the relevant knowledge important for the organization. He or she exchanges information with the people in the organization and directs them under the information he possesses.

7. Monitoring

One of the four tasks of a manager is to monitor the organizational processes. A manager is also responsible for monitoring and evaluating the performance of the employees and organization as a

whole.

These were the jobs that Luthans and Lockwood thought were essential for a good manager.

David Whetten's and Kim Cameron's Study

In the modern international organizational culture, David Whetten and Kim Cameron in 1991 identified 10 skills of successful leaders and managers across cultures using 400 managers as their subjects of study. These skills are as follows:

1. **Verbal communication**

   Verbal communication skills are essential for managers and leaders in order to communicate effectively with the subordinates or followers.

2. **Managing Time and Stress**

   Leaders and mangers are the people who are under the greatest stress and have very little time to do a large number of activities. They should have skills to manage their time and stress.

3. **Managing Individual Decisions**

   Managers manage individuals and their decisions. They give authority to people to make decisions and ensure that right decisions are made. Further, they are also responsible for decision making.

4. **Solving Problems**

   Managers also work are problem solvers solving the problems of the organization, employees, subordinates, followers, etc.

5. **Motivating**

   Managers have a prime responsibility to create an urge to work among the people in the organization.

6. **Delegating**

   Managers in the organization have a task of delegating authority and letting people manage different parts of the organization on their behalf. It is essential that managers are able to delegate authority rightly.

7. **Setting Goals and Articulating a Vision**

   One of the basic functions of mangers is to set goals and articulate the vision to the people, i.e. communicate the objectives, mission, and the path towards the goal. **Self-awareness**

8. **Self-awareness**

   Self-awareness means the ability to assay oneself. Managers need to be aware of their abilities and should also help people realize their true potential.

9. **Team building**

Team building is becoming an important aspect of every manager's job since organizations prefer to leverage expertise in teams rather than individual expertise.

10. **Managing Conflicts**

Managers are also responsible for managing and resolving individual and group conflicts within the organization.

Robert House's and Philip Podsakoff's Study

Researches by Robert House and Philip Podsakoff (1994) have shown ten activities as the core of leadership style, and they have a great impact on an organization:

•   Vision

Great leaders articulate an ideological vision that is in consonance with the values of the followers; the vision describes a better future for the followers.

•   Passion and self sacrifice

Great leaders imply display passion for, and have a strong conviction of, the moral correctness of their vision. They engage in outstanding or extraordinary behaviour and make extraordinary self-sacrifices in the interest of their mission.

•   Confidence, determination, persistence

Great leaders display a high level of confidence and are determined to achieve their set targets, deterred very little by any hindrances.

•   Image building

Great leaders develop an extraordinary image of themselves and tend to use that image to motivate and convince the followers.

•   Role modelling

Great leaders play the role of role models leading from the front. They show the followers the path by treading on it themselves.

•   External representation

Leaders play the role of a spokesperson for the organization. They represent the organization externally. In other words, they are the face of the organization.

•   Expectation and confidence in the followers

Leaders have high expectations from the followers and have high confidence in them.

•   Selective motive arousal

Great leaders arouse in themselves those motives that are beneficial for the organization.

- Frame alignment

Great leaders have the ability to convince followers to accept and implement change.

- Inspirational communication

Great leaders have the charisma and the ability to influence people by their talk. Their communication is

inspirational for the followers.

Researchers have combined all of these skills of managers and leaders into the following four categories:

• **Participative and Human Relations**

Great managers tend to be supportive to their subordinates and have a sense of empathy for them.

• **Competitiveness and Control**

Great managers have the ability to be competitive and then control the working of the organization and people to achieve the desired goals.

• **Innovativeness and Entrepreneurship**

Great managers are visionary people who possess the ability to innovate and also have entrepreneurial skills necessary to change the vision into reality.

• **Maintaining Order and Rationality**

Managers tend to maintain order in the organization by resolving problems and conflicts and helping employees. They are expected to be dictated by rationality in each decision making.

Training for Leadership

A general belief is that leaders are born and not made. Researches quoted above clearly indicate that leadership skills can be trained. Training involves enhancing the following:

- Knowledge
- Trust
- Power
- Understanding of job challenges
- Flexibility

How to Train

There are six methods which can be used to train managers which are as follows:

1. Coaching managers to inculcate into them leadership skills
2. Job design can be altered to train managers into leaders

3. Behavioural self management skills can be taught to managers
4. OBMOD can be used to change managers into leaders
5. Educational programmes at colleges and universities could be a source of leadership skill training
6. Personal growth training such as psycho-exercise and out door adventures could be useful for training managers to become leaders

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