Learning Objectives of Unit 4

- Individual Determinants of Organizational Behaviour
  - Perception
  - Learning
  - Personality
  - Attitudes & Values
  - Motivation
  - Job Anxiety & Stress
  - Analyzing interpersonal relations
  - Personality
  - Group Dynamics

- Management of Organizational Conflicts
- Management of Change
Learning Objectives

- Individual Determinants of Organizational Behaviour
  - Perception
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  - Attitudes & Values
  - Motivation
  - Job Anxiety & Stress
  - Analyzing interpersonal relations
  - Personality
  - Group Dynamics

Why Look at Individual Behavior?

Organizational Behavior (OB)
- The actions of people at work

Focus of Organizational Behavior
- Individual behavior
  - Attitudes, personality, perception, learning, and motivation
- Group behavior
  - Norms, roles, team building, leadership, and conflict

Goals of Organizational Behavior
- To explain, predict and influence behavior.

The Organization as an Iceberg

Visible Aspects
- Strategies
- Objectives
- Policies and Procedures
- Structure
- Technology
- Formal Authority
- Chain of Command

Hidden Aspects
- Attitudes
- Perceptions
- Group Norms
- Informal Interactions
- Interpersonal and Intergroup Conflicts
## Important Employee Behaviors

| Employee Productivity | | |
|-----------------------|------------------|
| A performance measure of both efficiency and effectiveness | | |

| Absenteeism | | |
|-------------|------------------|
| The failure to report to work when expected | | |

| Turnover | | |
|----------|------------------|
| The voluntary and involuntary permanent withdrawal from an organization | | |

## Important Employee Behaviors (cont’d)

| Organizational Citizenship Behavior (OCB) | | |
|-----------------------------------------|------------------|
| Discretionary behavior that is not a part of an employee’s formal job requirements, but which promotes the effective functioning of the organization. | | |

| Job Satisfaction | | |
|------------------|------------------|
| The individual’s general attitude toward his or her job | | |

## Important Employee Behaviors (cont’d)

| Workplace Misbehavior | | |
|-----------------------|------------------|
| Any intentional employee behavior that has negative consequences for the organization or individuals within the organization. | | |

| Types of Misbehavior | | |
|----------------------|------------------|
| Deviance | | |
| Aggression | | |
| Antisocial behavior | | |
| Violence | | |
Psychological Factors Affecting Employee Behavior

- Attitudes
- Personality
- Perception
- Learning

- Employee Productivity
- Absenteeism
- Turnover
- Organizational Citizenship
- Job Satisfaction
- Workplace Misbehavior

Psychological Factors

- Attitudes
  - Evaluative statements—either favorable or unfavorable—concerning objects, people, or events.

- Components Of An Attitude
  - Cognitive component: the beliefs, opinions, knowledge, or information held by a person.
  - Affective component: the emotional or feeling part of an attitude.
  - Behavioral component: the intention to behave in a certain way.

Psychological Factors (cont’d)

- Job Satisfaction
  - Job satisfaction is affected by level of income earned and by the type of job a worker does.

- Job Satisfaction and Productivity
  - For individuals, productivity appears to lead to job satisfaction.
  - For organizations, those with more satisfied employees are more effective than those with less satisfied employees.
<table>
<thead>
<tr>
<th>Psychological Factors (cont’d)</th>
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<tbody>
<tr>
<td><strong>Job Satisfaction and Absenteeism</strong></td>
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<tr>
<td>- Satisfied employees tend to have lower levels of absenteeism.</td>
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<tr>
<td><strong>Job Satisfaction and Turnover</strong></td>
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<tr>
<td>- Satisfied employees have lower levels of turnover; dissatisfied employees have higher levels of turnover.</td>
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<tr>
<td>- Turnover is affected by the level of employee performance.</td>
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<td>- The preferential treatment afforded superior employees makes satisfaction less important in predicting their turnover decisions.</td>
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<tr>
<td><strong>Job Satisfaction and Customer Satisfaction</strong></td>
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<tr>
<td>- The level of job satisfaction for frontline employees is related to increased customer satisfaction and loyalty.</td>
</tr>
<tr>
<td>- Interaction with dissatisfied customers can increase an employee’s job dissatisfaction.</td>
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<tr>
<td>- Actions to increase job satisfaction for customer service workers:</td>
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<tr>
<td>- Hire upbeat and friendly employees.</td>
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<tr>
<td>- Reward superior customer service.</td>
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<td>- Provide a positive work climate.</td>
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<td>- Use attitude surveys to track employee satisfaction.</td>
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<thead>
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<tbody>
<tr>
<td><strong>Job Satisfaction and Workplace Misbehavior</strong></td>
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<tr>
<td>- Dissatisfied employees will respond somehow</td>
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<tr>
<td>- Not easy to predict exactly how they’ll respond</td>
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</table>
### Psychological Factors (cont’d)

<table>
<thead>
<tr>
<th><strong>Job Involvement</strong></th>
<th>The degree to which an employee identifies with his or her job, actively participates in it, and considers his or her performance to be important to his or her self-worth.</th>
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<tbody>
<tr>
<td></td>
<td>High levels of commitment are related to fewer absences and lower resignation rates.</td>
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<table>
<thead>
<tr>
<th><strong>Organizational Commitment</strong></th>
<th>The degree to which an employee identifies with a particular organization and its goals and wishes to maintain membership in the organization.</th>
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<tbody>
<tr>
<td></td>
<td>Leads to lower levels of both absenteeism and turnover.</td>
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<td></td>
<td>Could be becoming an outmoded measure as the number of workers who change employers increases.</td>
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<thead>
<tr>
<th><strong>Perceived Organizational Support</strong></th>
<th>Is the general belief of employees that their organization values their contribution and cares about their well-being.</th>
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<tbody>
<tr>
<td></td>
<td>Represents the commitment of the organization to the employee.</td>
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<td></td>
<td>Providing high levels of support increases job satisfaction and lower turnover.</td>
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</table>
Attitudes and Consistency

- People seek consistency in two ways:
  - Consistency among their attitudes.
  - Consistency between their attitudes and behaviors.
- If an inconsistency arises, individuals:
  - Alter their attitudes or
  - Alter their behavior or
  - Develop a rationalization for the inconsistency.

Cognitive Dissonance Theory

- Cognitive Dissonance
  - Any incompatibility or inconsistency between attitudes or between behavior and attitudes.
    - Any form of inconsistency is uncomfortable and individuals will try to reduce the dissonance.
  - The intensity of the desire to reduce the dissonance is influenced by:
    - The importance of the factors creating the dissonance.
    - The degree to which an individual believes that the factors causing the dissonance are controllable.
    - Rewards available to compensate for the dissonance.

Attitude Surveys

- Attitude Surveys
  - A instrument/document that presents employees with a set of statements or questions eliciting how they feel about their jobs, work groups, supervisors, or their organization.
  - Provide management with feedback on employee perceptions of the organization and their jobs.
The Importance of Attitudes

- Implication for Managers
  - Attitudes warn of potential behavioral problems:
    - Managers should do things that generate the positive attitudes that reduce absenteeism and turnover.
  - Attitudes influence behaviors of employees:
    - Managers should focus on helping employees become more productive to increase job satisfaction.
  - Employees will try to reduce dissonance unless:
    - Managers identify the external sources of dissonance.
    - Managers provide rewards compensating for the dissonance.

Personality

- Personality
  - The unique combination of psychological characteristics (measurable traits) that affect how a person reacts and interacts with others.
Emotions

- Emotions
  - Intense feelings (reactions) that are directed at specific objects (someone or something)
  - Universal emotions:
    - Anger
    - Fear
    - Sadness
    - Happiness
    - Disgust
    - Surprise

Emotional Intelligence

- Emotional Intelligence (EI)
  - An assortment of noncognitive skills, capabilities, and competencies that influence a person’s ability to succeed in coping with environmental demands and pressures.
  - Dimensions of EI:
    - Self-awareness: knowing what you’re feeling
    - Self-management: managing emotions and impulses
    - Self-motivation: persisting despite setbacks and failures
    - Empathy: sensing how others are feeling
    - Social skills: handling the emotions of others

Implications for Managers

- Employee selection
- Helps in understanding employee behavior(s)
- By understanding others’ behavior(s), can work better with them
Understanding Personality Differences

- Personality-Job Fit Theory (Holland)
  - An employee’s job satisfaction and likelihood of turnover depends on the compatibility of the employee’s personality and occupation.
  - Key points of the theory:
    - There are differences in personalities.
    - There are different types of jobs.
    - Job satisfaction and turnover are related to the match between personality and job for an individual.

Perception

- Perception
  - A process by which individuals give meaning (reality) to their environment by organizing and interpreting their sensory impressions.

Factors influencing perception:
  - The perceiver’s personal characteristics—interests, biases and expectations
  - The target’s characteristics—distinctiveness, contrast, and similarity
  - The situation (context) factors—place, time, location—draw attention or distract from the target

Perception Challenges: What Do You See?

Old woman or young woman?
A knight on a horse?
How We Perceive People?

- Attribution Theory
  - How the actions of individuals are perceived by others depends on what meaning (causation) we attribute to a given behavior.
    - Internally caused behavior: under the individual’s control
    - Externally caused behavior: due to outside factors
  - Determining the source of behaviors:
    - Distinctiveness: different behaviors in different situations
    - Consensus: behaviors similar to others in same situation
    - Consistency: regularity of the same behavior over time

Attribution Theory

- Observation → Interpretation → Attribution of Cause
  - High: External
  - Low: Internal
  - Distinctiveness: High → External, Low → Internal
  - Consensus: High → Internal, Low → External
  - Consistency: High → Internal, Low → External

How We Perceive People (cont’d)

- Attribution Theory – errors and biases (cont’d)
  - Fundamental attribution error
    - The tendency to underestimate the influence of external factors and to overestimate the influence of internal or personal factors.
  - Self-serving bias
    - The tendency of individuals to attribute their successes to internal factors while blaming personal failures on external factors.
Shortcuts Used in Judging Others

- Assumed Similarity
  - Assuming that others are more like us than they actually are.

- Stereotyping
  - Judging someone on the basis of our perception of a group he or she is a part of.

- Halo Effect
  - Forming a general impression of a person on the basis of a single characteristic of that person

Implications for Managers

- Employees react to perceptions
- Pay close attention to how employees perceive their jobs and management actions

MOTIVATION
MOTIVATION

- Motivation is the core of management. Technically, the term motivation can be traced to the Latin word *movers*, which means ‘to move’.

- Motivating is a term which implies that one person induces another, to engage in action by ensuring that a channel to satisfy the motive becomes available to the individual.

- Term motive—anything that initiates or sustains activity, positive behaviour towards goal.

- Robert Dubin "motivation is the complex of forces starting and keeping a persons at work in an organization. motivation is something that moves the person to action in positive direction.

- Creates ‘will to work’ to achieve the goal.

- Motivation is an effective instrument in the hands of manager for inspiring the employees and creating a confidence in it.

  --Is the process by which a person’s efforts are energized, directed, and sustained towards attaining a goal.

  ✓ Energy: a measure of intensity/force/concentration or drive.

  ✓ Direction: toward organizational goals
Need and Significance of motivation

- Maximum output, goal fulfillment.
- The no of complaints and accidents rate will be low.
- Quality and quantity of products will increase.
- Worker's satisfaction
- Promotes better quality of work with less wastage
- Motivation is the set of processes that moves a person towards a goal. Since motivation influences productivity

Early Theories of Motivation

- Maslow’s Hierarchy of Needs
- MacGregor’s Theories X and Y
- Herzberg’s Two-Factor Theory

Maslow’s Hierarchy of Needs Theory

- A.H. Maslow developed a conceptual framework for understanding human motivation
  - Needs were categorized as five levels of lower- to higher-order needs.
    - Individuals must satisfy lower-order needs before they can satisfy higher order needs.
    - Motivating a person depends on knowing at what level that person is on the hierarchy.
  - Hierarchy of needs
    - Lower-order (external): physiological, safety
    - Higher-order (internal): social, esteem, self-actualization
1. Physiological Needs

Physiological needs are those **required to sustain life**, such as:
- air
- water
- food
- sleep

According to Maslow’s theory, if such needs are not satisfied then one’s motivation will arise from the mission to satisfy them.

Higher needs such as social needs and esteem are not felt until one has met the needs basic to one’s physical functioning.
These include the needs we have for oxygen, water, protein, salt, sugar, calcium, and other minerals and vitamins.

They also include the need to maintain a pH balance (getting too acidic or base will kill you) and temperature (98.6 or near to it).

Also, there’s the need to be active, to rest, to sleep.

Maslow’s Hierarchy of Needs

2. Safety
Once physiological needs are met, one’s attention turns to safety and security in order to be free from the threat of physical and emotional harm. Such needs might be fulfilled by:

- Living in a safe area
- Medical insurance
- Job security
- Financial reserves

According to Maslow’s hierarchy, if a person feels that he or she is in harm’s way, higher needs will not receive much attention.

Maslow’s Hierarchy of Needs

3. Social Needs
Once a person has met the lower level physiological and safety needs, higher level needs become important, the first of which are social needs. Social needs are those related to interaction with other people and may include:

- Need for friends
- Need for belonging
- Need to give and receive love
• When physiological needs and safety needs are, by and large, taken care of, a third layer starts to show up.
• You begin to feel the need for friends, a sweetheart, children, friendly relationships in general, even a sense of community.
• We show these needs in our desires to marry, have a family, be a part of a community, a member of a church, a brother in the society, a part of a gang or a club.

4. Esteem
• Once a person feels a sense of "belonging", the need to feel important arises.
• Esteem needs may be classified as internal or external.
• Internal esteem needs are those related to self-esteem such as self respect and achievement.
• External esteem needs are those such as social status and recognition. Some esteem needs are:
  • Self-respect
  • Achievement
  • Attention
  • Recognition
  • Reputation
• The higher form involves the need for self-respect, including such feelings as confidence, competence, achievement, independence, and freedom.
• The negative version of these needs is low self-esteem and inferiority complexes.
5. Self actualization

Dr. Abraham Maslow first coined the term "self actualization." Here is what he has to say on the subject:

"What a man can be, he must be. This need we may call self-actualization…"

"A musician must make music, an artist must paint, a poet must write, if he is to be at peace with himself. What a man can be, he must be.

This is the need we may call self-actualization… It refers to man's desire for fulfillment, namely to the tendency for him to become actually in what he is potentially:

- to become everything that one is capable of becoming...

It is the mission of reaching one’s full potential as a person. Unlike lower level needs, this need is never fully satisfied:

- as one grows psychologically there are always new opportunities to continue to grow.
- Self-actualized people tend to have needs such as:
  - Truth, Justice, Wisdom, Meaning

Self-actualized persons have frequent occurrences of peak experiences, which are energized moments of profound happiness and harmony.

According to Maslow, only a small percentage of the population reaches the level of self-actualization.

Early Theories of Motivation (cont’d)

- McGregor’s Theory X and Theory Y
  - Theory X
    - Assumes that workers have little ambition, dislike work, avoid responsibility, and require close supervision.
  - Theory Y
    - Assumes that workers can exercise self-direction, desire responsibility, and like to work.

Assumption:
- Motivation is maximized by participative decision making, interesting jobs, and good group relations.
McGregor’s Theory X and Theory Y

Theory X and Theory Y are theories of human motivation created and developed by Douglas McGregor.

Theory X assumes that the average person:
- Dislikes work and attempts to avoid it.
- Has no ambition, wants no responsibility, and would rather follow than lead.
- Is self-centered and therefore does not care about organizational goals.
- Resists change.
- Is innocent and not particularly intelligent.

Essentially, Theory X assumes that people work only for money and security.

Theory Y makes the following general assumptions:
- Work can be as natural as play and rest.
- People will be self-directed to meet their work objectives if they are committed to them.
- People will be committed to their objectives if rewards are in place that address higher needs such as self-fulfillment.
- Under these conditions, people will seek responsibility.
Herzberg’s Motivation-Hygiene Theory

Herzberg’s Motivation-Hygiene Theory

- American psychologist
- Herzberg’s Motivation-Hygiene Theory, also known as Two Factor Theory, was developed by Frederick Herzberg, a psychologist who found that job satisfaction and job dissatisfaction acted independently of each other.
- He felt that there were two types of factors affecting motivation and job satisfaction, namely
  1. Hygiene and maintenance factors ("dissatisfiers"),
  2. Motivators or growth factors ("satisfiers").

Motivators (e.g. challenging work, achievement, recognition, responsibility, nature of the work, personal growth and advancement) which give positive satisfaction,

Hygiene factors (e.g. status, salary, job security, working conditions, level and quality of supervision, company policy and administration and interpersonal relations,) which do not give positive satisfaction, although dissatisfaction results from their absence.

- hygiene factors are needed to ensure an employee is not dissatisfied.
- Motivation factors are needed in order to motivate an employee to higher performance.

<table>
<thead>
<tr>
<th>Motivators</th>
<th>Hygiene Factors</th>
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<tr>
<td>Achievement</td>
<td>Supervision</td>
</tr>
<tr>
<td>Recognition</td>
<td>Company Policy</td>
</tr>
<tr>
<td>Work itself</td>
<td>Relationship with Supervisor</td>
</tr>
<tr>
<td>Responsibility</td>
<td>Working Conditions</td>
</tr>
<tr>
<td>Advancement</td>
<td>Salary</td>
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<tr>
<td>Growth</td>
<td>Relationship with Peers</td>
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<td>Personal Life</td>
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<td>Relationship with Subordinates</td>
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<td>Status</td>
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<td>Security</td>
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Extremely Satisfied  Neutral  Extremely Dissatisfied
Herzberg’s Motivation-Hygiene Theory

Herzberg’s Hygiene and Motivational Factors

**Dissatisfiers**
- Working conditions
- Policies and administrative practices
- Salary and benefits
- Supervision
- Status
- Job security
- Co-workers
- Personal life

**Motivators**
- Recognition
- Achievement
- Advancement
- Growth
- Responsibility
- Job challenge

An individual can be highly motivated in his work and be dissatisfied with his work environment.

The former included while the latter included sense of. Anything wrong with the hygiene factors is a source of dissatisfaction for the individual and cannot be motivators.

People are made dissatisfied by a bad environment, but they are rarely made satisfied by a good environment.

Hygiene factors operate independently of motivation factors. An individual can be highly motivated in his work and be dissatisfied with his work environment.
Similarities:

- Both use a hierarchical scale, where one stage must first be fully or largely completed before advancing to the next stage.
- Both are based on the argument that "we behave as we do because we are attempting to fulfill internal needs."
- They both specify the criteria as to what motivates people.
- However, this is controversial because entrepreneurs and people from different cultures have different values and norms, and therefore have different criteria or have criteria which are perceived as more important e.g., Greek and Japanese employees stated that safety and physiological needs are more important to them, whereas employees from Norway and Sweden saw belongingness needs as being more important.
• Herzberg’s hygiene idea corresponds with Maslow’s Physiological, Safety and Belongingness needs i.e. they both have the same criteria (basic pay, work conditions etc...)

• Also, Herzberg’s motivators idea corresponds with Maslow’s Esteem and Self-Actualisation needs i.e. they both have the same criteria (recognition, growth, achievement etc...).

• Both theories are influenced by environmental conditions, employee attitudes and as a result, their motivation. These influence an employee’s performance.

Differences:
• Maslow says that each stage of the 5 must be fully or largely completed before advancing to the next stage however, Herzberg suggested that there were only 2 stages (hygiene and motivators) instead of 5.

• Maslow said that fulfilling each stage is a motivator, however Herzberg said that fulfilling the hygiene stage only results in an employee being in neutral state and that satisfaction and motivation only comes from the 2nd stage (motivator).

• Basis of Theory:
  Maslow’s theory is based on the hierarchy of human needs. He identified five sets of human needs (on priority basis) and their satisfaction in motivating employees.

• Hertzberg refers to hygiene factors and motivating factors in his theory. Hygiene factors are dissatisfiers while motivating factors motivate subordinates. Hierarchical arrangement of needs is not given.

• Maslow’s theory is rather simple and descriptive. The theory is based on long experience about human needs.

• Herzberg’s theory is more prescriptive. It suggests the motivating factors which can be used effectively. This theory is based on actual information collected by Herzberg by interviewing 200 engineers and accountants.
• **Applicability of Theory**
  • Maslow's theory is most popular and widely cited theory of motivation and has wide applicability. It is mostly applicable to poor and developing countries where money is still a big motivating factor.
  • Herzberg's theory is an extension of Maslow's theory of motivation. Its applicability is narrow. It is applicable to rich and developed countries where money is less important motivating factor.

• **Descriptive or Prescriptive**
  • Maslow's theory or model is descriptive in nature.
  • Herzberg's theory or model is prescriptive in nature.

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**Three-Needs Theory (McClelland)**

David McClelland's theory sometimes is referred to as the *three need theory*

A person's motivation and effectiveness in certain job functions are influenced by these three needs.

- **Need for achievement (nAch)**
  - The drive to excel and succeed
- **Need for power (nPow)**
  - The need to influence the behavior of others
- **Need of affiliation (nAff)**
  - The desire for interpersonal relationships
The need for power (N-Pow)

- “power over others”. This is the need to lead others and make an impact.
- A person’s need for power (nPow) can be one of two types - personal and institutional.
- Those who need personal power want to direct others, and this need often is perceived as undesirable.
- Persons who need institutional power (also known as social power) want to organize the efforts of others to further the goals of the organization.
- Managers with a high need for institutional power tend to be more effective than those with a high need for personal power.

The need for achievement (N-Ach);

- This is the need to achieve, excel and succeed.
- A person with this type of need, will set goals that are challenging but realistic.
- The goals have to be challenging so that the person can feel a sense of achievement. However the goals also have to be realistic as the person believes that when a goal is unrealistic, its achievement is dependant on chance rather than personal skill or contribution.

The need for affiliation (N-Affil);

- This is the need for friendly relationships and human interaction.
- Those with a high need for affiliation (nAff) need harmonious relationships with other people and need to feel accepted by other people.
- There is a need “to feel liked” and “accepted” by others. A person with a high need for affiliation is likely to be a team player and thrive in a customer services environment. They will perform best in a co-operative environment.
- McClelland said that a strong need for affiliation will interfere with a manager’s objectivity. The “need to be liked” will affect a manager’s decisions, prompting them to make decisions to increase their popularity rather than furthering the interests of the organisation.
- Note that McClelland’s theory allows for the shaping of a person’s needs; training programs can be used to modify one’s need profile.
Managerial Approaches for Improving Motivation:

• A number of approaches can help managers motivate workers, to perform more effectively. The following steps promote basic motivation:
  • Workers Participation in Management (WPM)
  • Management by Objectives (MBO)
  • Organization Behavior Modification
  • Job-Redesign
  • Alternative Work Schedules.

Pay and Job Performance:

Pay often can be used to motivate employee performance. But a pay plan also must be able to do the following tasks:

• Create the belief that good performance leads to high levels of pay;
• The reality is that sometimes incentive plans for job performance are needed to get peak productivity out of your staff.
• A company can offer performance incentives to help motivate employees to give a maximum effort at all times.

Pay Bonuses
• incentive

an extra week of paid vacation can be a strong financial incentive for employees to perform at a high level to remain with the company.
• Getting a portion of a college education paid for by the company helps to develop the employee’s career and increases the skill set available to the company.
Quality of Work Life Programs:

Quality of Work Life Programs:
• Quality of Work Life (QWL) is defined as an attempt through a formal program to integrate employee needs and well being with the intention of improved productivity, greater worker involvement and higher levels of job satisfaction.
• job satisfaction, life satisfaction, happiness, and safe work environment,
• equitable wages,
• equal employment opportunities and opportunities for advancement.

Quality of Work Life Programs:
• The components of Quality of Work Life may vary from organization to organization, individual to individual but some of the basic components are –
  • Free communications –
  • Reward system – reward is related to monetary or non monetary rewards eg- incentives, movie tickets, family health insurance, sponsoring the education of children etc. any kind of reward given to the employee promotes good quality of work life.
  • Employee job security - job security is the one vital element to get maximum productivity from the employee, the employee should feel secured regarding the job.

Quality of Work Life Programs:
• Career growth – the organization should provide career growth to the employee i.e promotion, authority with responsibility ,hike in the salary to retain the talented employee.
• Workers participation in decision making of the organization – employees should be encouraged to take participate actively in the decision making body of the organization so that they should feel that we are also of some value to the employers.
• They will be more loyal, committed towards the organization.
Quality of Work Life Programs:

• Stress level – stress level should not be in proportion to the work life.
• Higher the stress level poor is the quality of work life, lower is the stress level higher is the quality of work life.

Measures to improve the quality of work life are

1. Flexibility on job – flexibility on job means flexible working hours, no fixed working hours, different time intervals etc. By this flexibility in the job can be introduced.
2. Job enrichment – job enrichment focuses on designing the job in such a way that becomes more interesting and challenging so that it satisfies the higher level needs.
3. Secured job – security of job should be provided to the employee to make him feel committed and loyal to the organization
4. Grievance handling - the disciplinary procedure, grievance procedures, promotions, and transfer matters should be handled with of justice, fair and equity
5. Participative Management - Employees should be allowed to participate in management participative schemes which may be of several types. The most sophisticated among them is quality

Motivation and Goals

• Goal-Setting Theory
  ▪ Proposes that setting goals that are accepted, specific, and challenging yet achievable will result in higher performance than having no or easy goals.
  ▪ Is culture bound to the U.S. and Canada.
• Benefits of Participation in Goal-Setting
  ▪ Increases the acceptance of goals.
  ▪ Fosters commitment to difficult, public goals.
  ▪ Provides for self-feedback (internal locus of control) that guides behavior and motivates performance (self-efficacy).
Goal-Setting Theory

- Goals are public
- Individual has internal locus of control
- Self-set goals

Self-Efficacy

Committed to Achieving

Accepted

Participation in Setting

Motivation (intention to work toward goal)

Self-Generated Feedback on Progress

Higher Performance plus Goal Achievement

Motivation and Behavior

• Reinforcement Theory
  - Assumes that a desired behavior is a function of its consequences, is externally caused, and if reinforced, is likely to be repeated.
    - Positive reinforcement is preferred for its long-term effects on performance
    - Ignoring undesired behavior is better than punishment which may create additional dysfunctional behaviors.

Motivation and Perception

• Equity Theory
  - Proposes that employees perceive what they get from a job situation (outcomes) in relation to what they put in (inputs) and then compare their inputs-outcomes ratio with the inputs-outcomes ratios of relevant others.
    - If the ratios are perceived as equal then a state of equity (fairness) exists.
    - If the ratios are perceived as unequal, inequity exists and the person feels under- or over-rewarded.
    - When inequities occur, employees will attempt to do something to rebalance the ratios (seek justice).
Motivation and Perception (cont’d)

- Equity Theory (cont’d)
  - Employee responses to perceived inequilities:
    - Distort own or others’ ratios.
    - Induce others to change their own inputs or outcomes.
    - Change own inputs (increase or decrease efforts) or outcomes (seek greater rewards).
    - Choose a different comparison (referent) other (person, systems, or self).
    - Quit their job.
  - Employees are concerned with both the absolute and relative nature of organizational rewards.

Motivation and Perception (cont’d)

- Equity Theory (cont’d)
  - Distributive justice
    - The perceived fairness of the amount and allocation of rewards among individuals (i.e., who received what).
      - Influences an employee’s satisfaction.
  - Procedural justice
    - The perceived fairness of the process use to determine the distribution of rewards (i.e., how who received what).
      - Affects an employee’s organizational commitment.

Motivation and Behavior

- Expectancy Theory (Vroom)
  - States that an individual tends to act in a certain way based on the expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual.
  - Key to the theory is understanding and managing employee goals and the linkages among and between effort, performance and rewards.
    - Effort: employee abilities and training/development
    - Performance: valid appraisal systems
    - Rewards (goals): understanding employee needs
Current Issues in Motivation

• Cross-Cultural Challenges
  ▪ Motivational programs are most applicable in cultures where individualism and quality of life are cultural characteristics
    ✓ Uncertainty avoidance of some cultures inverts Maslow’s needs hierarchy.
    ✓ The need for achievement (nAch) is lacking in other cultures.
    ✓ Collectivist cultures view rewards as “entitlements” to be distributed based on individual needs, not individual performance.

• Cross-Cultural Consistencies
  ✓ Interesting work is widely desired, as is growth, achievement, and responsibility.

Current Issues in Motivation (cont’d)

• Motivating Unique Groups of Workers
  ▪ Motivating a diverse workforce through flexibility:
    ✓ Men desire more autonomy than do women.
    ✓ Women desire learning opportunities, flexible work schedules, and good interpersonal relations.

Current Issues in Motivation (cont’d)

• Flexible Work/Job schedules
  ▪ Compressed work week
    ✓ Longer daily hours, but fewer days
  ▪ Flexible work hours (flextime)
    ✓ Specific weekly hours with varying arrival, departure, lunch and break times around certain core hours during which all employees must be present.
  ▪ Job Sharing
    ✓ Two or more people split a full-time job.
  ▪ Telecommuting
    ✓ Employees work from home using computer links.
Current Issues in Motivation (cont’d)

• Motivating Professionals
  ▪ Characteristics of professionals
    ✓ Strong and long-term commitment to their field of expertise.
    ✓ Loyalty is to their profession, not to the employer.
    ✓ Have the need to regularly update their knowledge.
    ✓ Don’t define their workweek as 8:00 am to 5:00 pm.
  ▪ Motivators for professionals
    ✓ Job challenge
    ✓ Organizational support of their work

Current Issues in Motivation (cont’d)

• Motivating Contingent Workers
  ▪ Opportunity to become a permanent employee
  ▪ Opportunity for training
  ▪ Equity in compensation and benefits
  ▪ Motivating Low-Skilled, Minimum-Wage Employees
    ▪ Employee recognition programs
    ▪ Provision of sincere praise

Current Issues in Motivation (cont’d)

• Designing Appropriate Rewards Programs
  ▪ Open-book management
    ✓ Involving employees in workplace decision by opening up the financial statements of the employer.
  ▪ Employee recognition programs
    ✓ Giving personal attention and expressing interest, approval, and appreciation for a job well done.
  ▪ Pay-for-performance
    ✓ Variable compensation plans that reward employees on the basis of their performance:
      ▪ Piece rates, wage incentives, profit-sharing, and lump-sum bonuses
Pay and Job Performance,
Quality of Work Life,
Morale Building

Performance Appraisal

PERFORMANCE APPRAISAL

Objective
1. To provide a record of each employee’s performance for the purpose of determining wages and incentives.
2. To identify the employees who have been placed on the wrong job to transfer them to the jobs for which they are better suited.
3. Identify the quality, strength and weakness of each employee.
4. To design training programme for the improvement of the quality of employees.
5. It is a periodic formal evaluation of how well personnel have performed their duties during a specific period.
Method of Performance appraisal -

I. Ranking on the basis of job performance (1st and last rank)
   - In this way every employee is compared with every other employee in the same job family.
   - The ranking process must be done in a specified manner (for example, by first selecting the best employee in a group, then the worst, then the second-best, then the second-worst, etc.).

II. Checklist appraisal -
   - Various statements are prepared in such a manner that they describe various types of behavior of an individual on a particular job.
   - Each statement is attached a scale value.
Performance Appraisal

III- 360 Degree appraisal and feedback

Customers

Supervisor

Suppliers/ Vendors

Peers

Subordinate

Team members

Performance Appraisal

360 Degree Survey

Excellent:
Good:
Fair:
Poor:
4-forced distribution (outstanding, above average, average, below average and poor like 10% are above average and so on.

- 10 percent low; 20 percent below average; 40 percent average; 20 percent above average; and 10 percent high.
- In a group of 20 employees, two would have to be placed in the low category, four in the below-average category, eight in the average, four above average, and two would be placed in the highest category.
How does stress affect people at work?

- Stress.
  - A state of tension experienced by individuals facing extraordinary demands, constraints, or opportunities.
How does stress affect people at work?

- Source of stress.
  - Stressors.
    - The wide variety of things that cause stress for individuals.
  - Types of stressors.
    - Work-related stressors.
    - Nonwork and personal stressors.

- Work-related stressors.
  - Task demands.
  - Role ambiguities.
  - Role conflicts.
  - Ethical dilemmas.
  - Interpersonal problems.
  - Career developments.
  - Physical setting.

- Nonwork and personal stressors.
  - Family events.
  - Economic difficulties.
  - Personal affairs.
  - Individual’s needs.
  - Individual’s capabilities.
  - Individual’s personality.
How does stress affect people at work?

- Stress and performance.
  - **Constructive stress.**
    - Also known as Eustress.
    - Moderate levels of stress act in a positive way for both individuals and organization.
  - **Destructive stress.**
    - Also known as Distress.
    - Low and especially high levels of stress act in a negative way for both individuals and organization.

How does stress affect people at work?

- Stress can harm people's physical and psychological health.
  - **Health problem associated with stress.**
    - Heart attack.
    - Stroke.
    - Hypertension.
    - Migraine headache.
    - Ulcers.
    - Substance abuse.
    - Overeating.
    - Depression.
    - Muscle aches.

How does stress affect people at work?

- Key symptoms of excessive stress.
  - **Changes from:**
    - Regular attendance to absenteeism.
    - Punctuality to tardiness.
    - Diligent work to careless work.
    - A positive attitude to a negative attitude.
    - Openness to change to resistance to change.
    - Cooperation to hostility.
### How does stress affect people at work?

- **Stress prevention.**
  - **The best first-line strategy is battling stress.**
  - Involves taking action to keep stress from reaching a destructive level.
  - Need to monitor personal and nonwork stressors and to be proactive in preventing their adverse impact.

- **Stress management.**
  - Used once stress has reached a destructive point.
  - Begins with the recognition of stress symptoms and continues with actions to maintain a positive performance edge.

- **Wellness.**
  - Personal wellness involves the pursuit of one’s physical and mental potential through a personal health promotion program.
  - Recognizes individual responsibility for maintaining and enhancing one’s physical and mental health.
Group Dynamics

Understanding Groups

- Group
  - Two or more interacting and interdependent individuals who come together to achieve specific goals.
  - Types of groups:
    1. Small & large groups.
    2. Primary & secondary groups.
    3. Formal & Informal groups.

What is the nature of groups in organizations?

- Effective groups achieve high levels of:
  - Task performance.
    - Members attain performance goals regarding quantity, quality, and timeliness of work results.
  - Members satisfaction.
    - Members believe that their participation and experiences are positive and meet important personal needs.
  - Team viability.
    - Members are sufficiently satisfied to continue working together on an ongoing basis.
What is the nature of groups in organizations?

- Synergy
  - Effective groups offer synergy.
  - With synergy, groups accomplish more than the total of the members’ individual capabilities.
  - Synergy is necessary for organizations to compete effectively and achieve long-term high performance.

- Situations in which groups are superior to individuals.
  - When there is no clear expert in a particular problem or task.
  - When problem solving can be handled by a division of labor and the sharing of information.
  - When creativity and innovation are needed.

- Social loafing as a performance problem.
  - Social loafing is the tendency of people to work less hard in a group than they would individually.
  - Reasons for social loafing:
    - Individual contributions are less noticeable in the group context.
    - Some individuals prefer to see others carry the workload.
What is the nature of groups in organizations?

- Social loafing as a performance problem — cont.
  - Ways of preventing social loafing.
    - Define member roles and tasks to maximize individual interests.
    - Link individual rewards to performance contributions to the group.
    - Raise accountability by identifying individuals’ performance contributions to the group.

- Social facilitation as a performance problem.
  - Social facilitation.
    - The tendency for a person’s behavior to be influenced by the presence of others.
    - Positively affects performance when a person is proficient on the task.
    - Negatively affects task performance when the task is not well-learned.

Types of group

Small groups
- Complete tasks faster than larger groups.
- Make more effective use of facts.
- Face to Face Interaction.
- Members well knit & closely related to each other.

Large groups
- Solve problems better than small groups.
- Are good for getting diverse input.
- Are more effective in fact-finding.
- Less cohesive in nature.

Primary Group
- Relatively close association among members. Example: Family, friendship group, work group etc.
- Group Loyalty very strong.

Secondary Group
- Large in size.
- Role, positions, relationship defined within the framework of prescribed boundaries.
- Impersonal and relatively weak loyalty group.
- Example: Business organization, society, nation etc.
**Types of Group (Contd...)**

- **Formal groups**
  - Work groups defined by the organization’s structure that have designated work assignments and tasks.
  - Appropriate behaviors are defined and directed toward organizational goals.
  - Relatively permanent in nature.

- **Informal groups**
  - Groups that are independently & spontaneously formed to meet the social needs of their members.
  - Human aspect of organization.
  - No control of management.
  - Co-exist with the formal group.

---

**What is the nature of Formal groups in organizations?**

- **Formal groups.**
  - Officially designated to serve a specific organizational purpose.
  - May be permanent or temporary.
    - Permanent work groups are **Command Groups** in the vertical organization structure.
    - Temporary work groups are **Task Groups** specifically created to solve a problem or perform a defined task.
      - Disband when the purpose is solved.
      - Example: Committees, Project Group & Task forces.

---

**Examples of Formal Groups**

- **Command Groups**
  - Groups that are determined by the organization chart and composed of individuals who report directly to a given manager.

- **Task Groups**
  - Groups composed of individuals brought together to complete a specific job task; their existence is often temporary because once the task is completed, the group disbands.
Virtual Groups

- **Formal groups — cont.**
  - Virtual groups.
    - Groups whose members convene and work together electronically via networked computers.
    - Activities are facilitated by groupware.
    - Can accomplish the same things as members of face-to-face groups.

Examples of Formal Groups (cont’d)

- **Cross-Functional Groups**
  - Groups that bring together the knowledge and skills of individuals from various work areas or groups whose members have been trained to do each others’ jobs.

- **Self-Managed Groups**
  - Groups that are essentially independent and in addition to their own tasks, take on traditional responsibilities such as hiring, planning and scheduling, and performance evaluations.

INFORMATIONAL GROUPS

- **Informal groups.**
  - Emerge without being officially designated by the organization.
  - Types of informal groups.
    - Friendship groups (Natural Affinity with each other).
    - Interest groups (Job related interests, sports, club membership, native place, harassment by common boss and so on).
INFORMATIONAL GROUPS

- Benefits of informal groups.
  - Can speed up work flow by supplementing formal lines of authority.
  - Can satisfy needs that are thwarted or unmet by the formal group.
  - Can provide members with social satisfaction, security, and a sense of belonging.

What are the stages of group development?

- A group or team passes through five lifecycle stages.
  - Forming.
  - Storming.
  - Norming.
  - Performing.
  - Adjourning.
What are the stages of group development?

- **Forming stage.**
  - Initial entry of members to a group.
  - Members concern’s include:
    - Getting to know each other.
    - Discovering what is considered acceptable behavior.
    - Determining the group’s real task.
    - Defining group rules.

- **Storming stage.**
  - A period of high emotionality and tension among group members.
  - Members concern’s include:
    - Formation of coalitions and cliques.
    - Dealing with outside demands.
    - Clarifying membership expectations.
    - Dealing with obstacles to group goals.
    - Understanding members’ interpersonal styles.

- **Norming stage.**
  - The point at which the group really begins to come together as a coordinated unit.
  - Members concern’s include:
    - Holding the group together.
    - Dealing with divergent views and criticisms.
    - Dealing with a premature sense of accomplishment.
What are the stages of group development?

Performing stage.
- Marks the emergence of a mature, organized, and well-functioning group.
- Members deal with complex tasks and handle internal disagreements in creative ways.
- Primary challenge is to continue to improve relationships and performance.

Adjourning stage.
- Particularly important for temporary groups.
- A well-integrated group is:
  - Able to disband when its work is finished.
  - Willing to work together in the future.
Work Group Behavior

• Internal Variables Affecting Group Behavior
  • The individual abilities of the group’s members
  • The size of the group
  • The level of conflict
  • The internal pressures on members to conform to the group’s norms

Conditions Affecting Group Behavior

<table>
<thead>
<tr>
<th>External (Organizational) Conditions</th>
<th>Internal Group Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall strategy</td>
<td>Individual competencies and traits of members</td>
</tr>
<tr>
<td>Authority structures</td>
<td>Group structure</td>
</tr>
<tr>
<td>Formal regulations</td>
<td>Size of the group</td>
</tr>
<tr>
<td>Available organizational resources</td>
<td>Cohesiveness and the level of intragroup conflict</td>
</tr>
<tr>
<td>Employee selection criteria</td>
<td>Internal pressures on members to conform to the group’s norms</td>
</tr>
<tr>
<td>Performance management (appraisal) system</td>
<td></td>
</tr>
<tr>
<td>Organizational culture</td>
<td></td>
</tr>
<tr>
<td>General physical layout</td>
<td></td>
</tr>
</tbody>
</table>

What are group and inter group dynamics?

➢ From a systems perspective, the throughputs for a group or team are group dynamics.
➢ Group dynamics concern the forces operating within groups that affect the way members relate to and work with one another.
What are group and intergroup dynamics?

➢ What goes on within groups.
  ▪ Required behaviors.
    ▷ Those formally defined and expected by the organization.
    ▷ Emergent behaviors.
      ▷ Those that group members display in addition to what the organization asks of them.
      ▷ Emergent behaviors often supplement and extend required behaviors.

➢ What goes on within groups.
  ▪ Member relationships revolve around:
    ▷ Activities — the things people do or the actions they take.
    ▷ Interactions — interpersonal communications and contacts.
    ▷ Sentiments — the feelings, attitudes, beliefs, or values held by group members.

➢ What goes on between groups.
  ▪ Intergroup dynamics.
    ▷ The dynamics that take place between two or more groups.
    ▷ Organizations and their members seek to avoid the negative aspects and achieve the positive aspects of intergroup dynamics.
What are group and intergroup dynamics?

- What goes on between groups.
  - On the negative side, intergroup dynamics may divert energies as members focus on animosities rather than performance.
  - On the positive side, competing groups may:
    - Work harder.
    - Become more focused on key tasks.
    - Develop more internal loyalty and satisfaction.
    - Achieve creativity in problem solving.

How do groups make decisions?

- How groups make decisions.
  - Decision by lack of response.
  - Decision by authority rule.
  - Decision by minority rule.
  - Decision by majority rule.
  - Decision by consensus.

- Potential advantages of group decision making.
  - More knowledge and expertise is applied to solve the problem.
  - A greater number of alternatives are examined.
  - The final decision is better understood and accepted by all group members.
  - More commitment among all group members to make the final decision work.
How do groups make decisions?

- Potential disadvantages of group decision making.
  - Individuals may feel compelled to conform to the apparent wishes of the group.
  - The group’s decision may be dominated by one individual or a small coalition.
  - Group decisions usually take longer to make.

- Groupthink.
  - The tendency for members of highly cohesive groups to lose their critical evaluation capabilities.
  - Groupthink can lead the group to make poor decisions.
  - Group members and leaders should:
    - Be sensitive to the occurrence of groupthink.
    - Take actions to prevent the occurrence of groupthink.

How do groups make decisions?

- How to improve group decision making?
  - Brainstorming.
  - Nominal group technique.
  - Delphi technique.
  - Consensus mapping techniques.
  - Computer-mediated decision making.
### How do groups make decisions?

<table>
<thead>
<tr>
<th><strong>Brainstorming / Idea Generation Phase</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Group members actively generate as many ideas and alternatives as possible, and they do so relatively quickly and without inhibitions.</td>
</tr>
<tr>
<td>- Brainstorming rules.</td>
</tr>
<tr>
<td>1. No criticism is allowed.</td>
</tr>
<tr>
<td>2. Free-wheeling is welcomed.</td>
</tr>
<tr>
<td>3. Quantity and quality wanted.</td>
</tr>
<tr>
<td>4. Piggy-backing is good.</td>
</tr>
<tr>
<td>5. Useful in advertising agency, armed forces, NGOs etc.</td>
</tr>
<tr>
<td>6. May ideally last 40 minutes to 60 minutes.</td>
</tr>
</tbody>
</table>

### How do groups make decisions?

<table>
<thead>
<tr>
<th><strong>Nominal group technique.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Highly structured in nature.</td>
</tr>
<tr>
<td>- Around 6-10 participants are brought together and presented with a problem.</td>
</tr>
<tr>
<td>- Develop solutions independently, often on cards.</td>
</tr>
<tr>
<td>- No criticism, questions can be asked but only for clarification.</td>
</tr>
<tr>
<td>- Individually designate their preference for the best alternative.</td>
</tr>
<tr>
<td>- The Group “decision” is announced.</td>
</tr>
<tr>
<td>- Helps in overcoming the -ve effects of power and status difference among members.</td>
</tr>
<tr>
<td>- There is no chance of domination by any group member.</td>
</tr>
</tbody>
</table>

### How do groups make decisions?

<table>
<thead>
<tr>
<th><strong>Delphi technique.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Used in situations where group members are unable to meet face to face.</td>
</tr>
<tr>
<td>- Time consuming.</td>
</tr>
<tr>
<td>- Availability of computers and e-transmission can speed up the Delphi process.</td>
</tr>
<tr>
<td>- The Steps are.</td>
</tr>
<tr>
<td>1. A series of questions is distributed to a panel.</td>
</tr>
<tr>
<td>2. Panel members submit their responses to a decision coordinator.</td>
</tr>
<tr>
<td>3. The decision coordinator summarizes the responses, and sends the summary along with a follow-up questionnaire to the panel.</td>
</tr>
<tr>
<td>4. Panel members send in their responses.</td>
</tr>
<tr>
<td>5. The process is repeated until a consensus is reached.</td>
</tr>
</tbody>
</table>
How do groups make decisions?

- Consensus Mapping technique.
  - Used for consolidating results from several task forces or project groups and is suited for multidimensional projects.
  - Involves many task groups.
  - Search for cluster and categories of ideas.
  - Classify and revise the idea until the group as a whole arrives at a single, consolidated map and final decision based on that.

How do groups make decisions?

- Computer-mediated decision making.
  - Electronic brainstorming through the use of special software and personal computers.
  - The nominal group and Delphi techniques lend themselves to computer mediation.

Groups versus Teams

<table>
<thead>
<tr>
<th>Work Group</th>
<th>Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong, clearly focused leader</td>
<td>Shared leadership roles</td>
</tr>
<tr>
<td>Individual accountability</td>
<td>Individual and mutual accountability</td>
</tr>
<tr>
<td>The group's purpose is the same as the broader organizational mission</td>
<td>Specific team purpose that the team itself delivers</td>
</tr>
<tr>
<td>Individual work products</td>
<td>Collective work products</td>
</tr>
<tr>
<td>Runs efficient meetings</td>
<td>Encourages open-ended discussion and active problem-solving meetings</td>
</tr>
<tr>
<td>Measures its effectiveness indirectly by its influence on others (such as financial performance of the business)</td>
<td>Measures performance directly by assessing collective work products</td>
</tr>
<tr>
<td>Discusses, decides, and delegates together</td>
<td>Discusses, decides, and does real work</td>
</tr>
</tbody>
</table>
### Types of Teams

- **Problem-solving Teams**
  - Employees from the same department and functional area who are involved in efforts to improve work activities or to solve specific problems.

- **Self-managed Work Teams**
  - A formal group of employees who operate without a manager and responsible for a complete work process or segment.

### Types of Teams (cont’d)

- **Cross-functional Teams**
  - A hybrid grouping of individuals who are experts in various specialties and who work together on various tasks.

- **Virtual Teams**
  - Teams that use computer technology to link physically dispersed members in order to achieve a common goal.

### Advantages of Using Teams

- Teams outperform individuals.
- Teams provide a way to better use employee talents.
- Teams are more flexible and responsive.
- Teams can be quickly assembled, deployed, refocused, and disbanded.
Characteristics of Effective Teams

- Have a clear understanding of their goals.
- Have competent members with relevant technical and interpersonal skills.
- Exhibit high mutual trust in the character and integrity of their members.

Are unified in their commitment to team goals.
- Have good communication systems.
- Possess effective negotiating skills.
- Have appropriate leadership.
- Have both internally and externally supportive environments.

Current Challenges in Managing Teams

- Getting employees to:
  - Cooperate with others
  - Share information
  - Confront differences
  - Sublimate personal interest for the greater good of the team
Management of Organizational Conflicts

Conflict Management

- Conflict
  - The perceived incompatible differences in a group resulting in some form of interference with or opposition to its assigned tasks.
    - Traditional view: conflict must be avoided.
    - Human relations view: conflict is a natural and inevitable outcome in any group.
    - Interactionist view: conflict can be a positive force and is absolutely necessary for effective group performance.

Group Processes: Conflict Management (cont'd)

- Categories of Conflict
  - Functional conflicts are constructive.
  - Dysfunctional conflicts are destructive.

- Types of Conflict
  - Task conflict: content and goals of the work
  - Relationship conflict: interpersonal relationships
  - Process conflict: how the work gets done
Conflict and Group Performance

- Techniques to Reduce Conflict:
  - Avoidance
  - Accommodation
  - Forcing
  - Compromise
  - Collaboration

Exhibit 15–9—Conflict-Management Techniques

**Group Tasks and Group Effectiveness**

- Highly complex and interdependent tasks require:
  - Effective communications: discussion among group members.
  - Controlled conflict: More interaction among group members.

**MANAGEMENT OF CHANGE**

**What Is Change?**

Organizational Change
- Any alterations in the people, structure, or technology of an organization

Characteristics of Change
- Is constant yet varies in degree and direction
- Produces uncertainty yet is not completely unpredictable
- Creates both threats and opportunities

*Managing change is an integral part of every manager’s job.*
Organizational change

• Organizational change is the movement of an organization away from its present state and toward some desired future state to increase its effectiveness.
• Any alterations in the people, structure, or technology of an organization.

Organizational change

• Businesses are now operating in a rapidly changing markets and conditions.
• Pressure from competitors and various external changes is forcing businesses to respond to change and make changes to their existing operations.

Organizational change

<table>
<thead>
<tr>
<th>Forces for Change</th>
<th>Resistance to Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>External Forces</td>
<td>Uncertainty</td>
</tr>
<tr>
<td>Marketplace</td>
<td>Concern over personal loss</td>
</tr>
<tr>
<td>Government laws and regulations</td>
<td>Group resistance</td>
</tr>
<tr>
<td>Technology</td>
<td>Dependence</td>
</tr>
<tr>
<td>Labor markets</td>
<td>Trust in administration</td>
</tr>
<tr>
<td>Economic changes</td>
<td>Awareness of weaknesses in the proposed change</td>
</tr>
<tr>
<td>Internal Forces</td>
<td></td>
</tr>
<tr>
<td>Administrative processes</td>
<td></td>
</tr>
<tr>
<td>People problems</td>
<td></td>
</tr>
</tbody>
</table>
Some External Forces for Change

- Information Technology
- Globalization & Competition
- Demography

Three Categories of Change

- Structural: Work specialization, departmentalization, chain of command, span of control, centralization, formalization, job redesign, or actual structural design.

- Technological: Work processes, equipment, and technology.

- People: Attitudes, expectations, perceptions, and behavior.

Types of Change

- Structural: Changing an organization’s structural components or its structural design
  - Adopting new equipment, tools, or operating methods that displace old skills and require new ones
  - Automation: replacing certain tasks done by people with machines
  - Computerization

- Technological: Changing attitudes, expectations, perceptions, and behaviors of the workforce

- Organizational development (OD): Techniques or programs to change people and the nature and quality of interpersonal work relationships.
Basic stages of implementing change

- **Figure:**

  - Stage one: Unfreezing
  - Stage two: Moving
  - Stage three: Refreezing

---

**Changing People: Some Basic Steps**

- **Step 1:** Unfreezing
  - Recognizing the need for change

- **Step 2:** Changing
  - Attempting to create a new state of affairs

- **Step 3:** Refreezing
  - Incorporating the changes, creating and maintaining a new organizational system

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**Basic stages of implementing change**

- **Unfreezing stage**
  - Breaking from the old ways of doing things, unfreezing the old organizational culture by communication

- **Moving stage**
  - Instituting or establishing the change, establishing a vision for change direction, and directing people to the change

- **Refreezing stage**
  - Reinforcing and supporting the new ways, strengthening and supporting the change by providing new control and rewarding systems
Resistance To Change

Individual resistance
• Habit
• Security
• Economic factors
• Fear of the unknown
• Selective information processing

Organizational resistance
• Structural inactivity
• Limited focus of change
• Group inactivity
• Threat to expertise
• Threat to established power relationships
• Threat to established resource allocations

Managing Resistance to Change

• Why People Resist Change?
  ▪ The ambiguity and uncertainty that change introduces
  ▪ The comfort of old habits
  ▪ A concern over personal loss of status, money, authority, friendships, and personal convenience
  ▪ The perception that change is incompatible with the goals and interest of the organization

Managing Resistance to Change

Overcoming resistance to change
• Education and communication
  • Participation
• Facilitation and support
• Negotiation
Characteristics of Change-Capable Organizations

- Link the present and the future.
- Make learning a way of life.
- Actively support and encourage day-to-day improvements and changes.
- Ensure various teams.
- Shelter breakthroughs.
- Integrate technology.
- Build and expand trust.

Strategies for Managing Cultural Change

- Set the tone through management behavior; top managers, particularly, need to be positive role models.
- Create new stories, symbols, and habits to replace those currently in use.
- Select, promote, and support employees who adopt the new values.
- To encourage acceptance of the new values, change the reward system.
- Replace unwritten norms with clearly specified expectations.
- Work to get agreement through employee participation and creating a climate with a high level of trust.

The Eight-Stage Process Of Change

- **Initiation:** need to change
- **Motivation:** involving people in detailed consideration of the proposed change
- **Diagnosis:** searching for main cause of symptom
- **Information collection:** about diagnosis and development of alternative approaches
- **reflection:** evaluating alternatives
- **Action proposal**
- **Implementation:** translating proposed ideas into action
- **Stabilization:** internalizing the change and making it a part of the organization’s life
Leadership Styles & Development

LEADERSHIP

- Leader is someone who help others do and become what they ever thought possible.
- Leadership is all about courage to dream big.
- Leadership which helps to maximize efficiency and to achieve organizational goals.

LEADERSHIP

- A leader is someone who brings people together.
- Leader – Someone who can influence others and who has managerial authority.
- Leadership is the capacity to translate vision into reality.
- Leadership is influence.
- The best example of leadership, is leadership by example.
Managers are the people who do things right, while leaders are the people who do right things.

"Management is doing things right, leadership is doing the right things" (Warren Bennis and Peter Drucker)

Leadership – What leaders do; the process of influencing a group to achieve goals

Ideally, all managers should be leaders

Basics of Leadership

• Give people a reason to come to work.
• Be loyal to the organization’s people.
• Spend time with people who do the real work of the organization.

Leadership

• Required at all levels - Leadership is a function which is important at all levels of management.
• Leadership can be exercised through guidance and counseling of the subordinates at the time of execution of plans.
• Representative of the organization - A leader, i.e., a manager is said to be the representative of the enterprise.
• He has to represent the concern at seminars, conferences, general meetings, etc.
LEADERSHIP

As a friend, philosopher and guide, a leader must possess the three dimensional traits in him.  
• He can be a friend by sharing the feelings, opinions and desires with the employees.  
• He can be a philosopher by utilizing his intelligence and experience and thereby guiding the employees as and when time requires.  
• He can be a guide by supervising and communicating the employees the plans and policies of top management and secure their co-operation to achieve the goals of a concern.  
• He can also play the role of a counselor by counseling and a problem-solving approach. He can listen to the problems of the employees and try to solve them.

Specific Team Leadership Roles

Great Leaders
• Live with integrity, lead by example  
• Develop a winning strategy or “big idea”  
• Build a great management team  
• Inspire employees to greatness  
• Create a flexible, responsive organization
LEADERSHIP

Great Leaders
• passionate about what they do
• love to talk about it
• high energy
• clarity of thinking
• communicate to diverse audience
• work through people (empowering)

Leaders vs. Managers

♦ LEADERS:
  • innovate
  • focus on people
  • inspire trust
  • have a long-range view
  • ask what and why
  • have eyes on horizon
  • originate
  • do the right thing

♦ MANAGERS:
  • administrate
  • focus on systems and structures
  • rely on control
  • have a short-range view
  • ask how and when
  • have eyes on bottom line
  • initiate
  • do things right

Suggestions for Building Trust

• Practice openness.
• Be fair.
• Speak your feelings.
• Tell the truth.
• Show consistency.
• Fulfill your promises.
• Maintain confidences.
• Demonstrate competence.
Leadership style is the manner and approach of providing direction, implementing plans, and motivating people.

It is the result of the philosophy, personality, and experience of the leader.

It is the art or process of influencing people so that they contribute willingly towards a group goal.

1. Autocratic or paternalistic or Authoritarian
2. Participative or democratic
3. Delegative or Free Reign (period of influence) or “hands-off” or free-rein style

Types of Leadership:

- Autocratic
- Delegative
- Democratic
- Bureaucratic
AUTOCRATIC

“I want both of you to…”

- The classical approach.
- Manager retains power
- Manager does not consult employees for input
- Subordinates expected to obey orders without explanations
- Rely on threats, fear, pressure and punishment to influence staff
- One way communication

When to use Autocratic

- New, untrained employees
- Employees are motivated
- Employees do not respond to any other leadership style
- High-volume production needs
- Limited time for decision making
- Manager’s power is challenged by an employee

DEMOCRATIC

“Let’s work together to solve this…”

- Often referred to as participative style
- Encourages staff to be a part of the decision making
- Keeps employees informed
- The leader maintains the final decision
- It is a style of mutual benefit
- Shares decision making and problem solving responsibilities.
- Can produce high quality and high quantity work for long periods of time
When to use **Democratic**

- To keep employees informed.
- To encourage employees to share in decision-making and problem-solving.
- To provide opportunities for employees to develop a high sense of personal growth and job satisfaction.
- Complex problems that require a lot of input.
- To encourage team building and participation.

**DELEGATIVE**

“You two take care of the problem while I go...”

- Also known as the “hands-off” or free-rein style.
- In this type of leadership style, the leadership responsibilities are shared by all i.e. by employees also.
- Little or no direction.
- Gives followers as much freedom as possible.
- All authority or power is given to the followers.
- Followers must determine goals, make decisions, and resolve problems on their own.

When to use **Delegative**

- Employees are highly skilled, experienced, and educated.
- Employees have pride in their work and the drive to do it successfully on their own.
- Outside experts, such as staff specialists or consultants are being used.
- Employees are trustworthy, honest, reliable, and experienced.
BUREAUCRATIC

• Manages “by the book”
• Everything done according to procedure or policy
• In this style, the leader enforces the rules.
• If not covered by the book, referred to the next level above
• A police officer not a leader, Enforces the rules.

When to use BUREAUCRATIC

• Performing routine tasks
• Need for standards/procedures
• Use of dangerous or delicate equipment
• Safety or security training being conducted
• Tasks that require handling cash
Forces that influence the style

Forces that influence the style to be used included:
- How much time is available.
- Are relationships based on respect and trust or on disrespect?
- Who has the information — you, your employees, or both?
- How well your employees are trained and how well you know the task.
- Internal conflicts.
- Stress levels.
- Type of task. Is it structured, unstructured, complicated, or simple?

There is a difference in ways leaders approach their employees.
- Positive leaders use rewards, such as education, independence, etc. to motivate employees.
- While negative employers stress penalties loss of job, days off without pay, lecturing employees in front of others, etc.
A leader is:

- Self starter
- Visionary
- Motivator
- Communicator
- Mentor
- Risk taker
- Strategic thinker
- Committed
- Responsible

Examples:

**Bill Gates**
Bill Gates is consistently the richest man in the world; and the co-founder of Microsoft, the creator of the commonly used Windows.
- He is best known for being the entrepreneur that revolutionized the computer industry.

**M.S. Dhoni** (Mr. Cool)
- Lead from front
- Patient
- Cool
- Works with team
Examples.....

"Think big, think fast, think ahead. Ideas are no one’s monopoly"
"If you work with determination and with perfection, success will follow."
"We cannot change our Rulers, but we can change the way they Rule Us."

LEADERSHIP DEVELOPMENT

• Develop a relationship
  frequent personal contact.
  LISTEN to others.
  Take time to learn & understand other people’s needs.

  • Positive approach
    Plan b4 u speak.
    Avoid jumping 2 conclusions.
    Keep –ve emotion out of discussion.

  • Complaints/suggestions
    View complaints not as personal criticism but as valuable feedback & suggestions.
    Not easy 2 do but working relationships improved when
    regularly practiced.
Contd..

- Promises
  Make few promises and keep them!
  Credibility lost, when leadership fails to keep promises.
- Explain why
  Be truthful.
  Show willingness to answer the questions.
- Admit mistakes
  Recognize no1 is perfect.
  No mistakes=>is employee or leader really doing anything? Atleast not taking the risks.
  Document “LESSONS LEARNED” 4 each project.

Contd..

- Compliment
  Always give recognition where deserved.
  Recognition can be simple, a note of thanks.
- Teamwork doesn’t just happen!
  Takes time, effort to establish effective team.
  Team leader often not the “boss”.

The Most Important Words

- The six most important words: "I admit I made a mistake."
- The five most important words: "You did a good job."
- The four most important words: "What is your opinion."
- The three most important words: "If you please."
- The two most important words: "Thank you,"
- The one most important word: "We"
- The least most important word: "I"
• Remember, Leadership is Action, not Position
  Power does not make you a leader...it simply makes you the boss.

Early Leadership Theories

• Trait Theories (1920s-30s)
  • Research focused on identifying personal characteristics that differentiated leaders from non-leaders was unsuccessful.
  • Later research on the leadership process identified seven traits associated with successful leadership:
    ✓ Drive, the desire to lead, honesty and integrity, self-confidence, intelligence, job-relevant knowledge, and extraversion.

Seven Traits Associated with Leadership

1. Drive. Leaders exhibit a high effort level. They have a relatively high desire for achievement; they are ambitious; they have a lot of energy; they are tirelessly persistent in their activities; and they show initiative.
2. Desire to lead. Leaders have a strong desire to influence and lead others. They demonstrate the will to gain to take responsibility.
3. Honesty and integrity. Leaders build trusting relationships between themselves and followers by being truthful or honest and by showing high consistency between word and deed.
4. Self-confidence. Followers look to leaders for an absence of self-doubt. Leaders, therefore, need to show self-confidence in order to convince followers of the rightness of their goals and decisions.
5. Intelligence. Leaders need to be intelligent enough to gather, synthesize, and interpret large amounts of information, and they need to be able to create visions, solve problems, and make correct decisions.
6. Job-relevant knowledge. Effective leaders have a high degree of knowledge about the company, industry, and technical matters. In-depth knowledge allows leaders to make well-informed decisions and to understand the implications of those decisions.
7. Extraversion. Leaders are energetic, lively people. They are sociable, assertive, and rarely silent or withdrawn.
### Behavioral Theories of Leadership

<table>
<thead>
<tr>
<th>Behavioral Dimension</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Iowa</td>
<td>Democratic style: involving subordinates, delegating authority, and encouraging participation. Democratic style of leadership was most effective, although later studies showed mixed results.</td>
</tr>
<tr>
<td>Ohio State</td>
<td>Consideration: being considerate of follower's ideas and feelings. High-high leader (high consideration and high initiating structure) achieved high subordinate performance and satisfaction, but not in all situations.</td>
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### Behavioral Theories of Leadership

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<td>University of Michigan</td>
<td>Employee-oriented: emphasized interpersonal relationships and taking care of employees' needs. Production-oriented: emphasized technical or task aspects of job. Employee-oriented leaders were associated with high group productivity and higher job satisfaction.</td>
</tr>
<tr>
<td>Managerial Grid</td>
<td>Concern for people: measured leader's concern for subordinates on a scale of 1 to 9 (low to high) and concern for production: measured leader's concern for getting job done on a scale of 1 to 9 (low to high). Leaders performed best with a 9-9 style (high concern for production and high concern for people).</td>
</tr>
</tbody>
</table>

### Early Leadership Theories (cont'd)

- **Behavioral Theories**
  - University of Iowa Studies (Kurt Lewin)
    - Identified three leadership styles:
      - **Autocratic style**: centralized authority, low participation
      - **Democratic style**: involvement, high participation, feedback
      - **Laissez faire style**: hands-off management
    - Research findings: mixed results
  - No specific style was consistently better for producing better performance
  - Employees were more satisfied under a democratic leader than an autocratic leader.
Early Leadership Theories (cont’d)

- Behavioral Theories (cont’d)
  - Ohio State Studies
    - Identified two dimensions of leader behavior
      - Initiating structure: the role of the leader in defining his or her role and the roles of group members
      - Consideration: the leader’s mutual trust and respect for group members’ ideas and feelings.
    - Research findings: mixed results
      - High-high leaders generally, but not always, achieved high group task performance and satisfaction.
      - Evidence indicated that situational factors appeared to strongly influence leadership effectiveness.

- University of Michigan Studies
  - Identified two dimensions of leader behavior
    - Employee oriented: emphasizing personal relationships
    - Production oriented: emphasizing task accomplishment
  - Research findings:
    - Leaders who are employee oriented are strongly associated with high group productivity and high job satisfaction.

Leadership Styles in the Vroom Leader Participation Model

- Decide: Leader makes the decision alone and either announces or sells it to group.
- Consult Individually: Leader presents the problem to group members individually, gets their suggestions, and then makes the decision.
- Consult Group: Leader presents the problem to group members in a meeting, gets their suggestions, and then makes the decision.
- Facilitate: Leader presents the problem to the group in a meeting and, acting as facilitator, defines the problem and the boundaries within which a decision must be made.
- Delegate: Leader permits the group to make the decision within prescribed limits.
Contingency Theories… (cont’d)

• Path-Goal Model
  - States that the leader’s job is to assist his or her followers in attaining their goals and to provide direction or support to ensure their goals are compatible with organizational goals.
  - Leaders assume different leadership styles at different times depending on the situation:
    - Directive leader
    - Supportive leader
    - Participative leader
    - Achievement oriented leader

Path-Goal Theory

Contemporary Views…(cont’d)

• Team Leadership Characteristics
  - Having patience to share information
  - Being able to trust others and to give up authority
  - Understanding when to intervene

• Team Leader’s Job
  - Managing the team’s external boundary
  - Facilitating the team process
    - Coaching, facilitating, handling disciplinary problems, reviewing team and individual performance, training, and communication
Leadership Issues in the 21st Century

Managing Power

- Legitimate power
  - The power a leader has as a result of his or her position.

- Coercive power
  - The power a leader has to punish or control.

- Reward power
  - The power to give positive benefits or rewards.

- Expert power
  - The influence a leader can exert as a result of his or her expertise, skills, or knowledge.

- Referent power
  - The power of a leader that arises because of a person’s desirable resources or admired personal traits.

Developing Credibility and Trust

- Credibility (of a Leader)
  - The assessment of a leader’s honesty, competence, and ability to inspire by his or her followers

- Trust
  - Is the belief of followers and others in the integrity, character, and ability of a leader.
  - Dimensions of trust: integrity, competence, consistency, loyalty, and openness.
  - Is related to increases in job performance, organizational citizenship behaviors, job satisfaction, and organization commitment.

Providing Ethical Leadership

- Ethics are part of leadership when leaders attempt to:
  - Foster moral virtue through changes in attitudes and behaviors.
  - Use their charisma in socially constructive ways.
  - Promote ethical behavior by exhibiting their personal traits of honesty and integrity.

- Moral Leadership
  - Involves addressing the means that a leader uses to achieve goals as well as the moral content of those goals.
Empowering Employees

- **Empowerment**
  - Involves increasing the decision-making discretion of workers such that teams can make key operating decisions in developing budgets, scheduling workloads, controlling inventories, and solving quality problems.

- **Why empower employees?**
  - Quicker responses to problems and faster decisions.
  - Addresses the problem of increased spans of control in relieving managers to work on other problems.

Cross-Cultural Leadership

- **Universal Elements of Effective Leadership**
  - Vision
  - Foresight
  - Providing encouragement
  - Trustworthiness
  - Dynamism
  - Positiveness
  - Proactiveness

Selected Cross-Cultural Leadership Findings

- Korean leaders are expected to be paternalistic toward employees.
- Arab leaders who show kindness or generosity without being asked to do so are seen by other Arabs as weak.
- Japanese leaders are expected to be humble and speak frequently.
- Scandinavian and Dutch leaders who single out individuals with public praise are likely to embarrass, not energize, those individuals.
- Effective leaders in Malaysia are expected to show compassion while using more of an autocratic than participative style.
- Effective German leaders are characterized by high performance orientation, low compassion, low self-protection, low team orientation, high autonomy, and high participation.
Gender Differences and Leadership

- Research Findings
  - Males and females use different styles:
    - Women tend to adopt a more democratic or participative style unless in a male-dominated job.
    - Women tend to use transformational leadership.
    - Men tend to use transactional leadership.

Summary

- Just as every individual has a personality that makes him/her unique, each organization has an organizational climate, culture and ethos that clearly distinguishes its personality from other organization.
- It is very complex job and continuous process that needs the help of organizational structure design to achieve organizational goals.
- Communication helps in achieving meaningful interaction in organization. Barriers to effective communication generate confusion, conflict and misunderstanding in the organization by creating bottlenecks, delays and distortion of information.

Review Questions [Objective Types]

1. What does the term organization climate suggest?
2. How do organizational values and norms influence the influence the organizational climate?
3. What is the role of organizational culture?
4. What are organizational values and norm?
5. Is productivity affected by managerial ethos?
6. Explain the term span of control.
7. What purpose is served by organization chart?
8. Give any three feature of matrix organization.
9. What is a virtual organization?
10. What are the disadvantages of grapevine?
Review Questions [Short Answer Types]

1. What are the factors that influence the climate of an organization?
2. Differentiate mechanistic and organic culture in organization.
3. Discuss the methods to measure organizational climate and culture.
4. Explain Graicuna's theory of span of control with suitable examples.
5. What is the importance of organization structure?
6. How is matrix organization an improvement over project structure? Explain with the help of a diagram.
7. When is geographical structure more suitable?
8. What are communication networks?
9. How formal channels of communication provide vertical, horizontal and lateral flow?
10. Explain briefly the types of skills required for effective communication in the organization.

Review Questions [Long Answer Types]

1. With the help of diagram, differentiate the concept of geographical and customer based structure of organization.
2. "Moral and productivity move together like the east and west sides of elevator". Comment.
3. Discuss the basic considerations to be kept in view while designing an organization structure.
4. Explain the term span of control. What are the factors influencing span of control?
5. Define project organization and explain its merits and demerits.
6. Explain the concept of 'Network Structure' with the help of a diagram.
Review Questions [Long Answer Types]

7. Explain types of network with diagrams for formal and informal communication.

8. How directions of flow of communication help in achieving effective communication in the organization?

9. What is informal communication? How can grapevine be used by the management for efficient management?

10. What are the barriers to communication? How can they be overcome? Explain with the help of suitable examples.

Recommended Books


