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ORGANIZATIONAL BEHAVIOUR

CONTENTS

UNIT-1 THE NATURE OF ORGANISATIONAL BEHAVIOUR

CONTENTS

INTRODUCTION

However much of a cliché, it is still an inescapable fact that people are the main resource of any organisation. Without its members, an organisation is nothing; an organisation is only as good as the people who work within it. In today's increasingly dynamic, global and competitive environment an understanding of the effective management of the people resource is even more important for organisational survival and success.

Organisational behaviour is concerned with the study of the behaviour of people within an organisational setting. It involves the understanding, prediction and control of human behaviour. Common definitions of organisational behaviour (OB) are generally along the lines of: **the study and understanding of individual and group behaviour and patterns of structure in order to help improve organisational performance and effectiveness**. There is a close relationship between organisational behaviour and management theory and practice. It is sometimes suggested that organisational behaviour and management are synonymous, but this is an over-simplification because there are many broader facets to management. Organisational behaviour does not encompass the whole of management; it is more accurately described in the narrower interpretation of providing a behavioural approach to management. Some writers appear critical of a managerial approach to organisational behaviour. Yet, while the role, responsibilities and actions of management are of course subject to legitimate debate, what cannot be denied is the growing importance of effective management, in whatever form or with whatever emphasis it is perceived, to the successful performance of the work organisation.

THE STUDY OF ORGANISATIONAL BEHAVIOUR

The use of separate topic areas is a recognised academic means of aiding study and explanation of the subject. In practice, however, the activities of an organisation and the role of management cannot be isolated neatly into discrete categories. The majority of actions are likely to involve a number of simultaneous functions that relate to the total processes within an organisation.[2] Consider, for example, a manager briefing departmental staff on a major unexpected, important and urgent task. Such a briefing is likely to include consideration of goals and objectives, organisation strategy and structure, management system, process of delegation and empowerment, systems of communication, teamwork, leadership style, motivation and control systems. The behaviour of the staff will be influenced by a combination of individual, group, organisational and environmental factors.

The relevance of theory

In the study of management and organisational behaviour you will come across many
theories. However, you should not be put off by the use of the word 'theory'. Most rational
decisions are based on some form of theory. Theory contains a message on how managers
might behave. This will influence attitudes towards management practice and lead to changes

Alternative approaches

There are a number of alternative approaches to the study of organisational behaviour. For example, in addition to a managerial approach, Drummond refers to two other intellectual standpoints, interpretative and critical. The interpretative standpoint views ambiguity, paradox and contradictions as part of the natural experiences of organisations, with an emphasis upon understanding the subtleties and dynamics of organisational life. The critical standpoint believes that reality is very real and people have only a marginal amount of freedom, and regards management science as bogus, a means of legitimising economic exploitation.[6] While the existence and potential contributions of both these standpoints should be acknowledged, such a broad and diverse area of study demands attention to effective management as an integrating and co-ordinating activity.

The realities of organisational behaviour

However one looks at the nature or disciplines of organisational behaviour it is important to remember, as Morgan reminds us, that 'the reality of organisational life usually comprises numerous different realities!'

A FRAMEWORK OF STUDY

The behaviour of people at work cannot be studied in isolation. It is necessary to understand interrelationships with other variables that together comprise the total organisation. This involves consideration of interactions among the aims and objectives of the organisation, formal structure, the tasks to be undertaken, the technology employed and methods of carrying out work, the process of management and the external environment. The bottom line is that sooner or later every organisation has to perform successfully if it is to survive. The study of organisational behaviour embraces, therefore, an understanding of:

- the nature and purpose of the organisation;
- the human element and behaviour of people;
- business strategy, organisational processes and the execution of work;
- the process of management as an integrating and co-ordinating activity;
- social responsibilities and business ethics;
- the external environment of which the organisation is part; and
- the need for organisation success and survival.

This provides us with a basic, but convenient, framework of analysis Wilson, however, suggests that the meaning of the term organisational behaviour is far from clear. She challenges what constitutes organisational behaviour and questions whether we should be interested only in behaviour that happens within organisations. There is a reciprocal relationship in what happens within and outside organisations. Wilson suggests that we also look outside of what are normally thought of as organisations and how we usually think of work. We can also gain insight into organisational life and behaviour by looking at what happens in rest and play; considering emotion and feeling; considering the context in which work is defined as men's or women's work; and looking at less organised work, for example work on the fiddle and the meaning of work for the unemployed. These suggestions arguably add an extra dimension to the meaning and understanding of organisational behaviour.

INFLUENCES ON BEHAVIOUR

The variables outlined above provide parameters within which a number of interrelated dimensions can be identified – the individual, the group, the organisation and the environment – which collectively influence behaviour in work organisations.

The individual

Organisations are made up of their individual members. The individual is a central feature of organisational behaviour, whether acting in isolation or as part of a group, in response to expectations of the organisation, or as a result of the influences of the external environment. Where the needs of the individual and the demands of the organisation are incompatible, this can result in frustration and conflict. It is the role of management to integrate the individual and the organisation and to provide a working environment that permits the satisfaction of individual needs as well as the attainment of organisational goals.

The group

Groups exist in all organisations and are essential to their working and performance. The organisation comprises groups of people and almost everyone in an organisation will be a member of one or more groups. Informal groups arise from the social needs of people within the organisation. People in groups influence each other in many ways and groups may develop their own hierarchies and leaders. Group pressures can have a major influence over the behaviour and performance of individual members. An understanding of group structure and behaviour complements knowledge of individual behaviour and adds a further dimension to the study of organisational behaviour.

The organisation

Individuals and groups interact within the structure of the formal organisation. Structure is created to establish relationships between individuals and groups, to provide order and systems and to direct the efforts of the organisation into goal-seeking activities. It is through the formal structure that people carry out their organisational activities to achieve aims and objectives. Behaviour is influenced by patterns of structure, technology, styles of leadership and systems of management through which organisational processes are planned, directed and monitored. The focus of attention is on the impact of organisation structure and patterns of management on the behaviour and actions of people. McPhee refers to the growth in the nature and importance of organisational structures and their essence, and for greater emphasis on business-to-business (B2B) depth or group interviewing as part of an insight into business and organisational behaviour.

The environment

The organisation functions as part of the broader external environment of which it is a part. The environment affects the organisation through, for example, internationalisation, technological and scientific development, economic activity, social and cultural influences and governmental actions. The effects of the operation of the organisation within its environment are reflected in terms of the management of opportunities and risks and the regard for corporate responsibility and ethical behaviour. The increasing rate of change in environmental factors has highlighted the need to study the total organisation and the processes by which the organisation attempts to adapt to the external demands placed upon it. Increasing globalisation means that organisations must respond to different market demands and local requirements. ‘In globalisation, strategy and organisation are inextricably twined.

Globalisation impacts on organisational behaviour and has placed greater emphasis on processes within organisations rather than functions of the organisation. Globalisation and the international context are discussed later in this chapter.

A MULTIDISCIPLINARY APPROACH

Whatever the approach, the study of organisational behaviour cannot be undertaken entirely in terms of a single discipline. It is necessary to provide a multidisciplinary, behavioural science perspective (see Figure 1.3). Although there are areas of overlap among the various social sciences, their sub-divisions and related disciplines such as economics and political science, the study of behaviour can be viewed in terms of three main disciplines – **psychology**, **sociology** and **anthropology**. All three disciplines have made an important contribution to the field of organisational behaviour.

- **Psychologists** are concerned, broadly speaking, with the study of human behaviour, with traits of the individual and membership of small social groups. The main focus of attention is on the individual as a whole person, or what can be termed the ‘personality system’, including, for example, perception, attitudes and motives.

- **Sociologists** are more concerned with the study of social behaviour, relationships among social groups and societies, and the maintenance of order. The main focus of attention is on the analysis of social structures and positions in those structures – for example, the relationship between the behaviour of leaders and followers.
- **Anthropologists** are more concerned with the science of humankind and the study of human behaviour as a whole. As far as organisational behaviour is concerned the main focus of attention is on the cultural system, the beliefs, customs, ideas and values within a group or society, and the comparison of behaviour among different cultures – for example, the importance to Muslim women of wearing trousers to work. People learn to depend on their culture to give them security and stability and they can suffer adverse reactions to unfamiliar environments.

ORGANISATIONAL METAPHORS

Organisations are complex social systems that can be defined and studied in a number of ways. A significant approach to this broad perspective on the nature of organisations and organisational behaviour is provided by Morgan. Through the use of metaphors, Morgan identifies eight different ways of viewing organisations – as machines, organisms, brains, cultures, political systems, psychic prisons, flux and transformation, and instruments of domination. According to Morgan, these contrasting metaphors aid the understanding of the complex nature of organisational life and the critical evaluation of organisational phenomena.

- **Machines**. This suggests that organisations can be designed as if they are machines, with orderly relations between clearly defined parts. Viewing organisations as machines can provide the basis for efficient operation in a routine, reliable and predictable way. This form of bureaucratic structure offers form, continuity and security. However, it may have adverse consequences and limit the development of human capacities. Organisations viewed as machines function better in a stable and protected environment.
- **Organisms**. The organisation is seen as behaving like a living system. In the same way that biological mechanisms adapt to changes in their environment, so organisations, as open systems, adapt to the changing external environment. Organisations operating within a turbulent and dynamic environment require an adaptable type of structure.
- **Brains**. Viewing organisations as brains involves thinking about the organisation as inventive and rational and in a manner that provides for flexibility and creative action. The challenge is to create new forms of organisation capable of intelligent change and that can disperse brain-like capacities.
- **Cultures**. This sees organisations as complex systems made up of their own characteristic sets of ideology, values, rituals and systems of belief and practice. Attention to specific aspects of social development helps to account for variations among organisations.
- **Political systems**. In the sense that ways must be found to create order and direct people, organisations are intrinsically political. They are about authority, power, superior– subordinate relationships and conflicting interests. Viewing organisations as political systems helps in an

understanding of day-to-day organisational life, the wheeling and dealing, and pursuit of special interests.

▪ **Psychic prisons**. This views organisations as psychic phenomena created and sustained by conscious and unconscious processes. Organisations and their members are constrained by their shadows or 'psychic prisons' and become trapped by constructions of reality. Their inherited or created mythical past places affect the representation of the organisation to the outside world. Viewing organisations as psychic prisons provides an understanding of the reality and illusions of organisational behaviour.

▪ **Flux and transformation**. The universe is in a constant state of flux, embodying characteristics
of both permanence and change. Organisations can be seen as in a state of flux and transformation. In order to understand the nature and social life of organisations, it is necessary to understand the sources and logic of transformation and change.

▪ **Instruments of domination**. In this view organisations are associated with processes of social domination, and individuals and groups imposing their will on others. A feature of organisations is asymmetrical power relations that result in the pursuit of the goals of the few through the efforts of the many. Organisations are best understood in terms of variations in the mode of social domination and control of their members.

ORIENTATIONS TO WORK AND THE WORK ETHIC

For most people, work in one form or another is clearly a major part of their lives, and many people spend a large proportion of their time working. However, people differ in the manner and extent of their involvement with, and concern for, work. From information collected about the work situation, organisational participation and involvement with work colleagues, and life outside the organisation, Goldthorpe et al. identified three main types of orientation to work: instrumental, bureaucratic and solidaristic.

▪ Individuals with an **instrumental orientation** define work not as a central life issue but in
terms of a means to an end. There is a calculative or economic involvement with work and a clear distinction between work-related and non-work-related activities.

▪ Individuals with a **bureaucratic orientation** define work as a central life issue. There is a sense of obligation to the work of the organisation and a positive involvement in terms of a career structure. There is a close link between work-related and non-work-related activities.

▪ Individuals with a **solidaristic orientation** define the work situation in terms of group activities. There is an ego involvement with work groups rather than with the organisation itself. Work is more than just a means to an end. Non-work activities are linked to work relationships.

Different work situations

According to Bunting, although some people in poorly-paid jobs requiring long hours do not have any choice, for the majority there is a degree of choice in how hard they work. People make their own choices.

If they want to work hard, or if they wish to opt out and live the good life, it is up to them.[16] Consider, for example, differences among the baby-boomers (typified by a search for security), Generation X (typified by after the slog the rewards), and Generation Y (travel first, then a career). (This is discussed more fully in Chapter 3.) Some people may well have a set motivation to work, whatever the nature of the work environment. However, different work situations may also influence the individual's orientation to work. For example, the lack of opportunities for teamwork and the satisfaction of social expectations may result in an instrumental orientation to work and a primary concern for economic interests such as pay and security. In other situations where there are greater opportunities to satisfy social needs, membership of work groups may be very important and individuals may have a more solidaristic orientation to work. This often appears to be the case, for example, with people working in the hospitality industry.

Sense of identity

Work can help fulfil a number of purposes including providing the individual with a sense of identity. Many people see themselves primarily in terms of their career and what they do at work. It defines who they are. Waller suggests that work inevitably plays a key role in shaping identity and least there you are challenging yourself, developing and learning.

Work/life balance

Popular newspaper articles often suggest that work is still a large component of what gives meaning to people's lives and give examples of lottery or pools winners staying in work and often in their same old job. Other surveys and reports suggest that the workplace is no longer a central feature of social activity. For a majority of people the main reason for work remains the need for money to fulfil the necessities of life. However, much still appears to depend on the extent of an individual's social contacts and activities outside of the work situation. The work/life balance is discussed more fully in Chapter 3.

International and cultural influences

National culture is also a significant influence on orientations to work. For example, Reeves comments on the importance of conversation for effective organisational relationships but how this is resisted in the British work culture.

MANAGEMENT AS AN INTEGRATING ACTIVITY

Whatever the individual's orientations to work or cultural influences, it is through the process of management that the efforts of members of the organisation are co-ordinated, directed and guided towards the achievement of its goals. Management is the cornerstone of organisational effectiveness (see Figure 1.4). It is the responsibility of management to manage. But organisations can achieve their aims and objectives only through the co-ordinated efforts of their members. This involves the effective management of the people resource.

Critical reflection

'An individual's orientation to work and underlying work ethic is the strongest influence on their motivation and organisational performance.

Whatever the actions of management this has only minimal effect.' To what extent do you agree with this contention and to what extent is it true for you? How would you explain your own orientation to work?
Human behaviour is capricious and scientific methods or principles of behaviour cannot be applied with reliability. In his study of job satisfaction, Bassett comments:

The people–organisation relationship

It could be argued that the majority of people come to work with the **original** attitude of being eager to do a good job and desirous of performing well and to the best of their abilities. **People generally respond in the manner in which they are treated**. Where actual performance fails to match the ideal this is largely a result of how staff perceive they are treated by management. Many problems in the people–organisation relationship arise not so much from the decisions and actions of management as **the manner in which such decisions and actions are carried out**. Often, it is **not so much the intent but the manner of implementation** that is the root cause of staff unrest and dissatisfaction. For example, staff may agree (even if reluctantly) on the need to introduce new technology to retain the competitive efficiency of the organisation, but feel resentment about the lack of pre-planning, consultation, retraining programmes, participation in agreeing new working practices and wage rates, and similar considerations arising from the manner of its introduction.

Providing the right balance

People and organisations need each other. Management is an integral part of this relationship. It is essentially an integrating activity that permeates every facet of the organisation's operations and should serve to reconcile the needs of people at work with the requirements of the organisation. Management should endeavour to create the right balance between the interrelated elements that make up the total organisation and to weld these into coherent patterns of activity best suited to the external environment in which the organisation is operating. Consideration must be given to developing an organisational climate in which people work willingly and effectively.

THE PSYCHOLOGICAL CONTRACT

One significant aspect of organisational behaviour and the relationship between the individual and the process of management is the concept of the **psychological contract**. This is not a written document but implies a series of mutual expectations and satisfaction of needs arising from the people–organisation relationship. It involves a process of giving and receiving by the individual and by the organisation. The psychological contract covers a range of expectations of rights and privileges, duties and obligations, which do not form part of a formal agreement but still have an important influence on people's behaviour. The psychological contract is an important factor in the socialisation of new members of staff to the organisation. Early experiences of the people–organisation relationship have a major effect on an individual's perception of the organisation as a place to work and the quality of management, and can have a major influence on job satisfaction, attitude and levels of performance. The nature and extent of individuals' expectations vary widely, as do the ability and willingness of the organisation to meet them. It is difficult to list the range of implicit expectations that individuals have; these expectations also change over time. They are separate from any statutory requirements placed upon the organisation; they relate more to the idea of social responsibility of management, discussed in Chapter 18. The organisation will also have implicit expectations of its members. The organisational side of the psychological contract places emphasis on expectations, requirements and constraints that may differ from, and may conflict with, an individual's expectations. Some possible examples of the individual's and the organisation's expectations are given in Figure 1.6.

Implications for organisational strategy

The Chartered Institute of Personnel and Development (CIPD) suggests that the psychological contract may have implications for organisational strategy in a number of areas, for example:

- **process fairness** – people want to know their interests will be taken into account, treated with respect and consulted about change;
- **communications** – an effective two-way dialogue between employer and employee;
- **management style** – adopting a more 'bottom-up' style and drawing on the strategic knowledge of employees;
- **managing expectations** – making clear what new recruits can expect and distinguishing rhetoric from reality;
- **measuring employees' attitudes** – regular monitoring of employee attitudes and acting on the results.

Process of balancing

It is unlikely that all expectations of the individual or of the organisation will be met fully. There is a continual process of balancing, and explicit and implicit bargaining. The nature of these expectations is not defined formally and although the individual member and the organisation may not be consciously aware of them, they still affect relationships between them and have an influence on behaviour. Stalker suggests that successful companies are those that have the ability to balance the unwritten needs of their employees with the needs of the company. Such companies use a simple formula of Caring, Communicating, Listening, Knowing, Rewarding.

- **Caring** – demonstrating genuine concern for individuals working in the organisation;
- **Communicating** – really talking about what the company is hoping to achieve;
- **Listening** – hearing not only the words but also what lies behind the words;
- **Knowing** – the individuals who work for you, their families, personal wishes, desires and ambitions;
- **Rewarding** – money is not always necessary; a genuine thank-you or public recognition can raise morale.

Employer–employee relationship

The significance of the psychological contract depends on the extent to which it is perceived as fair by both the individual and the organisation, and will be respected by both sides. Cartwright refers to mutuality as the basic principle of the psychological contract:

The nature of the employer–employee relationship is clearly a central feature of the psychological contract. Emmott points out that good people-management practices are the basis for a positive psychological contract and this means managers having to deal with the ‘soft stuff’. Properly managed, the psychological contract delivers hard, bottom-line results and improved business performance.

Changing nature of the psychological contract

The changing nature of organisations has placed increasing emphasis on the importance of effective human resource management, including the importance of the psychological contract within the employment relationship. For example, Hiltrop suggests that the increasing pressure for organisations to change has prompted growing disillusionment with the traditional psychological contract based on lifetime employment and steady promotion from within. Companies must develop new ways to increase the loyalty and commitment of employees. This includes attention to reward strategies based on recognition of contribution rather than status or position; systematic training and development including the skills for working in cross-functional teams; and the training of managers in counselling, coaching and leadership skills.

A new moral contract

The changing nature of organisations and individuals at work has placed increasing pressures on the awareness and importance of new psychological contracts. Ghoshal et al. suggest that in a changing social context the law of masters and servants that underlies the old psychological contract is no longer acceptable to many people. Forces of global competition and turbulent change make employment guarantees unfeasible and also enhance the need for levels of trust and teamwork. The new management philosophy needs to be grounded in a very different moral contract with people. Rather than being seen as a corporate asset from which value can be appropriated, people are seen as a responsibility and a resource to be added to. The new moral contract also demands much from employees, who need to abandon the stability of lifetime employment and embrace the concept of continuous learning and personal development.[35] However, Furnham and Taylor assert that despite the importance of the psychological contract, as many as two-thirds of employees believe their employers ‘patently violated’ this understanding.

Impact on employee relations

The Chartered Management Institute refers to the psychological contract as a subtle relationship composed of many factors and as being often considered a key factor in understanding employment relations, as disappointed expectations may have a strong impact on employee relations.

ORGANISATIONAL PRACTICES

It is convenient, here, to consider two sets of observations on the nature of human behaviour and what may actually happen, in practice, in organisations: the Peter Principle and Parkinson’s Law. Although these observations are presented in a satirical manner, they nevertheless make a serious and significant point about the management and functioning of organisations and the actual nature and practice of organisational behaviour.

THE PETER PRINCIPLE

This is concerned with the study of occupational incompetence and the study of hierarchies. The analysis of hundreds of cases of occupational incompetence led to the formulation of the '**Peter Principle**', which is:

In a hierarchy every employee tends to rise to their level of incompetence.[38]

Employees competent in their position are promoted and competence in each new position qualifies for promotion to the next highest position until a position of incompetence is reached. The principle is based on perceived incompetence at all levels of every hierarchy – political, legal, educational and industrial – and ways in which employees move upwards through a hierarchy and what happens to them after promotion.

Among the many examples quoted by Peter are those from the teaching occupation. A is a competent and conforming college student who becomes a teacher following the textbook, curriculum guide and timetable schedule, and who works well except when there is no rule or precedent available. A never breaks a rule or disobeys an order but will not gain promotion because, although competent as a student, A has reached a level of incompetence as a classroom teacher.

B, a competent student and inspiring teacher, although not good with paperwork, is promoted to head of the science department because of success as a teacher. The head of science is responsible for ordering all science supplies and keeping extensive records and B's incompetence becomes evident.

C, a competent student, teacher and head of department, is promoted to assistant principal and being intellectually competent is further promoted to principal. C is now required to work directly with higher officials. By working so hard at running the school, however, C misses important meetings with superiors and has no energy to become involved with community organisations. C thus becomes regarded as an incompetent principal.

Means of promotion

Peter suggests two main means by which a person can affect their promotion rate, 'Pull' and 'Push'.

- Pull is an employee's relationship – by blood, marriage or acquaintance – with a person above the employee in the hierarchy.
- Push is sometimes manifested by an abnormal interest in study, vocational training and self-improvement.

In small hierarchies, Push may have a marginal effect in accelerating promotion; in larger hierarchies the effect is minimal. Pull is, therefore, likely to be more effective than Push.

The Changing World of Work Organisations

We live in an organisational world. Organisations of one form or another are a necessary part of our society and serve many important needs. The decisions and actions of management in organisations have an increasing impact on individuals, other organisations and the community. It is important, therefore, to understand how organisations function and the pervasive influences which they exercise over the behaviour and actions of people. The power and influence of private and public organisations, the rapid spread of new technology and the impact of various socio-economic and political factors have attracted increasing attention to the concept of corporate responsibilities and business ethics (discussed in Chapter 18). Increasing attention is also being focused on the ethical behaviour that underlies the decisions and actions of people at work. The changing nature of organisations and individuals at work has placed growing pressure on the awareness and importance of new psychological contracts, discussed above. Forces of global competition and turbulent change make employment guarantees unfeasible and demand a new management philosophy based on trust and teamwork. People are seen as a responsibility and a resource to be added to. Employees need to abandon the stability of lifetime employment and embrace the concept of continuous learning and personal development.

It is frequently documented that increasing business competitiveness, globalisation, shifting labour markets, rapid technological progress, the move towards more customer-driven markets, a 24/7 society and demands of work/life balance have led to a period of constant change and the need for greater organisational flexibility. The combination of these influences is transforming the way we live and work. And this clearly has significant implications for organisational behaviour. The changing nature of work and the influence of technological innovation, work restructuring and job redesign are all helping to reshape the nature of Britain's employee relations including shopfloor attitudes among managers, unions and workers.[44] Controversy over protectionism, the alleged exclusive use of labour from other EU states, and demands for 'British jobs for British workers' add to a volatile work environment. As the number of baby-boomers (born between 1946 and 1963 and typified by a search for security) decline and the proportion of Generation Y (born between 1980 and 1995 and

New approaches to management and organisational behaviour

In discussing new approaches to management practices for the next decade, Muzyka suggests that Organisational behavior has moved from an emphasis on the structural aspects of functional and cross-functional organisations to more flexible models, including enhanced consideration of short- erm, high performance teams.

New ideas of how to motivate and deploy people have developed. A new contract is evolving that involves the exchange of value. Individuals need to be encouraged and permitted to achieve: to perform to their highest potential, for their benefit and that of the employer. Organisations are encouraging staff to craft more flexible, value-laden, and specific rules governing their relationships7 Cloke and Goldsmith refer to the age of traditional management coming to an end and the decline of hierarchical, bureaucratic, autocratic management. They contend that management is an idea whose time is up and organisations that do not recognise the need to share power and responsibility with all their workers will lose them.In their discussion of the 21st-century organisation, Bouchikhi and Kimberly refer to the customised workplace that represents a radical departure from commonly accepted management principles and techniques. They summarise the main differences between 19th-, 20th- and 21st-century management.

GLOBALISATION AND THE INTERNATIONAL CONTEXT

One major challenge facing managers in the early 21st century arises from what many commentators have identified as an increasingly international or **global** business environment. The following factors are frequently cited as potential explanatory factors underlying this trend:

▪ improvements in international communication facilities leading to an increased consciousness of differences in workplace attitudes and behaviour in other societies;

▪ international competitive pressure – for example, the emergence of newly industrialised and/or free-market nations (the Far East region and former communist bloc countries are often viewed as examples of this phenomenon);

▪ the spread of production methods and other business processes across nations and regions;

▪ international business activity, for example: overseas franchising or licensing agreements; outsourcing of business units to other countries (call centres provide a topical example); direct foreign investment and the activities of multinational corporations which, by definition, operate outside national boundaries. French points to large-scale labour migration as one important consequence of 21stcentury globalisation. He notes that the 52 victims of the bombings in London on 7 July 2005 included people of 13 different nationalities. The vast majority of these people were travelling to and from work when they were killed. Many had, tragically, come to the UK to improve their working lives.[50] The multicultural make-up of workforces in cities like London was, at any rate, entirely normal at that time. The implications of such labour 'churn' in terms of managing people are explored more fully in the section on culture later in this chapter. In broad terms, **globalisation** refers to organisations integrating, operating and competing in a worldwide economy. The organisations' activities are more independent across the world rather than confined nationally. Globalisation will also impact on the nature of social responsibilities and business ethics, discussed in Chapter 18. With globalisation, strategy and structure are inextricably linked. As organisations, and especially large business organisation s, adopt a more global perspective this will have a significant effect on the broader context of management and organisational behaviour.

There is no doubt that the world is moving towards a more global civilisation. Advances in information and communications technology, greater cross-cultural awareness, increased mobility of labour, and growing acceptance of the advantages of diversity have resulted in greater globalisation. The economic recession and financial crisis of late 2008 has further highlighted the significance and impact of globalisation. Not only have financial events in the United States impacted upon Britain and much of Europe but they have also spilled over to Japan and India. Furthermore, Asian countries with small open economies such as Singapore and Malaysia which import most of their goods and services and are heavily reliant on Western markets are pulled into downturn, and economic recovery is no longer in their own hands. Major USA companies struggling at home are likely to attempt to find economies in their Asian operations.

A CROSS-CULTURAL APPROACH TO MANAGEMENT

One rationale for taking a cross-cultural approach to management lies in the potential benefits to be gained in performance terms. Schneider and Barsoux, in advocating cultural awareness of one's **own** society, note:

Each country has its unique institutional and cultural characteristics, which can provide sources of competitive advantage at one point, only to become liabilities when the environment changes. Managers therefore need to evaluate the extent to which national culture can interfere with their company's efforts to respond to strategic requirements, now and in the future.[62]

Managing people from different cultures

Another advantage of adopting a cross-cultural approach to the study of organisational behaviour,

and to the management of people more generally, lies in the recognition of variations in workplace attitudes and behaviour between individuals and groups in different cultural contexts. Broeways and Price note that characteristics defining each cultural group can offer international managers considerable insights in terms of co-operation with organisations from new and different cultural backgrounds. Given that people brought up in diverse cultures frequently work together in the same workplace, we could go further in claiming that all managers operating in domestically-based work settings should have such insights. If we accept this fundamental point then it follows that key topics within the subject area of organisational behaviour may be influenced by national culture and that we should therefore re-evaluate models and concepts when applying them to other societies. One leading writer in the field of cross-cultural studies, Trompenaars, commenting on his own work, suggests: 'It helped managers to structure their experiences and provided new insights for them and their organisations into the real source of problems faced when managing across cultures or dealing with diversity.'[66] In examining the centrally important topic of motivation, Francesco and Gold inform their readers: 'Managers must develop organizational systems that are flexible enough to take into account the meaning of work and the relative value of rewards within the range of cultures where they operate.' A practical example of the impact of cultural diversity in the organisational behaviour area is provided in the recollections of an international human resource manager cited in Schneider and Barsoux: 'Indonesians manage their culture by a group process, and everyone is linked together as a team. Distributing money differently among the team did not go over all that well; so we've come to the conclusion that pay for performance is not suitable for Indonesia.'[68] It may be extremely useful therefore to examine academic frameworks and research findings within the field of organisational behaviour to indicate the extent to which they are applicable worldwide or, alternatively, subject to meaningful variation in different cultural contexts.

FIVE DIMENSIONS OF CULTURE: THE CONTRIBUTION OF HOFSTEDE

Geert Hofstede is one of the most significant contributors to the body of knowledge on culture and workplace difference. His work has largely resulted from a large-scale research programme involving employees from the IBM Corporation, initially in 40 countries. In focusing on one organisation Hofstede felt that the results could be more clearly linked to national cultural difference. Arguing that culture is, in a memorable phrase, **collective programming** or **software of the mind**, Hofstede initially identified four dimensions of culture: power distance, uncertainty avoidance, individualism and masculinity.[74]

■ **Power distance** is essentially used to categorise levels of inequality in organisations, which Hofstede claims will depend upon management style, willingness of subordinates to disagree with superiors, and the educational level and status accruing to particular roles. Countries which displayed a high level of power distance included France, Spain, Hong Kong and Iran. Countries as diverse as Germany, Italy, Australia and the USA were characterised as low power distance societies. Britain also emerged as a low-powerdistance society according to Hofstede's work.

■ **Uncertainty avoidance** refers to the extent to which members of a society feel threatened by unusual situations. High uncertainty avoidance is said to be characteristic in France, Spain, Germany and many of the Latin American societies. Low to medium uncertainty avoidance was displayed in the Netherlands, the Scandinavian countries and Ireland. In this case Britain is said to be 'low to medium' together with the USA, Canada and Australia.

■ **Individualism** describes the relatively individualistic or collectivist ethic evident in that particular society. Thus, the USA, France and Spain display high individualism. This contrasts with Portugal, Hong Kong, India and Greece which are low-individualism societies. Britain here is depicted as a high-individualism society.

■ **Masculinity** is the final category suggested by Hofstede. This refers to a continuum between 'masculine' characteristics, such as assertiveness and competitiveness, and 'feminine' traits, such as caring, a stress upon the quality of life and concern with the environment. High-masculinity societies included the USA, Italy, Germany and Japan. More feminine (low-masculinity) societies included the Netherlands and the Scandinavian countries. In this case Britain was located within the high-masculinity group.

A fifth dimension of culture, long-term/short-term orientation, was originally labelled **Confucian work dynamism**. This dimension developed from the work of Hofstede and Bond in an attempt to locate Chinese cultural values as they impacted on the workplace.[75] Countries which scored highly on Confucian work dynamism or long-term orientation exhibited a strong concern with time along a continuum and were therefore both past- and futureoriented, with a preoccupation with tradition but also a concern with the effect of actions and policies on future generations.

CULTURAL DIVERSITY: THE CONTRIBUTION OF TROMPENAARS

Another significant contributor to this area of study is Fons Trompenaars whose later work is co-authored with Charles Hampden-Turner.[78] Trompenaars's original research spanned 15 years, resulting in a database of 50,000 participants from 50 countries. It was supported by cases and anecdotes from 900 cross-cultural training programmes. A questionnaire method comprised a significant part of the study which involved requiring participants to consider their underlying norms, values and attitudes. The resultant framework identifies seven areas in which cultural differences may affect aspects of organisational behaviour: ▪ Relationships and rules. Here societies may be more or less **universal**, in which case there is relative rigidity in respect of rule-based behaviour, or **particular**, in which case the importance of relationships may lead to flexibility in the interpretation of situations.

▪ Societies may be more oriented to the **individual** or **collective**. The collective may take different forms: the corporation in Japan, the family in Italy or the Catholic Church in the Republic of Ireland. There may be implications here for such matters as individual responsibility or payment systems.

▪ It may also be true that societies differ in the extent to which it is thought appropriate for members to show emotion in public. **Neutral** societies favour the 'stiff upper lip', while overt displays of feeling are more likely in **emotional** societies. Trompenaars cites a survey in which 80 employees in each of various societies were asked whether they would think it wrong to express upset openly at work. The numbers who thought it wrong were 80 in Japan, 75 in Germany, 71 in the UK, 55 in Hong Kong, 40 in the USA and 29 in Italy.

▪ In **diffuse** cultures, the whole person would be involved in a business relationship and it would take time to build such relationships. In a **specific** culture, such as the USA, the basic relationship would be limited to the contractual. This distinction clearly has implications for those seeking to develop new international links.

▪ **Achievement**-based societies value recent success or an overall record of accomplishment. In contrast, in societies relying more on **ascription**, status could be bestowed on you through such factors as age, gender or educational record.

▪ Trompenaars suggests that societies view **time** in different ways which may in turn influence business activities. The American dream is the French nightmare. Americans generally start from zero and what matters is their present performance and their plan to 'make it' in the future. This is 'nouveau riche' for the French, who prefer the 'ancien pauvre'; they have an enormous sense of the past.

▪ Finally it is suggested that there are differences with regard to attitudes to the **environment**. In Western societies, individuals are typically masters of their fate. In other parts of the world, however, the world is more powerful than individuals. Trompenaars' work is based on lengthy academic and field research. It is potentially useful in linking the dimensions of culture to aspects of organisational behaviour which are of direct relevance, particularly to people approaching a new culture for the first time.

THE IMPORTANCE OF ORGANISATIONAL BEHAVIOUR

As part of the Financial Times Mastering Management series, Wood, in his discussion of the nature of organisational behaviour, suggests that in its concern for the way people behave in an organisational context, organisational behaviour can be regarded as the key to the whole area of management.

In the foreword to Cloke and Goldsmith's thought-provoking book The End of Management, Bennis claims that a distinct and dramatic change is taking place in the philosophy underlying organisational behaviour, calling forth a new concept of humanity. This new concept is based on an expanded knowledge of our complex and shifting needs, replacing an oversimplified, innocent, push-button idea of humanity. This philosophical shift calls for a new concept of organizational values based on humanistic-democratic ideals, which replace the depersonalized, mechanistic value system of bureaucracy. With it comes a new concept of power, based on collaboration and reason, replacing a model based on coercion and threat . . . The real push for these changes stems from the need not only to humanize organizations but to use them as crucibles for personal growth and self-realization.

Critical reflection

'The study of organisational behaviour is really an art that pretends it is a science and produces some spurious research findings in a vain attempt to try to prove the point.' How far do you agree with this statement? Do you think the study of organisational behaviour is too subjective ever to be a science? What is the value in the study of organisational behaviour?

■ Organisations play a major and continuing role in the lives of us all, especially with the growth of large scale business organisations. It is important, therefore, to understand how organisations function and the pervasive influences they exercise over the behaviour of people. Organisational behaviour is broadly concerned with the study of the behaviour of people within an organisational setting. It is also necessary to understand interrelationships with other variables that together comprise the total organisation.

REVIEW QUESTIONS

1. Give a light on the Study of Organisational Behaviour.
2. What are the Influences of organisation on Behaviour of employee?
3. Write a short notes on Management as an Integrating Activity.
4. Give your views on Changing World of Work Organisations
5. What are Five Dimensions Of Culture and its importance?

FURTHER READINGS

1. Managing Organizational Behavior-Ronald R. Sims
2. Current Topics in Organizational Behavior Management-Phillip K. Duncan
3. Organizational Behavior-O. Jeff Harris, Sandra J. Hartman
4. Organizational Behavior- K.C.S. Ranganayakulu
5. Organizational Behavior- G. A. Cole

IMPORTANT NOTES

UNIT-2 APPROACHES TO ORGANISATION AND MANAGEMENT

CONTENTS

INTRODUCTION

A central part of the study of organisation and management is the development of management
thinking and what might be termed management theory. The application of theory brings about change in actual behaviour. Managers reading the work of leading writers on the subject might see in their ideas and conclusions a message about how they should behave. This will influence their attitudes towards management practice. The study of management theory is important for the following reasons:

- It helps to view the interrelationships between the development of theory, behaviour in organisations and management practice.
- An understanding of the development of management thinking helps in understanding principles underlying the process of management.
- Knowledge of the history helps in understanding the nature of management and organisational behaviour and reasons for the attention given to main topic areas.
- Many of the earlier ideas are of continuing importance to the manager and later ideas on management tend to incorporate earlier ideas and conclusions.
- Management theories are interpretive and evolve in line with changes in the organisational environment.

DEVELOPMENTS IN MANAGEMENT AND ORGANISATIONAL BEHAVIOUR

It is helpful, therefore, to trace major developments in management and organisational behaviour and what has led to the concentration of attention on such topics as motivation, groups, leadership, structure, and organisation development.[3] Writing on organisation and management, in some form or another, can be traced back thousands of years.[4] Also, Shafritz makes an interesting observation about the contribution of William Shakespeare (1564–1616):

However, the systematic development of management thinking is viewed, generally, as dating from the end of the nineteenth century with the emergence of large industrial organisations and the ensuing problems associated with their structure and management.[6] In order to help identify main trends in the development of organisational behaviour and management theory, it is usual to categorise the work of writers into various 'approaches', based on their views of organisations, their structure and management. Although a rather simplistic process, it does provide a framework in which to help direct study and focus attention on the progression of ideas concerned with improving organisational performance.

A framework of analysis

There are, however, many ways of categorising these various approaches. For example, Skipton attempts a classification of 11 main schools of management theory.[7] Whatever form of categorisation is adopted, it is possible to identify a number of other approaches, or at least sub-divisions of approaches, and cross-grouping among the various approaches. The choice of a particular categorisation is therefore largely at the discretion of the observer. The following analysis will revolve around a framework based on four main approaches.

- classical – including scientific management and bureaucracy;
- human relations – including neo-human relations;
- systems;
- contingency.

Attention is also drawn to other 'approaches' or ideas, including:

- decision-making;
- social action;
- postmodernism.

THE CLASSICAL APPROACH

The **classical** writers thought of the organisation in terms of its purpose and formal structure. They placed emphasis on the planning of work, the technical requirements of the organisation, principles of management, and the assumption of rational and logical behaviour. The analysis of organisation in this manner is associated with work carried out initially in the early part of the last century, by such writers as Taylor, Fayol, Urwick, Mooney and Reiley, and Brech. Such writers were laying the foundation for a comprehensive theory of management. A clear understanding of the purpose of an organisation is seen as essential to understanding how the organisation works and how its methods of working can be improved. Identification of general objectives would lead to the clarification of purposes and responsibilities at all levels of the organisation and to the most effective structure. Attention is given to the division of work, the clear definition of duties and responsibilities, and maintaining specialisation and co-ordination. Emphasis is on a hierarchy of management and formal organisational relationships.

Sets of principles

The classical writers (also variously known as the formal or scientific management writers – although scientific management is really only a part of the classical approach) were concerned with improving the organisation structure as a means of increasing efficiency. They emphasised the importance of principles for the design of a logical structure of organisation. Their writings were in a normative style and they saw these principles as a set of 'rules' offering general solutions to common problems of organisation and management. Most classical writers had their own set of principles but among the most publicised are those of Fayol and Urwick (see Chapters 11 and 14). Fayol recognised there was no limit to the principles of management but in his writing advocated 14.[8] Urwick originally specified eight principles, but these were revised to ten in his later writing.[9] Mooney and Reiley set out a number of common principles which relate to all types of organisations. They place particular attention on:

- **the principle of co-ordination** – the need for people to act together with unity of action, the exercise of authority and the need for discipline;
- **the scalar principle** – the hierarchy of organisation, the grading of duties and the process of delegation; and
- **the functional principle** – specialisation and the distinction between different kinds ofduties.[10]

Evaluation of the classical approach

The classical writers have been criticised generally for not taking sufficient account of personality factors and for creating an organisation structure in which people can exercise only limited control over their work environment. The idea of sets of principles to guide managerial action has also been subject to much criticism.

Research studies have also expressed doubt about the effectiveness of these principles when applied in practice.[13] However, the classical approach prompted the start of a more systematic view of management and attempted to provide some common principles applicable to all organisations. These principles are still of relevance in that they offer a useful starting point in attempting to analyse the effectiveness of the design of organisation structure. The application of these principles must take full account of:

- the particular situational variables of each individual organisation; and
- the psychological and social factors relating to members of the organisation.

Major sub-groupings

Two major 'sub-groupings' of the classical approach are:

1 scientific management, and

2 bureaucracy.

SCIENTIFIC MANAGEMENT

Many of the classical writers were concerned with the improvement of management as a means of increasing productivity. At this time emphasis was on the problem of obtaining increased productivity from individual workers through the technical structuring of the work organisation and the provision of monetary incentives as the motivator for higher levels of output. A major contributor to this approach was F. W. Taylor (1856–1917), the 'father' of scientific management.[14] Taylor believed that in the same way that there is a best machine for each job, so there is a best working method by which people should undertake their jobs. He considered that all work processes could be analysed into discrete tasks and that by scientific method it was possible to find the 'one best way' to perform each task. Each job was broken down into component parts, each part timed and the parts rearranged into the most efficient method of working.

Principles to guide management

Taylor was a believer in the rational–economic needs concept of motivation. He believed that if management acted on his ideas, work would become more satisfying and profitable for all concerned. Workers would be motivated by obtaining the highest possible wages through working in the most efficient and productive way. Taylor was concerned with finding more efficient methods and procedures for co-ordination and control of work. He set out a number of principles to guide management. These principles are usually summarised as:

- the development of a true science for each person's work;
- the scientific selection, training and development of the workers;
- co-operation with the workers to ensure work is carried out in the prescribed way;
- the division of work and responsibility between management and the workers.

In his famous studies at the Bethlehem Steel Corporation, Taylor, who was appointed as a management consultant, applied his ideas on scientific management to the handling of pig iron. A group of 75 men were loading an average of 12 1/2 tons per man per day. Taylor selected a Dutch labourer, called Schmidt, whom he reported to be a 'high-priced' man with a reputation for placing a high value on money, and a man of limited mental ability. By following detailed instructions on when to pick up the pig iron and walk, and when to sit and rest, and with no back talk, Schmidt increased his output to 47 1/2 tons per day. He maintained this level of output throughout the three years of the study. In return Schmidt received a 60 per cent increase in wages compared with what was paid to the other men. One by one other men were selected and trained to handle pig iron at the rate of 47 1/2 tons per day and in return they received 60 per cent more wages. Taylor drew attention to the need for the scientific selection of the workers. When the other labourers in the group were trained in the same method, only one in eight was physically capable of the effort of loading 47 1/2 tons per day, although there was a noticeable increase in their level of output.

Reactions against scientific management

There were strong criticisms of, and reaction against, scientific management methods from the workers who found the work boring and requiring little skill. Despite these criticisms Taylor attempted to expand the implementation of his ideas in the Bethlehem Steel Corporation. However, fears of mass redundancies persuaded the management to request Taylor to moderate his activities. Yet Taylor's belief in his methods was so strong that he would not accept management's interference and eventually they dispensed with his services.

Scientific management was applied for a time in other countries with similar criticisms and hostile reactions. The ideas of scientific management were also adopted in the American Watertown Arsenal despite the lingering doubts of the controller. He was not convinced about the benefits of paying bonuses based on methods which reduced time taken to complete a job; also the workers reacted unfavourably to time and motion studies and he was fearful of a strike. The controller eventually gave way, however, and the scientific management approach was adopted – to be followed almost immediately by a strike of moulding workers. The strike at Watertown Arsenal led to an investigation of Taylor's methods by a House of Representatives Committee which reported in 1912.

The conclusion of the committee was that scientific management did provide some useful techniques and offered valuable organisational suggestions, but gave production managers a dangerously high level of uncontrolled power. The studies at Watertown Arsenal were resumed but the unions retained an underlying hostility towards scientific management. A subsequent attitude survey among the workers revealed a broad level of resentment and hostility, by both union and non-union members, to scientific management methods. As a result of this report the Senate banned Taylor's methods of time study in defence establishments.

Taylorism as management control

There has also been considerable interest in 'Taylorism' as representing a system of management control over workers. Taylor placed emphasis on the content of a 'fair day's work' and on optimising the level of workers' productivity. A major obstacle to this objective was 'systematic soldiering' and what Taylor saw as the deliberate attempt by workers to promote their best interests and to keep employers ignorant of how fast work, especially piece-rate work, could be carried out.

RELEVANCE OF SCIENTIFIC MANAGEMENT

While Taylor's work is often criticised today it should be remembered that he was writing at a time of industrial reorganisation and the emergence of large, complex organisations with new forms of technology. Taylor's main concern was with the efficiency of both workers and management. He believed his methods of scientific management would lead to improved management–labour relations and contribute to improved industrial efficiency and prosperity. Taylor adopted an instrumental view of human behaviour together with the application of standard procedures of work. Workers were regarded as rational, economic beings motivated directly by monetary incentives linked to the level of work output. Workers were viewed as isolated individuals and more as units of production to be handled almost in the same way as machines. Hence, scientific management is often referred to as a machine theory model.

The theme of inefficiency

Rose argues that Taylor's diagnosis of the industrial situation was based on the simple theme of inefficiency. Among his criticisms are that Taylor selected the best workers for his experiments and assumed that workers who were not good at one particular task would be best at some other task. There is, however, no certainty of this in practice. Taylor regarded workers from an engineering viewpoint and as machines, but the one best way of performing a task is not always the best method for every worker.

According to Drucker, the central theme of Taylor's work was not inefficiency but the need
to substitute industrial warfare by industrial harmony. Taylor sought to do this through:

- higher wages from increased output;
- the removal of physical strain from doing work the wrong way;
- development of the workers and the opportunity for them to undertake tasks they were capable of doing; and
- elimination of the 'boss' and the duty of management to help workers.

Drucker also suggests that Taylor's idea of functional foremen can be related to what is now known as matrix organisation (matrix organisation is discussed in Chapter 14). Support for Drucker's views appears to come from Locke who asserts that much of the criticism of Taylor is based on a misunderstanding of the precepts and that many of his ideas are accepted by present-day managers.

Impetus to management thinking

Whatever the opinions on scientific management, Taylor and his disciples have left to modern management the legacy of such practices as work study, organisation and methods, payment by results, management by exception and production control. The development of mass assembly line work ('Fordism'), which was invented by Henry Ford in 1913 and which dominated production methods in Western economies, can be seen to have many common links with the ideas of scientific management.[21]
The concept of Six Sigma, which is discussed in Chapter 20, can also be related to Taylor's quest for 'systematic management'. For example, in his book on the future of management, Hamel makes the following observation:

The principles of Taylor's scientific approach to management appear still to have relevance today. We can see examples of Taylorism alive and well, and management practices based on the philosophy of his ideas. As an example, Figure 2.2 shows a 'Hanger Insertion Programme' for a large American department store. Large hotel organisations often make use of standard recipes and performance standard manuals and it is common for housekeeping staff to have a prescribed layout for each room, with training based on detailed procedures and the one best way. Staff may be expected to clean a given number of rooms per shift with financial incentives for additional rooms. The strict routine, uniformity, clearly specified tasks, detailed checklists and close control in fast-food restaurants such as McDonald's also suggest close links with scientific management.

Whatever else Taylor did, at least he gave a major impetus to the development of management thinking and the later development of organisational behaviour.

BUREAUCRACY

A form of structure to be found in many large-scale organisations is **bureaucracy**. Its Importance in the development of organisation theory means that it is often regarded as a subdivision under the classical heading and studied as a separate approach to management and the organisation of work. The ideas and principles of the classical writers were derived mainly from practical experience. Writers on bureaucracy, however, tend to take a more theoretical view.

Weber, a German sociologist, showed particular concern for what he called 'bureaucratic structures', although his work in this area came almost as a side issue to his main study on power and authority.[25] He suggested that 'the decisive reason for the advance of bureaucratic organization has always been its purely technical superiority over any other form of organization'. Weber pointed out that the definition of tasks and responsibilities within the structure of management gave rise to a permanent administration and standardisation of work procedures notwithstanding changes in the actual holders of office. The term 'bureaucracy' has common connotations with criticism of red tape and rigidity, though in the study of organisations and management it is important that the term is seen not necessarily in a deprecative sense but as applying to certain structural features of formal organisations. Weber analysed bureaucracies not empirically but as an 'ideal type' derived from the most characteristic bureaucratic features of all known organisations. He saw the development of bureaucracies as a means of introducing order and rationality into social life.

Main characteristics of bureaucracies

Weber did not actually define bureaucracy but did attempt to identify the main characteristics of this type of organisation. He emphasised the importance of administration based on expertise (rules of experts) and administration based on discipline (rules of officials).

- The tasks of the organisation are allocated as official duties among the various positions.
- There is an implied clear-cut division of labour and a high level of specialisation.
- A hierarchical authority applies to the organisation of offices and positions.
- Uniformity of decisions and actions is achieved through formally established systems of rules and regulations. Together with a structure of authority, this enables the co-ordination of various activities within the organisation.
- An impersonal orientation is expected from officials in their dealings with clients and other officials. This is designed to result in rational judgements by officials in the performance of their duties.
- Employment by the organisation is based on technical qualifications and constitutes a lifelong career for the officials.

The four main features of bureaucracy are summarised by Stewart as specialisation, hierarchy of authority, system of rules and impersonality.

- **Specialisation** applies more to the job than to the person undertaking the job. This makes for continuity because the job usually continues if the present job-holder leaves.
- **Hierarchy of authority** makes for a sharp distinction between administrators and the administered or between management and workers. Within the management ranks there are clearly defined levels of authority. This detailed and precise stratification is particularly marked in the armed forces and in the civil service.
- **System of rules** aims to provide for an efficient and impersonal operation. The system of rules is generally stable, although some rules may be changed or modified with time. Knowledge of the rules is a requisite of holding a job in a bureaucracy.
- **Impersonality** means that allocation of privileges and the exercise of authority should not be arbitrary, but in accordance with the laid-down system of rules. In more highly developed bureaucracies there tend to be carefully defined procedures for appealing against certain types of decisions. Stewart sees the characteristic of impersonality as the feature of bureaucracy which most distinguishes it from other types of organisations. A bureaucracy should not only be impersonal but be seen to be impersonal.

CRITICISMS OF BUREAUCRACY

Weber's concept of bureaucracy has a number of disadvantages and has been subject to severe criticism.

- The over-emphasis on rules and procedures, record keeping and paperwork may become more important in its own right than as a means to an end.
- Officials may develop a dependence upon bureaucratic status, symbols and rules.
- Initiative may be stifled and when a situation is not covered by a complete set of rules or procedures there may be a lack of flexibility or adaptation to changing circumstances.
- Position and responsibilities in the organisation can lead to officious bureaucratic behaviour. There may also be a tendency to conceal administrative procedures from outsiders.
- Impersonal relations can lead to stereotyped behaviour and a lack of responsiveness to individual incidents or problems.

EVALUATION OF BUREAUCRACY

The growth of bureaucracy has come about through the increasing size and complexity of organisations and the associated demand for effective administration. The work of the classical writers has given emphasis to the careful design and planning of organisation structure and the definition of individual duties and responsibilities. Effective organisation is based on structure and delegation through different layers of the hierarchy. Greater specialisation and the application of expertise and technical knowledge have highlighted the need for laid down procedures.

Bureaucracy is founded on a formal, clearly defined and hierarchical structure. However, with rapid changes in the external environment, de-layering of organisations, empowerment and greater attention to meeting the needs of customers, there is an increasing need to organise for flexibility. Peters and Waterman found that excellent American companies achieved quick action just because their organisations were fluid and had intensive networks of informal and open communications.[30] By contrast, the crisis IBM experienced in the 1980s/ 1990s over the market for personal computers is explained at least in part by its top-heavy corporate structure, cumbersome organisation and dinosaur-like bureaucracy.[31] According to Cloke and Goldsmith, management and bureaucracy can be thought of as flip sides of the same coin. The elements of bureaucracy generate organisational hierarchy and management, while managers generate a need for bureaucracy.

Organisational solutions

As organisations face increasing global competitiveness and complex demands of the information and technological age, the need arises for alternative forms of corporate structure and systems. Ridderstrale points out that in the past century the hallmark of a large company was hierarchy, which rests on principles at odds with the new strategic requirements. 'Bureaucracies allowed people with knowledge to control ignorant workers. Now, new structures are needed as knowledge spreads.' Ridderstrale suggests four specific ways in which high-performing organisations have responded to increasingly complex knowledge systems by developing organisational solutions which depart from the traditional bureaucratic model:

- more decentralised and flatter structures in order that quick decisions can be taken near to where the critical knowledge resides. Flatter structures can be achieved by increasing the span of control and reducing layers from the top or removing layers of middle management;
- the use of more than a single structure in order that knowledge may be assembled across the boundaries of a traditional organisation chart. If people have less permanent places in the hierarchy they are more readily able to move across functional and geographical borders;
- converting companies into learning organisations and giving every employee the same level of familiarity with personnel and capabilities. Successful companies develop a detailed inventory of core competencies. In order fully to exploit current knowledge, managers need to know what the company knows;
- the broader sharing of expertise and knowledge, which may be located in the periphery where little formal authority resides. Managers need to share principles to ensure coordination and to encourage 'lowest common denominators' and the development of 'tribal' qualities through shared ownership and rewards, common norms, culture and values.[33]

Public sector organisations

In the case of public sector organisations, in particular, there is a demand for uniformity of treatment, regularity of procedures and public accountability for their operations. This leads to adherence to specified rules and procedures and to the keeping of detailed records. In their actual dealings with public sector organisations people often call for what amounts to increased bureaucracy, even though they may not use that term. The demands for equal treatment, for a standard set of regulations that apply to everyone, and that decisions should not be left to the discretion of individual managers are in effect demands for bureaucracy. Green argues that, although bureaucracies are becoming less and less the first-choice format for organisational shape, there is still a place for bureaucracy in parts of most organisations and especially public sector organisations such as local authorities and universities. The use and implementation of tried and tested rules and procedures help to ensure essential values and ethics, and that necessary functions are run on a consistent and fair basis.[34] New forms of information technology such as electronic transactions processed from home or public access terminals are likely to change processes of government service delivery, administrative workloads and the nature of bureaucracy.[35]

THE HUMAN RELATIONS APPROACH

The main emphasis of the classical writers was on structure and the formal organisation, but during the 1920s, the years of the Great Depression, greater attention began to be paid to the social factors at work and to the behaviour of employees within an organisation – that is, to **human relations**.

The Hawthorne experiments

The turning point in the development of the human relations movement (‘behavioural’ and ‘informal’ are alternative headings sometimes given to this approach) came with the famous experiments at the Hawthorne plant of the Western Electric Company near Chicago, America (1924–32) and the subsequent publication of the research findings.[41] Among the people who wrote about the Hawthorne experiments was Elton Mayo (1880–1949), who is often quoted as having been a leader of the researchers. However, there appears to be some doubt as to the extent to which Mayo was actually involved in conducting the experiments and his exact contribution to the human relations movement. There were four main phases to the Hawthorne experiments:

- the illumination experiments;
- the relay assembly test room;
- the interviewing programme;
- the bank wiring observation room.

The illumination experiments

The original investigation was conducted on the lines of the classical approach and was concerned, in typical scientific management style, with the effects of the intensity of lighting upon the workers’ productivity. The workers were divided into two groups, an experimental group and a control group. The results of these tests were inconclusive as production in the experimental group varied with no apparent relationship to the level of lighting, but actually

EVALUATION OF THE HUMAN RELATIONS APPROACH

The human relations approach has been subjected to severe criticism. The Hawthorne experiments have been criticised, for example, on methodology and on failure of the investigators

to take sufficient account of environmental factors – although much of this criticism is with the value of hindsight. The human relations writers have been criticised generally for the adoption of a management perspective, their ‘unitary frame of reference’ and their oversimplified theories.[44]

Other criticisms of the human relations approach are that it is insufficiently scientific and that it takes too narrow a view. It ignores the role of the organisation itself in how society operates.

Some leading contributors

Among the best-known contributors to the neo-human relations approach are Herzberg and McGregor. Herzberg isolated two different sets of factors affecting motivation and satisfaction at work. One set of factors comprises those which, if absent, cause dissatisfaction. These are 'hygiene' or 'maintenance' factors which are concerned basically with job environment. However, to motivate workers to give of their best, proper attention must be given to a different set of factors, the 'motivators' or 'growth' factors. These are concerned with job content.[48] McGregor argued that the style of management adopted is a function of the manager's attitudes towards human nature and behaviour at work. He put forward two suppositions called Theory X and Theory Y which are based on popular assumptions about work and people.Other major contributors to the neo-human relations approach are Likert, whose work includes research into different systems of management;[50] McClelland, with ideas on achievement motivation;[51] and Argyris, who considered the effects of the formal organisation on the individual and psychological growth in the process of self-actualisation.[52] Argyris' major contributions include his work on organisational learning and on effective leadership.[53] The neo-human relations approach has generated a large amount of writing and research not only from original propounders but also from others seeking to establish the validity, or otherwise, of their ideas. This has led to continuing attention being given to such matters as organisation structuring, group dynamics, job satisfaction, communication and participation, leadership styles and motivation. It has also led to greater attention to the importance of interpersonal interactions, the causes of conflict and recognition of 'employee relations' problems.

THE SYSTEMS APPROACH

More recently, attention has been focused on the analysis of organisations as 'systems' with a number of interrelated sub-systems. The classical approach emphasised the technical requirements of the organisation and its needs – 'organisations without people'; the human elations approaches emphasised the psychological and social aspects, and the consideration of human needs – 'people without organisations'.

The **systems approach** attempts to reconcile these two earlier approaches and the work of the formal and the informal writers. Attention is focused on the total work organisation and the interrelationships of structure and behaviour, and the range of variables within the organisation. This approach can be contrasted with a view of the organisation as separate parts. The systems approach encourages managers to view the organisation both as a whole and as part of a larger environment. The idea is that any part of an organisation's activities affects all other parts.

Systems theory

Systems theory is not new and has been used in the natural and physical sciences for a number of years. One of the founders of this approach was the biologist Ludwig von Bertalanffy who used the term 'systems theory' in an article published in 1951 and who is generally credited with having developed the outline of General Systems Theory.[54] The systems approach to organisation has arisen, at least in part, therefore, from the work of biologists, and Miller and Rice have likened the commercial and industrial organisation to the biological organism. Using a General Systems Theory (GST) approach, Boulding classified nine levels of systems of increasing complexity according to the state of development and knowledge about each level.[56] Organisations are complex social systems and are more open to change than lowerlevel simple dynamic or cybernetic systems. Boulding felt there were large gaps in both theoretical and empirical knowledge of the human level and the social organisations level of systems, although some progress has now been made with recent theories of organisational behaviour.

The business organisation as an open system

The business organisation is an open system. There is continual interaction with the broader external environment of which it is part. The systems approach views the organisation within its total environment and emphasises the importance of multiple channels of interaction. Criticisms of earlier approaches to organisation are based in part on the attempt to study the activities and problems of the organisation solely in terms of the internal environment. The view of the organisation as an open system is examined in Chapter 3.

The systems approach views the organisation as a whole and involves the study of the organisation in terms of the relationship between technical and social variables within the system. Changes in one part, technical or social, will affect other parts and thus the whole system.

THE CONTINGENCY APPROACH

The classical approach suggested one best form of structure and placed emphasis on general sets of principles while the human relations approach gave little attention at all to structure. In contrast the **contingency approach** showed renewed concern with the importance of structure as a significant influence on organisational performance. The contingency approach, which can be seen as an extension of the systems approach, highlights possible means of differentiating among alternative forms of organisation structures and systems of management. There is no one optimum state. For example, the structure of the organisation and its 'success' are dependent, that is contingent upon, the nature of tasks with which it is designed to deal and the nature of environmental influences.

The most appropriate structure and system of management is therefore dependent upon the contingencies of the situation for each particular organisation. The contingency approach implies that organisation theory should not seek to suggest one best way to structure or manage organisations but should provide insights into the situational and contextual factors which influence management decisions. Contingency models of organisation and management are discussed in Chapter 15.

THE DECISION-MAKING APPROACH

The systems approach involves the isolation of those functions most directly concerned with the achievement of objectives and the identification of main decision areas or sub-systems. Viewing the organisation as a system emphasises the need for good information and channels of communication in order to assist effective decision-making in the organisation. Recognition of the need for decision-making and the attainment of goals draws attention to a sub-division of the systems approach, or a separate category, that of the **decision-making (decision theory) approach**. Here the focus of attention is on managerial decision-making and how organisations process and use information in making decisions. Successful management lies in responding to internal and external change. This involves the clarification of objectives, the specification of problems and the search for and implementation of solutions. The organisation is seen as an information-processing network with numerous decision points. An understanding of how decisions are made helps in understanding behaviour in the organisation. Decision-making writers seek to explain the mechanisms by which conflict is resolved and choices are made.

SOCIAL ACTION

Social action represents a contribution from sociologists to the study of organisations. Social action writers attempt to view the organisation from the standpoint of individual members (actors) who will each have their own goals and interpretation of their work situation in terms of the satisfaction sought and the meaning that work has for them. The goals of the individual, and the means selected and actions taken to achieve these goals, are affected by the individual's perception of the situation. Social action looks to the individual's own definition of the situation as a basis for explaining behaviour. Conflict of interests is seen as normal behaviour and part of organisational life. According to Silverman, 'The action approach . . . does not, in itself, provide a theory of organisations. It is instead best understood as a method of analysing social relations within organisations.

Criticisms of earlier approaches

A main thrust of social action is the criticism of earlier approaches to organisation and management and of what is claimed to be their failure to provide a satisfactory basis for the explanation or prediction of individual behaviour. For example, criticism is directed at approaches which focused on the goals and needs of the organisation rather than on considerations of the effectiveness of an organisation in meeting the needs of its individual members. The human relations approaches have been criticised because of their focus on generalised theories of good management, group psychology and the suggestion of needs common to all individuals at work. The technology approach has been criticised for attributing feelings of alienation to the nature of technology and the status of work groups rather than an analysis which focused on concern for the individual's expectations of, and reactions to, work. The systems approach has been criticised for failure to examine the orientation of individual members to the organisation, the different expectations people

Notes

have of their work or ways in which the environment influences expectations of work.

POSTMODERNISM

The work of contemporary writers discussed above together with the achievements of practitioners such as Alfred P. Sloan Jr (1875–1966, Chief Executive and Honorary Chairman of
General Motors) gave rise to the so-called 'modern organisation'.[69] With the development of the information and technological age a more recent view of organisations and management is the idea of **postmodernism**. In the 1990s, writers such as Clegg described the postmodern organisation in terms of the influence of technological determinism, structural flexibility, premised on niches, multiskilled jobs marked by a lack of demarcation, and more complex employment relationships including subcontracting and networking.[70]

Postmodernism rejects a rational systems approach to our understanding of organisations and management and to accepted explanations of society and behaviour. Highly flexible, free-flowing and fluid structures with the ability to change quickly to meet present demands form the basis of the new organisation. For example, Watson suggests that the modernism inherent in the systems-control approach to understanding work organisations and their management is naïve and unrealistic. The possibility of any kind of complete and coherent body of management knowledge has increasingly been brought into question.

By contrast, postmodernism places greater attention on the use of language and attempts to portray a particular set of assumptions or versions of the 'truth'. Watson defines postmodernism as:

RELEVANCE TO MANAGEMENT AND ORGANISATIONAL BEHAVIOUR

The different possible categorisations are not necessarily a bad thing; they illustrate the discursive
and complex nature of management. The possible sub-divisions and cross-groupings help illustrate the many factors relevant to the study and practice of management and organisational behaviour. Discussion on the various categorisations of approaches and the identification of individual writers within a particular approach can provide a useful insight into the subject.

Positive advantages

Whatever form of categorisation is adopted, the division of writers on organisation and management into various approaches offers a number of positive advantages.

- It is helpful to students in the arrangement and study of their material.
- It provides a setting in which to view the field of management and to consider the contribution of individual writers.
- It traces the major lines of argument developed by writers seeking to advise practising managers on how they might improve performance.
- It provides a framework in which the principles enunciated can be set and against which comparisons with management practice can be made.
- It helps in organisational analysis and in the identification of problem areas. For example, is the problem one of structure, of human relations or of the socio-technical process?

■ It enables the manager to take from the different approaches those ideas which best suit the particular requirements of the job. For example, in dealing with a problem of structure, the ideas of the classical writers or of contingency theory might be adopted. When there is a problem relating to human resource management, ideas from the human relations movement might be of most value. If the problem is one of environmental influence, insights from the systems approach might prove most helpful. For problems of a more quantitative nature, ideas from the decision-making approach or from management science might be applicable.

SCIENTIFIC VALUE APPROACH

It might arguably be that the study of organisations, their structure and management is moving towards a more scientific approach. Management science can assist managers in the analysis of complex problems that are subject to quantitative constraints and in the optimisation of decisions in such problems. It may also assist in the establishment of broad theory.

Balance between philosophy and science

Miner, however, suggests that although the degree of commitment to the scientific value system is increasing, as yet there is insufficient research to move the field entirely into science, completely divorced from philosophy. At present management theory is clearly in the 'schools' phase. As discussed earlier, it is possible to argue over the use of the term 'schools'. However, whatever terminology is used, and whatever the state of our knowledge, the message from Miner is clear:

Whatever the moves towards a more scientific approach, many operational problems in organisations relate to the nature of human behaviour and the people–organisation relationship and do not lend themselves to the application of a scientific answer.

BENEFITS TO THE MANAGER

Whatever the balance between philosophy and science, a knowledge and understanding of management theory will help with the complexities of management in modern work organisations. According to Crainer, management is active, not theoretical. But management is nothing without ideas.

Reporting on a 12-year study of the knowledge and use of management concepts in technical organisations, Flores and Utley suggest that a look back at the theories and principles that have been taught in the past could give an indication of the success of any new approach and help prepare today's and tomorrow's managers for the future.[84] And Stern has this to say: Management thinkers still have a lot to tell us. You don't have to believe everything they say, but they may at least offer stimulation; they might provoke senior managers into abandoning complacency and trying to see problems in a new light.[85] There is undoubtedly much scepticism about, and criticism of, management gurus. For example, in a cynical and provocative feature in The Times, Billen suggests that the tide is turning against the gurus and their gobbledegook.

In the past two decades, management theory, once rejected in Britain by both management and unions, has been deliberately imposed on almost every aspect of commercial and public life . . . It would be a brave new world without such gobbledegook in it but – to use a management theorist's phrase – an empowered one, too. Managers would be chosen not for their ability to bandy jargon with their superiors but for their empathy, pragmatism, experience and decisiveness with their staff.

Whatever the value of management theory, clearly no single approach to organisation and management provides all the answers. It is the comparative study of different approaches which will yield benefits to the manager. There is, of course, no shortage of new ideas on organisational behaviour and management thinking.

REVIEW QUESTIONS

1. Discuss about developments in management and organisational behaviour.
2. Discuss about the classical approach management in short.
3. Describe scientific management. Explain its relevance of scientific management.
4. What is bureaucracy? Discuss about criticisms of bureaucracy.
5. What is the human relations approach? Describe about evaluation of the human relations approach.
6. Describe scientific value approach in detail

FURTHER READINGS

1. Managing Organizational Behavior-Ronald R. Sims
2. Current Topics in Organizational Behavior Management-Phillip K. Duncan
3. Organizational Behavior-O. Jeff Harris, Sandra J. Hartman
4. Organizational Behavior- K.C.S. Ranganayakulu
5. Organizational Behavior- G. A. Cole

IMPORTANT NOTES

UNIT-3 THE NATURE AND CONTEXT OF ORGANISATIONS

CONTENTS

INTRODUCTION

Organisations in one form or another have always been an integral feature of human civilisation. Although the origins of modern organisations can be traced back thousands of years, they evolve continually and the organisations of today are clearly very different. The beginning of the 20th century with the emergence of large corporate entities, and the work of writers such as Frederick Taylor on scientific management and Max Weber on bureaucracy, drew attention to the importance of the work organisation.[1]

All **organisations** have some function to perform. They exist in order to achieve objectives and to provide satisfaction for their members. Organisations enable objectives to be achieved that could not be achieved by the efforts of individuals on their own. It must be remembered that organisations are structures of people. Through co-operative action, members of an organisation can provide a synergistic effect. Organisations are an integral part of society involving both public and private sectors and including charities and the voluntary sector.

There are, then, many different types of organisations that are set up to serve a number of purposes and to meet a variety of needs. Organisations come in all forms, shapes and sizes. Not only are there many different types of organisations, there is some suggestion that cultural differences in countries can reflect different conceptions of what actually is an organisation.

Common factors in organisations

All organisations have their own individual character, culture and sense of identity and differ in their attributes, processes and methods of working. However, despite the differences, there are at least three common factors in any organisation:

- people
- objectives
- structure.

It is the interaction of **people** in order to achieve **objectives** that forms the basis of an organisation. Some form of **structure** is needed by which people's interactions and efforts are channelled and co-ordinated. We can add to these a fourth factor:

- management.

Some process of **management** is required by which the activities of the organisation, and the efforts of its members, are directed and controlled towards the pursuit of objectives. The actual effectiveness of the organisation will be dependent upon the quality of its people, its objectives and structure, and the resources available to it. The interrelationship of people, objectives and structure, together with the efficient use of available non-human and human resources, will determine the success or failure of the organisation and the extent of its effectiveness.

Among the variety of approaches to organisation theory, Watson refers to one which stresses three common aspects of organisational life:

- the importance of the creative, critical and situation-defining characteristics of the individuals who make up the organisation;
- the varieties of interests and goals among individuals and groups in the organisation, and the emphasis on conflict and political behaviour; and
- the interactions between the organisation and the general environment, and recognition that organisations make their environment as much as it makes them.

Differences in applications

Despite these common factors, the structure, management and functioning of these organisations will all vary because of differences in the nature and type of the organisation, their respective goals and objectives, and the behaviour of the people who work in them. Let us now consider just two types of organisations towards the opposite ends of a possible continuum – say a maximum security prison and a university largely concerned with academic research – as a framework on which to focus attention. We can appreciate readily that although both types of organisation will be concerned with the basic activities of organisation and management, their goals and objectives, actual procedures and methods of operation, structure, systems and style of management, and orientation and behaviour of members will differ considerably.

THE FORMAL ORGANISATION

The formal organisation can be distinguished from the informal organisation (which is discussed later in this chapter) – the difference between them is a feature of the degree to which they are structured.

A **formal organisation** has been defined by Schein as: the planned co-ordination of the activities of a number of people for the achievement of some common explicit purpose or goal, through division of labor and function, and through a hierarchy of authority and responsibility

An organisation is a pattern of roles and a blueprint for their co-ordination. The object of co-ordination is activities, not people. The formal organisation can exist independently of the membership of particular individuals. The formal organisation is:

- deliberately planned and created;
- concerned with the co-ordination of activities;
- hierarchically structured with stated objectives; and
- based on certain principles such as the specification of tasks, and defined relationships of authority and responsibility.

An organisation chart may give a representation of the formal structure. Other examples of the formal organisation are rules and regulations, policy manuals, standing orders and job descriptions (see Figure 3.9 on p. 95).

The organisation as a coalition

The formal organisation can be seen as a coalition of individuals with a number of sub coalitions.

[5] Membership of the coalition will be dependent upon the type of organisation but could include, for example, managers, administrators, workers, elected representatives, appointed officials, volunteers, shareholders, suppliers, trade union officials, leaders of interest groups, customers, clients, patrons, donors, specialists, consultants and representatives of external agencies. It is difficult to define specific, permanent boundaries for an organisational coalition. However, by focusing on participants over a given period, or participants concerned with particular decision-making processes, it is possible to identify the main members of a coalition. Strategies adopted by particular sectional interests or sub-coalitions will sometimes be part of the formal organisation structure – for instance, in the pursuit of manifest managerial goals – and will sometimes be related to the informal structure – for example, heads of department vying with each other for limited resources, or workers indulging in restrictive practices.

BASIC COMPONENTS OF AN ORGANISATION

Any organisation can be described, broadly, in terms of an operating component and an
administrative component.

- The **operating component** comprises the people who actually undertake the work of producing the products or providing the services.
- The **administrative component** comprises managers and analysts and is concerned with supervision and co-ordination.

Developing this description, we can analyse the work organisation in terms of five basic components: the operational core, operational support, organisational support, top management and middle management (see Figure 3.3).

▪ The **operational core** is concerned with direct performance of the technical or productive operations and the carrying out of actual task activities of the organisation – for example, people putting together parts on an assembly line, teaching in a classroom, treating a patient, cooking meals in a hotel, serving in a bank or repairing a hole in the road.

▪ **Operational support** is concerned indirectly with the technical or productive process but closely related to the actual flow of operational work – for example, people working in quality control, work study, progress planning, storekeeping, works maintenance or technical services.

▪ **Organisational support** is concerned with provision of services for the whole organisation, including the operational core, but which are usually outside the actual flow of operational work – for example, people working in human resources, medical services, canteens, management accounting or office services.

▪ **Top management** is concerned with broad objectives and policy, strategic decisions, the work of the organisation as a whole and interactions with the external environment – for example, managing directors, governors, management teams, chief executives, boards of directors or council members.

▪ **Middle management** is concerned with co-ordination and integration of activities and providing links with operational support staff and organisational support staff, and between the operational core and top management.

PRIVATE AND PUBLIC SECTOR ORGANISATIONS

Organisations can, traditionally, be distinguished in terms of two generic groups:

▪ private enterprise organisations; and

▪ public sector organisations.

The distinction can be made on the basis of ownership and finance, and the profit motive. **Private enterprise organisations** are owned and financed by individuals, partners, or shareholders in a joint stock company, and are accountable to their owners or members. They vary widely in nature and size, and the type and scope of goods and services provided. The main aim is of a commercial nature such as profit, return on capital employed, market standing or sales level.

Public sector organisations are created by government and include, for example, municipal undertakings and central government departments, which do not have profit as their goal. Municipal undertakings such as local authorities are 'owned' by the council tax payers and ratepayers and financed by council taxes, rates, government grants, loans and charges for certain services. Central government departments are 'state owned' and financed by funds granted by parliament. Public sector organisations have political purposes and do not distribute profits. Any surplus of revenue over expenditure may be reallocated through improved services or reduced charges. The main aim is a service to and the well-being of the community.

Privatisation

There are other public sector organisations whose aims involve both a commercial interest and a service interest. Nationalised industries such as the postal service at present run as public corporations with autonomy on day-to-day management and with a degree of commercial freedom but with ultimate government control in the national interest. These public corporations are required to make efficient use of their resources by ensuring a given minimum rate of return on their investments and to charge prices based on the actual cost of supplying goods or services to certain groups of consumers. However, provision may also be made for certain activities to be undertaken on social grounds as a service to the community even though these activities might be run at a financial loss.

The extent of the state ownership of public sector operations, or of their '**privatisation**', and the balance between commercial and social interests is determined by the government of the day. In recent years there had been a vigorous policy of creating freedom from state control and the transfer of business undertakings to private hands. However, the global economic recession and credit crunch of 2008 witnessed a dramatic return to increasing state control of UK banks and building societies.

Not-for-profit organisations

The increasing scale of privatisation and the blurring of commercial interests and social interests have led to an alternative classification of organisations:

- those run for **profit**; and those clearly
- **not-for-profit.**

Not-for-profit organisations include on the one hand charities, private societies and most religious organisations, and on the other hand National Health Service hospitals, universities, prisons, and most government and local authority departments. However, even in not-forprofit, public sector organisations there has been increased government pressure to ensure cost-effectiveness, investment by private sector involvement, and efficiency and economy in their operations.

The same blurring of distinctions can also be seen in the case of charities. For example, Arnott points out that there is very little about 21st-century charities which is straightforward and they exist in a highly complex context.

The private–public interface

There have been increasing moves to encourage contracting-out of certain local authority services and putting them to compulsory competitive tender (CCT), and a greater degree of competition has also been introduced. The exposure to competition and demands for economical and high-quality service have prompted local authorities to replace administration with business management. (Management in private enterprise and public sector organisations is discussed in Chapter 11.)

However, in spite of the fashion for applying private sector techniques in government, Sir David Wright refers to the difficult issues which remain about the way government performs and delivers its services. The challenge of management change has shifted to the public sector with the call for improved delivery of public services. In the private sector there is the bottom line of follow the money or achieve the sale or deal. But in government the link between inputs and outcomes remains hard to establish and the challenge is aggravated by the inability to focus activity on a small number of immediately realisable targets. As a function of the democratic process, government departments are responsible for a large number of activities and are subject to political initiatives, both of which can leach valuable resources and affect any assessment of how private sector techniques can be applied.

SOCIAL ENTERPRISE ORGANISATIONS

In recent years increasing attention has been given to a particular form of organisation that brings together aspects of both the private and public sectors – the **social enterprise organisation**. Such organisations are set up in response to social or environmental concerns and have been highlighted by current economic difficulties. Although they function as companies, their main concern is with the community in general rather than with shareholder value or specific public interest. Social enterprise organisations promote the well-being of society but are not charities and they suggest elements of both capitalism and socialism. Unlike not-for-profit organisations, social enterprise organisations may be said to have a triple bottom line trading in goods and/or services with social, environmental and financial objectives. However, as the name suggests they have a primary concern with a social purpose and the creation of social value. This is their central and overriding concern and the generation of any financial surplus is for reinvestment, and to further their social and environmental goals. Social enterprises are very diverse and may take a number of different forms including community enterprises, farmers' markets, leisure trusts, provision of local services, and job creation and training. In the public sector there are many examples of social enterprises in primary and community health and care services.[11]

A particular example of a social enterprise organisation is Grameen Bank, which provides microcredit loans without collateral to rural villages in Bangladesh (see the Case Study at the end of this chapter). Another example is Jamie Oliver's project 'Fifteen', which offered disadvantaged young people opportunities for a career in the restaurant industry (see the Part 4 Case Study). Other well-known examples include the Eden Project, The Big Issue and Café Direct. In Singapore there is a non-profit 'Social Innovation Park' that acts as a form of incubator for start-up social enterprises including a dance centre that channels profits to bursaries for low-income students, cooking and deportment lessons for plus-sized people, and opportunities for individuals with untapped talents to showcase their original creations or to perform a dance or song. Social entrepreneurs are driven by an inner motivation. A common theme is empowering people and harnessing their skills and abilities. In Britain, social enterprises feature regularly in the Sunday Times 100 Best Companies to Work For.

Measurement of social value

According to Brooks, definitions of social enterprise organisations contain one or more of the following concepts. They

■ **address social problems or needs that are unmet by private markets or governments**

– social enterprises are private organisations dedicated to creating innovative solutions to immediate social problems;

■ **are motivated primarily by social benefits –** social entrepreneurs are people with new ideas who relentlessly address major problems in order to achieve a social mission; and ■ **generally work with, not against, market forces –** social entrepreneurs pay attention to market signals without losing sight of their underlying mission and maintain a balance between moral imperatives and the generation of revenue from trading. A particular feature of social enterprise organisations is the question of how in the broader business context they measure value and organisational effectiveness in terms of their triple bottom line of social, environmental and financial targets. Drawing on work by Kushner and Poole,Brooks refers to the measurement of effectiveness in social enterprise organisations in terms of five dimensions:

■ satisfaction of all constituents including clients, donors, staff and volunteers;

■ identifying and acquiring adequacy of funding to meet its mission;

■ efficiency of operations and the effective use of resources;

■ successful attainment of the goals of the organisation; and

■ the ability to adapt to a dynamic environment and adapt to changing circumstances.

PRODUCTION AND SERVICE ORGANISATIONS

Another major distinction is arguably between production and service organisations. Compared with 'production' industries, services tend to display a number of characteristic features, including the following:

■ The consumer is a participant in the service process. This requires particular attention to the surroundings and characteristics of the service operations.

TYPES OF AUTHORITY AND ORGANISATIONS

In one of the earliest studies of formal organisations, Weber distinguished three types of authority: **traditional**, **charismatic** and **legal–rational**.[18] These types of authority are based on the form of control regarded as legitimate by subordinates and their acceptance of the power of superiors. The three types of authority relate to different types of organisations.

■ In **traditional organisations**, authority is legitimised by custom and a longstanding belief in the natural right to rule, or is possessed by traditional ('proper') procedure. Examples would be the authority of the pope, kings or queens or a paternalistic employer.

■ In **charismatic organisations**, authority is legitimised by belief in the personal qualities of the leader; authority is based on the leader's strength of personality and inspiration. Winston Churchill might be quoted as an example. The practical need for some routine, for procedures and systems and for economic support means that if the movement is to continue it must become organised. On the impending demise of the charismatic leader the movement might collapse unless a 'legitimate' heir is found. This process tends to transform a charismatic organisation into either a traditional organisation or a bureaucratic organisation.

▪ In **bureaucratic organisations**, authority is based on the acceptance of the law of formal rules and procedures, and on impersonal principles. There is a legal–rational authority which stems from hierarchical position in the organisation and not from personality. Examples are the armed forces and the authority of government ministers or a college principal. The concept of legal–rational authority is of most interest to us because most business organisations, particularly large-scale ones, tend to be of the bureaucratic type of structure, although there are variations in degree. Bureaucracy, as applying to certain structural features of organisation, is the most dominant type of formal organisation.

THE CLASSIFICATION OF ORGANISATIONS

In order to relate the study of management and organisational behaviour to one particular type of organisation as distinct from another, it is necessary to group similar types of organisations together. This enables generalisations to be made on the basis of certain characteristic features of organisations within a particular grouping. Organisations can be distinguished by, for example, their nature and type, goods or services provided, size, aims and objectives, and the people who are employed by or who work in them. Organisations can, therefore, be classified in a number of ways and different writers have emphasised particular features of organisations.

Classification by major purpose

A common classification of organisations is by their major purpose. This leads to a distinction between, for example,

▪ **economic organisations** – such as business firms;

▪ **public service organisations** – such as government departments, local authorities and hospitals;

▪ **social enterprise organisations** – discussed earlier in this chapter;

▪ **protective organisations** – such as the military, trade unions and police forces;

▪ **social or associative organisations** – such as clubs and societies;

▪ **religious organisations** – such as churches and monastries;

▪ **political organisations** – such as political parties;

▪ **educational organisations** – such as universities, colleges and training centres; and

▪ **voluntary organisations and charities** – such as Citizens' Advice Bureaux, RNLI and Oxfam.

Such a distinction, however, tends to lack refinement, and not all organisations fit simply into one classification. Many universities combine business consultancy with teaching. Some hospitals are concerned as much with training and/or research as with treatment of patients. One could debate the main purpose of a prison: is it, for example, corrective, protective, penal or educational? The main purpose of a trade union is seen, presumably, as protection of the interests of its members through their wages and working conditions, but many trade unions also have strong social, educational and political interests. Many organisations serve more than one goal, but although they are multi-purpose organisations it is usually possible to identify one predominant goal (or purpose) by which the organisation can be classified, however crude this classification may be.

Prime beneficiary of the organisation

Blau and Scott propose a classification on the basis of the prime beneficiary.[19] The people involved in a relationship with any organisation are categorised into:

- **the members**, or rank-and-file participants;
- **the owner or managers** of the organisation;
- **the clients** or, more generally, the 'public-in-contact' who are technically 'outside' the organisation yet have regular direct contact with it; and
- **the public at large** – that is, the members of the society in which the organisation operates. Organisations are then classified on the basis of who benefits – that is, which of the four categories is the prime beneficiary of its operations. Four types of organisation are identified on this basis:
- **mutual-benefit associations**, where the prime beneficiary is the membership, such as political parties, trade unions and professional associations;
- **business concerns**, where the owners are the prime beneficiaries, such as industrial and other firms privately owned and operated for profit;
- **service organisations**, where the client group is the main beneficiary, such as hospitals, schools and welfare agencies; and
- **commonweal organisations**, where the prime beneficiary is the public at large, such as central government departments, the armed services and the police.

Problems associated with each type of organisation

It is emphasised that the prime beneficiary is not necessarily the only beneficiary. Each of the various groups which make a contribution to an organisation does so only in return for certain benefits received. Blau and Scott suggest that special problems are associated with each type of organisation.

- In **mutual-benefit associations** the main problem is that of providing for participation and control by the membership and of maintaining internal democracy.
- In **business concerns** the central problem is that of maximising operational efficiency in a competitive environment.
- In **service organisations** the problem is reconciling conflict between professional service to clients and administrative procedures.
- In **commonweal organisations** the important problem is ensuring democratic procedures by which they are held accountable to the public for their actions.

Primary activity of the organisation

It is not easy to find a comprehensive classification into which all organisations can be simply and satisfactorily categorised; a degree of generalisation, assumption and qualification is required. An alternative form of classification is provided by Katz and Khan. Their classification is based on 'genotypic (first-order) factors' and on 'second-order factors'.[20] In terms of the genotypic function, which is the primary activity of the organisation as a subsystem within the larger society, there are four broad types of organisations:

- **productive or economic** – concerned with the creation of wealth, the manufacture of goods, and the provision of services for the public;
- **maintenance** – for example, schools and churches, concerned with the socialisation of people to fulfil roles in other organisations and in society;
- **adaptive** – for example, research establishments, concerned with the pursuit of knowledge and the development and testing of theory; and
- **managerial or political** – for example, government departments, trade unions and pressure groups. These are concerned with adjudication, co-ordination and control of physical and human resources and other sub-systems.

THE ORGANISATION AS AN OPEN SYSTEM

We have seen that organisations differ in many important respects, but they also share common features. By adopting the systems view of organisations, we can identify principles and prescriptions of organisation and management that apply to business organisations in general. Differences in the application and operation of these principles and prescriptions as between one business organisation and another is largely a matter only of degree and emphasis. Organisations can be viewed as open systems which take inputs from the environment (outputs from other systems) and through a series of activities transform or convert these inputs into outputs (inputs to other systems) to achieve some objective (see Figure 3.4). In terms of this **open systems model** the business organisation, for example, takes in resources such as people, finance, raw materials and information from its environment, transforms or converts these and returns them to the environment in various forms of outputs such as goods produced, services provided, completed processes or procedures in order to achieve certain goals such as profit, market standing, level of sales or consumer satisfaction.

There are, of course, differences in the activities and methods of operation of the various forms of business organisations. There will also be differences between business organisations of the same type – for example, in relation to their size and scale of activities. Using this systems model, the same form of analysis can be applied to all types of organisations. This provides a common point of reference and enables us to take a general approach to the study of organisations, to analyse them and to derive general principles and prescriptions.[21] An example of the open systems model applied to the environment systems division of a major heating and ventilation company is given in Figure 3.5.

INTERACTIONS WITH THE ENVIRONMENT

The structure, management and functioning of an organisation are not only determined by internal considerations and choices but are also influenced strongly by a range of volatile **external environmental factors**. In order to be effective and maintain survival and growth, the organisation must respond to the opportunities and challenges, and the risks and limitations, presented by the external environment of which it is part. Changes in the environment will affect inputs, and changes in inputs will affect the transformation or conversion process and hence the outputs. The open systems approach views the organisation within its total environment and emphasises the importance of multiple channels of interaction. The increasing rate of change in major environmental factors (technical, economic, social and governmental) has highlighted the need to study the total organisation and to adopt

PESTEL analysis

Organisational performance and effectiveness will be dependent upon the successful management of the opportunities, challenges and risks presented by changes in the external environment. One popular technique for analysing the general environment is a **PESTEL analysis** – that is, Political, Economic, Socio-cultural, Technological, Environmental and Legal influences. As an example, Lynch presents the main issues that might be considered when undertaking a PESTEL analysis (see Figure 3.7). External influences are almost infinite in number and variety and no study could hope to consider them all. For students of business and for managers alike, the requirement is to recognise the complexity of the external environment and to pay greater attention to those influences which appear the most pertinent and pressing for the organisation in question, rather than to attempt to consider all possible contingencies.

THE COMPARATIVE STUDY OF ORGANISATIONS

All organisations need clear aims and objectives that will determine the nature of inputs, the series of activities to achieve outputs and the realisation of organisational goals. Feedback about the performance of the system, and the effects of its operation on the environment, are measured in terms of achieving the aims and objectives. Basic principles of organisation and management apply in any series of activities in any organisation. For example:

- attention must be given to the design of a suitable structure;
- the common elements of management – clarification of objectives, planning, organising, directing and control – apply to a greater or lesser extent in all cases;
- essential financial, legal, human resources and administrative functions must be carried out in all types of organisation.

These common features make possible the application of general principles of management and organisational behaviour (including, for example, in both a prison or a university) and the meaningful study of organisation theory. While general principles and prescriptions apply to all organisations, differences in their aims and objectives, organisational goals and environmental influences will result in differences in the input–conversion–output process and in the series of activities involved in this process. The nature of inputs, the throughputs and the form of the outputs will emphasise characteristic features of a particular organisation. These features highlight alternative forms of structure, management, methods of operation and behaviour of people employed by or working in different types of organisations.

THE ANALYSIS OF WORK ORGANISATIONS

Whatever the type or classification of organisations, the transformation or conversion of inputs into outputs is a common feature. Within the organisation (system) as a whole, each of the different transformation or conversion activities may themselves be viewed as separate

organisational sub-systems with their own input–conversion–output process interrelated to, and interacting with, the other sub-systems.

The interrelationship and interdependence of the different parts of the system raise the question of the identification of these sub-systems. What are the boundaries that distinguish one sub-system from other sub-systems and from the system as a whole? In practice the boundaries are drawn at the discretion of the observer and sub-systems are identified according to the area under study. These sub-systems may be identified, therefore, in a number of ways, although there is a degree of similarity among the alternative models. However these sub-systems are identified, it is the task of management to co-ordinate the sub-systems and to ensure that the activities of the organisation as a whole are directed towards the accomplishment of its goals and objectives. We can suggest, therefore, five main interrelated sub-systems as a basis for the analysis of work organisations

- **task** – the goals and objectives of the organisation: the nature of inputs and outputs, and the work activities to be carried out in the transformation or conversion process;
- **technology** – the manner in which the tasks of the organisation are carried out and the nature of work performance: the materials, systems and procedures, and equipment used in the transformation or conversion process;
- **structure** – patterns of organisation, lines of authority, formal relationships and channels of communication among members: the division of work and co-ordination of tasks by which the series of activities is carried out;
- **people** – the nature of the members undertaking the series of activities: for example, their attitudes, skills and attributes; needs and expectations; interpersonal relations and patterns of behaviour; group functioning and behaviour; informal organisation and styles of leadership;
- **management** – co-ordination of task, technology, structure and people, and policies and procedures for the execution of work: corporate strategy, direction of the activities of the organisation as a whole and its interactions with the external environment.

THE INFORMAL ORGANISATION

So far we have been looking at the nature of formal organisations – that is, organisations deliberately planned and structured to meet stated objectives. However, a major feature of organisational life is that whatever the type or nature of an organisation or its formal structure, an **informal organisation** will always be present (see Figure 3.9). The informal organisation arises from the interaction of people working in the organisation, their psychological and social needs, and the development of groups with their own relationships and norms of behaviour, irrespective of those defined within the formal structure.

- The informal organisation is flexible and loosely structured.
- Relationships may be left undefined.
- Membership is spontaneous with varying degrees of involvement. Group relationships and norms of behaviour exist outside the official structure and the informal organisation may, therefore, be in conflict

with the aims of the formal organisation. A summary of differences between the formal and the informal organisation is given in Table 3.2.

Functions of the informal organisation

The informal organisation can serve a number of important functions.

- It provides satisfaction of members' social needs and a sense of personal identity and belonging.
- It provides for additional channels of communication – for example, through the 'grapevine', information of importance to particular members is communicated quickly.
- It provides a means of motivation – for example, through status, social interaction, variety in routine or tedious jobs, and informal methods of work.
- It provides a feeling of stability and security, and through informal 'norms' of behaviour can exercise a form of control over members.
- It provides a means of highlighting deficiencies or weaknesses in the formal organisation – for example, areas of duties or responsibilities not covered in job descriptions, or outdated systems and procedures. The informal organisation may also be used when formal methods would take too long, or not be appropriate, to deal with an unusual or unforeseen situation.

The informal organisation, therefore, has an important influence on the morale, motivation, job satisfaction and performance of staff. It can provide members with greater opportunity to use their initiative and creativity in both personal and organisational development. Covert and informal activities may also have economic consequences for the organisation in terms of added values and/or costs that escape ordinary accounting procedures.[26] The importance and nature of groups, and reasons why people form into groups, both formal and informal, are discussed in Chapter 8.

ORGANISATIONAL CONFLICT

Most of us will understand what is commonly meant by organisational conflict and will be aware of its existence and effects. Conflict can be related to power and politics. Yet conflict is a term that can be defined and interpreted in a number of ways. For our purpose we can see **conflict** as behaviour intended to obstruct the achievement of some other person's goals.

Conflict is based on the incompatibility of goals and arises from opposing behaviours. It can be viewed at the individual, group or organisation level. Ackroyd and Thompson use the term 'organizational misbehaviour' to refer to 'anything you do at work which you are not supposed to'. Management establish boundaries that distinguish acceptable and non-acceptable behaviour from employees. The actions of employees are then judged as falling one side or the other of these boundaries.

Common definitions of conflict tend to be associated with negative features and situations which give rise to inefficiency, ineffectiveness or dysfunctional consequences. The traditional view of conflict is that it is bad for organisations. Conflict is perceived as disruptive and unnatural and represents a form of deviant behaviour that should be controlled and changed. Clearly, extreme cases of conflict in organisations can have very upsetting, or even tragic, consequences for some people and have adverse effects on organisational performance. Conflict situations can give rise to excessive emotional or physical stress.

CONTRASTING VIEWS OF CONFLICT

It might be expected that a healthy organisational climate would be reflected by complete harmony in working relationships and loyalty and common commitment to the goals and objectives of the organisation. This view of work organisations as 'happy families' is perhaps a worthwhile and creditable ideal and as such appears to be implied by a number of management writers. (See also the discussion in Chapter 13.)

The unitary perspective

Such traditional views appear to imply a **unitary perspective** of the organisation. The natural state of the organisation is viewed as an integrated, co-operative and harmonious whole. Everyone is working together in support of the leader and striving to meet a common goal. There is an image of the organisation as a team with a common source of loyalty and one focus of effort. This is a view that appears to be held strongly by British managers who frequently appeal for a team spirit amongst employees.[29] Conflict is consequently seen as undesirable and a dysfunctional outcome that can be explained, for example, by poor communication, personality clashes or the work of agitators. Trade unions are seen as an unnecessary evil and restrictive practices as outmoded and caused by trouble-makers.

The pluralistic perspective

But if one accepts the views of, for example, the social action writers and the idea of a **pluralistic perspective** to work organisations, although it is acknowledged that co-operation and harmony can exist, conflict is seen as an inherent feature of organisations and induced, in part, by the very structure of the organisation. The organisation is made up of powerful and competing sub-groups with their own legitimate loyalties, objectives and leaders. Conflict is not necessarily a bad thing but can be an agent for evolution and internal and external change. The pluralistic manager is more likely to accept that conflict in organisations requires careful handling and attempt to reconcile rival interests.

The radical perspective

The **radical perspective** is associated with the ideas of writers such as Karl Marx and the structuralist approach to organisations and management discussed in Chapter 2.[30] It challenges the traditional view of conflict in society and sees organisations in terms of disparity in power and control between owners and workers. Conflict is an inherent feature of the unequal nature of organisational life and a means of bringing about change.[31] Collective bargaining is not seen as particularly helpful in a system stacked against the workers. Conflict is a natural part of the class struggle. The design of organisation structure, management systems and the choice of technology all form part of the struggle for power and control within the work organisation.

According to the radical approach, the design of organisation structure, management systems and the choice and use of technology all form part of the struggle for power and control within the work organisation. Greater attention should be given to relationships between the formal and informal aspects of the organisation and the study of conflict between the needs of the individual and those of the organisation, and between workers and management.

POSITIVE AND NEGATIVE OUTCOMES

Conflict is not necessarily a bad thing, however. It can be seen as a 'constructive' force and in certain circumstances it can be welcomed or even encouraged. For example, it can be seen as an aid to incremental improvement in organisation design and functioning, and to the decision-making process. Conflict can be an agent for evolution, and for internal and external change. Properly identified and handled, it can help to minimise the destructive influences of the win–lose situation.

From a survey of practising managers, who reported that they spend approximately 20 per cent of their time dealing with conflict situations, Schmidt records a number of both positive and negative outcomes of conflict.[34] Positive outcomes include:

- better ideas produced;
- people forced to search for new approaches;
- long-standing problems brought to the surface and resolved;
- clarification of individual views;
- stimulation of interest and creativity;
- a chance for people to test their capacities.

Negative outcomes include:

- some people feeling defeated and demeaned;
- an increase in the distance between people;
- development of a climate of mistrust and suspicion;
- individuals and groups concentrating on their own narrow interests;
- development of resistance rather than teamwork;
- an increase in employee turnover.

Conflict and 'difficult people'

The idea of conflict as inevitable is discussed by Irvine, who suggests that if you ask a group of managers about the nature and level of conflict they experience, the majority will tell you honestly that apart from the odd minor tiff, there is not much conflict about. There are, however, 'difficult people'.at the root of the problem when employees become unhappy at work. There is an erosion of our social framework, and the work environment has become more competitive with pressure to have the best jobs and gadgets. People are placed into teams with people they would possibly never choose to associate with. Mannering suggests that people can be 'difficult' for a number of reasons but it is important not to concentrate on the negative points. Negativity is the most difficult behaviour to overcome or change as it constantly undermines what the team is trying to achieve. In order to help defuse conflict, it is important to draw a fine line between firm management and aggressive behaviour. Humour may help defuse a situation but it is more important to stay calm and professional. Improved communications and relationships may help but if someone is determined not to co-operate, then there will be conflict. Mannering makes the point that although you cannot please everyone all the time, avoidance is not an option for dealing with difficult people. Managers must develop solid coping mechanisms and do their best in the particular situation.

THE SOURCES OF CONFLICT

Much has been written about the implications of conflict as a social process. Whilst recognising the importance of this debate, it is not the intention here to enter into a detailed discussion of the ideologies of conflict. The important point is not so much the extent to which it is possible to create a totally harmonious working environment, or whether competing sub-groups and conflict are seen as inevitable consequences of organisation structure, but how conflict when found to exist is handled and managed. There are many potential sources of organisational conflict. The main ones can be summarised as follows:

■ **Differences in perception**. We all see things in different ways and have our own set of values, beliefs and opinions. We all have our own, unique picture or image of how we see the 'real' world. Differences in perception result in different people attaching different meanings to the same stimuli. The underlying issue may have nothing specifically to do with work but as perceptions become a person's reality, value judgements can be a potential major source of conflict. (The importance of perception is discussed in Chapter 6.)

■ **Limited resources**. Most organisational resources are limited and individuals and groups have to fight for their share; for example, at the time of the allocation of the next year's budget or when cutbacks have to be made. The greater the limitation of resources, then usually the greater the potential for conflict. In an organisation with reducing profits or revenues, the potential for conflict is likely to be intensified.

■ **Departmentalisation and specialisation**. Most work organisations are divided into departments with specialised functions. Because of familiarity with the manner in which they undertake their activities, managers tend to turn inwards and to concentrate on the achievement of their own particular goals. When departments need to co-operate, this is a frequent source of conflict. Differing goals and internal environments of departments are also a potential source of conflict. In Woodward's study of management organisation of firms in this country she comments on the bad relationships between accountants and other managers. One reason for this hostility was the bringing together of two quite separate financial functions. People concerned with works accounting tended to assume responsibility for end-results that was not properly theirs; they saw their role as a controlling and sanctioning one rather than as a servicing and supportive one. Line managers resented this attitude and retaliated by becoming aggressive and obstructive.[37]

■ **The nature of work activities**. Where the task of one person is dependent upon the work of others there is potential for conflict: an example would be if a worker is expected to complete the assembly of a given number of components in a week but the person forwarding the part-assembled components does not supply a sufficient number on time. If reward and punishment systems are perceived to be based on keeping up with performance levels, then the potential for conflict is even greater. If the work of a department is dependent upon the output of another department, a similar situation could arise, especially if this situation is coupled with limited resources: for example, where the activities of a department in which the budget has been reduced below what is believed necessary to run the department efficiently are interdependent with those of another department which appears to have received a more generous budget allocation.

■ **Role conflict**. A role is the expected pattern of behaviours associated with members occupying a particular position within the structure of the organisation. In practice, the manner in which people actually behave may not be consistent with their expected pattern of behaviour. Problems of role incompatibility and role ambiguity arise from inadequate or inappropriate role definition and can be a significant source of conflict. (Role conflict is discussed in Chapter 8.)

■ **Inequitable treatment**. A person's perception of unjust treatment, for example in the operation of personnel policies and practices or in reward and punishment systems, can lead to tension and conflict. For example, according to the equity theory of motivation the perception of inequity will motivate a person to take action to restore equity, including changes to inputs or outputs, or through acting on others.

■ **Violation of territory**. People tend to become attached to their own 'territory' within work organisations: for example, to their own area of work, or kinds of clients to be dealt with, or to their own room, chair or parking space. Jealousy may arise over other people's territory – for example, size of room, company car, allocation of an assistant or other perks – through access to information or through membership of groups.[38] A stranger walking into a place of work can create an immediate feeling of suspicion or even resentment because people do not usually like 'their' territory entered by someone they do not know and whose motives are probably unclear to them. Ownership of territory may be **conferred formally**, for example by organisation charts, job descriptions or management decisions; it may be **established through procedures**, for example circulation lists or membership of committees; or it may **arise informally**, for example through group norms, tradition or perceived status symbols. The place where people choose to meet can have a significant symbolic value. For example, if a subordinate is summoned to a meeting in a manager's office this might be taken to mean that the manager is signalling higher status. If the manager chooses to meet at the subordinate's place of work, or on neutral territory, this may be a signal that the manager wishes to meet the subordinate as an equal. If a person's territory is violated this can lead to the possibility of retaliation and conflict.

■ **Environmental change**. Changes in an organisation's external environment, such as shifts in demand, increased competition, government intervention, new technology or changing social values, can cause major areas of conflict. For example, a fall in demand for, or government financial restrictions on, enrolments for a certain discipline in higher education can result in conflict over the allocation of resources. If the department concerned is a large and important one and led by a powerful head, there could be even greater potential for conflict. There are many other potential sources of organisational conflict, including:

■ **individual** – such as attitudes, personality characteristics or particular personal needs, illness or stress;

■ **group** – such as group skills, the informal organisation and group norms;

■ **organisation** – such as communications, authority structure, leadership style, managerial behaviour;

■ **the age gap** – Hart discusses how relationships between older employees and younger managers, where experience is on one side and power on the other, can lead to conflict:

Strategies For Managing Conflict

Although a certain amount of organisational conflict may be seen as inevitable, there are a number of ways in which management can attempt to avoid the harmful effects of conflict. Many of these ideas will be discussed in later chapters. The strategies adopted will vary according to the nature and sources of conflict outlined above. Bear in mind that managing conflict takes time and effort but attempting to establish a climate of mutual trust, consideration and respect is worthwhile.

■ **Clarification of goals and objectives**. The clarification and continual refinement of goals and objectives, role definitions and performance standards will help to avoid misunderstandings and conflict. Focusing attention on superordinate goals that are shared by the parties in conflict may help to defuse hostility and lead to more co-operative behaviour.

■ **Resource distribution**. Although it may not always be possible for managers to increase their allocated share of resources, they may be able to use imagination and initiative to help overcome conflict situations – for example, making a special case to higher management; greater flexibility to transfer funds between budget headings; delaying staff appointments in one area to provide more money for another area.

■ **Human resource management policies and procedures**. Careful and detailed attention to just and equitable HRM policies and procedures may help to reduce areas of conflict (see the section on the equity theory of motivation in Chapter 7). Examples are job analysis; systems of reward and punishment; appeals, grievance and disciplinary procedures; arbitration and mediation; recognition of trade unions and their officials; training managers in coaching and negotiation skills.

■ **Non-monetary rewards.** Where financial resources are limited, it may be possible to pay greater attention to non-monetary rewards. Examples are job design; more interesting, challenging or responsible work; increased delegation or empowerment; improved equipment; flexible working hours; attendance at courses or conferences; unofficial perks; or more relaxed working conditions.

■ **Development of interpersonal/group process skills**. This may help engender a better understanding of one's own behaviour, the other person's point of view, communication processes and problem-solving. It may also assist people to work through conflict situations in a constructive manner. Where possible one should encourage addressing disputes early on a one-to-one basis.

■ **Group activities**. Attention to the composition of groups and to factors that affect group cohesiveness may reduce dysfunctional conflict. Overlapping group membership with a 'linking-pin' process, and the careful selection of project teams or task forces for problems affecting more than one group, may also be beneficial.

- **Leadership and management**. A more participative and supportive style of leadership and managerial behaviour is likely to assist in conflict management – for example, showing an attitude of respect and trust; encouraging personal self-development; creating a work environment in which staff can work co-operatively. An open-door policy and identifying potential causes of disputes may help avoid conflict.
- **Organisational processes**. Conflict situations may be reduced by attention to such features as the nature of the authority structure; work organisation; patterns of communication and sharing of information; democratic functioning of the organisation; unnecessary adherence to bureaucratic procedures and official rules and regulations.
- **Socio-technical approach**. Viewing the organisation as a socio-technical system, in which psychological and social factors are developed in keeping with structural and technical requirements, will help in reducing dysfunctional conflict.

ORGANISATIONAL STRESS

In addition to organisational conflict, a major and related influence on the work/life balance, discussed later in this chapter, is the extent to which employees suffer from organisational stress. **Stress** is a complex and dynamic concept. It is a possible source of tension and frustration, and can arise through a number of interrelated influences on behaviour, including the individual, group, organisational and environmental factors discussed in Chapter 1. The Health and Safety Executive (HSE) defines stress as: 'The adverse reaction people have to excess pressure or other types of demands placed on them. There is clear distinction between pressure which can create a "buzz" and be a motivating factor and stress, which can occur when this pressure becomes excessive.

The effects of stress

An increasing number of surveys report perceived or actual increases in levels of stress and contend that stress at work is one of the biggest problems in European companies and one of the major adverse influences on the quality of working life and work performance. There have also been a number of highly publicised reports of successful legal claims based on the effects of stress.

Scepticism

Understandably, however, there is also a level of scepticism about the amount of emphasis placed on stress, and a number of press and other articles feature the 'myth' of work stress. For example, an interesting report from the Institute for Social and Economic Research suggests that claims of workplace pressure may be misplaced. Levels of job satisfaction and mental distress vary systematically according to the day of the week on which respondents are interviewed. Stress appears to disappear on Friday and Saturday. When genuine dissatisfaction was found, it tended to be because employees were working too few or too many hours. However, the main cause of stress was money difficulties, caused by unemployment or debt. The research casts a question mark over the generous compensation regularly handed out by the courts to employees claiming they suffer from stress.[45] Randall comments that 'Whichever lawyer first hit on the idea of promoting stress as either a reason for not going to work or a way to make others cough up could hardly have done more damage to Britain's work ethic than if he or she had arranged a quintupling of dole payments.'

IS STRESS NECESSARILY TO BE AVOIDED?

A certain amount of stress may not necessarily be seen as a bad thing and may arguably even help promote a higher level of intensity and motivation to get work done. It is important to bear in mind, however, that stress can potentially be very harmful. But what is the distinction between pressure and stress? 'Pressure' can be seen as a positive factor that may be harnessed to help people respond to a challenge and function more effectively. 'Stress' may be regarded as a continuous negative response arising from extreme pressure or other demands and the individual's inability to cope.

CAUSES OF STRESS

Whatever the effects, it is generally acknowledged that stress is potentially part of everyday working life. It occurs for a variety of reasons, including individual differences and types of personality; occupation and actual nature of the job, whether working in the private or public sector; and organisational conflict (discussed earlier in this chapter). Other sources of stress at work include the following:

▪ Restructuring of organisations and reductions in staffing levels resulting from demands for improved business competitiveness and lower operating costs. This has placed greater pressures on remaining staff and resulted in a growing number of work-related health problems, work stress and a less efficient workforce.

▪ The long-hours culture, increased workloads and work intensification, together with unreasonable deadlines.

▪ Excessive rules and regulations, and greater bureaucratic burdens especially among professional groups.

▪ Developments in information and communications technology (ICT) that mean staff are far more constantly and easily contactable and expected to deliver everything faster. This can lead to greater pressure on individuals, a reluctance to switch off and a blurring between work and home life.

▪ Organisational changes such as redundancies and the loss of key members of staff that place extra demands on managers.

▪ Interpersonal relationships at work, especially with immediate superiors; poor communications; office politics.

▪ Lack of delegation and autonomy over control of work. Research into managers in various types of organisation in Western Australia showed that delegation of responsibility to middle managers required great skill, which was too seldom present. Replies from 532 managers in 36 organisations indicated a clear correlation between lack of autonomy and stress at work. Stress was often caused by the hierarchical structure of the organisation not permitting sufficient autonomy. As a result, projects were frequently delayed and also managers' authority within their departments was undermined.

▪ Organisation structure and role relationships. Lack of clarity about expected patterns of behaviour, or role conflict, is a potential source of stress (discussed in Chapter 8). In the case of customer service, Jamison suggests that if there is a conflict between the requirements of a customer and the requirements of the organisation, this will induce unhelpful behaviour as a result of stress.[52]

COPING WITH STRESS

There are a number of measures by which individuals and organisations can attempt to reduce the causes and harmful effects of stress. There are also many suggested techniques to help individuals bring stress under control – for example, changing one's viewpoint, identifying causes of distress, effective time management (discussed in Chapter 12), expanding one's social network, laughing and telling jokes, relaxation training, working on stress reduction and appreciating that some stress can be useful. However, there are not always easy remedies for stress and much depends upon the personality of the individual. Techniques such as relaxation therapy may help some people, although not others, but still tend to address the symptoms rather than the cause.

As Vine and Williamson point out, stress-inducing hazards are hard to pin down, much less eliminate. It is important to know how people feel about the things that cause them stress as well as which 'stressors' are most common in a particular industry and occupation. Human resource policy should include several stress management building blocks within the organisation structure including management education, employee education, counselling and support, critical incident briefing, and good sound management. Organisations also need to give greater attention to training, support and counselling and to the work organisation and job design.

Effective communications and conversation

Effective two-way communications at all levels of the organisation are clearly important in helping to reduce or overcome the level of stress. Staff should feel able to express their true feelings openly and know they will be listened to. However, in addition to good communications, Reeves refers to the importance of conversation for maintaining relationships and suggests a case for a conversation culture. The ability to hold good-quality conversations is becoming a core organisational and individual skill. Unlike communication, conversations are intrinsically creative and roam freely across personal issues, corporate gossip and work projects. 'Conversations are a defence against stress and other mental health problems. People with good social relationships at work are much less likely to be stressed or anxious.'[56]

A growing number of organisations are introducing an email-free day to encourage staff to use the telephone or walk across the corridor to talk more with one another.

THE WORK/LIFE BALANCE

We have looked at the importance, nature and some main features of organisations as an integral feature of human civilisation. But what role do, or should, organisations play in the lives of their staff or with broader concerns for the work/life balance? And how much also depends upon the individual's orientations to work (discussed in Chapter 1)?

Meaning in people's lives

Popular press articles often suggest that work is still a large component of what gives meaning to people's lives and give examples of big lottery or pools winners staying in work and often in their same, even apparently routine, jobs. Other surveys and reports continue to suggest that the workplace is no longer a central feature of social activity. For a majority of people the main reason for work remains the need for money to fulfil the necessities of life. However, much still appears to depend on the extent of an individual's social contacts and activities outside of the work situation.

Is work/life balance still an issue?

Many staff still have specific places of work and agreed times in which to undertake their duties. However, technology and the internet allow for greater flexibility in work schedules. So-called knowledge workers, who work from home on computers, with greater control over their roles and work times, arguably have improved motivation and productivity. But, in a thought-provoking article, Reeves questions the extent to which progress has been made in establishing a healthy equilibrium between our working day and personal time and if work/life balance is still an issue or already past its sell-by date. The phrase has been contested for the presumption that life is better than work and that the two are separable in a clear-cut way that allows a calculation of 'balance' between them. Continuing concern with the issue cannot be explained simply with reference to working hours. Work/life balance is moving towards a concern with flexibility and parenting. It taps into a desire for greater autonomy at work, a shift in gender roles within the family, the possibilities of technology and an intensification of working life. According to the Work Foundation, two-thirds of companies are now offering flexible work options although the pace of change in organisations granting more freedom over working time is extremely slow. Concerns about work/life balance also reflect a growing sense of stress, tiredness and a lack of time. The conclusion from Reeves is:

THE ORGANISATION OF THE FUTURE

We have looked at the nature and type of organisations and their components. It is, however, important to remember that organisations are living organisms and evolving constantly. The changing nature of work organisations and the social context has led to a climate of constant change and the need for greater organisational flexibility. Managers need to be aware of new sychological contracts and to adopt alternative styles of management. As Chowdhury points out, 'The organization of the 21st century will be characterized by unprecedented complexity and will require a different breed of leader.'[71] Ulrich also suggests that with the changing and dynamic contextual factors,

The importance of people in the organisation

Lynda Gratton emphasises the importance of putting people at the heart of corporate purpose. We are part of organisations stamped by technology that has created the patents, ideas and innovations that brought success. However, while this past has been essential to our success, it will not bring sustainable competitive advantage for the future unless we build the potential of people and human capital in our organisations. This requires a new agenda, a new set of challenges for leaders and a redefined set of managerial capabilities that includes an understanding of the reality of the organisation.

Gratton suggests that you should build a model for your organisation around what causes high levels of trust and inspiration and to consider the organisation against these key influences:

- Do people understand the context in which they operate and the competitive threats and challenges the business faces?
- Are employees confident about the ability of the organisation to adapt?
- Are they involved in decisions about themselves and the organisation?

It is also important to understand the complexity of the organisation and the changes necessary to move from the present to the future.[73] Cloke and Goldsmith refer to the rise of organisational democracy. There is a demand for alternative organisational practices, and a far-reaching transformation has already begun, based on the idea that management as a system fails to open the heart or free the spirit. The age of management is coming to an end and the real push for the future is for more authentic human relationships and the humanisation of organisations as crucibles for personal growth and development.[74]

The future world of work and the 'Y' factor

Management Today commissioned a survey from FreshMinds looking at the future world of work

and the contrasting attitudes and perspectives of three different generations and age groups:

- the confident, footloose wire-free Generation Y (born between 1980 and 1995 and typified by travel first, then a career);
- the mellow baby-boomers (born between 1946 and 1963 and typified by a search for security); and
- the pig-in-the-middle Generation X (born between 1964 and 1980 and typified by after the slog, the rewards).

From the on-line survey of 1,000 people, supplemented by three extensive focus-group sessions,

emerges 'a complex picture of a workforce in a state of flux, struggling to come to terms with the changed realities of today.' This new world of work is termed 'Work 2.0'. As the number of baby-boomers declines and the proportion of Generation Y increases this will have an impact on the work environment. Generation X have another three decades at work but this is a different world of work from the one they entered 15 or so years ago and there is less confidence and few guarantees about their financial future. By contrast, Generation Y will have fewer problems in adapting to the changed realities of the 21st century. Encouraging the three different age groups to work happily as a team will require imagination on all sides and competent management. For example the influence of the war on the baby-boomers and the search for security is not something understood readily by Generations X or Y. The message from Alistair Leathwood, managing director of FreshMinds Talent, is that the rules of engagement at work have changed. 'Work 2.0 signals a new social contract between employers and employees – one premised upon short-term commitment, flexibility and, most importantly, one where the employee's loyalty to their employer is not expected to be any greater than what little the employer provides to its staff.'

Notes

REVIEW QUESTIONS

1. What are the Common factors in organisations? Describe.
2. What are the characteristics of the formal organisation?
3. What are the basic components of an organisation
4. What are the basic difference between private and public sector organisations?
5. Describe the types of authority and organisations.
6. What are the classification of organisations?
7. Discuss about the organisation as an open system.
8. what are the characteristics of informal organisation?
9. Describe organisational conflict. What are positive and negative outcomes conflict.
10. What are the sources of conflict? Describe strategies for managing conflict.
11. Describe organisational stress. What are the causes of stress?

FURTHER READINGS

1. Managing Organizational Behavior-Ronald R. Sims
2. Current Topics in Organizational Behavior Management-Phillip K. Duncan
3. Organizational Behavior-O. Jeff Harris, Sandra J. Hartman
4. Organizational Behavior- K.C.S. Ranganayakulu
5. Organizational Behavior- G. A. Cole

UNIT-4 INDIVIDUAL DIFFERENCES AND DIVERSITY

CONTENTS

INTRODUCTION

'Organisations can achieve nothing without the efforts of their individual members. Whatever the nature of an organisation's products or services, relationships at work and interactions among its members are at least equally important.'

To what extent do you agree that success at managing individual differences is the real key to organisational effectiveness?

THE RECOGNITION OF INDIVIDUALITY

As mentioned in Chapter 1, organisations are made up of their individual members. The individual is a central feature of organisational behaviour, whether acting in isolation or as part of a group, in response to expectations of the organisation, or as a result of the influences of the external environment. Where the needs of the individual and the demands of the organisation are incompatible, this can result in frustration and conflict. It is the task of management to integrate the individual and the organisation and to provide a working environment that permits the satisfaction of individual needs as well as the attainment of organisational goals.

Managing relationships at work has always been a key skill, but the speed at which organisations and the external environment are undergoing change places increasing pressure on individuals at work. The effective management of people requires not only an understanding of the individual employees but also recognition of the culture of the organisation. What is expected and accepted in one organisation may not be the same in another. For instance, creativity and individuality may be encouraged in one business but undermined by bureaucracy in another.

A discussion of individual behaviour in organisations is therefore riddled with complexity and contradictions. Managers are required to be competent at selecting the individuals who will be valuable to the organisation. They need to be observant about the individuals who are performing well and have the potential to develop within the organisation. They also need to be able to value individual difference and be sensitive to contrasting needs. Finally managers need to know themselves and understand their uniqueness and the impact their personality has on others.

Individual differences and change

Sensitivity to individual needs and differences, especially in terms of their resilience, becomes particularly significant when organisations embark on change initiatives. Even when the change appears to be relatively straightforward, the reality is likely to be messy and complex. When organisations are working through change and when change appears to be externally imposed, the management of people takes on a different dimension in terms of the sensitivity required. In this situation there is an implicit requirement of changes in attitudes and beliefs. Such changes may lead to new mindsets, new attitudes and new perceptions that enable people to cope and adjust to the different world. At these times effective management is vital; managers will be expected to understand the strains that their employees feel during times of change, but at the same time be able to deal with their own stress levels.

HOW DO INDIVIDUALS DIFFER?

Our sense of self is shaped by our inherited characteristics and by influences in our social environment. The process of growing up – such as the impact of our early family life and the country in which we live – has a significant part to play in our identity. Most social scientists would agree that both inherited and environmental factors are important in our development, and it is the way in which these factors interact which is the key to our adult personality. However, scientists differ with regard to the weight they place on these factors – some believing that our personality is heavily influenced by our inherited characteristics and will never change, others believing the reverse.

But first, what are the differences among individuals? These include:

- ethnic origin
- physique
- gender
- early family experiences
- social and cultural factors
- national culture
- motivation
- attitudes
- personality traits and types
- intelligence and abilities
- perception.

Some of these characteristics are shared with others, for example individuals who are from the same ethnic group or who have the same ability levels or who share similar physical attributes such as short-sightedness. But our uniqueness stems from the dynamic ways in which these inherited and environmental factors combine and interact. The ways in which it is possible to differentiate between individuals include an understanding of personality, the heart of individual differences and the importance and functions of attitudes. This is explored in this chapter. An understanding of the ways in which people learn is fundamental to an appreciation of individual differences and is considered in Chapter 5. The process of perception and communications is examined in Chapter 6. All contribute to a greater understanding of self and others.

PERSONALITY

Personality may be viewed as consisting of stable characteristics that explain why a person behaves in a particular way. So, for instance, independence, conscientiousness, agreeableness and self-control would be examples of these personality characteristics. However, it is only when we see/hear/observe a person that we can gain an understanding of their personality. For example, a person who is independent may show that characteristic by displaying a strong sense of self-sufficiency. We would expect him or her to take the initiative and not to depend on other people. Furthermore, if the characteristic is 'stable' we can rely on this being a consistent part of the person's behaviour. We would be surprised if the person one day demonstrated autonomy and initiative and the next withdrew and delayed any decisions. We anticipate that individuals are generally consistent in the way in which they respond to situations. There are times when we might be surprised by somebody's behaviour and we may feel they are 'acting out of character'. Of course this would be known only if we had an understanding of their 'typical behaviour' in the first place. Individuals may exaggerate or suppress certain personality traits, for example if they are under stress or influenced by drink/drugs. It is self-evident that managers need to learn the art of 'reading' people's behaviour in order to manage relationships effectively.

NOMOTHETIC AND IDIOGRAPHIC APPROACHES

Broadly speaking, personality studies can be divided into two main approaches, labelled as
nomothetic and idiographic. The **nomothetic approach** is a measurable and specific perspective that looks at the identification of traits and personality as a collection of characteristics. These characteristics are ones that can be described, identified and measured and therefore can be subjected to observation and tests. This perspective is especially helpful for managers when they are involved in the selection, training and development of individuals. Nomothetic approaches tend to view environmental and social influences as minimal and view personality as consistent, largely inherited and resistant to change. Although they would not diminish the difficulties that measuring personality brings, nomothetic approaches would claim that it is possible to measure and predict the ways in which personality types would behave given certain circumstances.

Nomothetic researchers closely align themselves to studies that are 'scientific' in a positivistic sense. (The term positivism refers to the branch of science that is exclusively based on the objective collection of observable data – data that are beyond question.) Such an approach transfers methods used in natural sciences to the social world. Some psychologists are interested in describing and measuring characteristics and comparing individuals' scores. Does this person exhibit more or less than 'average' of this particular trait? Being able to predict behaviour is a major aim and outcome of this approach.

The **idiographic approach** is a holistic and dynamic perspective which insists that managers take into account a 'whole' understanding of the individual at work. This may also require going beyond the study of pure psychology to an understanding of the societal context in which the person lives. These are called idiographic approaches and are particularly pertinent in understanding motivation, career development and team relationships. Idiographic approaches are concerned with understanding the uniqueness of individuals and the development of the self-concept. They regard personality development as a process that is open to change. They regard individuals as responding to the environment and people around them and see the dynamics of the interactions as playing a critical part in shaping personality. The measurement of traits is seen as largely inappropriate in that one person's responses may not be comparable to another's. They suggest that personality assessment is not a valid method of understanding the unique ways in which a person understands and responds to the world. The depth and richness of a person's personality cannot be revealed in superficial paper-and-pencil questionnaires. Furthermore, the categories defined by psychologists are too narrow in scope and depth.

Theory and the world of work

The application of theory to the world of work is not always easy and some find the process confusing when theory does not match with their experiences. Psychological investigations emphasise the complexity and variety of individual behaviour and insist that simple answers and explanations are generally inadequate. The study of personality provides an excellent example of some of the complexities involved in applying psychological theory in practice. Consider two individuals who share similar characteristics. They are both 24 years old and have lived in the same area; both have a first-class honours degree in pharmacy and they have identical personality assessment profiles. However, we would still predict differences with regard to their attitude and performance in the workplace. In addition, differences would be predicted in the ways they interact with others. If one of the pharmacists was male and/or African, a further set of assumptions might be made. It is not only the features themselves which identify individuals as being different, it is also their interaction which leads to a unique pattern of behaviour. The complexities of the process pose a number of questions that interest psychologists and evoke different responses (see Tables 4.1 and 4.2). Figure 4.1 identifies the links between the dynamics of personality and life's experiences.

Uniqueness and similarities

Tables 4.1 and 4.2 focus on two major issues of prime importance in the study of personality. First, is personality a constant throughout our lifetime, which remains resistant to change and circumstances? Second, to what extent can we measure and compare individuals on the basis of their personality? This second question assumes that it is possible to distinguish personality characteristics in the first place. Trying to make sense of the nature of personality has resulted in a prolific number of theories, with some psychologists focusing solely on the unique makeup of individuals, others drawing comparisons between individuals or looking for broad similarities in aspirations and goals. Table 4.3 charts these differences as series of 'levels'. In a work context we tend to be more interested in understanding 'what' an individual's personality is rather than why it is as it is. Furthermore, it is important to understand how various personality characteristics relate to performance at work. The nomothetic approach explores the 'what' of personality and the idiographic approach enriches our understanding of 'why'.

NOMOTHETIC PERSONALITY THEORIES

The big five

The identification of personality traits has been a dominant subject of research in the UK and the USA. There is now a body of evidence which suggests that five dimensions capture distinct differences between people. These clusters of traits (not personality types) are known as the Big Five[2] and sometimes expressed in the acronym OCEAN:

- Openness/closed-mindedness
- Conscientiousness/heedlessness
- Extraversion/introversion
- Agreeableness/hostility
- Neuroticism/stability

The big five form the basis of standard personality questionnaires that determine positive or negative scores for each dimension. Results from a wide number of studies have shown that these factors can be identified as being significant in measuring the variation between people.[3] Of these, conscientiousness has the highest positive link with high levels of job knowledge and performance across a range of occupations.[4] However, some researchers are critical of the descriptors used.[5] Bentall suggests they are 'tainted by the investigators' values' and continues: 'I suspect that most people will have a pretty clear idea of where they would like to find themselves on the dimensions of neuroticism, extraversion, openness, agreeableness and conscientiousness.' He questions the ethical and political nature of the scales.[6] The relationship between personality and work performance is also questioned by Robertson who suggests that the only two of the five dimensions linked consistently with high levels of performance are conscientiousness and emotional stability.Despite these reservations, the strength and value of the Big Five model has been extolled in a review by Lord and Rust. They conclude that:

Indeed, the five factor model has become the linchpin that holds personality assessment together, at least within the work context. Without it, how would we generalize with confidence from the validity of one work-based instrument to that of another? Furthermore, the model links the study of assessment instruments within the HR field to research in personality and related areas carried out within clinical and mainstream psychology fields in which the Big Five have also become dominant.

Hans Eysenck believed that personality was largely inherited and that we are born with differing physiological tendencies. He identified two major individual differences – see Figure 4.2. Eysenck's approach was influenced by the positivistic tradition with his research findings grounded in robust research. His aim was to produce objective evidence of personality differences using large samples of the population.[9] The two dimensions define four distinct personality types:

- stable extraverts (sanguine) with traits such as being talkative, responsive, easygoing, lively, carefree;
- unstable extraverts (choleric) with traits such as being impulsive, changeable, excitable, restless;
- stable introverts (phlegmatic) with traits such as being calm, even-tempered, peaceful, thoughtful;
- unstable introverts (melancholic) with traits such as being anxious, moody, reserved, pessimistic.

Individuals in Eysenck's theory could, therefore, be one of four main personality types.

The type would lead to a predisposition of traits that would, itself, lead to the likelihood of certain behaviours. For instance, a person typed as an extravert would predictably talk over things with someone to help them think it through, while an introvert would prefer to mull it over before talking about the issue. Eysenck developed an instrument to measure personality type called EPQ (Eysenck's Personality Questionnaire).

Cattell

Cattell's work resembles Eysenck's in the methods used to study personality. He used quantitative, objective techniques in order to analyse his data and followed traditional scientific procedures in order to understand the basic dimensions of personality. He identified two main types of personality traits:

- **surface traits** – that seem to cluster together consistently and are observable in behaviour such as assertiveness;
- **source traits** – such as self-discipline that can only be inferred and seem to underlie and determine the traits which are likely to 'surface' into behaviour.

Unlike Eysenck, Cattell did not 'type' individuals but used 'traits' as his main personality descriptor. They also differed with regard to the determinants of personality: Eysenck viewed the inherited physiological basis as the main determinant, whereas Cattell was more interested in taking social factors into account when understanding an individual's personality. Both theorists have contributed to a lively debate about personality structure and its measurement and in doing so have advanced the selection techniques available to managers.

Kelly's personal construct theory

Kelly's theory of personal constructs does not just consider personality development; it considers the whole person in terms of their perceptions, attitudes and goals. For Kelly, personality is the individual's way of construing and experimenting with their world. Kelly was critical of separating the study of personality apart from the 'whole' person:

The castrating effect of separating personality off as a mini-psychology in its own right is perhaps best seen in the curiously named study of 'individual differences', which in fact turns out to be the study of group sameness. As a result we have focused on the establishment of general dimensions, at some point along which all individuals can be placed, rather than on a study of the dimensions which each individual develops in order to organise his own world.

For Kelly it was critical to take data from one individual person (idiography) and to employ a technique that could cope with the qualitative nature of the data to be collected. He developed the Repertory Grid that was able to measure an individual's construct of the world. Kelly was thus able to employ a clear and valid measure within an idiographic approach. This was an important advance in idiographic techniques and the repertory technique has become increasingly important as a research tool. It enables the person to use their own constructions of the world but in such a way that they are comparable and measurable.

APPLICATIONS WITHIN THE WORK ORGANISATION

Recruitment and selection

It would be rare for organisations not to take the personality of a candidate into consideration at a selection interview. For some organisations, personality is a major criterion for selection or rejection. The hospitality industry, for example, is replete with research studies demonstrating the potency of personality.[21] So, how do organisations assess a candidate's personality?

The interview remains the most usual method of selection, but there is an increasing use of objective psychometric measures. Such growth in psychometric testing is significant and a number of studies have demonstrated its growing popularity.[22] Concern has been expressed about the use and misuse of psychological instruments and there is a continuing debate within psychological circles with regard to the validity of these measures[23] – that is, do they actually measure what they claim to measure? Testing is discussed in detail later in this chapter. There are controversies and sensitivities surrounding the use of any psychological test, but tests of typical performance are especially problematic in certain circumstances.

Personal development and team working

Personality questionnaires can be particularly valuable if individuals complete them for their personal development or if they are used within team-building and development programmes. Here, they can initiate discussion about individual differences, the importance of diversity in team working and the strengths that each personality type can bring to the working situation. The notion of judgement is therefore out of the equation. Personality questionnaires can thus be a valuable diagnostic tool at the start of a coaching session or as a preliminary to a team-building process – an audit of strengths and weaknesses. At these times a discussion can be held to look at a balanced team with complementary personalities, skills and abilities. This could be followed by group training exercises designed to develop strengths and balance the weaknesses of the team. An effective team at work should be aware of the division of their strengths and weaknesses.

Personality and social expectations

Although personality may be a powerful determinant of a manager's effectiveness, account must also be taken of the social rules and expectations within the workplace. People learn the behaviour that is expected of them and may mask their true preferences. For instance, an introverted academic lecturer may prefer to be reflective and have time to think but will be required to 'perform' in front of 200 undergraduate students and be expected to respond immediately to questions. We can respond in ways that are not 'true to type' and we may be required to take on roles at work that may run counter to our preferences. We have to learn coping strategies and adaptive skills, but for some people stress may result. Furthermore, different temperaments may be rewarded at different times depending on whether they are going through a period of growth or retrenchment. Whereas a manager may be recognised for exciting promotional activity and product development in one situation, other personality characteristics may be needed if there is a period of slow-down and attention to detail and costs. Gray contends that researchers will never to able to solve and develop accurate, valid and reliable performance measures. 'Many jobs or critical aspects of them, cannot be quantified. Performance measures are often justifiably subjective, vague and contradictory.'

EMOTIONS AT WORK

Until recently workplaces were seen as rational, logical places where emotions were excluded or seen in a negative light. Hochschild's[30] research describes the way in which some jobs require a display of certain emotions, especially those in the service industries, where customer care is inextricably linked with making people feel good. Such work has been labelled as emotional labour and distinguishes between surface acting – displaying emotion without experiencing it – and deep acting – involving thinking, visualising to induce the emotion in the situation. Briner challenges psychologists to broaden research to throw light on the complexities of emotions in the workplace. He notes that organisations specify the emotions they would like their employees to feel in the mission statements and in more subtle ways in terms of the rewards and career enhancements people receive when they display appropriate emotions. However, he suggests that little is known about the incidence of emotion at work and the part it plays in work behaviours. The illustration shown in Table 4.6, although simplistic, plots a possible sequence of events and the power of rewards (or not) and psychological well-being (or not).

Stress at work

The significance of stress at work has been discussed in Chapter 3. Personality is a contributing factor in the understanding of stress. Stress is a complex topic. It is individually defined and is intrinsically tied into an individual's perceptual system. Everyone has a range of comfort within which they can feel steady and safe. Stress occurs when the individual feels that they are working outside of that comfort zone. Individuals will differ when they feel discomfort. The effects of stress will differ too; for some, the incidence of stress may energise and activate but for others it may immobilise.

TYPE A AND TYPE B PERSONALITIES

Two polar sets of behaviour that link with personality and health have been identified bymedical students Friedman and Rosenman, who identified recurring patterns of personality in patients suffering from premature heart disease.[32] Individuals with a **Type A personality** are excessively competitive and thrive on hard work and long hours. They work under moderate to high levels of stress and exhibit characteristics such as:

A sequence of work emotions, thought and behaviour

■ Jane is asked to carry out a difficult project, usually given only to more experienced colleagues.
She feels valued, flattered and trusted – also a little worried.
■ While working hard on the project her emotions range from excitement and elation to fear and
frustration.
■ She completes the task well and feels proud and relieved.
■ Jane tells her boss and shows her completed work.
■ Boss gives no thanks or praise and picks out a trivial error.
■ Jane then feels resentful and angry and thinks that she will never again 'put herself out' for her
boss. Also feels exploited.
■ Thinks about looking for another job.
■ Doesn't volunteer to do additional tasks any more.
■ Starts to feel sad and disappointed.
■ Updates her CV and regularly starts looking at job advertisements.
■ a high need for achievement;
■ extreme competitiveness;
■ impatience with obstacles to the completion of tasks;
■ aggressiveness;
■ a tendency to move and speak rapidly;
■ an aversion to idleness;
■ restlessness and urgency about time.

Individuals with a **Type B personality** are considered to exhibit the opposite characteristics from Type A. They may still have high levels of drive and ambition but are more relaxed, work at a steady pace and do not exhibit a sense of time urgency. According to Friedman and Rosenman, Type A personalities are far more vulnerable to heart attacks than Type B personalities. Individuals who have a personality classified as Type A are more likely to suffer from heart disease under severe stress than individuals with a Type B personality.[33] Research also supports the link between stress and Type A personality.

Type A people and team performance

Gratton reports on what happens when Type A people, for whom time urgency is crucial, get to work together with less time-urgent people. Type A people are likely to pay a great deal of attention to the passage of time, constantly check the time remaining and see time as their enemy.

Typically they will be very efficient in their use of time, and will use deadlines to prioritise tasks and increase their work pace. Type A people have the potential to keep things moving and active but can have a detrimental impact.[35] A study by Waller et al.[36] found that where teams were responsible for completing creative tasks, Type A time-urgent people tended to impose strict, linear schedules on members and this reduced the innovative performance of the team.

ABILITY

Individuals vary with regard to their mental abilities and the extent to which they apply them at work, and different occupations require different skills, competencies and abilities. The ‘happy’ scenario is one where a match occurs between the individual’s abilities and their occupation, but reality suggests that this is not always the case. The extremes include employees bored rigid with a simple task who become careless and make a succession of mistakes, and the employees who have been promoted beyond their capability. The result could be stress either for the individuals unable to cope or for their colleagues who are picking up the debris left behind. In a similar vein to the studies of personality, different schools of thought have emerged with regard to the study of abilities. Similar debates to the ones that surround the study of personality have also swirled around the research on intelligence.

- Is intelligence inherited? Is it constant throughout life? Is it dependent upon our life’s experiences, our culture, our education, etc.?
- What is the nature of intelligence? Can it be measured and how?

EMOTIONAL INTELLIGENCE (EI)

Emotional intelligence is the sum of a range of interpersonal skills that form the public persona. EI has received considerable attention over the last few years as the concept has been identified as a key aspect of managing people effectively. Goleman argues for a more empathetic style of management and suggests that EI predicts top performance and accounts for more than 85 per cent of outstanding performance in top leaders.[44] The Hay Group, working with Goleman, have identified 18 specific competencies that make up the four components of emotional intelligence and have produced an inventory designed to measure emotional competence (see Figure 4.6). The Emotional Competence Inventory defines EI as ‘The capacity for recognising our own feelings and those of others, for motivating ourselves and for managing emotions within ourselves and with others.’

Significance of emotional intelligence

Recognising and understanding the implications of emotions and being able accurately to self-assess one’s inner resources, abilities and limits are key to becoming an emotionally intelligent leader. Being able to read emotional currents is an important skill for managers to develop and employ. It requires them to know and understand the individuals within their teams and the way in which the individuals relate and interact.

Recent research from the Chartered Management Institute identifies EI as one of the key skills managers and leaders will need in the coming decade.[46] According to Landale it should really be no surprise to find EQ so much in demand.

Developing EI

Landale refers to the importance of empathy in EI which both involves how a person self manages and addresses how to engage with the emotions of others, and suggests a six-step process for developing EI.

- Know what you feel.
- Know why you feel it.
- Acknowledge the emotion and know how to manage it.
- Know how to motivate yourself and make yourself feel better.
- Recognise the emotions of other people and develop empathy.
- Express your feelings appropriately and manage relationships.

A number of steps in raising emotional intelligence are also suggested by Garrett, including ensuring staff are managing their interpersonal relationships before a problem arises, focusing first on leaders and creating an EQ culture for the organisation about itself and the companies it deals with.[49] According to Dann, becoming highly self-aware allows an individual to recognise inner and outer conflict and develop more proactive self-management. Developing greater social awareness allows the fostering of productive relations and a greater degree of engagement between employees and management. A manager with a high EQ benefits both the organisation and the individual.

ATTITUDES

There are no limits to the attitudes people hold. Attitudes are learned throughout life and are embodied within our socialisation process. Some attitudes (such as religious beliefs) may be central to us – a core construct – and may be highly resistant to any change, whereas other, more peripheral attitudes may change with new information or personal experiences. Specific events, particularly traumatic ones such as redundancy, may have a dramatic effect on our attitudes.

So what are **attitudes** and how can they be distinguished from beliefs and values? Attitudes can be defined as providing a state of 'readiness' or tendency to respond in a particular way. **Beliefs** are concerned with what is known about the world; they centre on what 'is', on reality as it is understood. **Values** are concerned with what 'should' be and what is desirable.

The functions of attitudes

Katz has suggested that attitudes and motives are interlinked and, depending on an individual's motives, attitudes can serve four main functions:

- **Knowledge.** One of the major functions is to provide a basis for the interpretation and classification of new information. Attitudes provide a knowledge base and a framework within which new information can be placed.
- **Expressive.** Attitudes become a means of expression. They enable individuals to indicate to others the values that they hold and thus to express their self-concept and adopt or internalise the values of a group.
- **Instrumental.** Held attitudes maximise rewards and minimise sanctions. Hence, attitudes towards other people (or objects) might be held because of past positive (or negative) experiences. Behaviour or

knowledge that has resulted in the satisfaction of needs is thus more likely to result in a favourable attitude.

■ **Ego-defensive.** Attitudes may be held in order to protect the ego from an undesirable truth or reality.

1 Attitudes cannot be seen; they can only be inferred.

2 Attitudes are often shared within organisations and as such are embodied in the culture of organisations.

ATTITUDE CHANGE

The permanency of attitudes clearly has implications for attitudinal change. At the beginning of the previous section it was pointed out that whereas peripheral attitudes may easily change with new information or experiences, central attitudes tied into other cognitive systems may be much more difficult to shift. Theories on attitude change stress the importance of **balance** and **consistency** in our psyche. Heider, for example, suggests that not only would we find it uncomfortable to hold two conflicting attitudes, but to do so would motivate us to change one of the attitudes in order to reach a balanced state.[63]

Cognitive dissonance is the term given to the discomfort felt when we act in a way that is inconsistent with our true beliefs. It suggests that we are motivated to reduce its impact.[64] The process of attitude change is dependent on a number of key factors, the most important being:

■ why an attitude is held in the first place;

■ why it should change;

■ what the benefits are and to whom;

■ what the outcomes are if it does not change.

Considerable research has demonstrated the importance of the following variables in a programme of attitude change:

■ the persuader’s characteristics;

■ presentation of issues;

■ audience characteristics;

■ group influences;

■ outcome of attitude change (reward or punishment).

TESTING AND ASSESSMENT

Much has been written about the value of selection tests and questionnaires and they are subject to a number of criticisms. It should be noted that the word ‘test’ is often taken to refer to measures of intelligence, achievement and developed abilities, and aptitude for particular tasks. Measures of interests, social attitudes, emotional stability or traits of personality are usually referred to as questionnaires or profiles, or similar. Answers are regarded as common or uncommon, typical or untypical, rather than right or wrong, good or bad. The word ‘test’ is therefore usually avoided in such measures, as in, for example, the Cattell 16PF Questionnaire. The early tests of intelligence have evolved into a large psychological business.

Tests are divided broadly by the British Psychological Society into the following:

1 Tests of typical performance. These assess an individual’s typical responses to given situations. Answers are not right or wrong but identify choices, preferences and strength of feelings. Personality assessments and interest inventories are examples of such tests. **2 Tests of maximum**

performance. These assess an individual's ability to perform effectively under standard conditions. Performance on these tests, which include ability and aptitude tests, can be judged as right or wrong. Ability tests come in many different forms and may test a **general intellectual functioning** or a **specific ability** (such as verbal reasoning, numerical reasoning, etc.).

Alice Heim (cited in Anastasia) developed a series of general ability tests – AH series – which is widely used to assess general ability. These test three key areas: verbal, numerical and diagrammatical reasoning. For example, an individual would be asked questions similar to the following:

Features of psychometric tests

Psychometric tests have certain standard features:

1 Tests will comprise a standard task or a set of questions with a standard means of obtaining the score.

2 A technical manual will explain what the test is measuring, how it was constructed, and the procedures for administering, scoring and interpreting the test.

3 Details of the test's validity (whether the test measures what it claims to measure) and reliability (the test's ability to measure consistently) will also be shown in the manual along with the inferences that can be drawn from the data.

For a test to be considered as a psychological instrument it must be **objective, standardised, reliable, valid** and **discriminating** (but not discriminatory). The selection and choice of the test should be based on a number of other key features such as its acceptability, practicality, time, costs and perceived and actual added value.

DIVERSITY MANAGEMENT

The concept of diversity

An integral and essential feature of individual differences is the concept of diversity. We have seen from the discussion above that people are not homogeneous. **Diversity** focuses on the multiplicity of differences among people – on the variety of people as heterogeneous groupings. Individual differences are the basis of diversity.

Individual differences and diversity have long been recognised as important for effective team performance but in recent years greater attention has been given to the management of diversity. Reasons for this include:

- demographic changes in the workforce;
- wider customer base;
- equal employment opportunities legislation;
- a shortage of higher-level skills;
- programmes of affirmative action and positive discrimination;
- increasing number of women and part-time workers entering the workforce;
- changing social attitudes;
- a more global environment and increasing internationalisation.

However, valuing differences is easier said than done. It means relating and working with people who hold different perspectives and views, bringing different qualities to the workplace, having different aspirations and having different customs and traditions. Differences are challenging; they question people's views, perceptions and attitudes and require individuals to see things from a different frame of reference. Managing diversity does not mean that managers champion their own values and try to shift other people's values to conform and match their own!

In addition to the above it is possible to identify a number of 'secondary' learned characteristics that a person acquires and modifies throughout life and over which the individual has relatively more influence. These include:

- religious beliefs
- sexual orientation
- work experience
- personal style
- income
- geographical location.

Devolution and regionalisation

Alterations to the identity that individuals hold have also been apparent over the last decade. Devolution and regionalisation have increased and paradoxically so too has the trend towards greater integration into multinational groupings (in terms of both company mergers and political agendas). A complex range of possible identities and affiliations results. Consider a Scottish national living in the United States, working for a Japanese company and directing European markets: such a manager will have a diverse set of allegiances which may in turn affect motivation and morale. The growth of the portfolio worker and contract worker may result in an employment relationship that is short-term, instrumental and driven by outcomes and performance. Loyalty to the organisation and commitment to mission statements do not enter into such a partnership. The rise of consumerism in and out of the workplace has led to greater understanding and expectations of 'rights' and redress of perceived injustice. It is not only morally and socially acceptable to treat all people fairly in the workplace; legislation insists that managers do so.

From equal opportunities to managing diversity

Equal opportunities relates to legislation intended to outlaw discrimination. The government is committed to protect individuals at work against discrimination in employment on the basis of gender, disability, race, religion, sexual orientation or age. Encouraging a diverse workforce is high on the government's agenda and the reluctant employer is having their hand forced by statutory obligations. Although diversity in the workplace relates to treating everyone equally, it complements and further develops initiatives on equal opportunities. Future demographic patterns present new challenges for managers.

Among those who believe that equal opportunities policies and training, though important, are not by themselves enough to secure the positive value of individual contributions is Guirdham. Only where an organisation has fully embraced diversity, trained its staff accordingly and inculcated its principles in every way will the barriers to good work communications between subgroups be lowered.

All these changes amount to a picture in which the white, Protestant male will no longer dominate. Instead, we can anticipate a complex pattern where, ideally, individual differences will be valued and celebrated and, at the very least, equal opportunities practice will be observed. Personal qualities and characteristics that may have been downgraded, ignored or regarded as nuisance factors will be perceived as adding value. In the longer term, an effective policy on diversity should arguably eliminate the need for affirmative action or positive discrimination.

DIVERSITY TRAINING

More than ever, effective organisational performance demands an understanding of, and response to, diversity. This necessitates a work climate that respects individual differences and treats all members of staff with dignity and mutual respect. Diversity training will not be effective unless there is active support from the top and it is recognised as a company-wide initiative and part of the core value of the organisation.

Organisations need to manage diversity in a manner that benefits the well-being of all members of staff. Training should involve:

- increasing the awareness and value of diversity;
- education in understanding the culture and values of members of a diverse workforce;
- the ability to communicate effectively with all members of staff – and also customers and suppliers;
- developing the skills of effective diversity management;
- addressing biases, prejudices and stereotypes.

Business in the Community (BITC) is one of the agencies that help businesses to embrace a culture of inclusiveness by helping them to look at the competitive case for diversity. Current activities focus on labour market discrimination, religious beliefs, sexual orientation, and general diversity and equality.[79] As another example, ACAS draws attention to managing disability and to the importance of line managers' contribution to organisational culture and managing performance. Training managers in effective people management skills and developing a culture of inclusion are crucial.[80] Attention to top management is also required. Arkin suggests that in company headquarters the chances are that the people will be overwhelmingly white, male, able-bodied and of a certain age. There is little joinedup thinking between activities under the diversity agenda and the nurturing of top talent. The effective management of diversity will also entail a review of organisational processes and the execution of work. For example, not everyone

- shares the same work ethic or seeks the same goals and objectives;
- responds in the same way to working in a bureaucratic structure;
- works better in a self-managed group or with a more participative style of management;
- will fit the same psychometric profile;
- is motivated in the same way; or
- reacts the same way to different forms of control.

Diversity management requires time and effort and may well have a high financial cost. There is a general feeling that badly managed initiatives do more harm than good. Managing diversity requires a company-wide philosophy and commitment, a change to organisational culture and supportive systems of management and training.

Diversity and stereotyping

Diversity also challenges many traditional stereotypes (discussed in Chapter 6). Stereotyping infers that people within a particular perceived category are assumed to share the same traits or characteristics. Stereotypes are a means of making simplified judgements of other people instead of coping with a range of individual stimuli. Stereotyping attributes to all individuals the characteristics or tendencies of the categorisation as a whole. An important feature of managing diversity is an awareness of, and training in, overcoming inaccurate stereotyped perceptions and attributions. A greater understanding of cultural differences in non-verbal communications and body language will help improve interpersonal relationships.

Managers' attitudes, values and beliefs

If they are to be successful in managing diversity, managers need to have greater reserves of emotional intelligence (discussed earlier in this chapter). In turn this suggests that managers need to have an awareness of, and be able to get in touch with, their own attitudes, values and beliefs – what they are and where they come from. Clements and Jones recognise that the process can be uncomfortable:

DIVERSITY, GENDER AND ORGANISATIONS

One of the most significant and important aspects of managing diversity is that of gender equality, and the participation of men and women in the workforce.[93] One of our initial perceptions and classifications of another individual is usually the identification of their gender.

- How does this perception affect our behaviour?
- What difference does it make if our work group is predominantly male or female?
- Do women and men have different experiences at work?
- If organisations are rational and neutral institutions – why should gender make a difference?
- Does it matter that many classic theories have been based on research carried out on men, by male researchers?
- What has been the influence of diversity policies on work behaviour and on the position of women in organisations?

Emotions, politics and gender

Emotions and politics surround the issue of gender. Alvesson and Due Billing suggest that some people may be over-sensitive to gender and interpret any negative comment as if it is symbolic of an act of discrimination. Likewise under-sensitivity may also occur and organisations may remain gender blind to everyday instances of bias and distortion. Although not easy, achieving the right balance (neither overwhelming nor rejecting the pervasiveness of gender) is an important skill in managing men and women at work.

Contradictions and confusion

Gender research is replete with contradictions and confusions. Although there is a body of evidence to confirm the position, status and (lack of) power of women in organisations – aspects that can be measured and quantified – such clarity is blurred when it comes to understanding the subjective and qualitative aspects of working life. It is not helpful to view all men or all women as homogeneous groups. There may be as many differences within each gender as between the two genders. Social class, race and age will affect attitudes, beliefs and values and may impinge upon different understandings of gender. Although earlier organisational research could be criticised as having been conducted by men largely investigating male behaviour, so too much of the research on women has been dominated by white middle-class women assuming their values are those that should be upheld. Perhaps the most positive approach to take is for an organisation to acknowledge the changing working pattern of all employees and to consider the best working practices for managing a diverse workforce as a whole. This should not be done mechanically but by analysis of the organisation and its workforce. Organisations need to analyse, consciously debate and question their unwritten assumptions and expectations in order to reveal prejudices inherent in the culture of their organisations. Analysis of the way in which culture is expressed in all its trivial detail would lead to an understanding of perceptions and attitudes. Until a full analysis is completed it remains doubtful whether more egalitarian practices will develop.

REVIEW QUESTION

1. Define personality. How do individuals differ from other?
2. What are nomothetic and idiographic approaches?
3. What are the applications within the work organisation?
4. Describe type a and type b personalities in detail.
5. Describe emotional intelligence indetail.
6. Explain attitudes. What are the causes and effects of attitude change?
7. Discuss diversity management.

FURTHER READINGS

1. Managing Organizational Behavior-Ronald R. Sims
2. Current Topics in Organizational Behavior Management-Phillip K. Duncan
3. Organizational Behavior-O. Jeff Harris, Sandra J. Hartman
4. Organizational Behavior- K.C.S. Ranganayakulu
5. Organizational Behavior- G. A. Cole

UNIT-5 THE NATURE OF LEARNING

CONTENTS

INTRODUCTION

Learning is part of the human condition and is a familiar process to us all. Managers need to be aware of ways in which people learn and must continually develop their own skills to cope with the changing and growing demands of the marketplace. To be effective, leaders need to be able to manage the complexity and paradoxes implicit in organisational life. They need to develop their personal awareness of who they are and the values they hold, and how they align their personal development aspirations with the goals of the organisation.

THE MEANING AND NATURE OF LEARNING

Learning means change, but change of a relatively permanent kind. A common definition of **learning** is: 'a relatively permanent change in behaviour, or potential behaviour, that results from experience'.[2] Individuals may behave differently because of maturation or short-term factors such as tiredness or alcohol. These temporary changes are of a different nature to those associated with the process of learning that results in knowledge or a change in behaviour.

Imagine for example these scenarios:

- a student attending an action learning set;
- a manager completing a learning portfolio;
- a nurse measuring blood pressure for the first time;
- a trainee watching a manager deal with an irate customer;
- a child attempting to beat a score playing a computer game.

These scenarios all share the common feature that learning has taken or is about to take place. They demonstrate that a discussion of learning involves not only knowledge and skills but also attitudes and social behaviour. Learning implies a different internal state which may result in **new behaviours and actions** (for example, a new skill such as taking blood pressure) or **new understanding and knowledge** (for example, a new subject area such as finance). Sometimes behaviour and knowledge coincide (for example, learning a language, becoming IT literate); at other times people will learn to act in certain ways without an underlying understanding of the reasons why (for example, driving a car without an understanding of mechanics). Learning can be a deliberate and formal process or an unintentional outcome of natural progression.

The significance of learning

Learning inevitably involves an examination of how change takes place. Current organisational literature provides advice for organisations in coping with turbulence and change and the role of learning is central to these discussions. An understanding of how people learn provides insight into vital aspects of our humanity – the process of growth, development and deterioration. Learning is a highly significant area for psychologists to study and has been of continual interest in the development of psychology as a science. It provides a series of challenges in the selection of suitable methods and techniques for studying such a complex process. Learning is a function of the inner workings of our mind and its invisibility has created a number of methodological difficulties. Individuals differ in their learning capabilities, their style and their creative responses. This chapter will also consider the ways in which learning theories can be applied to the management of individuals at work.

Lifelong learning

Both change and learning are natural processes that continue throughout life. Learning takes place in a variety of ways and a range of situations. For example, The University of industry (Ufi) manages **learn direct**, a teaching organisation that uses technology to provide high quality learning to people over the age of 16. Courses are designed in small sections to be completed at a time, pace and place to suit the individual, and can be accessed anywhere there is broadband connection. Globalisation and technological advances have heightened the pace of change including the relative importance of different occupations and skills, and transform the way we live and work.

Individual learning is a lifelong process that is essential if people are able to cope with the changing nature of work organisations. Payne and Whittaker, for example, stress the importance of skills for the future and **lifelong learning**.

Learning as a formal process

When individuals consciously ‘learn’ and ‘study’, assessments take place to test the level and depth of their understanding and skills. Such ‘formal’ learning situations will test, grade and award qualifications on the basis of whether the individual has reached an agreed and measurable standard. Tests will frequently be based on ‘what’ the individual has learned and not on the ‘why’ or ‘how’ a person has learned. Testing ‘what’ has been learned is ingrained in our society and largely accounts for the ways in which individuals are compared and judged.

Learning and the social world

But much of what we learn takes place without any necessary deliberations or any assessments. Learning can be seen to be a continuous and automatic process, often taking place in a social context. The spontaneous nature of learning can be observed in young children’s play as they imitate and model their behaviour and attitudes on the people around them. Learning has an active and dynamic nature. As active participants, we engage and relate to the people around us. It is a function central to our very humanity. We know that animals can learn, but the complexities of human learning have no parallel in the animal world.

Learning and emotions

Learning implies that an individual has experienced 'something', has stored that experience and is able to refer to and/or use it at a later time. Learning and memory are inextricably linked. There are many factors that influence both the rate and enjoyment of learning (see Figure 5.1). The rewards and punishments levelled at us in the past will affect our motivation and attitudes towards learning in the present and the future. Expectations of others and the climate that surrounds us will determine our readiness to learn. Feelings generated by the process of learning are very powerful and tend to be pleasurable.

ORGANISATIONS AND THE MANAGEMENT OF LEARNING

If learning can result in the benefits outlined by Burgoyne et al. in Table 5.1, how do organisations achieve these outcomes? Clearly it is in the organisation's best interest to ensure it utilises the knowledge and skills of all its employees and yet in a report published by the Economic and Social Research Council (ESRC) the researchers found that formal education and training provided only a small part of what is learned at work.[8] Most learning arose out of the 'natural demands' of work – solving problems, interacting with colleagues, clients, etc.

Learning: the central issue for the 21st century The benefits

Learning is the most powerful, engaging, rewarding and The following benefits assume that the learning in enjoyable aspect of our personal and collective experience. question has both morally acceptable intent and outcome: The ability to learn about learning and become masters of the learning process is the critical issue for the next century. For individuals

■ Learning is the key to developing a person's potential Our understanding of learning has generally been restricted

■ Learning to learn is the key to effective learning to formal teaching and training. It is often seen as unrelated

■ Learning enables the individual to meet the demands to daily life and work. Systems of accreditation are of change sometimes used as a way of unfairly discriminating

■ The capacity to learn is an asset that never becomes between individuals and are often felt to be irrelevant to obsolete real needs. The biggest missed opportunity for policy-

■ Embracing learning helps the individual to acknowledge makers and leaders is the failure to capitalise on the that learning is more than formal education and training collective learning ability of people.

For organisations

Organisational leaders need to harness relevant knowledge

■ Learning increases everyone's capacity to contribute to and experience so that the organisation as a whole and the success of organisations the people who comprise it can learn more effectively.

■ Learning enables the organisation to be more effective The same principle applies at community, national and in meeting its goals international levels. Every person, team and organisation

■ Learning emancipates the organisation through both survives and progresses through the ability to clarification of purpose, vision, values and behaviour internalise and act upon this fundamental truth.

■ A focus on learning, planned and unplanned, formal and informal, produces a wider range of solutions to This declaration does not contain all there is to say on the organisational issues

subject of learning. It does, however, reflect the thinking of

■ Learning helps to achieve a better balance between the eight signatories. The declaration is designed to long-term organisational effectiveness and short-term stimulate and encourage dialogue. organisational efficiency

For society

■ Society survives and thrives through learning

■ A focus on capturing and sharing learning contributes to a more cohesive society

■ Individual and collective learning reinforces the informed, conscious and discriminating choices that

underpin democracy

■ Learning helps to enhance the capacity of individuals to create a more fulfilled society

HOW DO PEOPLE LEARN?

Early classic studies of learning offer explanations for simple learning situations. The principles arising from these laboratory experiments remain applicable to an understanding of organisational behaviour. The effects of rewards and punishment (the ways in which behaviour can be shaped and modified) have considerable relevance in understanding the motivation of individuals and the culture of organisations. These are called behaviourist theories. Dissatisfaction with the earliest theories led researchers to consider more complex learning situations. '**Cognitive theories**' have particular application to an understanding of individual differences in learning situations. They offer models that explain the process of learning and take into account different preferences and styles.

BEHAVIOURISM

Theories of learning have their roots in the history of psychology and some of the earliest experimental psychologists focused their attention on animal learning and were keen to develop laws of learning. They were interested only in behaviour that could be objectively measured and they designed experiments that maximised key scientific conditions: **control**, **reliability** and **validity**. A school of psychology called **behaviourism** developed out of these early research studies. As the name suggests, researchers were interested in the study of behaviour and those actions that could be observed, measured and controlled. Ideas and thoughts in people's minds were considered inaccessible to objective, scientific measurement and were therefore excluded from study.

Classical conditioning

Pavlov,[13] working in Russia, developed a theory called **classical conditioning**. His laboratory experiments demonstrated how instinctive reflexes, such as salivation, could be 'conditioned' to respond to a new situation and a new stimulus (see Figure 5.2). Pavlov, through his repeated experimental studies, showed the power and strength of association. How can we relate these experiments on dogs to behaviour at work? There are times when our body responds more quickly than our mind. We may have an initial panic reaction to a situation without necessarily realising why. Physiological reactions may be appropriate in times of stressful situations – our body may be in a state of readiness to run (fight or flight reaction).[14]

At other times our reactions may be 'conditioned' because of previous associations of pain, guilt or fear. Smells and sounds are particularly evocative and may release physiological reactions akin to the Pavlovian experiments. Thus sitting in a waiting room at the dentist's and hearing the sound of the drill may invoke an increase in our blood pressure or heart rate – nothing to do with any actual pain we may be experiencing. Returning to school for a parents' evening may invoke feelings of 'dread' or 'pleasure' depending on our own childhood experiences of school and its associations. Training for some occupations may depend upon learned associations and automatic reactions, an example being initial military training. If fire drills are to be successful, immediate reaction to the bell or siren is essential.

OPERANT CONDITIONING

Skinner advanced the ideas of Thorndike and produced a thesis of **operant conditioning**. Skinner's experiments on animals showed the effects of reward and punishment on animal learning. Unlike classical conditioning, learning was rewarded after the response had occurred. He proved that a response would be learned when the animal associated the behavioural response with a reward (or reinforcement) and could be broken with punishment Once the rat had learned that pressing the lever equalled the onset of food, the rat responded to the lever consistently. The rat had been 'conditioned' to act in a particular kind of way. Sometimes the rat learned superfluous actions, such as turning round before pressing the lever, and these actions too would be repeated. Skinner called these responses 'superstitious' as the animal had acted as though such behaviour had produced the reward. Skinner experimented with the reinforcement process:

- What would happen if the animal was not rewarded in each trial?
- What effect would partial reinforcement have on the rate of learning?

He found that partial reinforcement strengthened the stimulus–response bond and the behaviour was more resistant to extinction. The reward seemed to hold even greater importance when it was given intermittently. **Negative reinforcement** was also shown to be powerful. These experiments demonstrated the importance of the stimulus–response bond, but the reward was the prevention of something painful or nasty occurring. The rat learned to associate the stimulus (perhaps a light) with something nasty happening (perhaps an electric shock) and to run (response) to prevent the painful situation. **Not** being shocked is the reward in such experiments. Thus the rat was conditioned to respond to a stimulus and the S–R bond was formed. Negative reinforcement is not punishment. **Punishment** is trying to break the S–R bond. For instance, if the animal pressed the lever and received an electric shock it would quickly learn not to press the lever and the S–R bond would be broken.

Applications of operant conditioning

Skinner and his researchers extensively applied operant conditioning theory to many experimental situations. He demonstrated the power and control of his simple learning principles:

the identification of a **stimulus** and a **reward** following a successful **response**. He was able to train animals to perform complex acts by a process known as 'shaping'. Behaviour is shaped through a series of small but successive steps, with rewards given for those responses which approximate the desired end result. The behaviour is gradually brought closer to this final objective. Skinner showed much interest in applying his learning principles to complex, practical situations. There is no doubt that the technique of shaping (modifying and controlling behaviour) and the identification of the stimulus–response bond can be applied to work situations. Illustrations of the power of rewards can be seen in almost any work organisation: bonuses, prizes for reaching sales targets, 'employee of the month' awards, etc.

Intermittent reinforcement is another useful outcome of Skinner's research. If an employee always receives a reward, does its value diminish? Skinner's research would say 'yes'. There is an interesting parallel with this concept in Transactional Analysis whereby too many positive verbal comments (called strokes) are described as 'marshmallow throwing'.

Operant conditioning in work situations

Reward

The most difficult problem with the application of operant conditioning is in its definitions. Skinner was dealing with 'hungry' animals; they had a clear drive to eat and therefore a plate of food was, no doubt, a reward. It is far more complex when we consider rewards for people. We may all have our own definitions of a 'reward'. Although money might be a suitable reward for some employees, others may prefer to have 'time out' or a symbolic gesture of the work they have achieved. So having a photograph on public display may be a proud and rewarding moment for some but other employees may be acutely embarrassed. How organisations reward their employees makes a statement about what they value. How different pay practices affect organisational and individual performance is a critical aspect of reward management.[18]

Punishment

The same principle applies to people's perception of punishment. Inappropriate behaviour at work can be punished directly by withholding rewards or by initiating the company's disciplinary procedure. Some managerial actions may be perceived as punishment, for example being sent on a training course, not being sent on an international assignment, etc. Whether the punishment is real or perceived, it is likely to cause feelings of resentment in the mind of the employee. Hence, punishment results in negative psychological outcomes. Although the employee may comply with requirements, it is likely that resentment will lead to anger and/or apathy and psychological revenge. It is not surprising therefore that organisations should prefer to use reward management as a means of positively controlling behaviour. Comparing Skinner's animal experiments to situations at work illustrates the limitations of the early operant conditioning studies. Skinner identified the basic concepts but the reality of organisational life adds layers of psychological complexity.

Shaping

Some organisations endeavour to exercise tight control over their employees' language and behaviour. Training new employees is a form of 'shaping' behaviour in line with the written training objectives. As employees demonstrate their responses, they may be rewarded with a tick in the training box or a 'badge' that they wear on their clothing. Learning occurs incrementally, with the task divided into sub-goals, each with its own reward. Sometimes shaping can occur in training centres where peer assessment can add further power to the modification process.

LEARNING STYLES

Learning styles indicate various approaches to, or methods of, learning and the ways in which people learn. This approach recognises that individuals have their own learning style and strategy. This influences how people prefer to learn. Some cognitive theorists have emphasised the cyclical nature of learning and its active nature. Davis[27] claims that 'experiential learning is an integration and alteration of thinking and doing'. Although there are a number of models of learning style two of the best known and useful are that of David Kolb and that of Honey and Mumford.

The Kolb learning cycle

Kolb's learning cycle (see Figure 5.4) is typical of this approach and is the one that is most frequently used in the management literature.[28] It provides useful insights into the nature of learning:

- It demonstrates that there is no end to learning but only another turn of the cycle.
- Learners are not passive recipients but need actively to explore and test the environment.
- It identifies the importance of reflection and internalisation.
- It is a useful way of identifying problems in the learning process.

The approach emphasises the importance of the synthesis between an individual's behaviour and the evaluation of their actions. Reflection of what has been learned in order to experiment with new situations and to become aware of new possibilities is a vital part of the learning process. This is the very essence of action learning; going though the cycle that learners are exposed to applying, reflecting and testing out their learning. This encourages individuals in habits compatible with the notion of lifelong learning. It is therefore no surprise that Kolb addresses his ideas to managers and suggests that experiential learning will enable managers to cope with change and complexity. He has suggested that Kolb and his colleagues suggest that partnerships between education and industry shouldcreate feedback loops which enable interactions between ideas and action – certainly ideaswhich fit well into a learning organisation framework and into the new concept of knowledgemanagement considered later in this chapter.

Thinking performers

There are other important links that can be made from this model of learning to organisational behaviour. Of late there have been exhortations for organisations to develop employees as ‘thinking performers’, thus emphasising the important relationship between thinking and action. Focus on thinking has been at the core of work completed by Nancy Kline. By mastering what Kline calls a Thinking Environment, people are able to enrich their lives and their relationships. She argues that organisations are able to produce better ideas in less time with better business outcomes. She describes a Thinking Environment as having the following ten components:

- attention – listening with respect, interest and fascination;
- incisive questions – removing assumptions that limit ideas;
- equality – treating each other as thinking peers and giving equal turns and attention. Keeping agreements and boundaries;
- appreciation – practising a five-to-one ratio of appreciation to criticism;
- ease – offering freedom from rush or urgency;
- encouragement – moving beyond competition;
- feelings – allowing sufficient emotional release to restore thinking;
- information – providing a full and accurate picture of reality;
- place – creating a physical environment that says back to people, ‘You matter’;
- diversity – adding quality because of the differences between us.[30]

Kline believes that employees need to relearn how to think for themselves in an environment which genuinely listens and gives people time to say what they think. As a consequence she argues that more productive meetings and stronger relationships result.

The importance of reflection

The importance of reflection in aiding the learning process is also demanding attention. Portfolio assessments are becoming more commonplace, both in terms of qualifications and for showing evidence of continuing professional development. At such time individuals are asked to ‘reflect’ upon their learning experiences. What have they learned? What are they going to learn next? The reflective process demands they place themselves centre stage and it reinforces the circular process of learning. It does not see learning as an end result, as some kind of ‘product’, but as an ongoing process that never finishes. Becoming a reflective practitioner is seen as essential for managing change and ‘of paramount importance for learning and growth’.[31] But reflection is not easy as it insists that individuals challenge their mindsets and see situations in new ways. It leads to individuals redefining their current perspective to develop new ways of thinking and behaving. One of the ways in which this process can be enhanced is through action learning sets.

Honey and Mumford styles of learning

When applying the learning cycle to the study of individual differences, Kolb demonstrated that individuals may have a preference for one of the key stages and therein lies their learning style. His work, developed by

Honey and Mumford,[35] has been applied to managerial behaviour. Kolb identified four different styles of learning:

■ **accommodative** – strong preference for concrete experiences and active experimentation (hands-on);

■ **divergent** – preference for concrete experiences, but to reflect on these from different perspectives;

■ **assimilative** – prefers to swing between reflection and conceptualisation and will use inductive reasoning to develop new theory;

■ **convergent** – prefers to apply ideas, will take an idea and test it out in practice. Honey and Mumford simplified Kolb's learning cycle and refined his learning style questionnaire. They also identify four learning styles and associated pattern of behaviour.

■ **Activists – What's new? I'm game for anything**.

Activists are enthusiastic, flexible and open-minded. They like the challenge of new experiences, but can become bored with long-term routine procedures. Activists enjoy the here and now. They tend to think first and consider consequences later.

■ **Reflectors – I'd like time to think about this.**

Reflectors are cautious and slow to reach conclusions. They stand back and observe and like to think things through carefully. By collection and analysis they maintain a big picture perspective. At discussions and meetings, activists prefer to adopt a low profile and take a back seat.

■ **Theorists – How does this relate to that?**

Theorists are logical and disciplined, and value rationality and objectivity. They assimilate disparate facts in order to understand coherent theories. Theorists tend to be perfectionists and reject subjectivity, lateral thinking or flippancy.

■ **Pragmatists – How can I apply this in practice?**

Pragmatists like to experiment and seek and try new ideas or theories. They enjoy challenges and problem-solving. Pragmatists are practical, down-to-earth, quick to make decisions and quickly bored with long-term discussions.

KNOWLEDGE MANAGEMENT

An increasingly important aspect of organisational performance is the idea of **knowledge management**. This is usually defined in terms of a range of practices or processes to identify, create, distribute and share knowledge throughout the organisation.[40] Knowledge management can therefore be linked to organisational learning, which is discussed in Chapter 20. Many organisations are beginning to identify and formalise the significance of knowledge and in some instances are creating universities at work. Motorola University, for instance, is using learning programmes to drive critical business issues and is attempting constantly to align training with the needs of the business. It sees learning as a key integrated component of Motorola's culture.[41]

Unipart is another example of an organisation which has really driven the notion that learning should be embedded within the workplace. It has set up a university, complete with a learning centre and development programmes. The university also has the structure and support necessary for such a company-wide approach.[42] Another interesting example is that of McDonald's who recently have won government approval to become an examination board. The company aim to pilot a 'basic shift manager' course equal to a GCSE or A-level. Distinct advantages are identified for those companies which are able to make effective use of their intellectual assets. The following quotation typifies the message:

New forms of knowledge

This line of argument is supported by Nonaka,[44] who argues that competitive advantage is founded in the ability of companies to create new forms of knowledge and translate this knowledge into innovative action. He says that 'the one sure source of lasting competitive advantage is knowledge' and describes the different kinds of knowledge that exist in organisations and the ways in which knowledge can be translated into action. Nonaka calls knowledge that is easily communicated, quantified and systematic explicit knowledge – the kind of information required for an IT system or a new product. Tacit knowledge, however, is more akin to the wisdom described earlier – inarticulate, understood but rarely described. Although more problematic, because it is not so easily disseminated, tacit knowledge is arguably as important as explicit knowledge. Those companies able to use both kinds of knowledge will make the creative breakthroughs, according to Nonaka.

He suggests that the knowledge-creating companies systematically ensure that the tacit and explicit feed into each other in a spiral of knowledge. Tacit knowledge is converted into explicit knowledge by articulation and that explicit knowledge is used within an individual's cognitive understanding by a process of internalisation. It perhaps is no surprise that 'knowledge management' has been the subject of hype in the management literature and has been extolled as the route to the Holy Grail of competitive advantage. Jeffrey Tan argues that managing knowledge is now the issue for business in the 21st century. He suggests that A successful company is a knowledge-creating company: that is one which is able consistently to produce new knowledge, to disseminate it throughout the company and to embody it into new products or services quickly.

The importance of knowledge management

A substantial number of benefits have been identified by researchers of KM that no doubt has contributed to the surge of interest. Kerr[47] identifies seven reasons why KM is an important area:

▪ business pressure on innovation;

▪ inter-organisational enterprises (e.g. mergers, takeovers, etc.);

▪ networked organisations and the need to co-ordinate geographically dispersed groups;

▪ increasingly complex products and services with a significant knowledge component;

▪ hyper-competitive marketplace (decreasing life cycles and time to market);

▪ digitisation of business environments and IT revolution;

▪ concerns about the loss of knowledge due to increasing staff mobility, staff attrition and
retirements.

Facilitating knowledge management

Key enablers facilitating KM practices include expert systems, knowledge bases and help desk tools as well as content management systems, wikis, blogs and other technologies. Growth will continue as more collaborative IT applications become available. McElroy[48] suggests that KM needs a second generation, one that focuses on knowledge creation. He points out that knowledge sharing alone does not lead to innovative thinking, instead a more fluid proactive approach is required which allows people to share, analyse and revise ideas. Collaborative software solutions allowing messaging, forums, etc., are more akin to addressing knowledge required for the future.

EMERGING TECHNOLOGIES AND LEARNING

In a review of how technology is changing learning the British Educational Communications and Technology Agency (Becta) argues that 'we are moving from being consumers of media to becoming creators and producers'.[49] Illustrations such as war blogs by Iraqi citizens and mobile phone films of the London bombs indicate that people have seized the opportunity of becoming digital producers. Mobile learning can generate intense benefits, from podcasting to satellite-based systems, especially in terms of access in contexts not easy to reach. Learning can be enhanced by allowing devices to come together and communicate among themselves – Bluetooth and Zig Bee are two examples of this.

Intelligent networking is producing exciting visions of the future where 'smart objects' are networked and will be able to process data and communicate with other objects. It is speculated that in the future 'we'll have vehicles filling up with not only gasoline but also new data. . . . stop at the gas station and your car will automatically log on to the local server via a WLAN or similar system. Vehicles will network with one another and exchange information on traffic conditions and potential hazards'.

E-learning

There is an increasing use of technology as a means of enhancing the learning situation.

E-learning (electronic learning) is a means of instruction by the use of information and communications technology (ICT). According to the Joint Information Systems Committee (JISC) e-learning is: Learning facilitated as supported through the use of information and communications technology. It can cover a spectrum of activities from the use of technology to support learning as part of a 'blended' approach (a combination of traditional and e-learning approaches), to learning that is delivered entirely online. Whatever the technology, however, learning is a vital element.

Making use of knowledge

Networked companies are able to form linkages with partners and to have transparency about processes which would not have been conceivable a decade ago. Changes in the way knowledge is shared often comes hand in hand with other changes in the organisation. In the Royal Mail, traditional functional line structures were replaced with a spider's web design.[56] This had the impact of breaking down barriers between groups and allowing new lateral relationships to be formed. A knowledge infrastructure was developed to enable project information and learning to be captured. However, of key importance to the success of this and other knowledge management projects is the willingness of individual employees to participate and share their experiences. As organisations become more and more dependent on each other, the need for effective procedure becomes evident and with that the potential problematic issues of sharing of responsibility, accountability and trust. The different process and ways of working can bring their own stresses and problems. A full discussion of the impact of technology on organisations is included in Chapter 16.

PROBLEMS OF MANAGING KNOWLEDGE

The following challenges have been identified in knowledge management (KM) initiatives to achieve business benefits:

- **Getting employees on board –** ignoring the people and cultural issues of KM and not recognising the importance of tacit knowledge is a significant challenge.
- **Allowing technology to dictate KM –** while technology supports KM it should not be the starting point. Critical questions about what, who and why need to be asked before the how is put into place.
- **Not having a specific goal –** there must be an underlying business goal otherwise KM is a pointless process.
- **KM is not static** – instead it is a constantly changing and evolving process as knowledge has to be updated and stay abreast of current issues.
- **Not all information is knowledge –** quantity of knowledge does not equal quality and information overload is to be avoided in organisations.

Different organisation sectors will have their own particular knowledge problems to deal with and harvest. What constitutes intellectual property rights is a thorny issue which universities are trying to resolve as their ‘knowledge’ is being sought by commercial and industrial partners. The outsourcing of research and development into universities is welcomed by many, but there are problems to be overcome, not least in terms of cultural conflict and ownership of ideas. Whereas academics would wish to publish their research, industry would wish to maintain secrecy. Lack of awareness as to the value of ‘knowledge equity relative to finance equity’ is a further difficulty, as is the ownership and protection of intellectual property.

Industry can bring to both parties.[63]

People as human assets

The term ‘knowledge management’ strikes a harmonious chord with the view of people as human assets in an organisation. It captures the essence of people’s experience and wisdom and declares that companies need to use the knowledge available to them. For Harrison, communicating a coherent vision is a major principle for managing knowledge productively. She believes that frequent dialogue and a culture that allows challenge and innovation are crucial principles for benefits to occur.[64] Mayo[65] suggested that five processes are necessary for an effective knowledge management system:

- managing the generation of new knowledge through learning;

▪ capturing knowledge and experience;
▪ sharing, collaborating and communicating;
▪ organising information for easy access;
▪ using and building on what is known.

The success of many of these processes would depend on the culture of the organisation and its priority in sharing learning and knowledge. Many of the ideas and concepts now being used in the term 'knowledge management' have their roots in the learning organisation.

CREATIVITY

The importance of creativity as a management ability has been creeping onto the management education agenda over the past decade, lending a so-called soft edge to the business literature. Morgan prophesied that six new competencies would be required by managers to lead their organisations into the next millennium, including the ability to be innovative and initiate change.[66] Other research indicates that the reality of what managers actually do is unlike the conventional wisdom of what they are supposed to do; in fact, managers are already engaging in activities which are, if not creative, certainly intuitive.

What is creativity?

Creativity is the application of imaginative thought which results in innovative solutions to many problems. Imaginative thought may lead to new ways of seeing things that may be novel for the person or completely novel in time. Boden distinguishes such novel ideas as either P-creative (novel to the person) or H-creative (fundamentally novel to the whole of human history). An air of mystique surrounds the study of creativity, as if the flash of insight or inspiration indicates some special powers or gift. However, Boden suggests that creativity draws crucially on our ordinary abilities. Noticing, remembering, seeing, speaking, hearing, understanding language and recognising analogies; all these talents of Everyman are important.

Stages of creative process

Four stages have emerged in the creative thinking process.[74]

1 Preparation stage – conscious attempt to understand and absorb information.

2 Incubation stage – conscious mind is focused elsewhere but below the level of consciousness the ideas are being continually combined.

3 Illumination – solution appears suddenly – flash of insight.

4 Verification – solution is tested in a conscious and deliberate way.

Blocks to creativity

▪ **Perceptual** – habitual responses, stereotyping and reliance on past instructions and experiences.

▪ **Emotional –** fear, anxiety about looking foolish in front of others or making errors.

▪ **Process –** lack of technique or skills in process; a quick grasp at a solution.

▪ **Communication –** style, method or skills unsuitable for dealing with problems.

▪ **Environmental** – facilities, stress factors, mindsets of others which inhibit responses.

▪ **Cultural** – culture and attitudes not facilitative; too risky and open-ended.

A distinction can be made in Goodman's list between the first four features that are aspects of the individual's psyche and repertoire of skills and the last two that are functions of the culture of the organisation. Unless there is a culture of creativity and interest in reconstruction, it is more likely that individuals will use their creativity and resourcefulness outside the organisation or against the organisation rather than for the organisation.

Arts and creativity

There is a growing interest in drawing the arts and creativity into management programmes. Although innovation is seen as essential for organisations, engaging with creativity and developing creativity is often put on the back burner. At ?What If![79] they believe that organisations need to 'navigate' between the traditional business world of analysis and the world of creativity to generate innovation. Without this they suggest that business growth is compromised, personal growth is undermined and feelings of fulfilment are reduced. Interest in developing creativity has blossomed in a range of alternative development offerings from preparing stage productions and developing music projects to story-telling and poetry writing workshops. It is claimed that such activities provide:

▪ rich learning about the creative process and ways in which creativity can be nurtured or stifled;

▪ ways to develop 'soft skills' alongside 'hard skills';

▪ powerful metaphors to facilitate organisational analysis;

▪ multi-sensory and right-brain approaches that balance left-brain thinking, different learning styles and experiential learning.[80]

Creativity and context

Rickards, Runco and Moger see creativity as a complex and compelling area of study that is as difficult to define as it is to achieve. In a thought-provoking series of contemporary articles, they explore how creativity can be better understood and used in a range of contexts including innovation and entrepreneurship, environmental influences, knowledge management, personal creativity and structured interventions. Rickards et al. refer to creativity occurring within particular contexts, two of the most important being cultural and organisational. These do not act merely as influences and determinants, however, but instead are also influenced by creativity. 'It is simplistic to think that contexts are always the influence and creative thinking the result. Instead, an interplay implies that environments act on and are influenced by creative people and their efforts.'

Coaching and mentoring

There is confusion and differences of opinion among individuals within organisations about the interpretation of these two concepts. '**Coaching**' is a supportive relationship aimed at creating understanding, direction and action. It is both facilitative and challenging. A coach does not 'fix' someone or solve their problems or assume an 'expert's' position; rather they try to draw out the wisdom from within. The relationship involved in '**mentoring**' is equally supportive and challenging, but the mentor is typically an expert in an area or is a leader within an organisation. They are able to offer advice, guidance and support. A mentor may choose to use coaching techniques within the mentoring relationship. Rapport is essential for either relationship to work effectively.

The benefits of coaching

Coaching has also caught the attention of critics who charge it as an 'unregulated, unstructured and (potentially) unethical process' unless the process is evidence-based.[85] Chapman[86] urges psychologists to test empirically the contribution that coaching can make in performance and behaviour.

Coaching is used to help a person move forward. It is about change and focuses on results. It is therefore no surprise that many organisations are turning to coaching. Julie Starr[88] asserts that coaches work from a set of common principles:

- Maintain a commitment to support the individual.
- Build the coaching relationship on truth, openness and trust.
- The coachee is responsible for the results they are generating.
- The coachee is capable of much better results than they are currently generating.
- Focus on what the coachee thinks and experiences.
- Coachees can generate perfect solutions.
- The conversation is based on equality.

Listening is an essential skill and Starr describes different levels of listening, from cosmetic (it looks as if I am listening, but actually I am someplace else) to deep (more focused on you than me – getting a sense of who you are). Asking questions, giving supportive feedback and using intuition are all part of the coach's tool kit. Most coaches use a framework for the session. A common model is the GROW model:

- **Goals** – What does the coachee want to achieve? How do they want to feel afterwards?
- **Reality** – What is the scenario? What is the context? What are the problems? How have they been handled?
- **Options** – What are the possible actions? Which are the most attractive? What has worked in the past?
- **Wrap-up** – What actions are needed? What does success look like? What if things get in the way?

LEARNING THEORY APPLIED TO STUDY SKILLS

There are three fundamental features of effective study skills:

- good organisation;
- active planned sessions; and
- psychological preparation.

Material is more easily learned when it is associated and organised in as many ways as possible. In addition to your written and organised notes, use other senses such as the visual sense (draw maps, plans and posters) and the auditory sense (make and play back revision cassette tapes). Using resources effectively (time, library, tutors) is self-evident and essential, but frequently forgotten.

Learning is enhanced when you distribute your working sessions and avoid cramming. It is sensible to allow reasonable time breaks and recall sessions. Being constantly active in your learning – that is, ensuring that you understand the material and that you are not passively rewriting notes without thinking them through – is also critical. Constantly testing your knowledge and reviewing material are also good practice. Setting targets and goals is important for readiness to learn and cutting down procrastination time. Setting your own psychological contract, by aiming to achieve a goal, being clear about what you are planning to learn and then rewarding yourself when you have reached the target has also proved successful. The environment also promotes this readiness to learn and sitting in the same room or at the same desk can encourage a positive learning attitude. Being positive, getting rid of anxiety and emotional factors may be the most difficult but is probably the most important part of this preparation process.

REVIEW QUESTIONS

1. What is the meaning and nature of learning?
2. What do you mean organisations and the management of learning?
3. Describe about operant conditioning.
4. Explain about various learning styles.
5. What is knowledge management? What are the emerging technologies of learning?
6. What are problems of managing knowledge?
7. Define creativity and its characteristics.

FURTHER READINGS

1. Managing Organizational Behavior-Ronald R. Sims
2. Current Topics in Organizational Behavior Management-Phillip K. Duncan
3. Organizational Behavior-O. Jeff Harris, Sandra J. Hartman
4. Organizational Behavior- K.C.S. Ranganayakulu
5. Organizational Behavior- G. A. Cole

UNIT-6 PERCEPTION AND COMMUNICATION

CONTENTS

INTRODUCTION

Perceived reality, not actual reality, is the key to understanding behaviour. How we perceive others and ourselves is at the root of our actions and intentions. Understanding the perceptual process and being aware of its complexities can help develop insights about ourselves and may help in reading others. The words we use, the way we look and the body language we display communicate our view of the world. The importance of perception and communications in guiding our behaviour needs to be understood for effective relationships with others.

'Many people do not consciously think about the person with whom they are interacting. They translate their model of the world from their own perceptions and assume that others are working from the same model. There is no way managers can cope with so many individual perspectives so they might just as well rely on their own judgement.'

THE PERCEPTUAL PROCESS

The significance of individual differences is particularly apparent when focusing on the process of **perception**. We all see things in different ways. We all have our own, unique picture or image of how we see the 'real' world and this is a complex and dynamic process. We do not passively receive information from the world; we analyse and judge it. We may place significance on some information and regard other information as worthless; and we may be influenced by our expectations so that we 'see' what we expect to see or 'hear' what we expect to hear. Although general theories of perception were first proposed during the last century, the importance of understanding the perceptual process is arguably even more significant today. Perception is the root of all organisational behaviour; any situation can be analysed in terms of its perceptual connotations. Consider, for instance, the following situation.

Individuality

We are all unique; there is only one Laurie Mullins and there is only one of you. We all have our own 'world', our own way of looking at and understanding our environment and the people within it. A situation may be the same but the interpretation of that situation by two individuals may be vastly different. For instance, listening to a podcast may be riveting to one person but a boring way to spend 20 minutes to another. One person may see a product as user-friendly but another person may feel that it is far too simplistic and basic. The physical properties may be identical, but they are perceived quite differently because each individual has imposed upon the object/environment/person their own interpretations, their own judgement and evaluation.

SELECTIVITY IN ATTENTION AND PERCEPTION

It is not possible to have an understanding of perception without taking into account its sensory basis. We are not able to attend to everything in our environment; our sensory systems have limits. The physical limits therefore insist that we are selective in our attention and perception. Early pioneer work by psychologists has resulted in an understanding of universal laws that underlie the perceptual process. It seems that we cannot help but search for meaning and understanding in our environment. The way in which we categorise and organise this sensory information is based on a range of factors including the present situation, our emotional state and any experiences of the same or a similar event. Some information may be considered highly important to us and may result in immediate action or speech; in other instances, the information may be simply 'parked' or assimilated in other ideas and thoughts. The link between perception and memory processes becomes obvious. Some of our 'parked' material may be forgotten or, indeed, changed and reconstructed over time.

Perception as information processing

It is common to see the stages of perception described as an information-processing system: (top-down) information (stimuli) (Box A in Figure 6.2) is selected at one end of the process (Box B), then interpreted (Box C), and translated (Box D), resulting in action or thought patterns (Box E), as shown in Figure 6.2. However, it is important to note that such a model simplifies the process and although it makes it easy to understand, it does not do justice to the complexity and dynamics of the process. In certain circumstances, we may select information out of the environment because of the way we categorise the world. The dotted line illustrates this 'bottom-up' process.

Meaning to the individual

The process of perception explains the manner in which information (stimuli) from the environment around us is selected and organised to provide meaning for the individual. Perception is the mental function of giving significance to stimuli such as shapes, colours, movement, taste, sounds, touch, smells, pain, pressures and feelings. Perception gives rise to individual behavioural responses to particular situations.

INTERNAL FACTORS

Our sensory systems have limits – we are not able to see for 'miles and miles' or hear very lowor very high-pitched sounds. All our senses have specialist nerves that respond differently to the forms of energy that are received. For instance, our eyes receive and convert light waves into electrical signals that are transmitted to the visual cortex of the brain and translated into meaning.

Our sensory system is geared to respond to changes in the environment. This has particular implications for the way in which we perceive the world and it explains why we are able to ignore the humming of the central heating system but notice instantly a telephone ringing. The term used to describe the way in which we disregard the familiar is 'habituation'.

Sensory limits or thresholds

The needs of an individual

The needs of an individual will affect their perceptions. For example, a manager deeply engrossed in preparing an urgent report may screen out ringing telephones, the sound of computers, people talking and furniture being moved in the next office, but will respond readily to the smell of coffee brewing. The most desirable and urgent needs will almost certainly affect an individual perceptual process. Members of a church choir might well form a perception of the minister quite different from that of a parishioner seeking comfort after the recent death of a close relative.

CULTURAL DIFFERENCES

There are many ways of describing **culture** but the following definition from Schein helps relate culture to diversity and perception. The ways in which people interact are also subject to cultural differences and such differences may be misconstrued. Embarrassment and discomfort can occur when emotional lines are broken. This was demonstrated in an American study that researched the experience of Japanese students visiting the USA for the first time. The researchers felt that the Japanese students faced considerable challenges in adapting to the new culture. Some of the surprises that the students reported related to social interaction:

The importance of language

Our language plays an important role in the way we perceive the world. Our language not only labels and distinguishes the environment for us but also structures and guides our thinking patterns. Even if we are proficient skiers, we do not have many words we can use to describe the different texture of snow; we would be reliant on using layers of adjectives. The Inuit, however, have 13 words for snow in their language. Our language is part of the culture we experience and learn to take for granted. Culture differences are relevant because they emphasise the impact of social learning on the perception of people and their surroundings. So, language not only reflects our experience but also shapes whether and what we experience. It influences our relationships with others and with the environment. Consider a situation where a student is using a library in a UK university for the first time. The student is from South Asia where the word 'please' is incorporated in the verb and in intonation; a separate word is not used. When the student requests help, the assistant may consider the student rude because they did not use the word 'please'. By causing offence the student has quite innocently affected the library assistant's perceptions.

Much is also communicated in how words are said and in the silences between words. In the UK speech is suggestive and idiomatic speech is common: 'Make no bones about it' (means get straight to the point) 'Sent to Coventry' (means to be socially isolated).

EXTERNAL FACTORS

The knowledge of, familiarity with, or expectations about a given situation or previous experiences will influence perception. External factors refer to the nature and characteristics of the stimuli. There is usually a tendency to give more attention to stimuli which are, for example,

- large
- bright
- moving
- novel
- intense
- repeated
- loud
- in strong contrast to their background.

Any number of these factors may be present at a given time or in a given situation. The use of these stimuli is a key feature in the design of advertising. (Think of your own examples.) It is the **total pattern** of the stimuli together with the **context** in which they occur that influence perception. For example, it is usually a novel or unfamiliar stimulus that is more noticeable, but a person is more likely to perceive the familiar face of a friend among a group of people all dressed in the same-style uniform.

PERCEPTUAL ILLUSIONS

Here are some examples to help you judge your perceptive skills. In Figure 6.9 try reading aloud the four words. It is possible that you find yourself 'caught' in a perceptual set that means that you tend to pronounce 'machinery' as 'MacHinery as if it too were a Scottish surname.

Even when we know the triangle is impossible we still cannot stop ourselves from completing the triangle and attempting to make it meaningful. We thus go beyond what is given and make assumptions about the world, which in certain instances are wildly incorrect. Psychologists and designers may make positive use of these assumptions to project positive images of a product or the environment. For instance, colours may be used to induce certain atmospheres in buildings; designs of wallpaper or texture of curtains may be used to create feelings of spaciousness or cosiness. Packaging of products may tempt us to see something as bigger or perhaps more precious.

Notes

SELECTION AND ATTENTION

What information do we select and why? The social situation consists of both verbal and non-verbal signals. The non-verbal signals include:

- bodily contact
- gestures
- proximity
- posture
- orientation
- direction of gaze
- head nods
- dress and appearance
- facial expression
- non-verbal aspects of speech.

Verbal and non-verbal signals are co-ordinated into regular sequences, often without the awareness of the parties. The mirroring of actions has been researched and is called 'postural echoing'.[17] There is considerable evidence to indicate that each person is constantly influencing the other and being influenced.[18] Cook has suggested that in any social encounter there are two kinds of information that can be distinguished:

- **static information** – information which will not change during the encounter – for example

colour, gender, height and age;

Culture and socialisation

The meanings we ascribe to these non-verbal signals are rooted in our culture and early socialisation. Thus it is no surprise that there are significant differences in the way we perceive such signals. For instance, dress codes differ in degrees of formality. Schneider and Barsoux summarise some interesting cultural differences:

Impression management

In some situations we all attempt to project our attitudes, personality and competence by paying particular attention to our appearance and the impact this may have on others. This has been labelled 'impression management'[21] and the selection interview is an obvious illustration. Some information is given more weight than other information when an impression is formed. It would seem that there are central traits that are more important than others in determining our perceptions.

ORGANISATION AND JUDGEMENT

The way in which we organise and make judgements about what we have perceived is to a large extent based on our previous experiences and learning. It is also important at this point to be aware of the inferences and assumptions we make which go beyond the information given. We may not always be aware of our pre-set assumptions but they will guide the way in which we interpret the behaviour of others. There has been much research into the impact of implicit personality theory.[25] In the same way that we make assumptions about the world of objects and go beyond the information provided, we also make critical inferences about people's characteristics and possible likely behaviours.

Physical characteristics and appearance

In a discussion on managing people and management style, Green raises the question of how managers make judgements on those for whom they are responsible including positive and A person may tend to organise perception of another person in terms of the 'whole' mental picture of that person. Perceptual judgement is influenced by reference to related characteristics associated with the person and the attempt to place that person in a complete environment.

CONNECTION OF THE CONSCIOUS, UNCONSCIOUS AND PHYSIOLOGY

Perceptual processes demonstrate the integration of our conscious self, our unconscious self
and our physiology.

▪ **Conscious self** – this means our immediate awareness of what is around us. The state of mind we are in when we are making decisions to act and the meaning we place on the world.

▪ **Unconscious self** – this relates to the way we carry out tasks with no active thinking taking place; the way we habitually do things automatically – our autopilot. These habits allow the conscious mind to be free to assess new and novel decisions. Habits are very important to us as we do not want to think about everything we do, but habits can get in the way when we want to change habits.

▪ **Physiology** – the interconnectedness with physiology has already been explained and there is growing evidence for using research identifying the mind–body connections. Each thought and activity corresponds to a pattern of neuron activity – so by repeating the same thought or action we strengthen the associated neural connection. Thus automatically connecting the conscious and unconscious mind with physiology, each aspect influences the other and our emotions operate in all.

Framing

The term framing is used to explain how we interpret particular circumstances. Rather like a picture frame, we place into the frame our particular perspective, focus and colour on things. So if we are feeling happy our experience is being 'framed' in a positive way. What is in the 'frame' will depend on what is filtered in or out. Whether we look at a difficult situation as a 'problem' or as an opportunity, or whether we see a mistake as a terrible failure or as a learning moment, will depend on how we have 'framed' the experience. If we are in a good mood we may only filter in messages from our environment that confirm our happy state, we may create an inner dialogue in which our inner voice is reaffirming why we are feeling so content. We may also be visualising a situation in which we are successful and these thoughts are establishing neural pathways. Helping people to reframe situations can be part of the coaching process.

.**Appreciative inquiry**

A reframing technique that has been used to positive effect in leading change has been the approach of appreciative inquiry. This technique, initially introduced by Cooperrider, Srivastva and colleagues[30] in the 1980s, created a theory called appreciative inquiry that proposed a constructive perspective on change. They started with the proposition that everybody sees the world through their own set of personal 'filters' and that sharing these could be helpful – thus differences should be valued. For every organisation, team or individual something works well, which is worth building on and extending. That which we understand to be reality arises from what we focus on and reality is created in the moment. They emphasised the importance of language as the way we create our reality and that we can therefore use it to create many realities. Asking questions of an organisation, the group, the individual means they are influenced in some way and that people have more confidence to progress to the future when they take with them what has been most helpful and of value from the past. It is important to value difference because we see the world through our own set of personal filters that is often different from a shared set of reality. So, in their approach, teams of people are faced with a different frame, a different mindset in which to analyse and evaluate change.

PERCEIVING OTHER PEOPLE

There are a number of well-documented problems that arise when perceiving other people. Many of these problems occur because of our limitations in selecting and attending to information. This selectivity may occur because:

- we already know what we are looking for and are therefore 'set' to receive only the information which confirms our initial thoughts; or
- previous training and experience have led us to short-cut and see only a certain range of behaviours; or
- we may group features together and make assumptions about their similarities.

The Gestalt principles apply equally well to the perception of people as to the perception of objects. Thus we can see, for example, that if people live in the same geographical area, assumptions may be made about not only their wealth and type of accommodation but also their attitudes, their political views and even their type of personality.

The principles and examples of perceptual differences explained earlier apply to the way we perceive others. Some examples might be as follows:

- **Grouping** – the way in which a manager may think of a number of staff – for example, either working in close proximity; or with some common feature such as all IT technicians, all graduate trainees or all black workers; as a homogeneous group rather than a collection of individuals, each with their own separate identity and characteristics.
- **Figure and ground** – a manager may notice a new recruit and set them apart from the group because of particular characteristics such as age, appearance or physical features.
- **Closure** – the degree to which unanimity is perceived and decisions made or action taken in the belief that there is full agreement with staff when, in fact, a number of staff may be opposed to the decision or action.

Testing assumptions

Recognising the assumptions held and testing these out requires a heightened level of critical reflection. Many leadership and management development courses start with a 'selfawareness and diagnostic' module intended to help their participants understand and recognise their style and preferences and the impact their style has on others. Courses which take a more challenging stance will encourage managers to question their existing frames of mind and challenge them constantly to re-evaluate their purpose, strategies and action. Such courses take an action inquiry approach and Testing Out Leadership courses typically start with an awareness of self.

Unlike with the perception of an object that just exists, when you perceive another individual they will react to you and be affected by your behaviour – the dynamics are all-important. This interaction is illustrated in the following quotation:

The interaction of individuals thus provides an additional layer of interpretation and complexity. The cue that we may attend to, the expectation we may have, the assumptions we may make, the response pattern that occurs, leave more scope for errors and distortions. We are not only perceiving the stimulus (that is, the other person), we are also processing their reactions to us at the same time that they are processing our reactions to them. Thus person perception differs from the perception of objects because:

- it is a continually dynamic and changing process; and
- the perceiver is a part of this process who will influence and be influenced by the other people in the situation.

NON-VERBAL COMMUNICATION AND BODY LANGUAGE

We have referred previously in this chapter to the significance of non-verbal communication and body language. This includes inferences drawn from posture, gestures, touch, invasions of personal space, extent of eye contact, tone of voice or facial expression. People are the only animals that speak, laugh and weep. Actions are more cogent than speech and humans rely heavily on body language to convey their true feelings and meanings.[37] It is interesting to note how emotions are woven creatively into email messages. Using keyboard signs in new combinations has led to a new e-language – to signal pleasure **:**), or unhappiness **:–c**, or send a rose –{---**@** encapsulate feelings as well as words. The growth of this practice has led to an upsurge of web pages replete with examples.

INTERPERSONAL COMMUNICATIONS

It is difficult to consider the process of interpersonal perception without commenting on how people communicate. Communication and perception are inextricably bound. How we communicate to our colleagues, boss, subordinates, friends and partners will depend on our perception of them, on our 'history' with them, on their emotional state.

Importance of feedback

Feedback is a vital ingredient of the communication process. We may misjudge the receiver and regard our communication as unsuccessful, but unless we have some feedback from the other party we may never know whether what we have said or done was received in the way it was intended. The feedback may reaffirm our perceptions of the person or it may force us to review our perceptions. In our dealings with more senior staff the process of communication can be of special significance, including non-verbal communication, posture and tone.[50] Two major approaches to, and ways of explaining, interpersonal communications are neurolinguistic programming and transactional analysis.

NEURO-LINGUISTIC PROGRAMMING (NLP)

NLP emerged in the early 1970s as an offshoot of psychotherapy, psychology and hypnotherapy
and as such appears to offer lots of different things to different people. A popular definition of **NLP** is in terms of a model of interpersonal communication concerned with the relationship between successful patterns of behaviour and subjective experiences that underlie them. John Grinder and Richard Bandler, the co-founders of NLP saw it as a means of helping to provide people with better, fuller and richer lives.[51] It is an approach that aims to enhance the effectiveness of interpersonal communications and facilitate learning and personal development. The name originates from the three disciplines which all have a part to play when people are communicating with others: neurology, linguistics and programming.

- **Neurology –** the nervous system, and processes linking body and mind.
- **Linguistics** – the study of words and how these are understood and communicated.
- **Programming** – refers to behaviours and strategies used by individuals.

The broad nature of NLP has led to a variety of different definitions according to the interpretation of the individual.

Awareness and change

At its heart NLP concerns awareness and change. Initially knowing and monitoring one's own behaviour and being able consciously to choose different reactions are fundamental to the process. Selecting from a range of verbal and non-verbal behaviours ensures control happens and changes 'automatic' reactions into consciously chosen programmes. Many different approaches and techniques are incorporated into NLP. Some concern mirroring and matching the micro skills of communication in terms of body movements, breathing patterns or voice tempo. Others concern the positive thinking required in goal-setting 'outcome thinking' and the personal resources required in its achievement.

TRANSACTIONAL ANALYSIS (TA)

Transactional analysis is one of the most popular ways of explaining the dynamics of interpersonal communication. Originally developed by Eric Berne, it is a model of people and relationships that encompasses personality, perception and communication.[58] Although Berne used it initially as a method of psychotherapy, it has been convincingly used by organisations as a training and development programme. TA has two basic underlying assumptions:

- All the events and feelings that we have ever experienced are stored within us and can be replayed, so we can re-experience the events and the feelings of all our past years.
- Personality is made up of three ego states that are revealed in distinct ways of behaving. The ego states manifest themselves in gesture, tone of voice and action, almost as if they are different people within us and they converse with each other in 'transactions' either overtly or covertly.

■ **Adult ego state** – behaviour that concerns our thought processes and the processing of facts and information. In this state we may be objective, rational, reasonable – seeking information and receiving facts.

■ **Parent ego state** – behaviour that concerns the attitudes, feelings and behaviour incorporated from external sources, primarily our parents. This state refers to feelings about right and wrong and how to care for other people.

■ **Child ego state** – behaviour that demonstrates the feelings we remember as a child. This state may be associated with having fun, playing, impulsiveness, rebelliousness, spontaneous behaviour and emotional responses.

Preferred ego state

We all have a preferred ego state which we may revert to: some individuals may continually advise and criticise others (the constant Parents); some may analyse, live only with facts and distrust feelings (the constant Adult); some operate with strong feelings all the time, consumed with anger or constantly clowning (the constant Child). Berne emphasised that the states should not be judged as superior or inferior but as different. Analysis of ego states may reveal why communication breaks down or why individuals may feel manipulated or used. Berne insists that it is possible to identify the ego state from the words, voice, gestures, and attitude of the person communicating. For example, it would be possible to discern the ego state of a manager if they said the following:

'Pass me the file on the latest sales figures.'

'How do you think we could improve our safety record?'

(Adult ego state)

'Let me help you with that – I can see you are struggling.'

'Look, this is the way it should be done; how many more times do I have to tell you?'

(Parent ego state)

'Great, it's Friday. Who's coming to the pub for a quick half?'

'That's a terrific idea – let's go for it!'

(Child ego state)

ATTRIBUTION THEORY

It seems, therefore, that part of the process of perceiving other people is to attribute characteristics to them. We judge their behaviour and their intentions on past knowledge and in comparison with other people we know. It is our way of making sense of their behaviour. This is known as **attribution theory**. Attribution is the process by which people interpret the perceived causes of behaviour. The initiator of attribution theory is generally recognised as Heider, who suggests that behaviour is determined by a combination of **perceived** internal forces and external forces.

■ **Internal forces** relate to personal attributes such as ability, skill, amount of effort or fatigue.

■ **External forces** relate to environmental factors such as organisational rules and policies, the manner of superiors, or the weather. Behaviour at work may be explained by the locus of control, that is whether the individual perceives outcomes as controlled by themselves or by external factors. Judgements made about other people will also be influenced strongly by whether the cause is seen as internal or external.

Basic criteria in making attributions

In making attributions and determining whether an internal or external attribution is chosen, Kelley suggests three basic criteria: distinctiveness, consensus and consistency.[61]

■ **Distinctiveness**. How distinctive or different was the behaviour or action in this particular task or situation compared with behaviour or action in other tasks or situations?

■ **Consensus**. Is the behaviour or action different from, or in keeping with, that displayed by most other people in the same situation?

■ **Consistency**. Is the behaviour or action associated with an enduring personality or motivational characteristic over time, or an unusual one-off situation caused by external factors?

■ **stable factors** are ability, or the ease or difficulty of the task;

■ **unstable factors** are the exertion of effort, or luck.[62] The combination of internal and external attributions, and stable and unstable characteristics, results in four possible interpretations of a person's task performance.

Implications of attribution theory

Employees with an internal control orientation are more likely to believe that they can influence their level of performance through their own abilities, skills or efforts. Employees with an external control orientation are more likely to believe that their level of performance is determined by external factors beyond their influence.

Studies appear to support the idea that staff with an internal control orientation are generally more satisfied with their jobs, are more likely to be in managerial positions and are more satisfied with a participatory style of management than staff with an external control orientation.[63] As a generalisation it might be implied that internally controlled managers are more effective than those who are externally controlled. However, this does not appear to be always the case.[64]

PERCEPTUAL DISTORTIONS AND ERRORS

We have seen that differences in perception result in different people seeing different things and attaching different meanings to the same stimuli. Every person sees things in their own way and as perceptions become a person's reality this can lead to misunderstandings. The accuracy of interpersonal perception and the judgements made about other people are influenced by:

■ the nature of the relationship between the perceiver and the other person;

■ the amount of information available to the perceiver and the order in which information is received;

■ the nature and extent of interaction between the two people.

There are five main features that can create particular difficulties and give rise to perceptual

problems, bias or distortions in our dealings with other people. These are:

■ stereotyping

■ the halo effect

- perceptual defence
- projection
- self-fulfilling prophecy.

These problems with people perception arise because of the selectivity which exists in the perceptual process. We do not enjoy living in a world where uncertainty abounds and our perceptual system works to minimise our energy consumption. We do not have to start every day afresh – we have our store of memories and experiences to guide us. The paradox is that this process is also our downfall. Errors and bias are inherent in such a system. Although exhortations can be made for us to become more aware of our own biases and to take more time in making judgements, we are working against our normal quick-fire perceptual system.

STEREOTYPING

This is the tendency to ascribe positive or negative characteristics to a person on the basis of a general categorisation and perceived similarities. The perception of that person may be based more on certain expected characteristics than on the recognition of that person as an individual. It is a form of typecasting. **Stereotyping** is a means of simplifying the process of perception, making sense of the world and making judgements of other people instead of dealing with a range of complex and alternative stimuli. It occurs when an individual is judged on the basis of the group to which it is perceived that person belongs. When we see all people belonging to a particular group as having the same characteristics, we are stereotyping individuals. Pre-judgements are therefore made about an individual without ever really knowing whether such judgements are accurate; they may be wildly wrong. Examples of common stereotyping may be based on:

- **nationality**, for example all Germans are orderly and industrious, all Australians like cricket;
- **occupation**, for example all accountants are boring, all librarians are serious and undemonstrative;
- **age**, for example all young people are unreliable, no old person wants to consider new ideas;
- **physical**, for example all people with red hair have a fiery temperament; all fat people are lazy;
- **education**, for example all graduates are intelligent;
- **social**, for example all unemployed people are lazy; immigrants do not want to learn English;
- **politics**, for example all Labour voters favour strong trade unions, all Conservative voters
support privatisation.

THE HALO EFFECT

The **halo effect** is the process by which the perception of a person is formulated on the basis of a single favourable or unfavourable trait or impression. The halo effect tends to shut out other relevant characteristics of that person. Some examples might be as follows:

- A candidate for employment who arrives punctually, is smart in appearance and friendly may well influence the perception of the selectors, who then place less emphasis on the candidate's technical ability, qualifications or experience for the job.

■ A new member of staff who performs well in a first major assignment may be perceived as a likely person for promotion, even though that assignment is not typical of the usual duties the member of staff is expected to undertake.

■ A single trait, such as good attendance and timekeeping, may become the main emphasis for judgement of overall competence and performance rather than other considerations such as the quantity, quality and accuracy of work. A particular danger with the halo effect is that where quick judgements are made on the basis of readily available stimuli, the perceiver may become 'perceptually blind' to subsequent stimuli at variance with the original perception and (often subconsciously) notice only those characteristics that support the original judgement. See also the self-fulfilling prophecy, discussed below.

PERCEPTUAL DEFENCE

Perceptual defence is the tendency to avoid or screen out certain stimuli that are perceptually disturbing or threatening. People may tend to select information that is supportive of their point of view and choose not to acknowledge contrary information. For example, a manager who has decided recently to promote a member of staff against the advice of colleagues may select only favourable information which supports that decision and ignore less favourable information which questions that decision.

PROJECTION

Attributing, or projecting, one's own feelings, motives or characteristics to other people is a further distortion which can occur in the perception of other people. Judgements of other people may be more favourable when they have characteristics largely in common with, and easily recognised by, the perceiver. **Projection** may also result in people exaggerating undesirable traits in others that they fail to recognise in themselves. Perception is distorted by feelings and emotions. Projection may be used as a means of attempting to externalise difficult or uncomfortable feelings. For example, a manager who is concerned about possible redundancy may perceive other managers to be even more concerned. People have a tendency to perceive others less favourably by projecting certain of their own feelings or characteristics on to them. As another example, supervisors may complain that their manager did not work hard enough to secure additional resources for the department when in fact the supervisors failed to provide the manager with all the relevant information and statistics. However, projection may also be used to externalise positive feelings onto other members of staff by attempting to create an overstated and unrealistic level of expectations and performance.

SELF-FULFILLING PROPHECY

A common feature of social interaction is the concept of the **self-fulfilling prophecy** (sometimes known as the Pygmalion effect), a term that is usually attributed to Merton.[67] The essence of the prophecy is that simply because it has been made, this will cause it to happen. People strive to validate their perceptions irrespective of the actual reality. People's beliefs or expectations influence their actions and behaviour in such a way as to make the beliefs or expectations more likely to come true. If staff believe a rumour (prophecy) that there will be no promotions or bonuses for the foreseeable future, they are likely to behave in such a way that their performance would not justify promotion or bonuses (even if the rumour were not true). Rosenthal and Jacobson undertook a study of American school students in which psychological tests were claimed to predict levels of achievement. The researchers informed teachers that certain named students had been identified as 'fast developers' when, in reality, students were assigned at random to both the high-potential and control groups. At the end of the academic year those students designated with high potential achieved noticeably greater increased IQ scores and reading ability than the control group of students.[68] In the organisational setting, a study by Word et al. produced evidence that black candidates in job interviews received fewer supportive non-verbal signs from white interviewers than white candidates. As a result the black candidates gave less confident answers to questions and were given a poorer rating.

REVIEW QUESTION

1. What are the perceptual process perception?
2. Describe internal factors of perception.
3. Discuss about the external factors of perception.
4. Discuss about interpersonal communications.
5. Describe transactional analysis. What is attribution theory?
6. What is stereotyping? Describe the halo effect.

FURTHER READINGS

1. Managing Organizational Behavior-Ronald R. Sims
2. Current Topics in Organizational Behavior Management-Phillip K. Duncan
3. Organizational Behavior-O. Jeff Harris, Sandra J. Hartman
4. Organizational Behavior- K.C.S. Ranganayakulu
5. Organizational Behavior- G. A. Cole

IMPORTANT NOTES

UNIT-7 WORK MOTIVATION AND JOB SATISFACTION

CONTENTS

INTRODUCTION

The relationship between the organisation and its members is influenced by what motivates them to work and the rewards and fulfilment they derive from it. The nature of the work organisation, styles of leadership and the design and content of jobs can have a significant effect on the satisfaction of staff and their levels of performance. The manager needs to know how best to elicit the co-operation of staff and direct their efforts to achieving the goals
and objectives of the organisation.

THE MEANING OF MOTIVATION

The study of **motivation** is concerned, basically, with why people behave in a certain way. The basic underlying question is 'Why do people do what they do?' In general terms, motivation can be described as the direction and persistence of action. It is concerned with why people choose a particular course of action in preference to others, and why they continue with a chosen action, often over a long period and in the face of difficulties and problems.[1] From a review of motivation theory, Mitchell identifies four common characteristics which underlie the definition of motivation:[2]

■ **Motivation is typified as an individual phenomenon**. Every person is unique and all the major theories of motivation allow for this uniqueness to be demonstrated in one way or another.

- **Motivation is described, usually, as intentional**. Motivation is assumed to be under the worker's control, and behaviours that are influenced by motivation, such as effort expended, are seen as choices of action.
- **Motivation is multifaceted**. The two factors of greatest importance are: (i) what gets people activated (arousal); and (ii) the force of an individual to engage in desired behaviour (direction or choice of behaviour).
- **The purpose of motivational theories is to predict behaviour**. Motivation is not the behaviour itself and it is not performance. Motivation concerns action and the internal and external forces which influence a person's choice of action.

On the basis of these characteristics, Mitchell defines motivation as 'the degree to which an individual wants and chooses to engage in certain specified behaviours'. A fuller definition is given by the Chartered Management Institute: Motivation is the creation of stimuli, incentives and working environments that enable people to perform to the best of their ability. The heart of motivation is to give people what they really want most from work. In return managers should expect more in the form of productivity, quality and service.[3]

concept of motivation

The underlying concept of motivation is some driving force within individuals by which they attempt to achieve some goal in order to fulfil some need or expectation. This concept gives rise to the basic motivational model, which is illustrated in Figure 7.1. People's behaviour is determined by what motivates them. Their performance is a product of both ability level and motivation.

NEEDS AND EXPECTATIONS AT WORK

But what is this driving force and what is it that people really want from work? What are people's needs and expectations and how do they influence behaviour and performance at work? Motivation is a complex subject, it is a very personal thing, and it is influenced by many variables. Farren reminds us of the 12 human needs that have been around since the beginning of recorded history: family, health and well-being, work/career, economic, learning, home/shelter, social relationships, spirituality, community, leisure, mobility, and environment/safety. 'Work and private life in the new millennium will continue to revolve around the 12 human needs.'[5]

The various needs and expectations at work can be categorised in a number of ways – for example the simple divisions into physiological and social motives or into extrinsic and intrinsic motivation.

- **Extrinsic motivation** is related to 'tangible' rewards such as salary and fringe benefits, security, promotion, contract of service, the work environment and conditions of work. Such tangible rewards are often determined at the organisational level and may be largely outside the control of individual managers.
- **Intrinsic motivation** is related to 'psychological' rewards such as the opportunity to use one's ability, a sense of challenge and achievement, receiving appreciation, positive recognition and being treated in a caring and considerate manner. The psychological rewards are those that can

usually be determined by the actions and behaviour of individual managers.[6]

Higher set of motivational needs

According to Kets de Vries, the best-performing companies possess a set of values that creates the right conditions for high performance; he questions whether in such best companies there is something more going on that touches upon a deeper layer of human functioning, causing people to make an extra effort. The emphasis is on widening choice that enables people to choose more freely, instead of being led by forces of which they are unaware; and it is a motivational needs system on which such choice is based. Kets de Vries suggests that in addition to the motivation needs system for physiological needs, sensual and enjoyment needs, and the need to respond to threatening situations, companies that get the best out of their people are characterised by a system based on a higher set of motivational needs:

- **attachment/affiliation** – concerning the need for engagement and sharing, a feeling of community and a sense of belonging to the company; and
- **exploration/assertion** – concerning the ability to play and work, a sense of fun and enjoyment, the need for self-assertion and the ability to choose.

A three-fold classification

Given the complex and variable nature of needs and expectations, the following is a simplistic but useful, broad three-fold classification as a starting point for reviewing the motivation to work (see Figure 7.2):

- **Economic rewards** – such as pay, fringe benefits, pension rights, material goods and security. This is an **instrumental** orientation to work and concerned with 'other things'.
- **Intrinsic satisfaction** – derived from the nature of the work itself, interest in the job, and personal growth and development. This is a **personal** orientation to work and concerned with 'oneself'.
- **Social relationships** – such as friendships, group working and the desire for affiliation, status and dependency. This is a **relational** orientation to work and concerned with 'other people'.

MONEY AS A MOTIVATOR

Earlier writers, such as F. W. Taylor, believed in economic needs motivation. Workers would be motivated by obtaining the highest possible wages through working in the most efficient and productive way. Performance was limited by physiological fatigue. For Taylor, motivation was a comparatively simple issue – what the workers wanted from their employers more than anything else was high wages. This approach is the **rational–economic concept of motivation**. The ideas of F. W. Taylor and his 'rational–economic needs' concept of motivation (discussed in Chapter 2) and subsequent approaches to motivation at work have fuelled the continuing debate about financial rewards as a motivator and their influence on productivity.

Where there is little pleasure in the work itself or the job offers little opportunity for career advancement, personal challenge or growth, many people may appear to be motivated primarily, if not exclusively, by money. Weaver suggests that for many hourly workers in the hospitality industry, such as dishwashing, waiting or housekeeping staff, the work does not change much among different companies and there is little attachment to a particular company. For such staff, Weaver proposes a 'Theory M' programme of motivation based on direct cash rewards for above-average performance. A percentage base is calculated from the average performance of workers on the staff.[9] Yet we frequently see pronouncements from prominent business figures that motivation is about much more than money.

Constructive behaviour

Constructive behaviour is a positive reaction to the blockage of a desired goal and can take two main forms: problem-solving or restructuring.

- **Problem-solving** is the removal of the barrier – for example finding an alternative means of undertaking a task, repairing a damaged machine or bypassing an unco-operative superior.
- **Restructuring**, or compromise, is the substitution of an alternative goal, although such a goal may be of a lower or different order – for example taking an additional part-time job because of failure to be promoted to a higher grade, or reassessing the work/life balance.

Note: Even if a person engages in constructive behaviour in response to a barrier or blockage, it could be said that the person was 'frustrated', if only mildly or in the short term, in an attempt to satisfy a desired goal. However, the term 'frustration' is usually interpreted as applying to **negative responses** to a barrier or blockage which prevents satisfaction of a desired goal.

Frustration (negative responses)

Frustration is a negative response to the blockage of a desired goal and results in a defensive form of behaviour. There are many possible reactions to frustration caused by the failure to achieve a desired goal. These can be summarised under four broad headings: aggression, regression, fixation and withdrawal.[15] However, these categories are not mutually exclusive. Most forms of frustration-induced behaviour at work are a combination of aggression, regression and fixation.

Aggression is a physical or verbal attack on some person or object, for example striking a supervisor, rage or abusive language, destruction of equipment or documents, or malicious gossip about a superior. This form of behaviour may be directed against the person or object that is perceived as the source of frustration, that is the actual barrier or blocking agent. However, where such a direct attack cannot be made, because, for example, the source of frustration is not clear or not specific, or where the source is feared, as with a powerful superior, aggression may be displaced towards some other person or object. With **displaced aggression** the person may find an easier, safer person or object as a scapegoat for the outlet of frustration – for example picking arguments with colleagues, being short-tempered with subordinates, shouting at the cleaners or kicking the waste-paper bin. A more constructive form of displaced aggression is working off frustrated feelings through demanding physical work or sport, or perhaps by shouting/cursing when alone or in the company of an understanding colleague.

Regression is reverting to a childish or more primitive form of behaviour – for example sulking, crying, tantrums or kicking a broken machine or piece of equipment. **Fixation** is persisting in a form of behaviour which has no adaptive value and continuing to repeat actions which have no positive results – for example the inability to accept change or new ideas, repeatedly trying a door that is clearly locked or a machine which clearly will not work, or insisting on applying for promotion even though not qualified for the job. **Withdrawal** is apathy, giving up or resignation – for example arriving at work late and leaving early, sickness and absenteeism, refusal to accept responsibility, avoiding decisionmaking passing work over to colleagues or leaving the job altogether.

Factors influencing frustration

Among the factors which determine an individual's reaction to frustration are the:

▪ level and potency of need (see, for example, Maslow's theory of motivation, discussed below);
▪ degree of attachment to the desired goal;
▪ strength of motivation;
▪ perceived nature of the barrier or blocking agent; and
▪ personality characteristics of the individual.

It is important that managers attempt to reduce potential frustration, for example through:

▪ effective recruitment, selection and socialisation;
▪ training and development;
▪ job design and work organisation;
▪ equitable HRM policies;
▪ recognition and rewards;
▪ effective communications;
▪ participative styles of management;
▪ attempting to understand the individual's perception of the situation.

Proper attention to motivation and to the needs and expectations of people at work will help
overcome boredom and frustration-induced behaviour.

THEORIES OF MOTIVATION

There are many competing theories that attempt to explain the nature of motivation. These theories may all be at least partially true and help to explain the behaviour of certain people at certain times. The issue of motivation is often most acute for younger people starting on their career, for people at mid-career positions or for those who find limited opportunities for promotion or further advancement. For employers there may be difficulties in motivating staff both in the longer term and in the short run. It is because of the complexity of motivation and the fact that there is no ready-made solution or single answer to what motivates people to work well that the different theories are important to the manager. They show there are many motives that influence people's behaviour and performance. Collectively, the different theories provide a framework within which to direct attention to the problem of how best to motivate staff to work willingly and effectively.

Criticisms and reservations

It is important to emphasise, however, that these various theories are not conclusive. They all have their critics (this is particularly true of the content theories of motivation) or have been subject to alternative findings that purport to contradict original ideas. Many of these theories were not intended initially to have the significance that some writers have subsequently placed upon them. It is always easy to quote an example that appears to contradict any generalised observation on what motivates people to work. Despite these reservations the different theories provide a basis for study and discussion, and for review of the most effective motivational style

Content theories and process theories

The usual approach to the study of motivation is through an understanding of internal cognitive processes – that is, what people feel and how they think. This understanding should help the manager to predict likely behaviour of staff in given situations. These different cognitive theories of motivation are usually divided into two contrasting approaches: content theories and process theories.

- **Content theories** attempt to explain those specific things that actually motivate the individual at work. These theories are concerned with identifying people's needs and their relative strengths, and the goals they pursue in order to satisfy these needs. Content theories place emphasis on the nature of needs and **what motivates**.
- **Process theories** attempt to identify the relationship among the dynamic variables that make up motivation. These theories are concerned more with how behaviour is initiated, directed and sustained. Process theories place emphasis on the **actual process of motivation.** These theories are discussed later in this chapter.

CONTENT THEORIES OF MOTIVATION

Major content theories of motivation include:

- Maslow's hierarchy of needs model;
- Alderfer's modified need hierarchy model;
- Herzberg's two-factor theory;
- McClelland's achievement motivation theory.

MASLOW'S HIERARCHY OF NEEDS THEORY

A useful starting point is the work of Maslow and his theory of individual development and motivation, published originally in 1943.[17] Maslow's basic proposition is that people are wanting beings, they always want more, and what they want depends on what they already have. He suggests that human needs are arranged in a series of levels, a hierarchy of importance. Maslow identified eight innate needs, including the need to know and understand, aesthetic needs and the need for transcendence. However, the hierarchy is usually shown as ranging through five main levels, from, at the lowest level, physiological needs, through safety needs, love needs and esteem needs, to the need for self-actualisation at the highest level. The **hierarchy of needs** may be shown as a series of steps but is usually displayed in the form of a pyramid (see Figure 7.5). This is an appropriate form of illustration as it implies a thinning out of needs as people progress up the hierarchy.

▪ **Physiological needs**. These include homeostasis (the body's automatic efforts to retain normal functioning) such as satisfaction of hunger and thirst, the need for oxygen and to maintain temperature regulation. Also sleep, sensory pleasures, activity, maternal behaviour and, arguably, sexual desire.

▪ **Safety needs**. These include safety and security, freedom from pain or threat of physical attack, protection from danger or deprivation, the need for predictability and orderliness.

▪ **Love needs** (often referred to as social needs). These include affection, sense of belonging, social activities, friendships, and both the giving and receiving of love.

▪ **Esteem needs** (sometimes referred to as ego needs). These include both self-respect and the esteem of others. Self-respect involves the desire for confidence, strength, independence and freedom, and achievement. Esteem of others involves reputation or prestige, status, recognition, attention and appreciation.

▪ **Self-actualisation needs**. This is the development and realisation of one's full potential. Maslow sees this as 'What humans can be, they must be' or 'becoming everything that one is capable of becoming'. Self-actualisation needs are not necessarily a creative urge and may take many forms which vary widely from one individual to another.

Once a lower need has been satisfied, it no longer acts as a strong motivator. The needs of the next higher level in the hierarchy demand satisfaction and become the motivating influence. Only unsatisfied needs motivate a person. Thus Maslow asserts that 'a satisfied need is no longer a motivator'.

a number of exceptions to the order indicated. For some people there will be a reversal of the hierarchy, for example:

▪ Self-esteem may seem to be more important than love to some people. This is the most common reversal of the hierarchy. It is often based on the belief that the person most loved is strong, confident or inspires respect. People seeking love try to put on a show of aggressive, confident behaviour. They are not really seeking self-esteem as an end in itself but for the sake of love needs.

▪ For some innately creative people the drive for creativity and self-actualisation may arise despite lack of satisfaction of more basic needs.

▪ Higher-level needs may be lost in some people who will continue to be satisfied at lower levels only: for example, a person who has experienced chronic unemployment.

▪ Some people who have been deprived of love in early childhood may experience the permanent loss of love needs.

▪ A need which has continued to be satisfied over a long period of time may be undervalued. For example, people who have never suffered from chronic hunger may tend to underestimate its effects, and regard food as rather an unimportant thing. Where people aredominated by a higher-level need this may assume greater importance than more basic needs.

▪ People with high ideals or values may become martyrs and give up everything else for thesake of their beliefs.

Maslow claims that the hierarchy is relatively universal among different cultures, but he recognises that there are differences in an individual's motivational content in a particular culture.

Applications to the work situation

There are a number of problems in relating Maslow's theory to the work situation. These include the following:

▪ People do not necessarily satisfy their needs, especially higher-level needs, just through the work situation; they satisfy them through other areas of their life as well. Therefore the manager would need to have a complete understanding of people's private and sociallives, not just their behaviour at work.

▪ There is doubt about the time that elapses between the satisfaction of a lower-level need and the emergence of a higher-level need.

▪ Individual differences mean that people place different values on the same need. For example, some people prefer what they might see as the comparative safety of working in a bureaucratic organisation to a more highly paid and higher status position, but with less job security, in a different organisation.

▪ Some rewards or outcomes at work satisfy more than one need. Higher salary or promotion, for example, can be applied to all levels of the hierarchy.

▪ Even for people within the same level of the hierarchy, the motivating factors will not be the same. There are many different ways in which people may seek satisfaction of, for example, their esteem needs.

▪ Maslow viewed satisfaction as the main motivational outcome of behaviour. But job satisfaction does not necessarily lead to improved work performance.

ALDERFER'S MODIFIED NEED HIERARCHY MODEL

A modified need hierarchy model has been presented by Alderfer.[21] This model condenses Maslow's five levels of need into only three levels based on the core needs of existence, relatedness and growth (ERG theory) (see Table 7.2 on p. 267).

▪ **Existence needs** are concerned with sustaining human existence and survival and cover physiological and safety needs of a material nature.

▪ **Relatedness needs** are concerned with relationships to the social environment and cover love or belonging, affiliation and meaningful interpersonal relationships of a safety or esteem nature.

▪ **Growth needs** are concerned with the development of potential and cover self-esteemand self-actualisation.

A continuum of needs

Like Maslow, Alderfer suggests that individuals progress through the hierarchy from existence needs to relatedness needs to growth needs as the lower-level needs become satisfied. However,Alderfer suggests these needs are more a continuum than hierarchical levels. More than oneneed may be activated at the same time. Individuals may also progress down the hierarchy.

There is a frustration–regression process. For example, if an individual is continually frustrated in attempting to satisfy growth needs, relatedness needs may reassume most importance. The lower-level needs become the main focus of the individual's efforts.

Satisfaction of needs

Unlike Maslow's theory, the results of Alderfer's work suggest that lower-level needs do not have to be satisfied before a higher-level need emerges as a motivating influence. The results, however, do support the idea that lower-level needs decrease in strength as they become satisfied. ERG theory states that an individual is motivated to satisfy one or more basic sets of needs. Therefore if a person's needs at a particular level are blocked, attention should be focused on the satisfaction of needs at the other levels. For example, if a subordinate's growth needs are blocked because the job does not allow sufficient opportunity for personal development, the manager should attempt to provide greater opportunities for the subordinate to satisfy existence and relatedness needs.

HERZBERG'S TWO-FACTOR THEORY

Herzberg's original study consisted of interviews with 203 accountants and engineers, chosen because of their growing importance in the business world, from different industries in the Pittsburgh area of America.[22] He used the critical incident method. Subjects were asked to relate times when they felt exceptionally good or exceptionally bad about their present job or any previous job. They were asked to give reasons and a description of the sequence of events giving rise to that feeling. Responses to the interviews were generally consistent and revealed that there were two different sets of factors affecting motivation and work. **This led to the two-factor theory of motivation and job satisfaction.**

Hygiene and motivating factors

One set of factors are those which, if absent, cause dissatisfaction. These factors are related to job context, they are concerned with job environment and extrinsic to the job itself. These factors are the '**hygiene**' or '**maintenance**' **factors** ('hygiene' being used as analogous to the medical term meaning preventive and environmental). They serve to prevent dissatisfaction. The other set of factors are those that, if present, serve to motivate the individual to superior effort and performance. These factors are related to job content of the work itself. They are the '**motivators**' or **growth factors**. The strength of these factors will affect feelings of satisfaction or no satisfaction, but not dissatisfaction. **The opposite of dissatisfaction is not satisfaction but, simply, no dissatisfaction**.

Evaluation of Herzberg's work

Herzberg's theory is, however, a source of frequent debate. There have been many other studies to test the theory. The conclusions have been mixed. Some studies provide support for the theory. However, it has also been attacked by a number of writers. There are two common general criticisms of Herzberg's theory. One is that the theory has only limited application to 'manual' workers. The other is that the theory is 'methodologically bound'. It is often claimed that the theory applies least to people with largely unskilled jobs or whose work is uninteresting, repetitive and monotonous, and limited in scope. Yet these are the people who often present management with the biggest problem of motivation.

Some workers do not seem greatly interested in the job content of their work or with the motivators or growth factors.

A second, general criticism concerns methodology. It is claimed that the critical incident method, and the description of events giving rise to good or bad feelings, influences the results. People are more likely to attribute satisfying incidents at work, that is the motivators, as a favourable reflection on their own performance. The dissatisfying incidents, that is, the hygiene factors, are more likely to be attributed to external influences and the efforts of other people. Descriptions from the respondents had to be interpreted by the interviewers. This gives rise to the difficulty of distinguishing clearly between the different dimensions and to the risk of possible interviewer bias. Despite such criticisms, there is still evidence of support for the continuing relevance of
the theory.

McCLELLAND'S ACHIEVEMENT MOTIVATION THEORY

McClelland's work originated from investigations into the relatio nship between hunger needs and the extent to which imagery of food dominated thought processes. From subsequent research McClelland identified four main arousal-based, and socially developed, motives:

- the **Achievement** motive;
- the **Power** motive;
- the **Affiliative** motive;
- the **Avoidance** motive.[24]

The first three motives correspond, roughly, to Maslow's self-actualisation, esteem and love needs. The relative intensity of these motives varies between individuals. It also tends to vary between different occupations. Managers appear to be higher in achievement motivation than in affiliation motivation. McClelland saw the achievement need (n-Ach) as the most critical for the country's economic growth and success. The need to achieve is linked to entrepreneurial spirit and the development of available resources.

- They prefer **moderate task difficulty** and goals as an achievement incentive. This provides the best opportunity of proving they can do better. If the task is too difficult or too risky, it would reduce the chances of success and of gaining need satisfaction. If the course of action is too easy or too safe, there is little challenge in accomplishing the task and little satisfaction from success.
- They prefer **personal responsibility for performance**. They like to attain success through the focus of their own abilities and efforts rather than by teamwork or chance factors outside their control. Personal satisfaction is derived from the accomplishment of the task and recognition need not come from other people.
- They have the need for **clear and unambiguous feedback** on how well they are performing. A knowledge of results within a reasonable time is necessary for self-evaluation. Feedback enables them to determine success or failure in the accomplishment of their goals and to derive satisfaction from their activities.
- They are **more innovative**. As they always seek moderately challenging tasks they tend always to be moving on to something a little more challenging. In seeking short cuts they are more likely to cheat.

There is a constant search for variety and for information to find new ways of doing things. They are more restless and avoid routine and also tend to travel more.

PROCESS THEORIES OF MOTIVATION

Process theories, or extrinsic theories, attempt to identify the relationships among the dynamic variables that make up motivation and the actions required to influence behaviour and actions. They provide a further contribution to our understanding of the complex nature of work motivation. Many of the process theories cannot be linked to a single writer, but major approaches and leading writers under this heading include:

Expectancy theories of motivation

The underlying basis of **expectancy theory** is that people are influenced by the expected results of their actions. Motivation is a function of the relationship between:

1 effort expended and perceived level of performance; and

2 the expectation that rewards (desired outcomes) will be related to performance.

There must also be:

3 the expectation that rewards (desired outcomes) are available.

THE PORTER AND LAWLER EXPECTANCY MODEL

Vroom's expectancy/valence theory has been developed by Porter and Lawler.[30] Their model goes beyond motivational force and considers performance as a whole. They point out that effort expended (motivational force) does not lead directly to performance. It is mediated by individual abilities and traits, and by the person's role perceptions. They also introduce rewards as an intervening variable. Porter and Lawler see motivation, satisfaction and performance as separate variables and attempt to explain the complex relationships among them. Their model recognises that job satisfaction is more dependent upon performance,

than performance is upon satisfaction.

Explanation of relationships

These relationships are expressed diagrammatically (see Figure 7.9) rather than mathematically. In contrast to the human relations approach which tended to assume that job satisfaction leads to improved performance, Porter and Lawler suggest that satisfaction is an effect rather than a cause of performance. It is performance that leads to job satisfaction.

▪ **Value of reward** (Box 1) is similar to valence in Vroom's model. People desire various outcomes (rewards) which they hope to achieve from work. The value placed on a reward depends on the strength of its desirability.

▪ **Perceived effort–reward probability** (Box 2) is similar to expectancy. It refers to a person's expectation that certain outcomes (rewards) are dependent upon a given amount of effort.

▪ **Effort** (Box 3) is how hard the person tries, the amount of energy a person exerts on a given activity. It does not relate to how successful a person is in carrying out an activity. The amount of energy exerted is dependent upon the interaction of the input variables of value of reward and perception of the effort–reward relationship.

- **Abilities and traits** (Box 4). Porter and Lawler suggest that effort does not lead directly to performance but is influenced by individual characteristics. Factors such as intelligence, skills, knowledge, training and personality affect the ability to perform a given activity.
- **Role perceptions** (Box 5) refer to the way in which individuals view their work and the role they should adopt. This influences the type of effort exerted. Role perceptions will influence the direction and level of action which is believed to be necessary for effective performance.
- **Performance** (Box 6) depends not only on the amount of effort exerted but also on the intervening influences of the person's abilities and traits, and their role perceptions. If the person lacks the right ability or personality, or has an inaccurate role perception of what is required, then the exertion of a large amount of energy may still result in a low level of performance or task accomplishment.
- **Rewards** (Boxes 7A and 7B) are desirable outcomes. Intrinsic rewards derive from the individuals themselves and include a sense of achievement, a feeling of responsibility and recognition (for example Herzberg's motivators). Extrinsic rewards derive from the organisation and the actions of others and include salary, working conditions and supervision (for example Herzberg's hygiene factors). The relationship between performance and intrinsic rewards is shown as a jagged line. This is because the extent of the relationship depends upon the nature of the job. If the design of the job permits variety and challenge, so that people feel able to reward themselves for good performance, there is a direct relationship. Where job design does not involve variety and challenge, there is no direct relationship between good performance and intrinsic rewards. The wavy line between performance and extrinsic rewards indicates that such rewards do not often provide a direct link to performance.
- **Perceived equitable rewards** (Box 8). This is the level of rewards people feel they should fairly receive for a given standard of performance. Most people have an implicit perception about the level of rewards they should receive commensurate with the requirements and demands of the job, and the contribution expected of them. Self-rating of performance links directly with the perceived equitable reward variable. Higher levels of self-rated performance are associated with higher levels of expected equitable rewards. The heavily arrowed line indicates a relationship from the self-rated part of performance to perceived equitable rewards.
- **Satisfaction** (Box 9). This is not the same as motivation. It is an attitude, an individual's internal state. Satisfaction is determined by both actual rewards received and perceived level of rewards from the organisation for a given standard of performance. If perceived equitable rewards are greater than actual rewards received, the person experiences dissatisfaction. The experience of satisfaction derives from actual rewards that meet or exceed the perceived equitable rewards.

EQUITY THEORY OF MOTIVATION

One of the major variables of satisfaction in the Porter and Lawler expectancy model is perceived equitable rewards. This leads to consideration of another process theory of motivation – **equity theory**. Applied to the work situation, equity theory is usually associated with the work of Adams.[33]

Equity theory focuses on people's feelings of how fairly they have been treated in comparison with the treatment received by others. It is based on exchange theory. Social relationships involve an exchange process. For example, a person may expect promotion as an outcome of a high level of contribution (input) in helping to achieve an important organisational objective. People also compare their own position with that of others. They determine the perceived equity of their own position. Their feelings about the equity of the exchange are affected by the treatment they receive when compared with what happens to other people. Most exchanges involve a number of inputs and outcomes. According to equity theory, people place a weighting on these various inputs and outcomes according to how they perceive their importance. When there is an unequal comparison of ratios the person experiences a sense of **inequity**.

Behaviour as a consequence of inequity

A feeling of inequity causes tension, which is an unpleasant experience. The presence of inequity therefore motivates the person to remove or to reduce the level of tension and the perceived inequity. The magnitude of perceived inequity determines the level of tension. The level of tension created determines the strength of motivation. Adams identifies six broad types of possible behaviour as consequences of inequity:

- **Changes to inputs**. A person may increase or decrease the level of their inputs, for example through the amount or quality of work, absenteeism, or working additional hours without pay.
- **Changes to outcomes**. A person may attempt to change outcomes such as pay, working conditions, status and recognition, without changes to inputs.
- **Cognitive distortion of inputs and outcomes**. In contrast to actual changes, people may distort, cognitively, their inputs or outcomes to achieve the same results. Adams suggests that although it is difficult for people to distort facts about themselves, it is possible, within limits, to distort the utility of those facts: for example, the belief about how hard they are really working, the relevance of a particular qualification, or what they can or cannot obtain with a given level of pay.
- **Leaving the field**. A person may try to find a new situation with a more favourable balance, for example by absenteeism, request for a transfer, resigning from a job or from the organisation altogether.
- **Acting on others**. A person may attempt to bring about changes in others, for example to lower their inputs or accept greater outcomes. Or the person may cognitively distort the inputs and outcomes of others. Alternatively, a person may try to force others to leave the field.
- **Changing the object of comparison**. This involves changing the reference group with whom comparison is made. For example, where another person with a previously similar outcome– input ratio receives

greater outcomes without any apparent increase in contribution, that other person may be perceived as now belonging to a different level in the organisation structure. The comparison need not necessarily be made with people who have the same inputs and outcomes. The important thing is a similar ratio of outcomes to inputs.

GOAL THEORY

Another theory usually considered under the heading of motivation to work is **goal theory**, or the theory of goal-setting (see Figure 7.12). This theory is based mainly on the work of Locke. The basic premise of goal theory is that people's goals or intentions play an important part in determining behaviour. Locke accepts the importance of perceived value, as indicated in expectancy theories of motivation, and suggests that these values give rise to the experience of emotions and desires. People strive to achieve goals in order to satisfy their emotions and desires. Goals guide people's responses and actions. Goals direct work behaviour and performance and lead to certain consequences or feedback. Locke subsequently pointed out that 'goal-setting is more appropriately viewed as a motivational technique rather than as a formal theory of motivation'.

Goal-setting and performance

The combination of goal difficulty and the extent of the person's commitment to achieving the goal regulates the level of effort expended. People with specific quantitative goals, such as a defined level of performance or a given deadline for completion of a task, will perform better than people with no set goal or only a vague goal such as 'do the best you can'. People who have difficult goals will perform better than people with easier goals. Gratton refers to 'stretch goals' which are ambitious, highly targeted opportunities for breakthrough improvements in performance. These goals should stem from critical success indicators and come from deep discussions within the company, and from collaboration within and across task forces, and lead to the development of activities and tactics to achieve the goals.[37] People lacking positive motivation at work may also help gain improved results and a better sense of achievement by setting themselves specific goals and identifying tasks directly related to their work and measurable targets of time and performance.

Practical implications for the manager

Goal theory has a number of practical implications for the manager:

- Individuals lacking in motivation often do not have clear goals. Specific performance goals should systematically be identified and set in order to direct behaviour and maintain motivation.
- Goals should be set at a challenging but realistic level. Difficult goals lead to higher performance. However, if goals are set at too high a level or are regarded as impossible to achieve, this can lead to stress and performance will suffer, especially over a longer period.
- Complete, accurate and timely feedback and knowledge of results is usually associated with high performance. Feedback provides a means of checking progress on goal attainment and forms the basis for any revision of goals.
- Goals can be determined either by a superior or by individuals themselves. Goals set by other people are more likely to be accepted

when there is participation. Employee participation in the setting of goals may lead to higher performance.

ORGANISATIONAL BEHAVIOUR MODIFICATION

According to Luthans and Kreitner, a major premise of OBMod is that positive consequence management is much more effective than negative consequence management. Organisations that encourage the members to learn and undertake desired behaviours and not to undertake undesired behaviours follow five main steps:

1 **Identify** the observable, objective and measurable behaviours relevant to the desired organisational performance.

2 **Measure** the frequency with which those behaviours actually occur under normal conditions. Provide baseline performance data as a point of reference to compare with changes in step 5.

3 **Determine** the antecedents of the behaviours, the reinforcements to encourage patterns of behaviour and the consequences that follow from those behaviours.

4 **Develop** an intervention strategy for change in order to strengthen desirable behaviours and weaken undesirable behaviours, through the use of operant conditioning and reinforcement theory including punishment if necessary.

5 **Measure and evaluate** systematically (using the same measure as in step 2) the extent to which the frequency of desired behaviours and undesired behaviours have changed, and improvements in organisational performance.

Applications of OBMod

To what extent can OBMod be applied effectively to improve motivation and performance in work organisations? OBMod works best for behaviours that are specific, objective and countable. There have been a number of studies in the United States that indicate positive results in behaviours that improved performance in reducing errors, attendance and punctuality, health and safety and customer service.[44] In a study of a Russian textile factory, following the OBMod approach, workers were subjected to two forms of intervention – extrinsic rewards and social rewards. The extrinsic rewards provided valued American products, such as clothing, music tapes and hard-to-get foods, for improved performance.

Social rewards such as attention, recognition and praise from supervisors were for performing specified actions such as checking looms, undertaking repairs and helping others. Both the extrinsic and social interventions led to highly significant increases in performance. This contrasted with a previous participative job design approach that involved asking workers for ideas for improving performance and enriching their jobs that did not work. The researchers suggest cultural issues and the workers' past experiences may explain the failure of the participative intervention strategy, and that the OBMod approach has wider application.Although there appear to be a number of supporters in America, in the UK it is a controversial concept. Critics claim that OBMod is not an accepted theory of motivation and that there are too many individual differences for people to be treated as subjects of operant conditioning. OBMod is concerned only with shaping. There is the added criticism of a 'Big Brother' approach with excessive management manipulation and control over employees, more in line with scientific management (recall the discussion in Chapter 2). This in turn could also have the added disadvantage of discouraging individual initiative and adaptability to change circumstances. Workers subject to OBMod programmes may tend to ignore those aspects of voluntary behaviours, such as social support or assistance to colleagues, that are not subject to direct reward and reinforcement.

JOB SATISFACTION

The meaning and nature of job satisfaction

Attempting to understand the nature of job satisfaction and its effects on work performance is not easy. Job satisfaction is a complex and multifaceted concept, which can mean different things to different people. It is usually linked with motivation, but the nature of this relationship is not clear. Satisfaction is not the same as motivation. **Job satisfaction** is more of an attitude, an internal state. It could, for example, be associated with a personal feeling of achievement, either quantitative or qualitative.

Dimensions of job satisfaction

There is some doubt whether job satisfaction consists of a single dimension or a number of separate dimensions. Some workers may be satisfied with certain aspects of their work and dissatisfied with other aspects. Job satisfaction is itself a complex concept and difficult to measure objectively. The level of job satisfaction is affected by a wide range of variables relating to individual, social, cultural, organisational and environmental factors.

▪ **Individual factors** include personality, education and qualifications, intelligence and abilities, age, marital status, orientation to work.

▪ **Social factors** include relationships with co-workers, group working and norms, opportunities for interaction, informal organisation.

▪ **Cultural factors** include underlying attitudes, beliefs and values.

▪ **Organisational factors** include nature and size, formal structure, HR policies and procedures,
employee relations, nature of the work, technology and work organisation, supervision and styles of leadership, management systems, working conditions.

▪ **Environmental factors** include economic, social, technical and governmental influences. These different factors all affect the job satisfaction of certain individuals in a given set of circumstances but not necessarily in others. For example in times of economic depression and fears of high unemployment, job security is likely to be the prominent concern for many members of staff. According to the FreshMinds survey discussed in Chapter 3, when it comes to job satisfaction it pays to be older. Apparently 100 per cent of older boomers (born between 1946 and 1963) are satisfied with their job, but only 66 per cent of Generation Y (typified by travel first, then a career) feel the same way. And Generation Y want more at work such as gym membership and sabbaticals.

Five contractual areas

Mumford examines job satisfaction in two ways:

1 in terms of the fit between what the organisation requires and what the employee is seeking; and

2 in terms of the fit between what the employee is seeking and what they are actually receiving.

The work environment

An increasingly important issue affecting job satisfaction and efficiency is the nature of the work environment and workplace facilities. Handy argues that an inspired workplace will result in inspired workers and draws attention to the importance for work performance of the atmosphere, quality and style of buildings and offices.

A 2003 study by the Chartered Management Institute reports on UK managers' attitudes to and experiences of their physical working environment. The study was undertaken among a random sample of 4,000 managers across all levels and sectors and size of organisation. Topics addressed included hours worked, commuting and travel, flexible working, the existing and preferred layout of offices and the use of new technologies. Concerns were expressed about the need for more quiet areas, under-equipped meeting rooms, lack of adequate meeting space, and their offices not making a good impression on clients and visitors. Nearly half of those surveyed would relinquish one week's annual leave for a better office, and sizeable numbers would forgo £1,000 in salary or private medical insurance for a significantly upgraded workspace. And even if the role, salary and benefits were no better, 45 per cent would contemplate changing companies in return for an improved work environment.

Flexible working arrangements

An increasingly significant aspect of motivation and job satisfaction is flexible working. According to CIPD, 'This relates to an organisation's working arrangements in terms of working time, working location and the pattern of working.'[64] Moves towards greater flexibility may afford opportunities for employees to have more freedom and control over their working arrangements and have noticeable effects on their job satisfaction and performance. Flexible working arrangements are discussed in Chapter 15.

ALIENATION AT WORK

One main approach to job satisfaction is in terms of frustration and alienation at work. Job satisfaction can be seen as the obverse of frustration at work (discussed earlier in this chapter). **Alienation** refers to the detachment of the person from their work role. The concept of alienation at work is associated originally with the views of Marx.[66] He saw the division of labour in pursuit of profit, and exploitation by employers, as a denial of the workers' needfor self-expression. Workers become estranged from the product of their work. Work no longer provided a satisfying experience in itself, but represented a means of satisfying other external demands. The concept of alienation has been extended by Blauner.[67] He describes alienation in terms of four dimensions: powerlessness, meaninglessness, isolation and self-estrangement.

■ **Powerlessness** denotes the workers' lack of control over management policy, immediate work processes, or conditions of employment.

- **Meaninglessness** stems from standardisation and division of labour. It denotes the inability to see the purpose of work done or to identify with the total production process or finished product.
- **Isolation** is not belonging to an integrated work group or to the social work organisation and not being guided by group norms of behaviour.
- **Self-estrangement** is the failure to see work as an end in itself or as a central life issue. Workers experience a depersonalised detachment and work is seen solely as a means to an end. In recent years attention to job satisfaction has also become more closely associated with broader approaches to improved job design and work organisation, and the quality of working life movement, and with stress and the work/life balance.

A COMPREHENSIVE MODEL OF JOB ENRICHMENT

Attempts to improve intrinsic motivation must not only include considerations of job characteristics but also take account of individual differences and attributes, and people's orientation to work. A popular and comprehensive model of job enrichment has been developed by Hackman and Oldham (see Figure 7.15).[68] The model views job enrichment in terms of increasing five core job dimensions: skill variety, task identity, task significance, autonomy and feedback. These core job characteristics create three psychological states:

- experienced meaningfulness of the work;
- experienced responsibility for the outcomes of the work; and
- knowledge of the actual results of the work activities.

Five core dimensions

The five core job dimensions can be summarised as follows:

- **skill variety** – the extent to which a job entails different activities and involves a range of skills and talents;
- **task identity** – the extent to which a job involves completion of a whole piece of work with a visible outcome;
- **task significance** – the extent to which a job has a meaningful impact on other people, either inside or outside the organisation;
- **autonomy** – the extent to which a job provides freedom, independence and discretion in planning the work and determining how to undertake it;
- **feedback** – the extent to which work activities result in direct and clear information on the effectiveness of job performance.

An example of a job with little enrichment could be that of a production assembly line worker or a kitchen porter, where all five core characteristics are likely to score low. An example of an enriched job could be that of a parish priest who draws upon a wide range of social skills and talents, who can usually identify with the whole task and whose job has clear and important meaning and significance. There is a very high level of autonomy and likely to be direct and clear feedback.

CONTEXTUAL FACTORS IN JOB DESIGN

The different methods of job design are not necessarily separate approaches. They are interrelated
and there is some overlapping among them. For example, goal-setting is sometimes viewed as another approach to job design. Goal-setting

involves building goals, feedback and incentives into the structure of the job. In addition, there are many other associated (contextual) factors which affect job design, including, for example: organisational culture, structure, systems of management and style of leadership, trade unions, HR policies and procedures, communications, group norms, ergonomics, the management of change, and the working environment. The potential benefits of improved job design are unlikely to be realised if attention is focused on the content of jobs alone. Of equal, if not more, importance is the process by which redesign is carried out. This has led to recognition of the importance of management style and, increasingly, of organisation culture.[72] Central to improving the quality of working life is a participative, open style of management involving employees in decisions that affect them, including the design or choice of technology. Management should attempt to develop a relationship of trust among all members and sections of the organisation and a meaningful partnership approach with trade unions.

REVIEW QUESTION

1. What do you mean by motivation?
2. What are the needs and expectations at work from employee?
3. Discuss about money as a motivator.
4. Discuss alderfer's modified need hierarchy model.
5. Describe Mcclelland's achievement motivation theory.
6. What is goal theory of motivation.
7. Describe job satisfaction. What is alienation at work
8. What is job enrichment? Give a comprehensive model of job.

FURTHER READINGS

1. Managing Organizational Behavior-Ronald R. Sims
2. Current Topics in Organizational Behavior Management-Phillip K. Duncan
3. Organizational Behavior-O. Jeff Harris, Sandra J. Hartman
4. Organizational Behavior- K.C.S. Ranganayakulu
5. Organizational Behavior- G. A. Cole

UNIT-8 THE NATURE OF WORK GROUPS AND TEAMS

CONTENTS

INTRODUCTION

THE MEANING AND IMPORTANCE OF GROUPS AND TEAMS

Work is a group-based activity and if the organisation is to function effectively it requires collaboration and co-operation among its members. **Groups** are an essential feature of any organisation. Individuals seldom work in isolation from others. Although there is no single accepted definition, most people will readily understand what constitutes a group. The essential feature is that its members regard themselves as belonging to the group. A popular definition defines the group in psychological terms as: any number of people who (1) interact with one another; (2) are psychologically aware of one another; and (3) perceive themselves to be a group.

Another useful way of defining a work group is a collection of people who share most, if
not all, of the following characteristics:

- ▪ a definable membership
- ▪ group consciousness
- ▪ a sense of shared purpose
- ▪ interdependence
- ▪ interaction
- ▪ ability to act in a unitary manner.[2]

Groups are a characteristic of all social situations and almost everyone in an organisation will be a member of one or more groups. The working of groups and the influence they exert over their membership is an essential feature of human behaviour and of organisational performance. Members of a group must co-operate in order for work to be carried out, and managers themselves will work within these groups. People in groups influence each other in many ways and groups may develop their own hierarchies and leaders. Group pressures can have a major influence over the behaviour of individual members and their work performance.

DIFFERENCES BETWEEN GROUPS AND TEAMS

The use of the word 'teams' has become increasingly fashionable in recent years. Crainer refers to the use of 'team working' as a side effect of increasing concentration on working across functional divides and fits neatly with the trend towards empowerment. However, despite the extensive literature about teams and team working, the basic dynamics of team working often remain clouded and uncertain.

Teams occur when a number of people have a common goal and recognise that their personal success

is dependent on the success of others. They are all interdependent. In practice, this means that in most

teams people will contribute individual skills many of which will be different. It also means that the full

tensions and counter-balance of human behaviour will need to be demonstrated in the team.3

GROUP VALUES AND NORMS

The classical approach to organisation and management tended to ignore the importance of groups and the social factors at work. The ideas of people such as F. W. Taylor popularised the concept of the 'rabble hypothesis' and the assumption that people carried out their work, and could be motivated, as solitary individuals unaffected by others. The human relations approach, however (discussed in Chapter 2), gave recognition to the work organisation as a social organisation and to the importance of the group, and group values and norms, in influencing behaviour at work.

Informal social relations

The group developed its own pattern of informal social relations and codes and practices ('norms') of what constituted proper group behaviour.

▪ **Not to be a 'rate buster'** – not to produce at too high a rate of output compared with other members or to exceed the production restriction of the group.

▪ **Not to be a 'chiseller'** – not to shirk production or to produce at too low a rate of output compared with other members of the group.

▪ **Not to be a 'squealer'** – not to say anything to the supervisor or management which might be harmful to other members of the group.

▪ **Not to be 'officious'** – people with authority over members of the group, for example inspectors, should not take advantage of their seniority or maintain a social distance from the group.

Team performance

According to Riches, one way to improve team performance is to establish agreed norms or rules for how the team is to operate and rigorously stick to them. Norms could address the obligations of individual members to the team, how it will assess its performance, how it will work together, what motivation systems will be used, how it will relate to customers, and the mechanisms to facilitate an honest exchange about the team norms and behaviour.

FORMAL AND INFORMAL GROUPS

Groups are deliberately planned and created by management as part of the formal organisation structure. However, groups will also arise from social processes and the informal organisation that was discussed in Chapter 3. The informal organisation arises from the interaction of people working within the organisation and the development of groups with their own relationships and norms of behaviour, irrespective of those defined within the formal structure. This leads to a major distinction between formal and informal groups.

Formal groups

Groups are formed as a consequence of the pattern of organisation structure and arrangements for the division of work, for example the grouping together of common activities into sections. Groups may result from the nature of technology employed and the way in which work is carried out, for example the bringing together of a number of people to carry out a sequence of operations on an assembly line. Groups may also develop when a number of people of the same level or status within the organisation see themselves as a group, for example departmental heads of an industrial organisation or chief officers of a local authority.

Formal groups are created to achieve specific organisational objectives and are concerned with the **co-ordination of work activities**. People are brought together on the basis of defined roles within the structure of the organisation. The nature of the tasks to be undertaken is a predominant feature of the formal group. Goals are identified by management, and certain rules, relationships and norms of behaviour established. Formal groups tend to be relatively permanent, although there may be changes in actual membership. However, temporary formal groups may also be created by management, as with for example the use of project teams in a matrix organisation. Formal work groups can be differentiated in a number of ways, for example on the basis of membership, the task to be performed, the nature of technology, or position within the organisation structure.

Virtuoso teams

Boynton and Fischer draw attention to '**virtuoso teams**' that are formed specifically for big change in organisations. They are comprised of individual superstars or virtuosos with a single clear, ambitious mandate and are not intended to remain together over multiple initiatives or projects. Virtuoso teams require a special kind of leadership and to be managed in a manner that unleashes the maximum contribution from each individual superstar. Although most organisations rarely form such teams, they are required for radical change opportunities that represent a significant departure from prior practice and/or how an organisation conducts its business. Examples of big changes that required a virtuoso team are the Manhattan Project, Thomas Edison's inventory factory and Roald Amundsen's polar expedition.

Informal groups

The formal structure of the organisation, and system of role relationships, rules and procedures, will always be augmented by interpretation and development at the informal level.

Informal groups are based more on personal relationships and agreement of group members than on defined role relationships. They serve to satisfy psychological and social needs not related necessarily to the tasks to be undertaken. Groups may devise ways of attempting to satisfy members' affiliation and other social motivations lacking in the work situation. Membership of informal groups can cut across the formal structure. They may comprise individuals from different parts of the organisation and/or from different levels of the organisation, both vertically and diagonally, as well as from the same horizontal level. An informal group could also be the same as the formal group, or it might comprise a part only of the formal group (see Figure 8.3).

Members of an informal group may appoint their own leader who exercises authority by the consent of the members themselves. The informal leader may be chosen as the person who reflects the attitudes and values of the members, helps to resolve conflict, leads the group in satisfying its goals, or liaises with management or other people outside the group. The informal leader may often change according to the particular situation facing the group. Although not usually the case, it is possible for the informal leader to be the same person as the formal leader appointed officially by management.

Major functions of informal groups

■ **The perpetuation of the informal group 'culture'**. Culture in this context means a set of
values, norms and beliefs which form a guide to group acceptance and group behaviour.
Unless you broadly subscribe to the group culture, you will not belong and will be an
'outsider' or 'isolate'.

■ **The maintenance of a communication system**. Groups want all the information that
affects their welfare, either negatively or positively. If groups are not apprised of policies
and motives behind actions, they will seek to tap into formal communication channels
and spread information among group members.

■ **The implementation of social control**. Conformity to group culture is enforced by such
techniques as ridicule, ostracism and violence. This is illustrated, for example, by the
enforcement of group norms in the bank wiring room discussed in the previous section.

■ **The provision of interest and fun in work life**. Many jobs are monotonous and fail
to hold workers' attention. Work may also offer few prospects. Workers may try to compensate

by interpersonal relations provided by the group and in such activities as time
wasting by talking, gambling, practical joking and drinking.

An example of informal groups

A lack of direction and clear information flow within the formal structure can give rise to uncertainty and suspicion. In the absence of specific knowledge, the grapevine takes on an important role, rumours start and the informal part of the organisation is highlighted, often with negative results. A typical example concerned an industrial organisation in a highly competitive market and experiencing a drop in sales. Two top managers had suddenly lost their jobs without any apparent explanation and there were board meetings seemingly every other day. Although there was no specific information or statements from top management, the general feeling among the staff was that whatever was about to happen was most unlikely to be good news. At lunchtime three junior members of staff, one female and two male, each from different departments, were having a chat. With a half smile the female member said to the others that she could well be seeing a lot more of both or at least one of them before long. She said that she had heard, unofficially, from her manager that the department was about to be awarded a very profitable order. She surmised that other departments, which she had also heard had lost their parts of the same contracts and not had many orders recently, would have to integrate into the successful department with the possible loss of certain jobs. The other two members both believed this and talked about it within their own departments as if it were a fact. The result? Even more uncertainty throughout the organisation, increased gloom and distraction from the task. In fact, no such integration did take place, only a minor restructuring of the organisation with no direct loss of jobs other than through voluntary early retirement. However, it proved very difficult for top management to quash effectively the rumour and restore trust and morale.

REASONS FOR FORMATION OF GROUPS OR TEAMS

Individuals will form into groups or teams, both formal and informal, for a number of reasons.

- **Certain tasks can be performed only through the combined efforts of a number of individuals working together**. The variety of experience and expertise among members provides a synergetic effect that can be applied to the increasingly complex problems of modern organisations.
- **Collusion between members** in order to modify formal working arrangements more to their liking – for example, by sharing or rotating unpopular tasks. Membership therefore provides the individual with opportunities for initiative and creativity.
- **Companionship and a source of mutual understanding and support from colleagues**. This can help in solving work problems and also to militate against stressful or demanding working conditions.
- **Membership provides the individual with a sense of belonging**. It provides a feeling of identity and the chance to acquire role recognition and status within the group or team.

▪ **Guidelines on generally acceptable behaviour**. It helps to clarify ambiguous situations such as the extent to which official rules and regulations are expected to be adhered to in practice, the rules of the game and what is seen as the correct actual behaviour. The informal organisation may put pressure on members to resist demands from management on such matters as higher output or changes in working methods. Allegiance to the group or team can serve as a means of control over individual behaviour and individuals who contravene the norms are disciplined – for example, the process of 'binging' in the bank wiring room, mentioned earlier in this chapter.

▪ **Protection for its membership**. Group or team members collaborate to protect their interests from outside pressures or threats. Individuals have varying expectations of the benefits from group membership, relating to both work performance and social processes. However, working in groups may mean that members spend too much time talking among themselves rather than doing. Groups may also compete against each other in a non-productive manner. It is a question of balance. It is important, therefore, that the manager understands the reasons for the formation of groups and is able to recognise likely advantageous or adverse consequences for the organisation.

GROUP COHESIVENESS AND PERFORMANCE

Social interaction is a natural feature of human behaviour but ensuring harmonious working relationships and effective teamwork is not an easy task. The manager's main concern is that members of a work group co-operate in order to achieve the results expected of them. Co-operation among members is likely to be greater in a united, cohesive group. Membership of a cohesive group can be a rewarding experience for the individual, can contribute to the promotion of morale and can aid the release of creativity and energy. Members of a high morale group are more likely to think of themselves as a group and work together effectively. Strong and cohesive work groups can, therefore, have beneficial effects for the organisation. There are many factors which affect group cohesiveness and performance that can be summarised under four broad headings, as shown in Figure 8.4.

MEMBERSHIP

Size of the group

As a group increases in size, problems arise with communications and co-ordination. Large groups are more difficult to handle and require a higher level of supervision. Absenteeism also tends to be higher in larger groups. When a group becomes too large it may split into smaller units and friction may develop between the sub-groups.

It is difficult to put a precise figure on the ideal size of a work group and there are many conflicting studies and reports. Much will depend upon other variables, but it seems to be generally accepted that cohesiveness becomes more difficult to achieve when a group exceeds 10–12 members.[13] Beyond this size the group tends to split into sub-groups. A figure of between five and seven is often quoted as an apparent optimum size for full participation within the group. Many readers will be familiar with the classic 1957 movie Twelve Angry Men in which one juror persuades the other 11 to change their minds over a murder verdict. This drew attention to a range of intra-group conflicts and the difficulty in groups of more than ten people attempting to reach consensus.

Compatibility of members

The more homogeneous the group in terms of such features as shared backgrounds, interests, attitudes and values of its members, the easier it is usually to promote cohesiveness. Variations in other individual differences, such as the personality or skills of members, may serve to complement each other and help make for a cohesive group. However, such differences may be the cause of disruption and conflict. Conflict can also arise in a homogeneous group where members are in competition with each other. Individual incentive payment schemes, for example, may be a source of conflict.

Permanence of group members

Group spirit and relationships take time to develop. Cohesiveness is more likely when members of a group are together for a reasonable length of time and changes occur only slowly. A frequent turnover of members is likely to have an adverse effect on morale and on the cohesiveness of the group.

WORK ENVIRONMENT

Nature of the task

Where workers are involved in similar work, share a common task or face the same problems, this may assist cohesiveness. The nature of the task may serve to bring people together when it is necessary for them to communicate and interact regularly with each other in the performance of their duties – for example, members of a research and development team. Even if members of a group normally work at different locations they may still experience a feeling of cohesiveness if the nature of the task requires frequent communication and interaction – for example, security guards patrolling separate areas who need to check with each other on a regular basis. However, where the task demands a series of relatively separate operations or discrete activities – for example, on a machine-paced assembly line – it is more difficult to develop cohesiveness. Individuals may have interactions with colleagues on either side of them but little opportunity to develop a common group feeling.

Physical setting

Where members of a group work in the same location or in close physical proximity to each other this will generally help cohesiveness. However, this is not always the case. For example, in large open-plan offices staff often tend to segregate themselves from colleagues and create barriers through the strategic siting of such items as filing cabinets, bookcases or indoor plants. The size of the office and the number of staff in it are, of course, important considerations in this case. Isolation from other groups of workers will also tend to build cohesiveness. This often applies to a smaller number of workers on a night shift.

Communications

The more easily members can communicate freely with each other, the greater the likelihood of group cohesiveness. Communications are affected by the work environment, by the nature of the task and by technology. For example, difficulties in communication can arise with production systems where workers are stationed continuously at a particular point with limited freedom of movement. Even when opportunities exist for interaction with colleagues, physical conditions may limit effective communication. For example, the technological layout and high level of noise with some assembly line work can limit contact between workers. Restrictions on opportunities for social interaction can hamper internal group unity. This can be a major reason why getting a team to work well is such a challenge in large organisations.

Technology

We can see that the nature of technology and the manner in which work is carried out have an important effect on cohesiveness and relate closely to the nature of the task, physical setting and communications. Where the nature of the work process involves a craft or skill-based 'technology' there is a higher likelihood of group cohesiveness. However, with machine-paced assembly line work it is more difficult to develop cohesiveness. Technology also has wider implications for the operation and behaviour of groups and therefore is considered in a separate section later in this chapter.

ORGANISATIONAL

Management and leadership

Teams tend to be a mirror image of their leaders. The form of management and style of leadership adopted will influence the relationship between the group and the organisation and are major determinants of group cohesiveness. In general terms, cohesiveness will be affected by such things as the manner in which the manager gives guidance and encouragement to the group, offers help and support, provides opportunities for participation, attempts to resolve conflicts and gives attention to both employee relations and task problems. McKenna and Maister draw attention to the importance of the group leader establishing a level of trust among the group by helping them understand the behaviours that build trust. 'The job of the group leader is to encourage people to earn the trust of others in their group and then show them how it can translate into greater commitment, greater creativity, greater professional satisfaction, and better performance.'[15] Farrell makes the point that managers are ultimately responsible for creating a balance in the workplace and should take the lead in setting standards of behaviour in teams.

HR policies and procedures

Harmony and cohesiveness within the group are more likely to be achieved if HR policies and procedures are well developed and perceived to be equitable, with fair treatment for all members. Attention should be given to the effects that appraisal systems, discipline, promotion and rewards, and opportunities for personal development have on members of the group.

GROUP DEVELOPMENT AND MATURITY

The degree of cohesiveness is affected also by the manner in which groups progress through the various stages of development and maturity before getting down to the real tasks in hand. This process can take time and is often traumatic for the members. Bass and Ryterband identify four distinct stages in group development:

- mutual acceptance and membership;
- communication and decision-making;
- motivation and productivity; and
- control and organisation.

An alternative, and more popular, model by Tuckman identifies five main successive stages of group development and relationships: **forming, storming, norming, performing** and **adjourning**.

- **Stage 1 – forming**. The initial formation of the group and the bringing together of a
number of individuals who identify, tentatively, the purpose of the group, its composition and terms of reference. At this stage consideration is given to the hierarchical structure of the group, pattern of leadership, individual roles and responsibilities, and codes of conduct. There is likely to be considerable anxiety as members attempt to create an impression, to test each other and to establish their personal identity within the group.
- **Stage 2 – storming**. As members of the group get to know each other better they will put forward their views more openly and forcefully. Disagreements will be expressed and challenges offered on the nature of the task and arrangements made in the earlier stage of development. This may lead to conflict and hostility. The storming stage is important because, if successful, there will be discussions on reforming arrangements for the working and operation of the group, and agreement on more meaningful structures and procedures.
- **Stage 3 – norming**. As conflict and hostility start to be controlled, members of the group will establish guidelines and standards and develop their own norms of acceptable behaviour. The norming stage is important in establishing the need for members to cooperate in order to plan, agree standards of performance and fulfil the purpose of the group.
- **Stage 4 – performing**. When the group has progressed successfully through the three earlier stages of development it will have created structure and cohesiveness to work effectively as a team. At this stage the group can concentrate on the attainment of its purpose and performance of the common task is likely to be at its most effective.
- **Stage 5 – adjourning**. This refers to the adjourning or disbanding of the group because of, for example, completion of the task, members leaving the organisation or moving on to other tasks. Some members may feel a compelling sense of loss at the end of a major or lengthy group project and their return to independence is characterised by sadness and anxiety. Managers may need to prepare for future group tasks and engendering team effort. Another writer suggests that new groups go through the following stages:

POTENTIAL DISADVANTAGES OF STRONG, COHESIVE GROUPS

If the manager is to develop effective work groups, attention should be given to those factors that influence the creation of group identity and cohesiveness. This may result in greater interaction between members, mutual help and social satisfaction, lower turnover and absenteeism, and often higher production.[26] However, strong and cohesive groups also present potential disadvantages for management. Cohesive groups do not necessarily produce a higher level of output. Performance varies with the extent to which the group accepts or rejects the goals of the organisation. Furthermore, with a very high level of cohesiveness and attention to social activities, there may even be a fall in output. The level of production is likely to conform to a standard acceptable as a norm by the group. It may be remembered that in the bank wiring room experiment of the Hawthorne studies, group norms imposed a restriction on the workers' level of output.

Inter-group conflict

Strong, cohesive groups may develop a critical or even hostile attitude towards people outside the group or members of other groups. This can be the case, for example, when group cohesiveness is based on common status, qualifications, technical expertise or professional standing. Group cohesiveness may result in lack of co-operation with, or opposition to, non-members. As a result, resentment and inter-group conflict may arise to the detriment of the organisation as a whole. (Recall the discussion on social identity theory, above.) In order to help prevent, or overcome, unconstructive inter-group conflict, the manager should attempt to stimulate a high level of communication and interaction between the groups and to maintain harmony. Rotation of members among different groups should be encouraged. Yet, inter-group rivalry may be deliberately encouraged as a means of building stronger within-group cohesiveness. The idea is that a competitive element may help to promote unity within a group. However, inter-group rivalry and competition need to be handled carefully. The manager should attempt to avoid the development of 'win–lose' situations.

Emphasis should be placed on overall objectives of the organisation and on super ordinate goals. These are goals over and above the issues at conflict and which, if they are to be achieved, require the co-operation of the competing groups.

CHARACTERISTICS OF AN EFFECTIVE WORK GROUP

The characteristics of an effective work group are not always easy to isolate clearly. The underlying feature is a spirit of co-operation in which members work well together as a united team and with harmonious and supportive relationships. This may be evidenced when members of a group exhibit:

- a belief in shared aims and objectives;
- a sense of commitment to the group;
- acceptance of group values and norms;
- a feeling of mutual trust and dependency;
- full participation by all members and decision-making by consensus;
- a free flow of information and communications;
- the open expression of feelings and disagreements;
- the resolution of conflict by the members themselves;
- a lower level of staff turnover, absenteeism, accidents, errors and complaints.

However, as Brooks points out, as teams operate at the higher order of group dynamics this list is arguably more reflective of 'effective **work teams** rather than work groups and this is how it should be – these are teams not groups'.

VIRTUAL TEAMS

The combination of increasing globalisation and widespread developments in information and communications technology has given greater emphasis to the opportunities for, and need of, **virtual teams**. Instead of involving face-to-face proximity, virtual teams are a collection of people who are geographically separated but still work together closely. The primary interaction among members is by some electronic information and communication process. This enables organisations to function away from traditional working hours and the physical availability of staff. Computer-based information systems and increased wireless connectivity further the opportunities for virtual working. By their very nature, virtual teams are likely to be largely self-managed.

Management and communication skills

However, as the leader cannot influence by their physical presence, and as hierarchies fade on-line, managing dispersed teams requires a range of subtly different leadership skills. It is important to develop mutual trust and a democratic approach of shared control and decision-making, and to adopt the role and style of a coach. 'The leader has to establish and maintain "credit" with the group, as "position power" has little or no currency in virtual working.

- **Say hello** – the most successful teams spend time during their formation period face-toface getting to know each other.
- **Build trust** – to hold the team together so that you can depend on other team members and feel comfortable opening up to them.
- **Recruit with care** – people who can communicate in the right way at the right time are more likely to be successful in virtual teams.
- **Don't rely on email** – the written word is easily misunderstood so supplement its use with other forms of communication.
- **Encourage dissent** – without face-to-face meetings people become reluctant to speak out but a healthy organisation needs people to speak out and challenge leaders and each other.
- **Use technology thoughtfully** – used badly, sophisticated tools can be a disaster, and people need to be trained to use the technology, not simply have it imposed on them.
- **Measure outcomes** – focus on the outcomes rather than time management, find a personal way to appraise performance, rather than email, and hold regular chats with members.
- **Do say** 'By proactively creating virtual teams we can go where talent is, extend our reach and work more efficiently.'
- **Don't say** 'We call them a virtual team because they're not quite the real thing.

ROLE RELATIONSHIPS

In order that the organisation can achieve its goals and objectives, the work of individual members must be linked into coherent patterns of activities and relationships. This is achieved through the 'role structure' of the organisation.

A '**role**' is the expected pattern of behaviours associated with members occupying a particular position within the structure of the organisation. It also describes how a person perceives their own situation. The concept of 'role' is important to the functioning of groups and for an understanding of group processes and behaviour. It is through role differentiation that the structure of the work group and relationships among its members are established. Some form of structure is necessary for teamwork and co-operation. The concept of roles helps to clarify the structure and to define the pattern of complex relationships within the group.

The role, or roles, that the individual plays within the group is influenced by a combination of:

▪ **situational factors**, such as the requirements of the task, the style of leadership, position in the communication network; and

▪ **personal factors** such as values, attitudes, motivation, ability and personality.

The role that a person plays in one work group may be quite different from the role that person plays in other work groups. However, everyone within a group is expected to behave in a particular manner and to fulfil certain role expectations.

A person's role set

In addition to the role relationships with members of their own group – peers, superiors, subordinates – the individual will have a number of role-related relationships with outsiders – for example, members of other work groups, trade union officials, suppliers, consumers. This is a person's '**role set**'. The role set comprises the range of associations or contacts with descriptions, or directives from superiors. Formal role expectations may also be derived clearly from the nature of the task. They may, in part at least, be defined legally, for example under the Health and Safety at Work Acts, or as with the obligations of a company secretary under the Companies Acts, or the responsibilities of a district auditor under the Local Government Acts.

ROLE CONFLICT

Patterns of behaviour result from both the role and the personality. The concept of role focuses attention on aspects of behaviour existing independently of an individual's personality. **Role conflict** arises from inadequate or inappropriate role definition and needs to be distinguished from personality clashes. These arise from incompatibility between two or more people as individuals even though their roles may be defined clearly and understood fully. In practice, the manner in which a person actually behaves may not be consistent with their expected pattern of behaviours. This inconsistency may be a result of role conflict. Role conflict as a generic term can include:

▪ role incompatibility
▪ role ambiguity
▪ role overload
▪ role under load.

These are all problem areas associated with the creation of role expectations.

■ **Role incompatibility** arises when a person faces a situation in which simultaneous different or contradictory expectations create inconsistency. Compliance with one set of expectations makes it difficult or impossible to comply with other expectations. The two role expectations are in conflict. A typical example concerns the person 'in the middle', such as the supervisor or section head, who faces opposing expectations from workers and from management. Another example might be the situation of a manager who believes in a relaxed, participative style of behaviour more in keeping with a Theory Y approach, but whose superior believes in a Theory X approach and expects the manager to adopt a more formal and directive style of behaviour.

■ **Role ambiguity** occurs when there is lack of clarity as to the precise requirements of the role and the person is unsure what to do. The person's perception of their role may differ from the expectations of others. This implies that insufficient information is available for the adequate performance of the role. Role ambiguity may result from a lack of formally prescribed expectations. It is likely to arise in large, diverse groups or at times of constant change. Uncertainty often relates to such matters as the method of performing tasks, the extent of the person's authority and responsibility, standards of work, and the evaluation and appraisal of performance.

■ **Role overload** is when a person faces too many separate roles or too great a variety of expectations. The person is unable to meet satisfactorily all expectations and some must be neglected in order to satisfy others. This leads to a conflict of priority. Some writers distinguish between role overload and work overload. Role overload is seen in terms of the total role set and implies that the person has too many separate roles to handle. Where there are too many expectations of a single role – that is, a problem of quantity – this is work overload.

■ **Role underload** can arise when the prescribed role expectations fall short of the person's perception of their role. The person may feel their role is not demanding enough and that they have the capacity to undertake a larger or more varied role, or an increased number of roles. Role underload may arise, for example, when a new member of staff is first appointed or from the initial effects of empowerment.

Role conflict and matrix organisation

Problems of role conflict can often arise from the matrix form of organisation (discussed in Chapter 14) and, for example, from the use of flexible project teams. Where staff are assigned temporarily, and perhaps on a part-time basis, from other groups this creates a two-way flow of authority and responsibility.

Role stress

Role conflict can result in role stress. As discussed in Chapter 3, although a certain amount of stress may **arguably** be seen as a good thing, and especially at managerial level helps to bring out a high level of performance, it is also potentially very harmful. Stress is a source of tension, frustration and dissatisfaction. It can lead to difficulties in communication and interpersonal relationships and can affect morale, effectiveness at work and health. There are a number of ways in which management might attempt to avoid or reduce role conflict and the possibilities of role stress:

- Increasing specification and clarity of prescribed role expectations, for example through written statements on objectives and policy, use of manuals and set procedures, introduction of appropriate rules, and detailed job descriptions. However, such measures may be resented by staff. They may restrict the opportunity for independent action and personal development, giving rise to even more role conflict.
- Improved recruitment and selection and the careful matching of abilities, motivation, interests and personalities to the demands of a particular role.
- Attention to induction and socialisation programmes, job training and retraining, staff development and career progression plans.
- Medical examinations and health screening to give early indications of potential stress related problems.
- The creation of new roles or assimilation of existing roles; the reallocation or restructuring of tasks and responsibilities; the clarification of priorities, and the elimination or downgrading of minor roles.
- Giving advance notice and explanation of what is likely to happen, for example of an expected, additional heavy workload which must be completed urgently. Where possible and appropriate provide an opportunity for practice or experience.
- Attention to factors which may help improve group structure and group cohesiveness, and help overcome inter-group conflict.
- Review of organisation structure, information flow and communication networks, for example members of staff being answerable to more than one superior.

THE IMPORTANCE OF TEAMWORK

According to ACAS, teams have been around for as long as anyone can remember and there can be few organisations that have not used the term in one sense or another. In a general sense, people talk of teamwork when they want to emphasise the virtues of co-operation and the need to make use of the various strengths of employees. Using the term more specifically, team working involves a reorganisation of the way work is carried out. Teamwork can increase competitiveness by:

- improving productivity;
- improving quality and encouraging innovation;
- taking advantage of the opportunities provided by technological advances;
- improving employee motivation and commitment.[41]

The general movement towards flatter structures of organisation, wider spans of control and reducing layers of middle management, together with increasing empowerment of employees, all involve greater emphasis on the importance of team working. 'There's no doubt that effective teamwork is crucial to an organisation's efforts to perform better, faster and more profitably than their competitors.

Skills of effective teamworking

From a study of Europe's top companies, Heller refers to the need for new managers and new methods, and includes as a key strategy for a new breed of managers in a dramatically changed environment: 'making team-working work – the new, indispensable skill'. Heller refers to the happy teams at Heineken. Part of the cultural strength of Heineken is a realisation that 'the best culture for an organisation is a team culture' and that 'any large organisation is a team of teams – and people who have to work together as a team must also think together as a team'.[44] Heller also lists Heineken's manifesto for 'professional team-thinking' and maintains that 'arguing with any of these eleven points is absurd'.

REVIEW QUESTIONS

1. What are differences between groups and teams?
2. Describe group values and norms.
3. What are differences between formal and informal groups
4. What are reasons for formation of groups or teams.
5. Describe group cohesiveness and performance.
6. Describe group development process and maturity.
7. What are potential disadvantages of strong cohesive groups?
8. What are characteristics of an effective work group?
9. Describe virtual teams. What is role relationships
10. What are the importance of teamwork?

FURTHER READINGS

1. Managing Organizational Behavior-Ronald R. Sims
2. Current Topics in Organizational Behavior Management-Phillip K. Duncan
3. Organizational Behavior-O. Jeff Harris, Sandra J. Hartman
4. Organizational Behavior- K.C.S. Ranganayakulu
5. Organizational Behavior- G. A. Cole

UNIT-9 THE NATURE OF LEADERSHIP

CONTENTS

INTRODUCTION

'Leadership is all about determination, personality and innate ability at the right time for a particular competitive situation. Many effective business leaders have no formal academic qualifications and each has their own individual leadership style.'

THE MEANING OF LEADERSHIP

There are many ways of looking at **leadership** and many interpretations of its meaning. Leadership might be interpreted in simple terms, such as 'getting others to follow' or 'getting people to do things willingly', or interpreted more specifically, for example as 'the use of authority in decision-making'. It may be exercised as an attribute of position or because of personal knowledge or wisdom. Leadership might be based on a function of personality or it can be seen as a behavioural category. It may also be viewed in terms of the role of the leaders and their ability to achieve effective performance from others. Leadership can also be discussed in terms of a form of persuasion or power relationship.

From a comprehensive review of leadership theory and research, Bass concludes that: 'There are almost as many different definitions of leadership as there are persons who have attempted to define the concept.'[1] According to Crainer there are over 400 definitions of leadership and 'it is a veritable minefield of misunderstanding and difference through which theorists and practitioners must tread warily'.[2] It is difficult, therefore, to generalise about leadership, but essentially it is a **relationship through which one person influences the behaviour or actions of other people**. This means that the process of leadership cannot be separated from the activities of groups and effective teambuilding.

Teamwork and inspiration

Leadership today is increasingly associated not with command and control but with the concept of teamwork, getting along with other people, inspiration and creating a vision with which others can identify. According to Levine, leaders need to focus on moving people and organisations forward by increasing the competency of staff and the co-operation of teams in order to improve the organisation. A leader's job is constantly to challenge the bureaucracy that smothers individual enthusiasm and the desire to contribute to an organisation. Leaders in the new millennium will create an environment that encourages the development of skills, learning and openness so that those on their team can participate in the deployment of financial and human resources.[5] A CBI report makes the point that 'Effective leaders, who can inspire their people to realise their personal and collective potential, are often the deciding factor between a company being good at what it does and achieving greatness.'

LEADERSHIP OR MANAGEMENT?

What is the relationship between leadership and management? Although the two terms are often used interchangeably, management is more usually viewed as getting things done through other people in order to achieve stated organisational objectives.

Management is regarded as relating to people working within a structured organisation and with prescribed roles. To people outside the organisation the manager might not necessarily be seen in a leadership role. The emphasis of leadership is on interpersonal behaviour in a broader context. It is often associated with the willing and enthusiastic behaviour of followers. **Leadership does not necessarily take place within the hierarchical structure of the organisation**. **It occurs at different levels and can be manifested in different ways**.

Attitudes and relations with others

There are other differences between leadership and management. Zaleznik explores difference in attitudes towards goals, conceptions of work, relations with others, self-perception and development.

▪ Managers tend to adopt impersonal or passive attitudes towards goals. Leaders adopt a more personal and active attitude towards goals.

▪ In order to get people to accept solutions, the manager needs continually to co-ordinate and balance in order to compromise conflicting values. The leader creates excitement in work and develops choices that give substance to images that excite people.

▪ In their relationships with other people, managers maintain a low level of emotional involvement. Leaders have empathy with other people and give attention to what events and actions mean.

▪ Managers see themselves more as conservators and regulators of the existing order of affairs with which they identify and from which they gain rewards. Leaders work in, but do not belong to, the organisation. Their sense of identity does not depend upon membership or work roles and they search out opportunities for change.

The 7-S organisational framework

The differences between leadership and management have been applied by Watson to the 7-S organisational framework, discussed in Chapter 20. Watson suggests that whereas managers tend towards reliance on strategy, structure and systems, leaders have an inherent inclination for utilisation of the 'soft' Ss of style, staff, skills and superordinate (or shared) goals. Watson also suggests, although cautiously, that 7-S management could be seen as the province of leaders. Managers will not ordinarily be capable of achieving sufficient mastery of all seven factors to attain a consistently high level of organisational performance.[9]

APPROACHES TO LEADERSHIP

Due to its complex and variable nature there are many alternative ways of analysing leadership.

It is helpful, therefore, to have some framework in which to consider different

approaches to study of the subject.

One way is to examine managerial leadership in terms of:

- the qualities or traits approach;
- the functional or group approach, including action-centred leadership;
- leadership as a behavioural category;
- styles of leadership;
- contingency theories;
- transitional or transformational leadership; and
- inspirational or visionary leadership. (See Figure 10.1.)

THE QUALITIES OR TRAITS APPROACH

The first approach assumes that leaders are born and not made. Leadership consists of certain inherited characteristics, or personality traits, which distinguish leaders from their followers: the so-called Great Person theory of leadership. The **qualities approach** focuses attention on the man or woman in the job and not on the job itself. It suggests that attention is given to the selection of leaders rather than to training for leadership.

There have been many research studies into the common traits of leadership. For example, Bass reports on numerous studies of traits of leadership from 1904 to 1970 including those relating to personal characteristics such as chronological age, physical appearance (including a positive correlation between height and weight), speech, capacity, achievement, participation, responsibility and status. A conclusion, perhaps not surprisingly, suggests that although personality is a factor in differentiating leadership it is not a matter of the mere possession of some combination of traits. Leaders acquire status through a working relationship with members of a group. Attempts at identifying common personality, or physical and mental, characteristics of different 'good' or 'successful' leaders have met with little success.[16] Investigations have identified lists of traits that tend to be overlapping, contradictory or with little correlation for most features. It is noticeable that 'individuality' or 'originality' usually features in the list. This itself suggests that there is little in common between specific personality traits of different leaders. It is perhaps possible therefore to identify general characteristics of leadership ability, such as self-confidence, initiative, intelligence and belief in one's actions, but research into this area has revealed little more than this.

Limitations of the traits approach

There are three further limitations with this approach.

- First, there is bound to be some subjective judgement in determining who is regarded as a 'good' or 'successful' leader. (This can make for an interesting class discussion.)
- Second, the lists of possible traits tend to be very long and there is not always agreement on the most important.
- Third, it ignores the situational factors.

Even if it were possible to identify an agreed list of more specific qualities, this would provide little explanation of the nature of leadership. It would do little to help in the development and training of future leaders. Although there is still limited interest in the qualities, or traits, approach, attention has been directed more to other approaches to leadership. The qualities or traits approach gives rise to the questions of whether leaders are born or made and whether leadership is an art or a science. The important point, however, is that **these are not mutually exclusive alternatives**. Even if there are certain inborn qualities that make for a good leader, these natural talents need encouragement and development. Even if leadership is something of an art, it still requires the application of special skills and techniques.

ACTION-CENTRED LEADERSHIP

A general theory on the functional approach is associated with the work of John Adair and his ideas on **action-centred leadership** which focuses on what leaders actually do.[19] The effectiveness of the leader is dependent upon meeting three areas of need within the work group: the need to achieve the common **task**, the need for **team maintenance**, and the **individual needs** of group members. Adair symbolises these needs by three overlapping circles.

Task needs involve:

- achieving the objectives of the work group;
- defining group tasks;
- planning the work;
- allocation of resources;
- organisation of duties and responsibilities;
- controlling quality and checking performance;
- reviewing progress.

Team maintenance needs involve:

- maintaining morale and building team spirit;
- the cohesiveness of the group as a working unit;
- setting standards and maintaining discipline;
- systems of communication within the group;
- training the group;
- appointment of sub-leaders.

Individual needs involve:

- meeting the needs of the individual members of the group;
- attending to personal problems;
- giving praise and status;
- reconciling conflicts between group needs and needs of the individual;

Notes

■ training the individual.

The action by the leader in any one area of need will affect one or both of the other areas of need. The ideal position is where complete integration of the three areas of need is achieved. Adair draws attention to the value of the three overlapping circles in emphasising the essential unity of leadership: a single action can be multi-functional in that it touches all three areas. The three-circle approach used by Adair also serves to illustrate the close relationship between leadership and management. The list of leadership functions can be connected with Henri Fayol's classic list of common management activities[20] (discussed in Chapter 11). Building the team and satisfying individual needs would include leadership. Achieving the common task clearly involves the process of management.

LEADERSHIP AS A BEHAVIOURAL CATEGORY

This approach draws attention to the kinds of behaviour of people in leadership situations. One of the most extensive research studies on behavioural categories of leadership was the Ohio State Leadership Studies undertaken by the Bureau of Business Research at Ohio State University. The focus was on the effects of leadership styles on group performance. Results indicated two major dimensions of leadership behaviour, labelled 'consideration' and 'initiating structure'.[21]

■ **Consideration** reflects the extent to which the leader establishes trust, mutual respect and rapport with the group and shows concern, warmth, support and consideration for subordinates. This dimension is associated with two-way communication, participation and the human relations approach to leadership.

■ **Initiating structure** reflects the extent to which the leader defines and structures group interactions towards attainment of formal goals and organises group activities. This dimension is associated with efforts to achieve organisational goals.

Employee or production-centred supervisors

Another major research study was carried out at the University of Michigan Institute for Social Research at the same time as the Ohio State studies. Effective supervisors (measured along dimensions of group morale, productivity and cost reduction) appeared to display four common characteristics:

■ delegation of authority and avoidance of close supervision;
■ an interest and concern in their subordinates as individuals;
■ participative problem-solving; and
■ high standards of performance.

STYLES OF LEADERSHIP

Leadership style is the way in which the functions of leadership are carried out, the way in which the manager typically behaves towards members of the group.

The attention given to leadership style is based on the assumption that subordinates are more likely to work effectively for managers who adopt a certain style of leadership than for managers who adopt alternative styles. Attention to the manager's style of leadership has come about because of a greater understanding of the needs and expectations of people at work. It has also been influenced by such factors as:

■ increasing business competitiveness and recognition of efficient use of human resources;
■ changes in the value-system of society;
■ broader standards of education and training;
■ advances in scientific and technical knowledge;
■ changes in the nature of work organisation;
■ pressure for a greater social responsibility towards employees, for example through schemes of participation in decision-making and work/life balance; and
■ government legislation, for example in the areas of employment protection, and the influence of the European Union.

All of these factors have combined to create resistance against purely autocratic styles of leadership.

■ The **authoritarian (autocratic) style** is where the focus of power is with the manager and all interactions within the group move towards the manager. The manager alone exercises decision-making and authority for determining policy, procedures for achieving goals, work tasks and relationships, control of rewards or punishments.

■ The **democratic style** is where the focus of power is more with the group as a whole and there is greater interaction within the group. The leadership functions are shared with members of the group and the manager is more part of a team. The group members have a greater say in decision-making, determination of policy, implementation of systems and procedures.

■ A **laissez-faire (genuine) style** is where the manager observes that members of the group are working well on their own. The manager consciously makes a decision to pass the focus of power to members, to allow them freedom of action 'to do as they think best', and not to interfere; but is readily available if help is needed. There is often confusion over this style of leadership behaviour. The word 'genuine' is emphasised because this is to be contrasted with the manager who could not care, who deliberately keeps away from the trouble spots and does not want to get involved. The manager just lets members of the group get on with the work in hand. Members are left to face decisions that rightly belong with the manager. This is more a non-style of leadership or it could perhaps be labelled as abdication.

Four main styles of leadership

Moving along the continuum, the manager may be characterised according to the degree of control that is maintained. Neither extreme of the continuum is absolute as there is always some limitation on authority and on freedom. This approach can be seen as identifying four main styles of leadership by the manager: tells, sells, consults, joins.

■ **Tells**. The manager identifies a problem, makes a decision and announces this to subordinates, expecting them to implement it without an opportunity for participation.

■ **Sells**. The manager still makes a decision but recognises the possibility of some resistance from those faced with the decision and attempts to persuade subordinates to accept it.

■ **Consults**. The manager identifies the problem but does not make a decision until the problem is presented to the group, and the manager has listened to the advice and solutions suggested by subordinates.

■ **Joins**. The manager defines the problem and the limits within which the decision must be made and then passes to the group, with the manager as a member, the right to make decisions.

CONTINGENCY THEORIES OF LEADERSHIP

The continuum of leadership behaviour draws attention to forces in the situation as one of the main forces influencing the nature of managerial behaviour. The **situational approach** emphasises the situation as the dominant feature in considering the characteristics of effective leadership. There are, however, limitations to the situational approach. There are people who possess the appropriate knowledge and skills and appear to be the most suitable leaders in a given situation, but who do not emerge as effective leaders. Another limitation is that it does not explain fully the interpersonal behaviour or the different styles of leadership and their effect on members of the group. Finally, in the work organisation, it is not usually practicable to allow the situation continually to determine who should act as the leader.

Despite the limitations of the situational approach, situational factors are important in considering the characteristics of leadership. More recent studies focus on the interactions between the variables involved in a leadership situation and patterns of leadership behaviour, and provide another general approach to the study of leadership – contingency theory. Contingency theories are based on the belief that there is no single style of leadership appropriate to all situations. Major contingency models of leadership include:

■ **Favourability of leadership situation –** Fiedler

■ **Quality and acceptance of leader's decision –** Vroom and Yetton and Vroom and Jago

■ **Path–goal theory –** House, and House and Dessler

■ **Readiness level of followers –** Hersey and Blanchard.

Favourability of leadership situation

Fiedler suggests that leadership behaviour is dependent upon the favourability of the leadership situation. There are three major variables which determine the favourability of the situation and which affect the leader's role and influence:

■ **Leader–member relations –** the degree to which the leader is trusted and liked by group members, and their willingness to follow the leader's guidance.

■ **The task structure –** the degree to which the task is clearly defined for the group and the extent to which it can be carried out by detailed instructions or standard procedures.

■ **Position power –** the power of the leader by virtue of position in the organisation, and the degree to which the leader can exercise authority to influence (for example) rewards and punishments, or promotions and demotions.

From these three variables, Fiedler constructed eight combinations of group–task situations through which to relate leadership style (see Figure 10.5).

When the situation is

■ **very favourable** (good leader–member relations, structured task, strong position power), or

■ **very unfavourable** (poor leader–member relations, unstructured task, weak position power),

■ then a **task-oriented leader** (low LPC score) with a directive, controlling style will be more effective.

When the situation is

■ **moderately favourable** and the variables are mixed, then the leader with an interpersonal relationship orientation (high LPC score) and a **participative approach** will be more effective. Fiedler is suggesting, therefore, that leadership style will vary as the favourability of the leadership situation varies.

VROOM AND YETTON CONTINGENCY MODEL

Another contingency model of leadership is provided by Vroom and Yetton.[27] They base their analysis on two main aspects of a leader's decision: its quality and its acceptance.

■ **Decision quality**, or rationality, is the effect that the decision has on group performance.

■ **Decision acceptance** refers to the motivation and commitment of group members in implementing the decision.

A third consideration is

■ the amount of **time required** to make the decision.

The Vroom and Yetton model suggests five main management decision styles:

■ **Autocratic**

A.I: Leader solves the problem or makes the decision alone using information available at the time.

A.II: Leader obtains information from subordinates but then decides on solution alone.

■ **Consultative**

C.I: The problem is shared with relevant subordinates, individually. The leader then makes the decision that may or may not reflect the influence of subordinates.

C.II: The problem is shared with subordinates as a group. The leader then makes the decision that may or may not reflect the influence of subordinates.

■ **Group**

G.II: The problem is shared with subordinates as a group. The leader acts as chairperson rather than an advocate. Together the leader and subordinates generate and evaluate alternatives and attempt to reach group consensus on a solution.

Decision rules

Vroom and Yetton suggest seven decision rules to help the manager discover the most appropriate leadership style in a given situation. The first three rules protect the **quality of decisions**.

1 Is there a quality requirement such that one solution is likely to be more rational than another?

2 Is there sufficient information to make a high-quality decision?

3 Is the problem structured?

The last four rules protect the **acceptance of decisions**.

4 Is acceptance of the decision by subordinates critical to effective implementation?

5 If you were to make the decision yourself, is it reasonably certain that it would be accepted by subordinates?

6 Do subordinates share the organisational goals to be obtained in solving the problem?

7 Is conflict among subordinates likely in preferred solutions?

These rules indicate decision styles that the manager should **avoid** in a given situation and indicate the use of others. Decision tree charts can be produced to help in the application of the rules and to relate the situation to the appropriate leadership style.

Use of decision trees

Vroom and Jago developed four decision trees relating to a generic type of managerial problem:

- an individual-level problem with time constraints;
- an individual-level problem in which the manager wishes to develop an employee's decision-making ability;
- a group-level problem in which the manager wishes to develop employees' decision-making abilities; and
- a time-driven group problem.

The manager selects one of the trees and moves along the branches by answering the questions
at each decision point. This leads to one of the five described decision-making styles.

PATH–GOAL THEORY

A third contingency model of leadership is the **path–goal theory**, the main work on which has been undertaken by House,[29] and by House and Dessler.[30] The model is based on the belief that the individual's motivation is dependent upon expectations that increased effort to achieve an improved level of performance will be successful, and expectations that improved performance will be instrumental in obtaining positive rewards and avoiding negative outcomes. This is the 'expectancy' theory of motivation, which was discussed in Chapter 7.

Main types of leadership behaviour

The path–goal theory of leadership suggests that the performance of subordinates is affected by the extent to which the manager satisfies their expectations. Path–goal theory holds that subordinates will see leadership behaviour as a motivating influence to the extent that it means:

- satisfaction of their needs is dependent upon effective performance; and
- the necessary direction, guidance, training and support, which would otherwise be lacking, is provided. House identifies four main types of leadership behaviour:
- **Directive leadership** involves letting subordinates know exactly what is expected of them and giving specific directions. Subordinates are expected to follow rules and regulations. This type of behaviour is similar to 'initiating structure' in the Ohio State Leadership Studies.

▪ **Supportive leadership** involves a friendly and approachable manner and displaying concern for the needs and welfare of subordinates. This type of behaviour is similar to 'consideration' in the Ohio State Leadership Studies.

▪ **Participative leadership** involves consulting with subordinates and the evaluation of their opinions and suggestions before the manager makes the decision.

▪ **Achievement-oriented leadership** involves setting challenging goals for subordinates, seeking improvement in their performance and showing confidence in subordinates' ability to perform well.

TRANSFORMATIONAL LEADERSHIP

Increasing business competitiveness and the need for the most effective use of human resources has resulted in writers on management focusing attention on how leaders revitalise or transform organisations. Based on the work of writers such as Burns this has given rise to a distinction between two fundamental forms of leadership: transactional or transformational.

▪ **Transactional leadership** is based on legitimate authority within the bureaucratic structure of the organisation. The emphasis is on the clarification of goals and objectives, work task and outcomes, and organisational rewards and punishments. Transactional leadership appeals to the self-interest of followers. It is based on a relationship of mutual dependence and an exchange process of 'I will give you this, if you do that.'

▪ **Transformational leadership**, by contrast, is a process of engendering higher levels of motivation and commitment among followers. The emphasis is on generating a vision for the organisation and the leader's ability to appeal to higher ideals and values of followers, and creating a feeling of justice, loyalty and trust. In the organisational sense, transformational leadership is about transforming the performance or fortunes of a business.

Components of transformational leadership

According to Bass, the transformational leader motivates followers to do more than originally expected and the extent of transformation is measured in terms of the leader's effects on followers. Applying the ideas of Burns to organisational management, Bass proposed a theory of transformational leadership that argues that the leader transforms and motivates followers by:

1 generating greater awareness of the importance of the purpose of the organisation and task outcomes;

2 inducing them to transcend their own self-interests for the sake of the organisation or team; and

3 activating their higher-level needs.[33]

Transformational leadership is comprised of four basic components:

▪ **idealised influence** – the charisma of the leader, and the respect and admiration of the followers;

▪ **inspirational motivation** – the behaviour of the leader which provides meaning and challenge to the work of the followers;

- **intellectual stimulation** – leaders who solicit new and novel approaches for the performance of work and creative problem solutions from followers; and
- **individualised consideration** – leaders who listen and give special concern to the growth and developmental needs of the followers.
- **Articulate a clear and appealing vision** of what the organisation could accomplish or become to help people understand the purpose, objectives and priorities of the organisation, and to help guide the actions and decisions of members.
- **Explain how the vision can be attained** and establish a clear link between the vision and a credible conventional yet straightforward strategy for attaining it.
- **Act confident and optimistic** about likely success, demonstrate self-confidence and conviction, and emphasise positive aspects of the vision rather than the obstacles and dangers.
- **Express confidence in followers** and their ability to carry out the strategy for accomplishing the vision, especially when the task is difficult or dangerous, or when members lack confidence in themselves.
- **Use dramatic, symbolic actions to emphasise key values** and demonstrate leadership behaviour through dramatic, highly visible actions including risking personal loss, self sacrifice or acting unconventionally.
- **Lead by example** by recognising actions speak louder than words, through exemplary behaviour in day-to-day interactions with subordinates and by demonstrating consistency in daily behaviour.

Personal qualities or charisma

Leadership may be based on the personal qualities, or charisma, of the leader and the manner in which influence is exercised. The concept of charismatic or inspirational leadership is not new and has been applied in the organisational context by writers such as Max Weber (1864–1920).[40] The importance of charisma for effective leadership today is emphasised by Conger, who also believes that many of the traits that make a successful leader can be taught, including charisma.

Is charisma enough?

However, the extent to which charismatic or inspirational leadership helps bring about improvement in organisational performance is open to much debate. Conger also draws attention to the danger that the leader's vision, dynamism and inspirational nature are highly attractive to followers, which leads to a natural dependence. Staff see this extraordinary figure as a model to be emulated and the leader's abilities become the yardstick by which they measure their own performance. This is a potential source of leadership derailment. Dependence makes the followers more susceptible to deception.

Dearlove draws attention to the increasing focus on leaders as real people managing in a consensus-seeking manner. 'While traditional views of leadership tend eventually to concentrate on vision and charisma, the message now seems to be that charisma is no longer enough to carry leaders through.'[43] Bloomfield also refers to the cult of the individual, supposedly charismatic leader and the danger that this leads businesses into deep water far more often than the application of rational leadership.

Too often the charismatic leader, aided and abetted by the language of current management fashion, attempts to 'inspire', to delight with their vision and to produce a mission statement of where the business might be
– at the expense of real substance.

Many writers are calling for leaders at all levels with vision and who can inspire with passion and emotion, as well as deliver bottom-line results. For example, during the American residential election of 2008 there was considerable debate over the comparative appeal between the experience of Hillary Clinton and the charisma of Barack Obama. In her discussion of the creation of the democratic enterprise (organisations that can flourish economically and can also be places of excitement and stimulation, fulfilment and tranquillity), Gratton maintains that it is the creation of a shared purpose and the role of the leadership team that are most vital. The role of the leader as visionary is fundamental to creating the broad philosophical context of democracy and as the architect of shared purpose. Referring to the work of Goffee and Jones, Witzel suggests: 'Leadership is one of the most vital and yet elusive ingredients in modern business. Leaders provide vision, direction, inspiration,

LEADERSHIP AND INNOVATION

THE LEADERSHIP RELATIONSHIP

Whatever the perceived approach to leadership, the most important point is the nature of the leadership relationship and the manner in which the leader influences the behaviour and actions of other people. Leadership is a dynamic form of behaviour and there are a number of variables that affect the leadership relationship. For example, Bass reviews leadership influence in terms of persuasion, a power relation, an instrument of goal achievement, an emerging effect of interaction and the initiation of structure.[53] Four major variables are identified by McGregor as:

- the characteristics of the leader;
- the attitude, needs and other personal characteristics of the followers;
- the nature of the organisation, such as its purpose, its structure, and the tasks to be performed; and
- the social, economic and political environment.

McGregor concludes that 'leadership is not a property of the individual, but a complex relationship among these variables'.[54]

Power and leadership influence

Within an organisation, leadership influence will be dependent upon the type of power that the leader can exercise over the followers. The exercise of power is a social process which helps to explain how different people can influence the behaviour/actions of others. Five main sources of power upon which the influence of the leader is based have been identified by French and Raven as reward power, coercive power, legitimate power, referent power and expert power.[57] We shall consider these in terms of the manager (as a leader) and subordinate relationship.

- **Reward power** is based on the subordinate's perception that the leader has the ability and resources to obtain rewards for those who comply with directives; for example, pay, promotion, praise, recognition, increased responsibilities, allocation and arrangement of work, granting of privileges.

■ **Coercive power** is based on fear and the subordinate's perception that the leader has the ability to punish or to bring about undesirable outcomes for those who do not comply with directives; for example, withholding pay rises, promotion or privileges; allocation of undesirable duties or responsibilities; withdrawal of friendship or support; formal reprimands or possibly dismissal. This is in effect the opposite of reward power.

■ **Legitimate power** is based on the subordinate's perception that the leader has a right to exercise influence because of the leader's role or position in the organisation. Legitimate power is based on authority, for example that of managers and supervisors within the hierarchical structure of an organisation. Legitimate power is therefore 'position' power because it is based on the role of the leader in the organisation, and not on the nature of the personal relationship with others.

■ **Referent power** is based on the subordinate's identification with the leader. The leader exercises influence because of perceived attractiveness, personal characteristics, reputation or what is called 'charisma'. For example, a particular manager may not be in a position to reward or punish certain subordinates, but may still exercise power over the subordinates because the manager commands their respect or esteem.

■ **Expert power** is based on the subordinate's perception of the leader as someone who is competent and who has some special knowledge or expertise in a given area. Expert power is based on credibility and clear evidence of knowledge or expertise; for example, the expert knowledge of 'functional' specialists such as the human resources manager, management accountant or systems analyst. The expert power is usually limited to narrow, well-defined areas or specialisms.

Other sources of power

Finlay suggests that in addition to the five sources of power identified by French and Raven can be added:

■ **personal power**, supported and trusted by their colleagues and subordinates; and

■ **connection power**, which results from personal and professional access to key people and information.[58]

Power, responsibility and wisdom

Lloyd suggests that the way we think about leadership is a contributory factor to the leadership crisis. Leadership has traditionally been associated with those who have power and there is a need to re-examine the core relationship between power and responsibility. Rather than gaining and keeping power for ourselves, more emphasis should be given to unifying consideration of the two concepts together with greater attention to the subject of wisdom.

LEADERSHIP EFFECTIVENESS

Goleman reports that the most effective executives use a collection of distinct leadership styles, each in the right measure, at just the right time. Although the authoritative style of leadership can be occasionally overbearing, it was found to be most effective and can motivate and inspire commitment to the goals of the organisation. The affiliative style has potential to create harmony within teams and can be used in conjunction with the authoritative style. The democratic approach was seen as positive, and encourages input from staff and helps build consensus through participation. The coaching style, although the least frequently used, can help staff identify their strengths and encourage long-term development goals. The study concludes that the most effective leaders rely on more than one leadership style, and were able to master a mixture of authoritative, democratic, affiliative and coaching styles. Leaders with the best results use most of the styles in a given week – seamlessly and in different measure – depending on the business situation.[62] Goleman also reminds us that whatever a leader is wanting to achieve it is all done with people and from his recent research identifies six leadership styles. Each style springs from different components of emotional intelligence, and help build commitment and improve the emotional climate. (Emotional intelligence was discussed in Chapter 4.) They are:

1 Visionary – provides long-term vision
2 Coaching – develops people long-term
3 Affiliative – creates harmony in work
4 Democratic – commitment through consultation
5 Pace-setter – pushes to accomplish tasks
6 Commanding – demands compliance.

Goleman cautions that the last two styles are easily misused. The more of all these styles deployed the better; research suggests that mastery of four or more fosters improved performance
and a better working environment.[63]

LEADERSHIP DEVELOPMENT

Education and training in management needs to emphasise not only interpersonal skills but also a flexibility of approach, diagnostic ability and the realisation that the most effective form of leadership behaviour is a product of the total leadership situation. According to Investors in People, leadership development is not just a corporate issue:

Seven principles for developing leaders

Referring to his action-centred leadership model (discussed earlier in this chapter), Adair identifies seven key principles of leadership development that can be applied successfully in different kinds of organisations in both the public and private sectors.

1 Development of a strategy for leadership development for each of the three levels of leadership – operational, strategic and team.

2 Selection of those with high potential for becoming effective leaders.

3 Training for leadership that implies instruction with a specific end in view. Identify your business training needs in the leadership context and assign them priorities.

4 Career development through giving a person the right job at the right time. People grow as leaders through the actual practice of leading.

5 Line managers as leadership developers by developing the individual's potential and sharing their knowledge of leadership.

6 Corporate culture that is valued at all levels and should encourage a climate of self development in leadership.

7 The chief executive who should be leading from the front and who owns the problem of growing leaders.

The seven principles are complementary and are likely to have a synergetic effect if applied as a whole. Although a simple framework, Adair maintains the seven principles form the first coherent and effective approach for growing leaders.

The right leader for the right situation

A good manager will clearly recognise that different styles of leadership are called for in different situations. As an obvious and (hopefully) extreme example, emergency situations such as a major fire in a building demand an assertive, directive style of action. As Rajan also points out: 'Of course, different leadership styles are needed to cope with different situations: for example, the autocratic style makes sense when an organisation is in deep trouble and needs to achieve a rapid turn-around. That style would be counter-productive when the organisation is in a growth situation.'[76] And Stern maintains that although in more carefree times business gurus exalted leaders who admitted to frailty, this is not so any more. The task of sustaining growth in a sluggish market calls for driven, leather-skinned bosses. Instead of touchy-feely management the quality of 'mental toughness' is needed to help elite performers to prevail.

LEADERS OF THE FUTURE

Gratton points out that while we are part of organisations shaped by technology that created the patents, ideas and innovations that brought success, the past will not bring sustainable competitive advantage for the future. To do this we have to build the potential of people in our organisations, the knowledge they bring and their commitment and enthusiasm. Building human potential demands a new agenda, a new set of challenges for leaders and a redefined set of managerial capabilities. This new agenda creates a set of expectations of the leaders. Gratton sets out four expectations as the message for leaders.

- **Expectation 1: dream collectively** – create a time and a process for you and your colleagues to dream about the future; create enthusiasm and excitement and a vision for the future; view the present as a pathway to the future; allow people to work independently but within the frame of the general direction; and work to identify and co-ordinate the major themes for action.
- **Expectation 2: balance the short term with the longer term** – think in the past, the present and the future; be aware of the human scale of change and create plans of action that reflect human time scales and a capacity in human potential; build a vision for the future that engages people and allows them to understand their future role.
- **Expectation 3: build an organisation that values people** – treat people with respect and have their ideas taken seriously and allow them to believe they can make a difference; be aware of the need to create communication channels with employees; demonstrate a commitment to people; treat people with politeness, respect and dignity and create a strong role model for others to follow.
- **Expectation 4: understand the reality of the organisation** – create a deep, shared understanding of the current state of the business, and examine the metaphor of the organisation; put the building of a highly committed workforce at the centre of strategy; build a model of your

organisation around high levels of trust, commitment and inspiration; develop an understanding of process fairness and justice, and understand employees' perceptions of integrity, consistency and pride.

REVIEW QUESTIONS

1. What is the meaning of leadership? what is the relationship between leadership and management?
2. What are the approaches to leadership?
3. What is the qualities or traits approach?
4. Describe action-centred leadership. Discuss about leadership as a behavioural category.
5. Discuss about styles of leadership. Describe contingency theories of leadership.
6. What is the relationship between leadership and innovation? How leadership effectiveness is measured?
7. What is the process of leadership development?

FURTHER READINGS

1. Managing Organizational Behavior-Ronald R. Sims
2. Current Topics in Organizational Behavior Management-Phillip K. Duncan
3. Organizational Behavior-O. Jeff Harris, Sandra J. Hartman
4. Organizational Behavior- K.C.S. Ranganayakulu
5. Organizational Behavior- G. A. Cole

IMPORTANT NOTES

UNIT-10 THE ROLE OF THE MANAGER

CONTENTS

INTRODUCTION

THE MEANING OF MANAGEMENT

Management is a generic term and subject to many interpretations. A number of contrasting ideas are attributed to the meaning of management and to the work of a manager.[1] There are also different ways of viewing the study and knowledge of management. For example, Shafritz observes that today's cultured managers could find answers to many business problems from the work of Shakespeare.

Manager as a job title

Even within a work organisation you cannot identify a manager necessarily by what a person is called or by their job title. In some organisations there is a liberal use of the title 'manager' in an apparent attempt to enhance the status and morale of staff. As a result there are a number of people whose job title includes the term manager but who, in reality, are not performing the full activities of a manager. Yet there are many people whose job title does not include the term manager (for example, group accountant, head chef, chief inspector, captain, head teacher, production controller, district nursing officer, company secretary) but who, in terms of the activities they undertake and the authority and responsibility they exercise, may be very much a manager.

Management as making things happen

For our purposes, therefore, we can regard management as:

- ▪ taking place within a structured organisational setting with prescribed roles;
- ▪ directed towards the attainment of aims and objectives;
- ▪ achieved through the efforts of other people; and
- ▪ using systems and procedures.

Managers born or made? Management an art or science?

There is frequent debate about whether managers are born or made or whether management is an art or a science. Briefly, the important point is that neither of these is a mutually exclusive alternative. The answer to either question is surely a combination of both. Even if there are certain innate qualities that make for a potentially good manager, these natural talents must be encouraged and developed through proper guidance, education and training, and planned experience.

Clearly, management must always be something of an art, especially in so far as it involves practice, personal judgement and dealing with people. However, it still requires knowledge of the fundamentals of management, and competence in the application of specific skills and techniques – as illustrated, for example, with developments in information technology.

Management and administration

There is often confusion over different interpretations of the two terms '**management**' and '**administration**'. One of the main reasons for this confusion would seem to result from the translation of Fayol's book Administration industrielleet générale from the French into English. In the original (1929) English edition there was a direct translation of 'administration', but in the wider republication of the book in 1949 the term 'management' replaced 'administration' in the title. In the introduction to the revised edition, Urwick indicates regret at this change and also expresses concern at the possible division between management being seen to apply only to business organisations, and (public) administration as applying to the same functions in public service organisations.

Dictionary definitions tend to see the two words as synonymous. Management is sometimes referred to as 'administration of business concerns' and administration as 'management of public affairs'. However, the term 'management' is now used far more widely within the public sector. There is clearly an overlap between the two terms and they tend to be used, therefore, in accordance with the convenience of individual writers. This confirms the feeling that although most people perceive a difference between the two terms, this difference is not easy to describe. (A comparison of management in private enterprise and public sector organisations is to be found later in this chapter.)

Administration part of management

There appears, therefore, to be growing acceptance of the term **management** as the general descriptive label and **administration** as relating to the more specific function of the implementation of systems and procedures instigated by management. Administration can be seen as taking place in accordance with some form of rules or procedures, whereas management implies a greater degree of discretion. For our purposes, management is viewed as applying to both private and public sector organisations; and administration is interpreted as that part of the management process concerned with the design and implementation of systems and procedures to help meet stated objectives. Systems of communication and procedures relating to information technology are particularly important today.

THE PROCESS OF MANAGEMENT

The nature of management is variable. It relates to all activities of the organisation and is not a separate, discrete function. It cannot be departmentalised or centralised. With the possible exception of the board of directors, or similar, an organisation cannot have a department of management in the same way as it can have a department for other functions, such as research and development, production, marketing, accounting, or human resources. Management is seen best, therefore, as a process common to all other functions carried out within the organisation. Through the execution of work, the central focus of management is on achieving the goals and objectives of the organisation, and satisfying the needs and expectations of its members. **Management is essentially an integrating activity.** But what does the process of management actually involve and what activities does it encompass? Management is a complex and discursive subject. Despite the widespread use of the term and the large amount written about the subject, it is not easy to find agreement on a simple yet comprehensive definition of management or of a manager. Moreover, **'management' is not homogeneous. It takes place in different ways and at different levels of the organisation.** One approach, especially favoured by classical writers, is to analyse the nature of management and to search for common activities (or functions, or elements) applicable to managers in all organisations.

Common activities of management

One of the first, and most widely quoted, analyses is that given by Henri Fayol, who divided the activities of industrial undertakings into six groups:

- technical (production, manufacture and adaptation);
- commercial (buying, selling, exchange and market information);
- financial (obtaining capital and making optimum use of available funds);
- security (safeguarding property and persons);
- accounting (information on the economic position, stocktaking, balance sheet, costs, statistics); and
- managerial. (The term 'management' is a translation of the French term 'administration'.) The managerial activity is divided into five elements of management, which are defined as: 'to forecast and plan, to organise, to command, to co-ordinate and to control'. Fayol describes these elements as:

- **Planning** (translated from the French prevoyer □□to foresee, and taken to include forecasting) – examining the future, deciding what needs to be achieved and developing a plan of action.
- **Organising** – providing the material and human resources and building the structure to carry out the activities of the organisation.
- **Command** – maintaining activity among personnel, getting the optimum return from all employees in the interests of the whole organisation.
- **Co-ordination** – unifying and harmonising all activities and effort of the organisation to facilitate its working and success.
- **Control** – verifying that everything occurs in accordance with plans, instructions, established principles and expressed command.

PRINCIPLES OF MANAGEMENT

Fayol also suggests that a set of well-established principles would help concentrate general discussion on management theory. He emphasises, however, that these principles must be flexible and adaptable to changing circumstances. Fayol recognised that there was no limit to the principles of management but in his writing advocated 14 of them.

1 Division of work. The object is to produce more and better work from the same effort, and the advantages of specialisation. However, there are limits to division of work which experience and a sense of proportion tell us should not be exceeded.

2 Authority and responsibility. Responsibility is the corollary of authority. Wherever authority is exercised responsibility arises. The application of sanctions is essential to good management, and is needed to encourage useful actions and to discourage their opposite. The best safeguard against abuse of authority is the personal integrity of the manager.

3 Discipline is essential for the efficient operation of the organisation. Discipline is in essence the outward mark of respect for agreements between the organisation and its members. The manager must decide on the most appropriate form of sanction in cases of offences against discipline.

4 Unity of command. In any action an employee should receive orders from one superior only; if not, authority is undermined and discipline, order and stability threatened. Dual command is a perpetual source of conflicts.

5 Unity of direction. In order to provide for unity of action, co-ordination and focusing of effort, there should be one head and one plan for any group of activities with the same objective.

6 Subordination of individual interest to general interest. The interest of the organisation should dominate individual or group interests.

7 Remuneration of personnel. Remuneration should as far as possible satisfy both employee and employer. Methods of payment can influence organisational performance and the method should be fair and should encourage keenness by rewarding well directed effort, but not lead to overpayment.

8 Centralisation is always present to some extent in any organisation. The degree of centralisation is a question of proportion and will vary in particular organisations.

9 Scalar chain. The chain of superiors from the ultimate authority to the lowest ranks. Respect for line authority must be reconciled with activities which require urgent action, and with the need to provide for some measure of initiative at all levels of authority.

10 Order. This includes material order and social order. The object of material order is avoidance of loss. There should be an appointed place for each thing, and each thing in its appointed place. Social order involves an appointed place for each employee, and each employee in his or her appointed place. Social order requires good organisation and good selection.

11 Equity. The desire for equity and for equality of treatment are aspirations to be taken into account in dealing with employees throughout all levels of the scalar chain.

12 Stability of tenure of personnel. Generally, prosperous organisations have a stable managerial personnel, but changes of personnel are inevitable and stability of tenure is a question of proportion.

13 Initiative. This represents a source of strength for the organisation and should be encouraged and developed. Tact and integrity are required to promote initiative and to retain respect for authority and discipline.

14 Esprit de corps should be fostered, as harmony and unity among members of the organisation

is a great strength in the organisation. The principle of unity of command should be observed. It is necessary to avoid the dangers of divide and rule of one's own team, and the abuse of written communication. Wherever possible verbal contacts should be used.

MANAGEMENT AS A SOCIAL PROCESS

Another well-known analysis is given by Brech who defines management as: Brech identifies four main elements of management:

▪ **Planning** – determining the broad lines for carrying out operations, preparing methods by which they are carried out and setting standards of performance.

▪ **Control** – checking actual performance against standards to ensure satisfactory progress and performance, and recording as a guide to possible future operations.

▪ **Co-ordination** – balancing and maintaining the team by ensuring a suitable division of work and seeing that tasks are performed in harmony.

▪ **Motivation** – or inspiring morale. Getting members of the team to work effectively, to give loyalty to the group and to the task, to carry out their tasks properly, and to play an effective part in the activities of the organisation. This general inspiration is accompanied by a process of supervision or leadership to ensure the teams are carrying out their activities properly.

ESSENTIAL NATURE OF MANAGERIAL WORK

Despite the view expressed by Drucker on the tasks and contribution of a manager, one of the most popular ways of defining management is that it involves getting work done second-hand, that is through the efforts of other people. Managers are judged, ultimately, not just on their own performance but on the results achieved by subordinate staff. If we look at how people at work actually spend their time, we should be able to distinguish between those whose main occupation is the carrying out of discrete tasks and the actual doing of work themselves, and those who spend proportionally more of their time in determining the nature of work to be undertaken by other people, the planning and organising of their work, providing directions and advice and guidance, and checking on their performance.

'Managing' and 'doing'

By distinguishing 'managing' from 'doing' in this way we can see management as clarifying objectives and the planning of work, organising the distribution of activities and tasks to other people, direction of subordinate staff and controlling the performance of other people's work. **This provides us with a convenient description and summary of managerial work as clarification of objectives, planning,**

organising, directing and controlling. The degree of emphasis given to these different activities may vary widely, however, from one manager to another. Some managers are likely to spend more time on certain activities than other managers. The application of these activities reflects a wide range of organisational situations, management practice and managerial style.

Direction, motivation and control

Having already identified direction, of the organisation as a whole, as a responsibility of the board of directors (or equivalent body), it is tempting to use the term 'motivating' instead of 'directing' in our definition of the activities of management. This would avoid possible confusion over terminology: and motivation is perhaps a less emotive word. But is motivating an adequate description? It is certainly part of the manager's job to motivate staff but it involves more than this. Subordinate staff also need development and guidance. They need to be motivated **to perform well in the right areas.** The manager has a responsibility to see that subordinate staff are effective as well as efficient. Their efforts must be **directed** towards the achievement of given objectives in accordance with stated policy. This involves the process of control. It is acknowledged that control is another emotive word and some writers prefer alternatives such as monitoring, inspecting or checking – although whatever the wording the functions that it embraces are usually very similar. The real importance is not the particular term itself but what it is intended to achieve and the manner in which 'control' is exercised.

THE WORK OF A MANAGER

Despite similarities in the general activities of management, the jobs of individual managers will differ widely. The work of the manager is varied and fragmented. In practice, it will be influenced by such factors as:

- the nature of the organisation, its culture, philosophy, objectives and size;
- the type of structure;
- activities and tasks involved;
- technology and methods of performing work;
- the nature of people employed; and
- the level in the organisation at which the manager is working.

These differences do not just exist between organisations in the private and public sectors; they are often more a matter of degree. For example, many large business organisations may have more in common in their management and operations with public sector organisations than with small private firms.

The environmental setting

A major determinant of the work of the manager is the nature of the environment, both internal and external, in which the manager is working. Managers have to perform their jobs in the situation in which they find themselves.

The **internal environment** relates to the culture and climate of the organisation – 'how things are done around here' – and to the prevailing atmosphere surrounding the organisation. Organisational culture and climate are discussed in Chapter 19. The **external environment** relates to the organisation as an open system, as discussed in Chapter 3. Managers must be responsive to the changing opportunities and challenges, and risks and limitations facing the organisation. External environmental factors are largely outside the control of management.

The diversity of management

More recent studies on the nature of management have been based on wider observation and research, and have concentrated on the diversity of management and differences in the jobs of managers. Among the best-known empirical studies on the nature of managers' jobs, and how managers actually spend their time, are those by Henry Mintzberg, John Kotter, Fred Luthans and Rosemary Stewart.

MANAGERIAL ROLES

As a result of this formal authority and status, managerial activities can be seen as a set of ten **managerial roles** which may be divided into three groups: (i) interpersonal roles, (ii) informational roles and (iii) decisional roles.

Interpersonal roles

The interpersonal roles are relations with other people arising from the manager's status and authority.

1 Figurehead role is the most basic and simple of managerial roles. The manager is a symbol and represents the organisation in matters of formality. The manager is involved in matters of a ceremonial nature, such as the signing of documents, participation as a social necessity, and being available for people who insist on access to the 'top'.

2 Leader role is among the most significant of roles and it permeates all activities of a manager. By virtue of the authority vested in the manager there is a responsibility for staffing, and for the motivation and guidance of subordinates.

3 Liaison role involves the manager in horizontal relationships with individuals and groups outside their own unit, or outside the organisation. An important part of the manager's job is the linking between the organisation and the environment.

Informational roles

The informational roles relate to the sources and communication of information arising from the manager's interpersonal roles.

4 Monitor role identifies the manager in seeking and receiving information. This information enables the manager to develop an understanding of the working of the organisation and its environment. Information may be received from internal or external sources, and may be formal or informal.

5 Disseminator role involves the manager in transmitting external information through the liaison role into the organisation, and internal information through leader role between the subordinates. The information may be largely factual or may contain value judgements. The manager is the nerve centre of information. If the manager feels unable, or chooses not, to pass on information this can present difficulties for delegation.

6 Spokesperson role involves the manager as formal authority in transmitting information to people outside the unit, such as the board of directors or other superiors, and the general public such as suppliers, customers, government departments and the press.

Decisional roles

The decisional roles involve the making of strategic organisational decisions on the basis of the manager's status and authority, and access to information.

7 Entrepreneurial role is the manager's function to initiate and plan controlled (that is, voluntary) change through exploiting opportunities or solving problems, and taking action to improve the existing situation. The manager may play a major part, personally, in seeking improvement, or may delegate responsibility to subordinates.

8 Disturbance handler role involves the manager in reacting to involuntary situations and unpredictable events. When an unexpected disturbance occurs the manager must take action to correct the situation.

9 Resource allocator role involves the manager in using formal authority to decide where effort will be expended, and making choices on the allocation of resources such as money, time, materials and staff. The manager decides the programming of work and maintains control by authorising important decisions before implementation.

10 Negotiator role is participation in negotiation activity with other individuals or organisations, for example a new agreement with a trade union. Because of the manager's authority, credibility, access to information, and responsibility for resource allocation, negotiation is an important part of the job. Mintzberg emphasises that this set of ten roles is a somewhat arbitrary division of the manager's activities. It presents one of many possible ways of categorising the view of managerial roles. The ten roles are not easily isolated in practice but form an integrated whole. If any role is removed, this affects the effectiveness of the manager's overall performance.

Why organisations need managers

As a result of describing the nature of managerial work in terms of a set of ten roles, Mintzberg suggests six basic purposes of the manager, or reasons why organisations need managers:

- to ensure the organisation serves its basic purpose – the efficient production of goods or services;
- to design and maintain the stability of the operations of the organisation;
- to take charge of strategy-making and adapt the organisation in a controlled way to changes in its environment;
- to ensure the organisation serves the ends of those people who control it;
- to serve as the key informational link between the organisation and the environment; and
- as formal authority to operate the organisation's status system.

THE ATTRIBUTES AND QUALITIES OF A MANAGER

The 'Quality of Management' is one of nine ingredients of success by which Management Today rates performance in its annual survey of Britain's Most Admired Companies. In 2003, Investors in People first introduced a 'Leadership and Management Model' that focuses on the development of organisational leadership and management capability. Whatever the role of the manager or whether in the private or public sector, in order to carry out the process of management and the execution of work, the manager requires a combination of technical competence, social and human skills, and conceptual ability.[33]

As the manager advances through the organisational hierarchy, greater emphasis is likely to be placed on conceptual ability, and proportionately less on technical competence (see Figure 11.7). (See also the discussion on levels of organisation in Chapter 14.)

- **Technical competence** relates to the application of specific knowledge, methods and skills to discrete tasks. Technical competence is likely to be required more at the supervisory level and for the training of subordinate staff, and with day-to-day operations concerned in the actual production of goods or services.
- **Social and human skills** refer to interpersonal relationships in working with and through other people, and the exercise of judgement. A distinctive feature of management is the ability to secure the effective use of the human resources of the organisation. This involves effective teamwork and the direction and leadership of staff to achieve co-ordinated effort. Under this heading can be included sensitivity to particular situations, and flexibility in adopting the most appropriate style of management.
- **Conceptual ability** is required in order to view the complexities of the operations of the organisation as a whole, including environmental influences. It also involves decision making skills. The manager's personal contribution should be related to the overall objectives of the organisation and to its strategic planning. Although a simplistic approach, this framework provides a useful basis from which to examine the combination and balance of the attributes of an effective manager. For example the extent of technical competence or conceptual ability will vary according to the level of the organisation at which the manager is working. However, major technological change means that managers at all levels of the organisation increasingly require technical competence in the skills of information communications technology.

THE IMPORTANCE OF MANAGEMENT SKILLS

Increasing attention is being given by the government to the importance of the supply and application of skills attainment. The UK Commission for Employment and Skills is leading major research into skills utilisation and the Treasury commissioned the Leitch Review of Skills, which reported in December 2006, to assess the required skills profile for the UK to achieve by 2020.[34] The report recognises that good management is a prerequisite to improving business performance; the high levels of demand for management skills; and the growing evidence base demonstrating the strong links between the impact of management skills and increased national competitiveness. In addition to the link to business performance, there are many other consequences of poor management skills. For example a report from the Chartered Management Institute highlights lack of management skills as the root cause of bullying.[35] From a study of younger managers (in their 20s to

30s), the Institute also found that too few organisations seem to be investing in developing transferable skills. Against a background where the opportunities to develop skills have been limited, two-thirds of younger managers have initiated most of their own learning at work.

Developing skills for the future

A report from the Chartered Management Institute found changing perceptions of what makes a good manager. For the first time since the question was asked in 1986, the belief that 'leaders are born not made' has been eclipsed by the view that relevant job experience makes good managers. The report also points out that a clear trend emerges in those skills that employers will be developing in the future: the ability to manage change and manage risk will be the key for managers in the coming years. The ability to facilitate organisational learning and to lead through ethical/value-based behaviour are identified as priority areas.[40] In another major report into the world of work in 2018, the Institute foresees that the tasks of people within organisations will have a new focus.

Situational management

According to Misselhorn, the challenge for managers is to sharpen their ability to **perceive** more accurately, **process** the information more wisely, **respond** more appropriately and examine the **feedback** from the actions taken in order to learn and keep things on track. Managers need to **think** through situations, bringing their rational and creative brainpower to bear on them. They also need to involve others through appropriate **interaction** and communication. The way managers think about the situation and interact with others has a direct bearing on their **perceptions** of the situation – helping to curb some of the distortions from their past experience, values, bias, fears, feelings and prejudices. And the way managers think about a situation and interact with others also has a direct bearing on their **responses** and the results produced and outcomes of their actions. This interplay between thinking and interacting takes place in complex strategic organisational situations.

REVIEW QUESTION

1. What is the relation between management and administration?
2. Explain the process of management.
3. What are the main principles of management?
4. Describe management as a social process
5. What are the essential nature of managerial work?
6. What are the work of a manager?
7. Describe managerial roles. What are the attributes and qualities of a
8. Manager?
9. What are the importance of management skills?

FURTHER READINGS

1. Managing Organizational Behavior-Ronald R. Sims
2. Current Topics in Organizational Behavior Management-Phillip K. Duncan
3. Organizational Behavior-O. Jeff Harris, Sandra J. Hartman
4. Organizational Behavior- K.C.S. Ranganayakulu
5. Organizational Behavior- G. A. Cole

IMPORTANT NOTES

UNIT-11 ORGANISATION STRATEGY AND STRUCTURE

CONTENTS

INTRODUCTION

THE IMPORTANCE OF STRATEGY

Underlying the effective management of people is the requirement for a clear understanding of the nature of the business that the organisation is engaged in and how best to provide customer or consumer satisfaction. In Chapter 3 we saw that the context of the organisational setting is central to the application of organisational behaviour and the process of management. It is the interaction of people in order to achieve objectives that forms the basis of the particular organisation. An integral feature of the study of organisational behaviour is an understanding of the nature of corporate strategy for the formal organisation as a whole. Some writers distinguish different terms and various levels of 'strategy', but **corporate strategy** is seen here as a generic term embracing a link among structure, the process of management and applications of organisational behaviour. All organisations have some function to perform, some contribution to make to the environment of which they are part. The function of the business organisation may be seen, for example, as the creation and/or supply of goods and services. This involves bringing together the factors of production and their successful mix and direction, to provide products or services in order to create value added. Others might see the function of business organisations as, for example, providing a source of employment and of income.

Notes

People and strategy

Johnson et al. draw attention to the importance of the relationship between people and successful strategies. This goes beyond the traditional HR agenda and is concerned with behaviours as well as competences. The people dimension of strategy is concerned with three related issues:

▪ people as a resource – personal and organisational competences, and performance management;

▪ people and behaviour – personal behaviours and collective behaviour;

▪ organising people – HR function, line managers, structures and processes.

Corporate approach in the public sector

Some form of corporate strategy or planning is necessary for all organisations, particularly large organisations and including service organisations and those in the public sector. In a discussion on strategy developments, Lynch suggests that many of the same considerations apply to both public and private organisations. The major difference has been the lack of the objective to deliver a profit in government-owned institutions. The trend in most parts of the world is now towards privatising large public companies in the utilities and telecommunications sectors. The principal impact of privatisation on strategy will depend on the form that privatisation takes. Some companies may remain monopolies even though in the private sector. Lynch sets out the following key strategic principles for public and non-profit organisations:

▪ Public organisations are unlikely to have a profit objective. Strategy is therefore governed by broader public policy issues such as politics, monopoly supply, bureaucracy and the battle for resources from the government to fund the activities of the organisation.

▪ Strategy in non-profit organisations needs to reflect the values held by the institutions concerned. Decision-making may be slower and more complex.

▪ Within the constraints outlined above, the basic strategic principles can then be applied. In the public sector, the establishment of objectives and policy requires clarification of the respective roles of both elected members and permanent officials. This dual nature of management requires harmonious relationships between the two parties and emphasises the need for a corporate approach.

The concept of synergy

An important aspect of corporate strategy and the growth and development of organisations is the **concept of synergy** that was developed in management applications by Ansoff. **Synergy** results when the whole is greater than the sum of its component parts. It can be expressed, simply, in terms of the 2 □□2 □□5 effect. An example could be an organisation integrating its retail and on-line operations.

Synergy is often experienced in situations of expansion or where one organisation merges with another, for example an organisation responsible for the development and production of a product merging with an organisation that markets the product. The new organisation could benefit from the combined strengths and opportunities, skills and expertise, shared fixed overheads and technology, and from the streamlining and economy of its operations. An example could be the merger of a computer firm with expertise in the design and marketing of hardware, with a firm expert in software manufacture and systems design. In the search for synergy and increased productivity, a number of organisations are creating a more streamlined structure and concentrating on key activities with the outsourcing of non-core activities.

It is possible, however, to experience **negative synergy** or the 2 2 3 situation. Such a situation might arise when a merger occurs between organisations operating in different fields, with different markets or with different methods, or where the new organisation becomes unwieldy or loses its cost-effectiveness. Another example could be customer and/or union resistance to the outsourcing of call centres to other countries.

Opportunities and risks

Every business needs to have a strategy and this strategy must be related to changing environmental conditions. In order to survive and maintain growth and expansion top management must protect the business from potentially harmful influences, and be ready to take maximum advantage of the challenges and opportunities presented. While top management must always accept the need for innovation, there is still the decision as to which opportunities it wishes to develop in relation to its resources and which it chooses not to pursue. An effective business strategy depends upon the successful management of opportunities and risks.

Drucker suggests that strategy should be based on the priority of maximising opportunities, and that risks should be viewed not as grounds of action but as limitations on action. He points out that while it is not possible to ensure that the right opportunities are chosen, it is certain that the right opportunities will not be selected unless:

- the focus is on maximising opportunities rather than on minimising risks;
- major opportunities are scrutinised collectively and in respect of their characteristics rather than singly and in isolation;
- opportunities and risks are understood in terms of the appropriateness of their fit to a particular business; and
- a balance is struck between immediate and easy opportunities for improvement, and more difficult, long-range opportunities for innovation and changing the character of the business.

If the business is to be successful then its organisation structure must be related to its objectives and to its strategy. The structure must be designed so as to be appropriate to environmental influences, the continued development of the business, and the management of opportunities and risks. According to Stern, with the fast-changing world and competitive environment it becomes harder for leaders to distinguish between threats and opportunities, and between risks and rewards.

Strategy and culture

Schneider and Barsoux discuss the close link between culture and strategy and address such questions as: how does national culture affect strategy; how do different approaches to strategy reflect different underlying cultural assumptions; how do managers from different cultures respond to similar business environments; and in what ways does culture affect the content and process of decision-making? Among the examples quoted by Schneider and Barsoux are Japanese companies that challenge the Western view of strategic management and adopt a broader notion of strategy; managers from Nordic and Anglo countries who are less likely to see environments as uncertain; whereas managers from countries within Latin Europe or Asia are likely to perceive greater uncertainty when faced with similar environments and perceive less control over what will happen.

SWOT ANALYSIS

In order to evaluate the nature of the business environment and its strategic capability, an organisation may undertake a **SWOT analysis** (sometimes also known as 'WOTS up'), which focuses on the Strengths, Weaknesses, Opportunities and Threats facing the organisation. The SWOT analysis provides convenient headings under which to study an organisation in its environmental setting and may provide a basis for decision-making and problem-solving.

You may therefore find the analysis helpful in tackling case studies.

- **Strengths** are those positive aspects or distinctive attributes or competencies which provide a significant market advantage or upon which the organisation can build – for example, through the pursuit of diversification. These are characteristics of the organisation such as present market position, size, structure, managerial expertise, physical or financial resources, staffing, image or reputation. By searching out opportunities that match its strengths the organisation can optimise the effects of synergy.
- **Weaknesses** are those negative aspects or deficiencies in the present competencies or resources of the organisation, or its image or reputation, which limit its effectiveness and which need to be corrected or need action taken to minimise their effect. Examples of weaknesses could be operating within a particular narrow market, limited accommodation or outdated technology, a high proportion of fixed costs, a bureaucratic structure, a high level of customer complaints or a shortage of key managerial staff.
- **Opportunities** are favourable conditions and usually arise from the nature of changes in the external environment. The organisation needs to be sensitive to the problems of business strategy and responsive to changes in, for example, new markets, technology advances, improved economic factors, or failure of competitors. Opportunities provide the potential for the organisation to offer new, or to develop existing, products, facilities or services.
- **Threats** are the converse of opportunities and refer to unfavourable situations that arise from external developments likely to endanger the operations and effectiveness of the organisation. Examples could include changes in legislation, the introduction of a radically new product by competitors, political or economic unrest, changing social conditions and the actions of pressure groups. Organisations need to be responsive to changes that have already occurred and to plan for anticipated significant changes in the environment and to be prepared to meet them.

Although SWOT can offer a number of potential advantages for helping to evaluate corporate performance, care must be taken that the process does not lead to an over-simplified and misleading analysis. There are many ways of evaluating organisational performance and effectiveness, and varying criteria for success. Levine suggests that the new criteria for assessing the strength of an organisation will be in the area of quality results achieved through people.[12]

ORGANISATIONAL GOALS

The activities of the organisation are directed to the attainment of its goals. A goal is a future
expectation, some desired future state. It is something the organisation is striving to accomplish.

The meaning of a goal is, however, subject to a number of interpretations. It can be used in a very broad sense to refer to the overall purpose of an organisation – for example, to produce television sets. A goal may also be used to refer to more specific desired accomplishments – for example, to produce and sell a given number of a range of television sets within a given period of time.

Organisational goals are more specific than the function of an organisation. The goals of an organisation will determine the nature of its inputs and outputs, the series of activities through which the outputs are achieved, and interactions with its external environment. The extent to which an organisation is successful in attaining its goals is a basis for the evaluation of organisational performance and effectiveness. Goals are therefore an important feature of work organisations. To be effective, goals should be emphasised, stated clearly and communicated to all members of the organisation. The movement towards greater delegation and empowerment down through the hierarchy means that staff at all levels must be aware of their key tasks and actions, and exactly what is expected of them and their department/section. For example, goal-setting theory is widely recognised as a successful means of increasing work motivation and performance.

Balance of empowerment and control

To be effective, organisational goals should encourage the use of empowerment but still incorporate an element of traditional management measurement and control. Mills and Friesen suggest that to be effective, goals must exhibit several characteristics:

- **be understandable** – otherwise those who are given them seek further input before acting. If they cannot act on their own it follows they have not been empowered;
- **contain a time element** – in order that those being empowered will know when their progress will be measured. This helps them to accept empowerment and stop looking for direction;
- **be carefully drawn** – broad enough to support independent action but not so broad that confounding factors prevent their achievement. For example, asking a team to keep company stock price above target is too broad as factors influencing share prices are beyond the control of any one team;

■ **be subject to alignment** – with other goals across the organisation in order to facilitate co-ordination among teams and to 'roll up' into collective company goals.

The goal-setting process is of importance to all types of organisations and facilitates the attainment of objectives. In the public sector, for example, organisations such as hospitals, local authorities and universities have complex, diverse and competing goals. The clarification of goals and objectives is the basis for corporate planning, and a planning, programming, budgeting systems (PPBS) approach to decision-making.

Integration of goals

Strictly, organisations have no goals; only people do. Organisational goals are established by people, either individually or, more usually, by a number of individuals co-operating. For example, a group of senior managers may collectively agree on a particular desired course of action that may then come to be referred to as an organisational goal. However, this is still the goal of those managers who initially determined it. Success of the organisation is measured by the progress of people towards goals set by people. This gives rise to the questions:

■ To what extent has the organisation one common set of goals, or is there diversity among the various goals of different departments or divisions of the organisation?

■ How far are the goals of management compatible with the goals of the organisation?

■ To what extent do individual members obtain satisfaction of their own goals through the attainment of organisational goals?

Informal goals

Members of the organisation have different, and often conflicting, goals. As a result, the goals which the organisation actually pursues (**informal goals**) may be distinguished from the officially stated goals (**formal goals**) that are set out in broad terms as the reasons for the purpose of the organisation. Informal goals may be inferred from the actual decisions made and actions taken within the organisation. Managers, and other members of the organisation, will have:

■ their own perception of the goals of the organisation – for example, to produce high-quality television sets which satisfy requirements of the customers; and

■ their personal goals – for example to earn high wages, to achieve promotion, to gain social satisfaction, to achieve status – which they expect to fulfil by participating in the activities of the organisation.

OBJECTIVES AND POLICY

Objectives and policy are formalised within the framework of a corporate strategy, which serves to describe an organisation's sense of purpose, and plans and actions for its implementation. In addition to performing some function, all organisations have some incentive for their existence and for their operations. The goals of the organisation are translated into objectives and policy. Terminology and use of the two terms varies but objectives are seen here as the 'what' and policy as the 'how', 'where' and 'when' – the means that follow the objectives.

▪ **Objectives** set out more specifically the goals of the organisation, the aims to be achieved and the desired end-results.
▪ **Policy** is developed within the framework of objectives. It provides the basis for decision making and the course of action to follow in order to achieve objectives.

Objectives

The choice of objectives is an essential part of corporate strategy and the decision-making process involving future courses of action. Objectives may be set out either in general terms or in more specific terms. General objectives are determined by top management. Specific objectives are formulated within the scope of general objectives and usually have more defined areas of application and time limits.

Objectives may be just implicit but the formal, explicit definition of objectives will assist communications and reduce misunderstandings, and provide more meaningful criteria for evaluating organisational performance. However, objectives should not be stated in such a way that they detract from the recognition of possible new opportunities, potential danger areas, the initiative of staff or the need for innovation or change.

Policy

A policy is a guideline for organisational action and the implementation of goals and objectives. Policy is translated into rules, plans and procedures; it relates to all activities of the organisation and to all levels of the organisation. Clearly stated policy can help reinforce the main functions of the organisation, make for consistency and reduce dependency on the actions of individual managers. Policy clarifies the roles and responsibilities of managers and other members of staff and provides guidelines for managerial behaviour. Some policy decisions are directly influenced by external factors – for example government legislation on equal opportunities and diversity.

DIMENSIONS OF ORGANISATION STRUCTURE

There is obviously a close relationship between organisation structure and corporate strategy. Richardson and Evans refer to a number of authors who have emphasised the importance of structure following the organisation's strategy, and not only in supporting but in driving the strategic objectives and plan.[18] However, Lynch suggests that the nature of this relationship, and whether structure follows strategy or strategy follows structure, is not clear. The purpose of structure is the division of work among members of the organisation, and the co-ordination of their activities so they are directed towards the goals and objectives of the organisation. Structure makes possible the application of the process of management and creates a framework of order and command through which the activities of the organisation can be planned, organised, directed and controlled. The structure defines tasks and responsibilities, work roles and relationships, and channels of communication.

Structure is clearly important for any organisation, whatever its size. However, in the smaller organisations there are likely to be fewer problems of structure. The distribution of tasks, the definition of authority and responsibility, and the relationship between members of the organisation can be established on a more personal and informal basis. With increasing size, however, there is greater need for a carefully designed and purposeful form of organisation. There is need for a formal **organisational structure**. There is also need for a continual review of structure to ensure that it is the most appropriate form for the particular organisation, and in keeping with its growth and development. This is likely to be of particular importance for the very large companies.

Objectives of structure

The objectives of structure may be summarised as to provide for:

- the economic and efficient performance of the organisation and the level of resource utilisation;
- monitoring the activities of the organisation;
- accountability for areas of work undertaken by groups and individual members of the organisation;
- co-ordination of different parts of the organisation and different areas of work;
- flexibility in order to respond to future demands and developments, and to adapt to changing environmental influences; and
- the social satisfaction of members working in the organisation.

These objectives provide the criteria for structural effectiveness. Structure, though, is not an end in itself but a means of improving organisational performance.

THE IMPORTANCE OF GOOD STRUCTURE

According to Drucker, it is the correct design of structure that is of most significance in determining organisational performance.

LEVELS OF ORGANISATION

Organisations are layered. The determination of policy and decision-making, the execution of work, and the exercise of authority and responsibility are carried out by different people at varying levels of seniority throughout the organisation structure. In small organisations, these activities tend to be less distinct, but in the larger organisations it is possible to look at organisations in terms of three broad interrelated levels in the hierarchical structure: the **echnical level**, the **managerial level** and the **community level**.[28] These last two levels are often referred to as middle management and senior management.

The **technical level** is concerned with specific operations and discrete tasks, with the actual job or tasks to be done, and with performance of the technical function. Examples are the physical production of goods in a manufacturing firm, administrative processes giving direct service to the public in government departments, and the actual process of teaching in an educational establishment. The technical level interrelates with the **managerial level**, or **organisational level**, which is concerned with the co-ordination and integration of work at the technical level. Decisions at the managerial level relate to the resources necessary for performance of the technical function, and to the beneficiaries of the products or services provided.

In turn, the managerial level interrelates with the **community level** or **institutional level**, concerned with broad objectives and the work of the organisation as a whole. Decisions at the community level will be concerned with the selection of operations, and the development of the organisation in relation to external agencies and the wider social environment. Examples of the community level within organisations are the board of directors of joint stock companies, the governing bodies of educational establishments which include external representatives, and trustees of non-profit organisations. Such bodies provide a mediating link between the managerial organisation and co-ordination of work of the technical organisation, and the wider community interests.

UNDERLYING FEATURES OF ORGANISATION STRUCTURE

It is important to bear in mind that there are many variables that influence the most appropriate organisation structure and system of management, including situational factors and the contingency approach. Changing patterns of work organisation, the demand for greater flexibility and the multiskilling challenge, and managerial processes such as delegation and empowerment also have a major interrelationship with structure and influence decisions on structural design, as discussed in Chapter 15. While recognising that there is clearly no one right organisation, there is nevertheless, in the final analysis, an underlying need to establish a framework of order and system of command by which the work to be undertaken is accomplished successfully. This demands that attention be given to certain basic principles and considerations in the design of organisation structure, or in reviewing the effectiveness of an existing structure.

Clarification of objectives

The nature of the organisation and its strategy will indicate the most appropriate organisational levels for different functions and activities, and the formal relationships between them. Structure provides the framework for the activities of the organisation and must harmonise with its goals and objectives. The first step, therefore, is to examine the objectives of the organisation. Only when objectives have been clearly defined, can alternative forms of structure be analysed and compared. Clearly defined objectives will help facilitate systems of communication between different parts of the organisation and the extent of decentralisation and empowerment. The formal structure should help make possible the attainment of objectives.

Task and element functions

In order to produce some good, or provide some service, there are four essential functions that the organisation must perform.

1 The good or service must be developed.

2 Something of value must be created. In the case of the business organisation this might be the production or manufacture of a product; in the case of the public sector organisation the provision of a service.

3 The product or services must be marketed. They must be distributed or made available to those who are to use them.

4 Finance is needed in order to make available the resources used in the development, creation and distribution of the products or services provided.

Implications for organisation structure

The two kinds of functions, task and element, differ in a number of ways and have important implications for organisation. Failure to distinguish between the two types of functions can lead to confusion in the planning of structure and in the relationship between members of the organisation. For example, in her study of the management organisation of firms in this country, Woodward comments on the bad relationships between accountants and other managers referred to during the study. One reason for this hostility was the bringing together of two quite separate financial functions essential to the efficient operation of a business.

According to Woodward, activities concerned with raising funds for the business, keeping accounts and determination of financial policy are task functions. Management accounting, however, concerned with prediction and control of production administration, is an element function, and is primarily a servicing and supportive one. Relationships between the accountants and other managers seemed better when the two functions were organisationally separate.

DIVISION OF WORK

Within the formal structure of an organisation work has to be divided among its members and different jobs related to each other. The division of work and the grouping together of people should, wherever possible, be organised by reference to some common characteristic which forms a logical link between the activities involved. It is necessary to maintain a balance between an emphasis on subject matter or function at higher levels of the organisation, and specialisation and concern for staff at the operational level. Work can be divided, and activities linked together, in a variety of ways.

Major purpose or function

The most commonly used basis for grouping activities is according to specialisation, the use of the same set of resources, or the shared expertise of members of staff. It is a matter for decision in each organisation as to which activities are important enough to be organised into separate functions, departments or sections. Work may be departmentalised and based, for example, on differentiation between task and element functions, discussed above.

Product or service

In division by product or service, the contributions of different specialists are integrated into separate, semi-autonomous units with collective responsibility for a major part of the business process or for a complete cycle of work. This form of grouping is more common in the larger diversified organisations and may be used as a means of sub-dividing departments into sections. An example is the bringing together of all activities concerned with a particular production line, product or service (see Figure 14.6). Another example is a hospital where medical and support staff are grouped together in different units dealing with particular treatments such as accidents and emergency, medical or surgery. With grouping by product or service there is a danger that the divisions may attempt to become too autonomous, presenting management with a problem of co-ordination and control.

Location

In division by location, different services are provided by area or geographical boundaries according to particular needs or demands, the convenience of consumers, or for ease of administration. Examples are the provision of local authority services for people living in a particular locality, the siting of hospitals or post offices, the provision of technical or agricultural further education in industrial or rural areas, sales territories for business firms or the grouping of a number of retail shops under an area manager. Another example is provided by organisations with multi-site working and the grouping of a range of similar activities or functions located together on one site. The improvement in communications, particularly telecommunications, tends, however, to reduce the importance of location. For example, administrative staff may no longer need to be located within the main production unit.

Nature of the work performed

Division may be according to the nature of the work performed where there is some special common feature of the work such as the need for speedy decisions, accuracy, confidentiality/ security, or where local conditions require first-hand knowledge not immediately available elsewhere. Another example may be the grouping of equipment or machinery which is noisy or which produces dust, fumes or unpleasant odours. When common processes are used in a range of different activities, this may also be used as the basis of division. This method of grouping includes, for example, the decision as to whether to establish a centralised resource centre for all departments of the organisation or to allow each department to have its own service. With manufacturing industries, a range of products may pass through a common production facility or configuration of machines that may be grouped together in a single unit – for example, a batch production engineering firm having departments based on like skills or methods of operation.

Common time scales

Division may be according to time scales, for example shift working and the extent to which different tasks should be undertaken by different shifts. In a further education college there may be separate departments or groupings to deal with the different needs of full-time day students and part-time evening students. Another example of activities grouped according to time is in a hotel. Activities in the kitchen tend to be short-term, especially when guests in the restaurant are waiting to be served, and a range of different tasks have to be co-ordinated very quickly. Other activities, for example market research and forecasting future room occupancy, are longer-term decisions and subject to different organisational requirements.

Staff employed

The allocation of duties and responsibilities may be according to experience or where a particular technical skill or special qualification is required – for example, the division of work between surgeons, doctors and nurses, or between barristers, solicitors and legal executives. Another example is the sharing of routine work processes among members of a supervised group. In smaller organisations the allocation of work may be on an ad hoc, personal basis according to the knowledge and skills contributed by individuals. Work may also be planned deliberately to give a variety of tasks and responsibilities to provide improved job satisfaction or to assist in the training of staff.

Customers or clients to be served

Separate groups may be established to deal with different consumer requirements – for example, the division between trade or retail customers or between home or export sales. In hospitals there are different groupings dealing with, for example, patients in the gynaecology, geriatric and children's wards. In large clothes shops there may be separate departments for men's, women's and children's clothing. Government departments are often grouped by this method and work is divided according to for whom the services are provided – for example, the unemployed, low-pay families, students, young people or senior citizens. A further example is the provision of canteen services which may be grouped by customer demand according to price, range or standard of meals available, speed of service, or type of customer; this gives rise to separate facilities such as the directors' dining room, or for staff and students in educational establishments.

Combination of groupings

These different ways of dividing work can be combined in various forms and most organisations will contain examples of alternative combinations for grouping activities. Some activities might be grouped according to one method and other activities according to a different method. Decisions on the methods of grouping will include considerations of:

- the culture of the organisation;
- the need for co-ordination;
- the identification of clearly defined divisions of work;
- economy;
- the process of managing the activities;
- avoiding conflict; and
- the design of work organisation which takes account of the nature of staff employed, their interests and job satisfaction.

Management must decide upon the most significant factors that will determine the methods for division of work and linking of activities appropriate to the changing circumstances within the particular organisation.

CENTRALISATION AND DECENTRALISATION

A critical decision point that arises from division of work and grouping of activities is the extent of centralisation or **decentralisation**. Most organisations necessarily involve a degree of decentralisation arising from such features as an increase in size, the geographical separation of different parts of the organisation, or the need to extend activities or services to remote areas. Our main concern is with decentralisation or devolution in terms of specific delegation or empowerment to sub-units or groups within the organisation such that they enjoy a measure of autonomy or independence.

The advantages often claimed for centralisation tend to relate to economic and administrative considerations. However, such advantages frequently are not realised fully, and do not lead to an actual improvement in service. There are a number of contrary arguments against centralisation, including the criticism that it creates a more mechanistic structure and may result in lengthening the chain of command. There are also positive arguments, which tend to relate more to behavioural considerations, in favour of decentralisation.

Extent of decentralisation

The balance between centralisation and decentralisation is one of the major debates in organisation structure. The advisability of decentralisation must be considered in terms of the nature of the product or service provided, policy-making, the day-to-day management of the organisation and the need for standardisation of procedures, or conditions or terms of employment of staff. Decentralisation generally tends to be easier to implement in private sector organisations than in the public sector organisations where there is a greater demand for the accountability of their operations, regularity of procedures and uniformity of treatment. However, it is not always easy to gauge the true extent of decentralisation. With flatter organisation structures, managements may claim a greater degree of decentralisation but in reality his may not always be the case. The extent and nature of decentralisation will vary from organisation to organisation and also over time. The balance between centralisation and decentralisation will be affected by such factors as the importance of decision-making, the urgency of the situation and time scales and also by technological developments, changes in structure, the prevailing organisational climate and the nature of staff employed.

The growing emphasis on participation and empowerment suggests a focus of attention on the principles of decentralisation, yet senior management still need to maintain effective co-ordination and overall control of the activities of the organisation as a whole. Ideally, business organisations should attempt to blend the benefits of decentralisation for customer orientation and increased responsiveness, with the advantages of size, common resources and economies of scale. In the case of the big company, Barnevik, for example, believes in both the vital importance of decentralisation for local entrepreneurship, and exploiting the advantages of a big company: 'We want to be global and local, big and small, radically decentralised with central reporting and control. If we can resolve those contradictions we can create real organisational advantage.'[36]

PRINCIPLES OF ORGANISATION

The classical writers placed emphasis on the definition of structure in terms of division of work, chain of command, span of control and reporting relationships. Attention was focused on the requirements of the formal organisation and the search for a common set of principles applicable to all circumstances. Probably the leading authority in the UK was Lyndall Urwick, who originally specified eight principles of organisation, but revised these to ten in his later writing.[37]

1 The principle of the objective

'Every organisation and every part of the organisation must be an expression of the purpose of the undertaking concerned, or it is meaningless and therefore redundant.'

2 The principle of specialisation

'The activities of every member of any organised group should be confined, as far as possible, to the performance of a single function.'

3 The principle of co-ordination

'The purpose of organising per se, as distinguished from the purpose of the undertaking, is to facilitate co-ordination: unity of effort.'

4 The principle of authority

'In every organised group the supreme authority must rest somewhere. There should be a clear line of authority to every individual in the group.'

5 The principle of responsibility

'The responsibility of the superior for the acts of the subordinate is absolute.'

6 The principle of definition

'The content of each position, both the duties involved, the authority and responsibility contemplated and the relationships with other positions should be clearly defined in writing and published to all concerned.'

7 The principle of correspondence

'In every position, the responsibility and the authority should correspond.'

8 The principle of span of control

'No person should supervise more than five, or at the most, six direct subordinates whose work interlocks.'

9 The principle of balance

'It is essential that the various units of an organisation should be kept in balance.'

10 The principle of continuity

'Re-organisation is a continuous process: in every undertaking specific provision should be made for it.'

SPAN OF CONTROL

The **span of control** refers to the number of subordinates who report **directly** to a given manager or supervisor. It does not refer to the total of subordinate operating staff, that is those staff who report first to another person. Hence the term 'span of responsibility' or 'span of supervision' is sometimes considered to be more appropriate.

Influences on span of control

There are a number of factors that will influence the size of span of control. These include:

- the nature of the organisation, the complexity of the work and the similarity of functions, and the range of responsibilities;
- the ability and personal qualities of the manager including the capacity to cope with interruptions;
- the amount of time the manager has available from other activities to spend with subordinates;
- the ability and training of subordinate staff, the strength of their motivation and commitment, and the extent of direction and guidance needed;
- the effectiveness of co-ordination and the nature of communication and control systems;
- the physical location or geographical spread of subordinates;
- the length of the scalar chain, discussed in the following section.

THE CHAIN OF COMMAND

This refers to the number of different levels in the structure of the organisation, the chain, or lines, of hierarchical command sometimes known as the 'scalar chain'. The **chain of command** establishes the vertical graduation of authority and responsibility, and the framework for superior–subordinate relationships in an unbroken line down from the top of the organisation (see Figure 14.9). Every person should know their position within the structure of the organisation. Most organisation charts demonstrate that this principle is used widely as a basis for organisational design. A clear line of authority and responsibility is necessary for the effective operation of the organisation.

It seems to be generally accepted that for reasons of morale and to help decision-making and communications there should be as few levels as possible in the chain of command. There is the danger of adding to the structure in such a way that it results in increased hierarchical authority and control, and leads to the risk of empire building and the creation of unnecessary work in justification of the new position. If efforts are made to reduce the number of levels, however, this may bring about an increase in the span of control with the resulting difficulties already discussed. The design of structure necessitates, therefore, maintaining an appropriate balance between span of control and chain of command.

6gNeed for a balanced structure

The combination of span of control and chain of command determines the overall pyramid shape of the organisation and whether the hierarchical structure is 'flat' or 'tall' (see Figure 14.9). The pyramid represents the structure of authority. Broader spans of control and fewer levels of authority result in a **flat hierarchical structure** as tends to be found, for example, in universities. Narrower spans of control and more levels of authority result in a **tall hierarchical structure** as tends to be found, for example, in the civil service or the armed forces. There is no one, ideal combination of span of control and scalar chain, which depends upon the particular situation for each organisation, but it is important to provide an appropriate, balanced structure.

THE IMPORTANCE OF THE HIERARCHY

Early writers on management, for example Weber (discussed in Chapter 2), drew attention to the importance of the hierarchy of authority. However, the increasing use of group or team approaches, the growth of flexible employment, increasing use of subcontracting,
an emphasis on participation and empowerment, and many workers involved in decision making have all led to changes in the traditional boss–subordinate relationship. This has led to a discussion on the role of the hierarchy in modern organisations and the extent to which managers can rely solely on their perceived formal authority within the structure of the organisation.

Stewart maintains that 'Authority is, and is likely to continue to be, less acceptable than in the past. This reflects a major change in society: what has been termed the end of the grateful society. Better educated and more independent people expect to be consulted rather than to be told what to do.'[40] However, according to Jebb, 'The hierarchy is not dead. It has merely changed its form. The trappings of power in the modern workplace may have been toned down but the boss is still the boss.' Jebb refers to Hampden Turner who maintains that to confuse informality with the end of the organisational pecking order is a mistake.

FORMAL ORGANISATIONAL RELATIONSHIPS

In any organisation structure certain formal relationships between individual members will arise from the defined pattern of responsibilities. There is often confusion over the meaning of different terms and their implications for organisational structure, but these **individual relationships** may be identified as:

- line
- functional
- staff or
- lateral (see Figure 14.10).

The design of organisation structure in terms of the principle of line, functional, staff or lateral, determines the pattern of role relationships and interactions with other roles, discussed in Chapter 8.

Line relationships

In **line relationships**, authority flows vertically down through the structure – the chain of command – for example, from the managing director to managers, section leaders, supervisors and other staff. There is a direct relationship between superior and subordinate, with each subordinate responsible to only one person. Line relationships are associated with functional or departmental division of work and organisational control. Line managers have authority and responsibility for all matters and activities within their own department. **Functional relationships**

Functional relationships apply to the relationship between people in specialist or advisory positions, and line managers and their subordinates. The specialist offers a common service throughout all departments of the organisation, but has no direct authority over those who make use of the service. For example, the human resources manager has no authority over staff in other departments – this is the responsibility of the line manager. However, as the position and role of the HR manager would have been sanctioned by top management, other staff might be expected to accept the advice which is given. The HR manager, however, could be assigned some direct, executive authority for certain specified responsibilities such as health and safety matters throughout the whole organisation. Note, however, that specialists in a functional relationship with other managers still have a line relationship with both their own superior and their own departmental subordinate staff.

Staff relationships

Staff relationships arise from the appointment of personal assistants to senior members of staff. Persons in a staff position normally have little or no direct authority in their own right but act as an extension of their superior and exercise only 'representative' authority. They often act in a 'gatekeeper' role. There is no formal relationship between the personal assistant and other staff except where delegated authority and responsibility have been given for some specific activity. In practice, however, personal assistants often do have some influence over other staff, especially those in the same department or grouping. This may be partially because of the close relationship between the personal assistant and the superior, and partially dependent upon the knowledge and experience of the assistant, and the strength of the assistant's personality.

Lateral relationships

Lateral relationships exist between individuals in different departments or sections, especially individuals on the same level. These lateral relationships are based on contact and consultation and are necessary to maintain co-ordination and effective organisational performance.

Lateral relationships may be specified formally but in practice they depend upon the co-operation of staff and in effect are a type of informal relationship.

Line and staff (functional) organisation

As organisations develop in size and work becomes more complex, the range of activities and functions undertaken increases. People with specialist knowledge have to be integrated into the managerial structure. Line and staff organisation is concerned with different functions that are to be undertaken. It provides a means of making full use of specialists while maintaining the concept of line authority. It creates a type of informal matrix structure.

Line organisation relates to those functions concerned with specific responsibility for achieving the objectives of the organisation and to those people in the direct chain of command.

Staff organisation relates to the provision of specialist and support functions for the line organisation and creates an advisory relationship. This is in keeping with the idea of task and element functions discussed earlier in this chapter. Be aware that confusion can arise from conflicting definitions of terminology. In the line and staff form of organisation, the individual authority relationship defined previously as 'functional' now becomes part of the actual structure under the heading of staff relationships.

Difficulties with line and staff relations

The concept of line and staff relations presents a number of difficulties. With the increasing complexity of organisations and the rise of specialist services it becomes harder to distinguish clearly between what is directly essential to the operation of the organisation, and what might be regarded only as an auxiliary function. The distinction between a line manager and a staff manager is not absolute. There may be a fine division between offering professional advice and the giving of instructions. Friction inevitably seems to occur between line and staff managers. Neither side may fully understand or appreciate the purpose and role of the other. Staff managers are often criticised for unnecessary interference in the work of the line manager and for being out of touch with practical realities. Line managers may feel that the staff managers have an easier and less demanding job because they have no direct responsibility for producing a product or providing a service for the customer, and are free from day-to-day operational problems.

Staff managers may feel that their difficulties and work problems are not appreciated fully by the line manager. Staff managers often complain about resistance to their attempts to provide assistance and co-ordination, and the unnecessary demands for departmental independence by line managers. A major source of difficulty is to persuade line managers to accept, and act upon, the advice and recommendations which are offered. The line and staff relationship can also give rise to problems of 'role incongruence', discussed in Chapter 8.

Internal marketing of staff departments

Clutterbuck suggests that a common feature of commercial life is that staff departments, such as human resources and information technology, have poor reputations with line managers. Even where line managers are clear what they want staff departments to do, they are rarely credited with initiative or much relevance to business objectives. In order to raise their profile, their perceived value and their contribution to the organisation there are a number of critical activities in the internal marketing of staff departments:

- understanding and responding effectively to the needs of internal customers;
- linking all the department's activities closely with the strategic objectives of the business;
- developing excellent communications and relationships with internal customers;
- ensuring internal customers' expectations are realistic; and
- continuously improving professionalism and capability in line with internal customers' needs.

PROJECT TEAMS AND MATRIX ORGANISATION

The division of work and methods of grouping described earlier tend to be relatively permanent forms of structure. With the growth in newer, complex and technologically advanced systems it has become necessary for organisations to adapt traditional structures in order to provide greater integration of a wide range of functional activities. Although bureaucratic structures and hierarchies still exist in many organisations, increasing attention has been given to the creation of groupings based on project teams and matrix organisation. Members of staff from different departments or sections are assigned to the team for the duration of a particular project.

Project teams

A **project team** may be set up as a separate unit on a temporary basis for the attainment of a particular task. When this task is completed the project team is disbanded or members of the unit are reassigned to a new task. Project teams may be used for people working together on a common task or to co-ordinate work on a specific project such as the design and development, production and testing of a new product; or the design and implementation of a new system or procedure. For example, project teams have been used in many military systems, aeronautics and space programmes. A project team is more likely to be effective when it has a clear objective, a well-defined task and a definite end-result to be achieved, and the composition of the team is chosen with care.

According to Mann, project-based working is as old as the pyramids but for increasing numbers of organisations it is very much the new way to do things. 'In today's leaner and meaner organisational set-up it seems that everything is a project and everyone a project worker.' Mann suggests two main drivers bringing about this change in the way work is managed. First, organisations have been stripped down to the core and resources are limited. Second, every area of the business has to contribute and be accountable as a cost centre. To be effective, projects require clarity at the outset, skills development, a supportive culture, managing communications and maintaining good working relationships.

The matrix organisation

The matrix organisation is a combination of:

1 functional departments which provide a stable base for specialised activities and a permanent location for members of staff; and

2 units that integrate various activities of different functional departments on a project team, product, programme, geographical or systems basis. As an example, ICI is organised on matrix lines, by territory, function and business.

A **matrix structure** might be adopted in a university or college, for example, with grouping both by common subject specialism, and by association with particular courses or programmes of study. The matrix organisation therefore establishes a grid, or matrix, with a two-way flow of authority and responsibility (see Figure 14.12). Within the functional departments authority and responsibility flow vertically down the line, but the authority and responsibility of the 'project' manager (or course programme manager) flow horizontally across the organisation structure.

A matrix design might be adopted in the following circumstances:

1 More than one critical orientation to the operations of the organisation. For example, an insurance company has to respond simultaneously to both functional differentiation (such as life, fire, marine, motor) and to different geographical areas.

2 A need to process simultaneously large amounts of information. For example, a local authority social services department seeking help for an individual will need to know where to go for help from outside agencies (such as police, priest, community relations officer) and at the same time whom to contact from internal resources within the organisation (such as the appropriate social worker, health visitor or housing officer).

3 The need for sharing of resources. This could be justified only on a total organisational basis such as the occasional or part-time use by individual departments of specialist staff or services.

Developing an effective matrix organisation, however, takes time and a willingness to learn new roles and behaviour; this means that matrix structures are often difficult for management to implement effectively.[53]

Difficulties with matrix structures

Matrix organisation offers the advantages of flexibility, greater security and control of project information, and opportunities for staff development. There are, however, a number of potential difficulties and problem areas:

- There may be a limited number of staff reporting directly to the project manager with extra staff assigned as required by departmental managers. This may result in a feeling of ambiguity. Staff may be reluctant to accept constant change and prefer the organisational stability from membership of their own functional grouping.

▪ Matrix organisation can result in a more complex structure. By using two methods of grouping it sacrifices the unity of command and can cause problems of co-ordination. ▪ There may be a problem in defining the extent of the project manager's authority over staff from other departments and in gaining the support of other functional managers.

▪ Functional groups may tend to neglect their normal duties and responsibilities. An underlying difficulty with matrix structures is that of divided loyalties and role conflict with individuals reporting simultaneously to two managers; this highlights the importance of effective teamwork. According to Bartlett and Ghoshal, matrix structures have proved all but unmanageable. Dual

EFFECTS OF A DEFICIENT ORGANISATION STRUCTURE

It is not easy to describe, in a positive manner, what constitutes a 'good' or effective organisation structure although, clearly, attention should be given to the design principles discussed above. However, the negative effects of a poorly designed structure can be identified more easily. In his discussion on the principles of organisation and co-ordination, Urwick (writing in 1947) suggests that 'lack of design is Illogical, Cruel, Wasteful and Inefficient'.

▪ It is **illogical** because in good social practice, as in good engineering practice, design should come first. No member of the organisation should be appointed to a senior position without identification of the responsibilities and relationships attached to that position and its role within the social pattern of the organisation.

▪ It is **cruel** because it is the individual members of the organisation who suffer most from lack of design. If members are appointed to the organisation without a clear definition of their duties or the qualifications required to perform those duties, it is these members who are likely to be blamed for poor results that do not match the vague ideas of what was expected of them.

▪ It is **wasteful** because if jobs are not put together along the lines of functional specialisation then new members of the organisation cannot be trained effectively to take over these jobs. Where both the requirements of the job and the member of the organisation are unknown quantities, this is likely to lead to indecision and much time wasted in ineffective discussion.

▪ It is **inefficient** because if the organisation is not founded on principles, managers are forced to fall back on personalities. Unless there are clearly established principles, which are understood by everyone in the organisation, managers will start 'playing politics' in matters of promotion and similar issues.

Urwick lays emphasis on the technical planning of the organisation and the importance of determining and laying out structure before giving any thought to the individual members of the organisation. Although Urwick acknowledges that the personal touch is important and part of the obvious duty of the manager, it is not a substitute for the need for definite planning of the structure.

Child then goes on to explain the consequences of structural deficiencies.

▪ **Low motivation and morale** may result from: apparently inconsistent and arbitrary decisions; insufficient delegation of decision-making; lack of clarity in job definition and assessment of performance; competing pressures from different parts of the organisation; and managers and supervisors overloaded through inadequate support systems.

- **Late and inappropriate decisions** may result from: lack of relevant, timely information to the right people; poor co-ordination of decision-makers in different units; overloading of decision-makers due to insufficient delegation; and inadequate procedures for re-evaluation of past decisions.
- **Conflict and lack of co-ordination** may result from: conflicting goals and people working at cross-purposes because of lack of clarity on objectives and activities; failure to bring people together into teams or through lack of liaison; and lack of effective systems for communicating the modification of tasks.
- **Poor response to new opportunities and external change** may result from: failure to establish specialist jobs concerned with forecasting environmental change; failure to give adequate attention to innovation and planning of change as main management activities; inadequate use of teamwork and attention to relevant aspects of new projects.
- **Rising costs** may result from: a long hierarchy of authority with a high proportion of senior positions; an excess of rules, procedures and administrative work at the expense of productive work; and the presence of some, or all, of the other organisational problems. Shortcomings in structure may also provide greater opportunities for the illicit activities of staff. For example, the collapse of Britain's oldest merchant bank, Barings, and the activities of 'rogue trader' Nick Leeson were arguably made more straightforward by the major reorganisation and expanded structure of the Barings empire.[58]

ORGANISATION CHARTS

The structure of an organisation is usually depicted in the form of an organisation chart. This will show, at a given moment in time, how work is divided and the grouping together of activities, the levels of authority and formal organisational relationships. The organisation chart provides a pictorial representation of the overall shape and structural framework of an organisation. Some charts are very sketchy and give only a minimum amount of information. Other charts give varying amounts of additional detail such as an indication of the broad nature of duties and responsibilities of the various units. Charts are usually displayed in a traditional, vertical form such as those already depicted in Figures 14.9 and 14.10. They can, however, be displayed either horizontally with the information reading from left to right, or concentrically with top management at the centre. The main advantage of both the horizontal and the concentric organisation charts is that they tend to reduce the indication of superior or subordinate status. They also offer the practical advantage of more space on the outer margin. In addition, the concentric chart may help to depict the organisation more as a unified whole. Organisation charts are useful in explaining the outline structure of an organisation. They may be used as a basis for the analysis and review of structure, for training and management succession, and for formulating changes. The chart may indicate **apparent weaknesses** in structure such as, for example:

▪ too wide a span of control;
▪ overlapping areas of authority;
▪ lack of unity of command;
▪ too long a chain of command;
▪ unclear reporting relationships and/or lines of communication;
▪ unstaffed functions.

Limitations of organisation charts

There are, however, a number of limitations with traditional organisation charts. They depict only a static view of the organisation, and show how it looks and what the structure should be. Charts do not show the comparative authority and responsibility of positions on the same level, or lateral contacts and informal relations. Neither do charts show the extent of personal delegation from superior to subordinates, or the precise relationships between line and staff positions. Organisation charts can become out of date quickly and are often slow to be amended to reflect changes in the actual structure.

Despite these limitations, the organisation chart can be a valuable and convenient way of illustrating the framework of structure **– provided the chart is drawn up in a comprehensible form.** There is always the question of what the chart does not show and what the observer interprets from it. There are a number of conventions in drawing up organisation charts. It is not the purpose here to go into specific details, but it is important to remember that the chart should always give:

▪ the date when it was drawn up;
▪ the name of the organisation, branch or department (as appropriate) to which it refers;
▪ whether it is an existing or proposed structure;
▪ the extent of coverage, for example if it refers to the management structure only, or if it excludes servicing departments;
▪ a reference to identify the person who drew up the chart. While acknowledging that organisation charts have some uses, Townsend likens them to 'rigor mortis' and advises that they should be drawn in pencil.

EMPOWERMENT AND CONTROL

Whatever its structure, the various operations of the organisation have to be distributed among its members. It is necessary to plan, organise, direct and control their activities. The demand for flexibility and greater freedom and autonomy for individuals raises questions about the location of decision-making within the organisation, the extent and nature of delegation and empowerment, the manager–subordinate relationship, and the maintenance of management control within the formal structure of the organisation. This is discussed more fully in Chapter 17.

REVIEW QUESTION

1. Describe swot analysis.
2. What are organisational goals objectives and policy?
3. What are dimensions of organisation structure?
4. What is the importance of good structure?
5. Describe levels of organisation and their functions

6. What are underlying features of organisation
7. What do you mean by centralisation and decentralisation
8. Describe principles of organisation>
9. What are the importance of the organisational hierarchy?
10. What are the effects of a deficient organisation structure?

FURTHER READINGS

1. Managing Organizational Behavior-Ronald R. Sims
2. Current Topics in Organizational Behavior Management-Phillip K. Duncan
3. Organizational Behavior-O. Jeff Harris, Sandra J. Hartman
4. Organizational Behavior- K.C.S. Ranganayakulu
5. Organizational Behavior- G. A. Cole

IMPORTANT NOTES

UNIT-12 TECHNOLOGY AND ORGANISATIONS

CONTENTS .

INTRODUCTION

Technology is found and used in all organisations: in small and large businesses, educational establishments, multinational firms and the local corner shop. Since the industrial revolution it has been used to raise the productivity of workers; today, it is increasingly the source of new products, services, processes and ways of working that were barely imagined three decades ago. The pace of change is quickening, and the effects of technology are being felt increasingly beyond the traditional 'heartland' of manufacturing companies; technology is associated with far-reaching changes in many parts of the private service sector and in state institutions. Technical innovation is affecting the way in which workers interact with each other and, often, with customers of the business too. Interest by social scientists in technology as a variable and a source of change in organisations has waxed and waned since the 1950s. Some, such as Hallier, have observed that the study of technology and organisations is a relatively mature field, with academic interest largely concentrated in a few innovations like telephone call centres and tele working that are themselves dependent on recent technical advances.[2] Since approximately the mid 1990s it is true that organisational change techniques, such as lean production, business process re-engineering (BPR) (discussed in Chapter 20) and other work reorganisation schemes, have attracted more academic attention than technical change. However, this chapter argues that the study of technology is still important. A central reason for this claim is the recurring evidence of technologies that are introduced into organisations and subsequently fail. Both the early and contemporary research into technological innovation indicates that technical change programmes often neglect in practice to deliver the anticipated benefits, although the same observation could also be made of other types of change initiative.

Reasons to study technology

However, there are further reasons why the study of technology in organisational settings should be undertaken.

1 Some of the organisational change techniques mentioned, such as BPR, are in fact underpinned
by advances in information technology.

2 As we shall demonstrate in this chapter, many of the insights from 'classic' studies of the introduction and use of technology remain valid.

3 We are currently entering an era where the evolving design and use of internet technologies, such as those known as Web 2.0, are likely to be associated with further rapid major changes in the organisation of work and businesses alike. Managers therefore need to be aware of the nature of technology and the technical change process.

WHAT DO WE MEAN BY TECHNOLOGY?

Current generations of information and communication technology (ICT) are inherently flexible; they therefore allow a good deal of choice with regard to how and for which purposes they are utilised in the organisation in terms of such matters as working practices, skill and control, and job design, as will be discussed below. It would be possible to identify numerous aspects of such flexibility, but we would draw attention to the following seven key features.

1 Compactness. The space taken up by a given amount of computing power has shrunk enormously since the time of the earliest working computers, vastly increasing the processing power and storage capacity that can be utilised. Decreasing size makes feasible a number of the other features highlighted below.

2 Increased portability, because of its shrinking size and weight.

3 Connectivity. This is increasingly important and has a number of dimensions. The incorporation of radio frequency identification (RFID) tags into computing equipment enables signals to be sent from and received by any location that is within wireless range. The increasing use of **wireless connectivity** is most obvious in innovations like the mobile phone, personal digital assistant and laptop computer. The ease with which many ICT devices can be transported increases significantly the locations in which work can potentially occur. As computing power takes up ever less space, the possible range of applications that can be automated grows. RFID tags can be placed in goods and even people so as to enable tracking of their location and movement.[8]

4 Low energy-use and hence **low running costs**.

5 Decreasing cost in relation to **increasing processing power**, as mentioned above. Again, the increasingly favourable economics make microprocessors potentially applicable to a much wider range of uses.

6 Software which, of course, can be edited and reprogrammed, thus providing flexibility of application.

7 Modularity, by linking discrete types of computing equipment together, both in one location and across distance, using telecommunications to form **networks**.

Thus, 'technology' as we experience it today is, in many ways, increasingly flexible and 'democratised' compared to the mechanical era that influenced the writers of the classic studies of technology and organisation. By the 'hard' physical side of technology we are mainly referring today to microelectronics, microprocessors, and ICTs based on advances in telecommunications, which can be applied in manufacturing processes, information sharing and processing, in service provision and in products themselves.

Main forms or applications

These main forms or applications may be summarised as follows:

▪ Manufacturing, engineering and design technology, for the provision of goods. Nowadays, this is often inter-linked and draws on common databases, sometimes referred to as ‘advanced manufacturing technology’ (AMT) or ‘computer-aided engineering’ (CAE).

▪ Technology used for information capture, storage, transmission, analysis and retrieval. This covers many forms of computing and telecommunications equipment. It may be linked to AMT/CAE or may be used separately in information sharing and dissemination in administrative and managerial functions across a variety of organisations and locations.

▪ Technology employed in the provision of services to customers, clients, patients, etc. in service sector applications, such as in automated teller machines or electronic funds transfer in the financial services industry.

▪ Technology as the product itself, notably as devices incorporating microprocessors and computing power. An increasingly grey area exists with many such products that are simultaneously capable of being used for work or for leisure and social purposes, such as laptop computers and mobile phones. Many of the latter are essentially a one-stop work and social centre, as they can now access the internet and function as an MP3 player as well as a still and video camera. Indeed, the facilities and options available on such personal computing and communication devices already exceed what most of us actually use.

APPROACHES TO TECHNOLOGY AND ORGANISATION

To begin, however, we must consider what we actually mean by the nature of the relationship between ‘technology’ and organisation? This topic has generated an extremely large literature, but here we shall simply summarise some of the main issues. The question of meaning is not as simple as it might sound, for there is a variety of definitions and none is universally accepted. Depending on one’s definition of technology, it makes a difference as to its capabilities and the extent to which humans can hope to exercise influence over it. A basic disagreement concerns where ‘technology’ begins and ends and the extent to which it can be separated from any surrounding social, political and organisational context in which it operates. Here, for example, Orlikowski[18] provides a useful basic distinction between what she calls the scope (what is defined as comprising technology itself) and the role of technology (how the interaction between technology and the organisation is defined). Effectively, therefore, there is a debate about where, and whether, a boundary can be most appropriately drawn between two aspects to ‘technology’.

Firstly, and least controversially, we could talk about the ‘hard’ aspects of machinery, software, equipment, processes, and so on, that are mainly subject to physical laws.

Secondly, should we include the systems, procedures, work organisation, and know-how that are subject to social organisation, but also necessary to convert raw material in whatever form to a transformed product or service? To what extent are the outcomes and consequences of technologies for humans set by inescapable physical requirements or, alternatively, are people able to intervene during the system design or use phases to enable different outcomes with the same technologies?

As one would expect, numerous writers have adopted different positions along this continuum between the relative influences of technology itself and the surrounding organisational context. Here, we will briefly outline some of the main positions in this continuing debate, putting some of the classical views in their historical context, and indicating the implications of some of the different approaches for the student of technical change in organisations. Figure 16.1 provides a simplified general illustration of the positions of some of the main schools of thought discussed in this section. It should be stressed that this is intended to be illustrative only, and is not meant to suggest that a simple division exists between 'technological' factors that influence society on the one hand and 'societal' factors that influence technology on the other: in fact, the construction of each is mutually shaped by the other.

Technological determinism

At one extreme, the idea that technology innately causes certain things to happen is known as technological determinism; it has been attributed, to a greater or lesser degree, to a number of the early 'classic' studies of the impact of technologies within an industrial setting. Many academics and others would argue that such a view of technology is now outdated and unfashionable. However, in some quarters, it is noticeable how the revolution in ICTs within the last decade and a half has led some commentators to allow it a determining role in shaping society. Optimistic visions that technological change, of itself, will cause the structure of industries, commerce, and jobs to change cropped up numerous times in the speeches of former UK Prime Minister, Tony Blair, for example,[20] the writings of advisers to his government such as Charles Leadbeater,[21] and other media commentators on the 'communications revolution' such as Frances Cairncross.[22] Clearly, once again it would benefit the observer of this subject to adopt a sceptical viewpoint about the capabilities of technology itself and the extent to which these are mediated in practice by numerous organisational and social factors.

However, the technologies studied by some of the early academic analysts of organisations were of an altogether more physically obvious, mechanical kind. Some influential research of the 1950s and 1960s identified associations between technology and a number of organisational phenomena, including Woodward's studies of the structure of organisations (discussed in Chapter 15), Blauner's investigations of the degree of job satisfaction experienced by workers[24] and Sayles' work on the pattern and likelihood of industrial grievances.In the cases of Blauner and Sayles, their interpretations of their study of work processes and technologies used in different industries gave technology considerable independent explanatory power as a factor. In particular, writers like Blauner drew attention to the negative consequences for workers of 'Fordist' assembly line technologies, visible in lack of job satisfaction, absenteeism, poor use of human skills, and so on.

Notes

Socio-technical systems

Even during these early times in the study of technology, some writers argued that choices existed in the manner in which technical apparatus was used. The systems approach to the theorising and analysis of organisations has already been discussed in Chapter 3. Sociotechnical approaches are located within this mode of analysis, and have a particular concern to find the 'best fit' in any given job/work design between the social 'sub-system' (such as people's psychological and social needs) and the technical 'sub-system' (such as the apparatus, its requirements, method of operation and physical location) of the overall organisational 'system'. A characteristic of this school of systems design is that it anticipates that the 'best' overall socio-technical design is a compromise between what would constitute the ideal designs on either purely 'technical' or 'social' grounds alone.

In other words, 'joint optimisation' of the overall socio-technical system requires 'suboptimisation' of its constituent technical and social sub-systems. For socio-technical theorists

such as Trist and his colleagues,[26] the eventual systems design is a matter for conscious organisational choice rather than any technical necessity (as a technical determinist would argue).

Socio-technical analysts have put these views into practice in numerous workplace interventions,

demonstrating improvements in productivity and social well-being by changing components of the overall socio-technical work system.

However, Kelly makes the point that, in reality, socio-technical interventions have tended to treat the social (work organisation) systems of the workplace as considerably more malleable than the technical system. It is more often the case that work arrangements have been modified around the constraint of largely unchanged technologies than vice versa.[27] Thus the socio-technical systems approach largely approaches the politics of choice in technology at the point at which technology is actually used. It has less to say about choice within the earlier phase of the process at which technologies are actually created and designed and, in this, its critique of the nature of technology is less thoroughgoing than some of the approaches we shall mention below.

The role of non-technical factors in 'socially shaping' technology,[28] such as managerial strategies, political differences between groups, and prevailing social assumptions in the design and use of technology, is accorded even greater weight in a number of other approaches to this issue. All emphasise that technology is in fact a process allowing 'choices', although they differ in their relativism and the extent to which they allow any residual role for irreducibly 'technical' factors.

Design and use of technology

Some later writers in this radical tradition have argued that the managerial choice to de-skill through automation is not only exercised in the way technology is applied in workplace settings but also in the very design assumptions that are employed. In one of the most exhaustive studies of this type, Noble shows how the numerically-controlled machine tool (a machine whose cutting actions were controlled by instructions programmed into a punched tape rather than by an operator's hand) was designed to obviate the need for the skilled machinist.[30] Other writers have disputed such mono-causal accounts of the trend towards factory automation, variously citing both countervailing technical and social factors.[31] Accepting that the creation, design and use of technology is an essentially social and political dialogue opens the door to further approaches to the subject developed mainly by sociologists of technology since the 1980s. A number of such perspectives exist, including the so-called 'processual' approach,[32] socio-economic shaping of technology (SST),[33] social construction of technology (SCT),[34] actor–network analysis (ANA),[35] and technology as text and metaphor (TTM).[36] We do not intend to discuss each of these sometimes quite complex approaches in depth here, but it is relevant to draw attention to some of the main similarities and differences in these more sociological approaches. Each school agrees broadly that technological configurations are the outcome of interactions of, and negotiations between, various actors in the innovation process both inside and outside the organisation. For instance, processual approaches emphasise the interplay between three main elements that can be applied to technical change: what Dawson calls the substance of change (its actual technical content, its time frame and perceived centrality to the organisation), the context of change (both within the organisation and in the outside environment, including the activities of competitors) and the politics of change (the actions and attitudes of actors having influence over the change process).

DECISION-MAKING PROCESSES

The above discussion suggests that different parties may be involved in decision-making on technologies and their introduction into, and use in, organisations. In this section we consider the detailed organisational decision-making process in greater depth. How do particular 'new' technologies come to be adopted in organisations for the first time and then used and operated in a particular way? In this section we will address two issues relating to that process which, between them, are likely to have far-reaching consequences for the eventual success and the acceptance of particular changes. First, we consider the different phases of the technical change process. In each of these stages, a range of decisions needs to be made by various interested parties, although the range of those decisions is likely to get narrower and more detailed as the introduction process progresses. Second, we ask which 'interested parties' get involved in the various 'design spaces' that are opened up at the various stages of the process? Our primary concern here is with the impact of decision-making on human behaviour in organisations. Therefore, we need to ask: is the decision-making process conceived as mainly the province of managers and technical 'experts', or do personnel specialists or users of the new technology become involved and, if so, to what extent?

Legal or collective stipulations

It is important to remember that, increasingly, such decisions are not just a matter of individual organisational preference, but are, in certain circumstances, subject to legal or collective stipulations about how the process should be managed, and the extent to which various organisational actors should be permitted to influence the process. The prime example of this is the case of the introduction (and use) of remote teleworking in organisations,

Phases and stages of technology introduction

An important framework explaining the life cycle of the process whereby new technology comes into organisations has been developed by Preece, and we summarise this scheme below. It identifies two phases: firstly, new technology adoption and, secondly, introduction. Within these phases, it is possible to categorise seven separate stages (see Table 16.1 and Figure 16.2).[42] The **adoption phase** consists of four stages: initiation, progression/feasibility, investment decision, and planning and systems design. During this phase, no technology is yet on the site at which it is intended to be used. consisting of installation, **operationalisation**, and evaluation, where the project actually takes physical shape and becomes established as a technology in actual use. Despite possible appearances, one should not assume that Preece's schema suggests that the adoption process is inherently rational and systematic, in the sense, for example, that all organisations have to go through all the stages mentioned here in the same order and manner. As problems occur or ideas reach a dead end, the process may loop back on itself and recommence from an earlier stage. As this chapter establishes, and case studies readily attest,[43] the adoption and introduction of new technology is an iterative, contested and political process, and is certainly not straightforward.

Initiation and operationalisation

It is worth saying a few words here to amplify the importance of the initiation and operationalisation stages in Preece's schema, shown in Table 16.1 and Figure 16.2, in particular. In relation to the first of these stages, our earlier discussion argued that the very flexibility of modern technologies means that they can fulfil numerous goals. In initiating ideas to bring in new technologies, the sponsors may have various objectives and, indeed, different objectives may well be important to different players in the adoption process. Child has applied this to the new technology decision-making process in relation to his idea that managers have 'strategic choice' between different types of goal, and much of the argument over whether to introduce technology is likely to be over these kinds of issues.[44] Objectives may be easily quantifiable financial measures, for example, such as cost savings, or may be more abstract goals, such as the capability to manufacture more complex product designs. The latter type of benefit is less easily quantifiable according to traditional accounting techniques, but may be of longer-term value to the company. Different occupational specialisms may have conflicting concerns, motives and priorities in the introduction of new technology and are likely to pursue their objectives in the early stages of the new technology adoption process using particular arguments, which may jar with the views being put forward by other parties.

■ **strategic objectives**, characteristic of senior management, such as increasing market share
and enhancing the quality of products or services;
■ **operational objectives**, concerning the improvement of technical performance, which are
particularly the province of middle managers; and
■ **control objectives**, to reduce the uncertainties of human intervention, that figure in the
concerns of junior managers and supervisors.[45]

INVOLVEMENT OF HRM SPECIALISTS AND USERS OF TECHNOLOGY

As the previous discussion has indicated, one important issue in the above processes concerns whether, and at what stage, two groups of interested 'non-technical' stakeholders become involved. These groups are:

■ those charged with management of human resource matters within the enterprise, and
■ the actual users of the technology.

The later they enter the process, the less far-reaching the influence they are likely to be able to have on it.

Human resource specialists

The role of human resource specialists in the new technology adoption process provides an interesting example of how people with particular perspectives and expertise on aspects of organisational work might influence – and indeed have influenced – the process. They are the 'people specialists' in organisations and should be aware of issues such as alternative forms of job design and working practices, skill and de-skilling possibilities. Have they been initiators, for example, or have they had only a marginal involvement, if any, after other people have already made the key decisions? The short answer to the latter question is probably 'yes' and this has implications for the quality of the way in which the technology– people dimension is handled. Preece and Harrison found that personnel specialists are sometimes in organisational positions

1 Employees have been secondary to other considerations in the choice and implementation of new technology, and thus personnel specialists' peripheral and reactive involvement is only to be expected.

2 As employees typically welcome rather than resist new technology, personnel specialists' involvement did not take off at implementation either (for example, they were rarely required to deal with tricky and complex issues relating to pay, gradings, employment, etc.).

3 Even on the odd occasion when resistance did occur, personnel's role was not seen as being crucial because of the weaknesses and divisions of the trade unions and employees more generally.

Users of technology

Evidence also indicates that the users of technology are rarely involved in the process of technology adoption, although they are more likely to have input during the **operationalisation** stage, in terms of such aspects as working practices, tasks, decisions about methods, and tools and techniques. Fröhlich, Gill and Krieger conducted a major cross-national survey of workplace involvement in technical change, covering over

7,000 management and employee representatives in twelve countries and five economic sectors. Overall, they found that only 20 per cent of respondents reported consultation or negotiation between management and employees in the adoption stages of technological change, but this rose to 33 per cent in the implementation stages. However, of these totals, it should be noted that the authors found that worker involvement was much more likely to occur in countries like Germany and Denmark than in countries with fewer established mechanisms for involving workers, such as the UK. The study identified a number of costs and benefits of the involvement of workers in the decision making process. Ranked with those factors awarded the least positive net evaluations by the respondents first, they were:

- the time needed to make decisions;
- the time needed to implement technological change;
- industrial relations within the firm;
- the quality of decision-making;
- the identification of the workforce with the company;
- attention to management's concerns;
- attention to employees' concerns;
- utilisation of skills.

SKILL, WORK DESIGN AND JOB QUALITY

The impact of technological change on the nature and variety of job activities performed, the skills that workers can exercise and the amount of autonomy and control they have over their jobs have been among the most hotly contested areas in social science. In this section we concentrate particularly on skills and work organisation, and argue that various writers have associated technology with three main types of effect on the skills that workers can exercise: a reduction in skills, an opposite trajectory where automation is said to lead to increased levels of skill, and a position that finds, throughout the workforce as a whole, evidence of both trends occurring simultaneously. This last school suggests that there is occurring a polarisation of skills.

Technology and skills trajectories

The more widespread diffusion of more flexible forms of microprocessor-based automation since the 1980s has also led to a number of writers taking a contrary view, although this has proved equally controversial as the 'labour process' debates. Prior to current debates about 'knowledge workers', Piore and Sabel in the USA and Kern and Schumann in Germany claimed simultaneously that new categories of multiskilled workers capable of programming and overall system control were emerging in manufacturing industry.[66] Zuboff's studies provided further evidence for why this might be the case. She argues that, whereas mechanisation had indeed tended simply to 'automate' human skill, the novel property of ICT was that it generates new streams of previously unavailable information about processes that require interpretation by human operators. To use her term, it 'informates' processes in ways that require new human skills to exploit successfully.

More recent research has cast doubt on the kinds of unilinear explanations discussed above of the relationship between technology and skill trajectories. Statistical research by Gallie has argued convincingly that, when we look at the workforce as a whole, what we see is actually a pattern whereby skills are polarising: 'The polarisation of skills is also closely associated with technological change. Those that have been in a position to use advanced technology in their work have seen their skill increase; those that have not had this possibility, have been much more likely to see their skills remain unchanged.'[68] The idea that an increasing division in the ability to use and understand technology is opening up within the workforce will be discussed further in the section later in this chapter on job security and the digital divide.

CENTRALISATION VERSUS DECENTRALISATION OF CONTROL

The debate about the effect of technology upon skills and work organisation necessarily raises the question of the consequences of the use of technology for workers' autonomy and discretion. In other words, to what extent can it be an instrument of tighter monitoring and control or of greater liberation in the workplace.

Surveillance

The advent of the ICT revolution has reinvigorated concern with the use of technology as a means of workplace control, particularly in relation to the information-gathering potential of ICTs and the use to which this could be put in technically monitoring or conducting surveillance on worker performance. The origins of such concerns can be traced back to the writings about 'disciplinary power' of the French postmodernist Foucault, and particularly to his popularisation of Jeremy Bentham's proposed design for a prison that perfected the capability for surveillance of the prisoners' activities in their cells: a 'panopticon', whose literal meaning is 'all-seeing eye'.[69]

Some writers have expanded this metaphor to encompass the information-gathering potential of ICTs to produce the concept of the '**electronic panopticon**'. This literature draws attention to the insidious and not-so-insidious ways in which IT has been used by managers to monitor and record the work of employees, in some cases in such a way that they do not know exactly when they are being watched, but are aware that this could be at any time. For instance, the systems in telephone call centres typically permit managers to listen in randomly to the calls of selected operatives (a practice usually justified on the grounds of quality control). However, the operatives have no way of being aware of when managers may be monitoring their conversations with customers. Hence, it is argued, employees amend their behaviour to act as if they are under unseen surveillance all the time, just like the prisoners in Bentham's panopticon.[70]

McGovern et al. are among the few to employ survey evidence to try to uncover the extent of ICT-based monitoring of employees' work in the UK. Piecing together available surveys, they report that by the year 2000 approximately one half of employees said that a computerised system logged the work they were doing and about one quarter stated that their work was actually checked through the information thus collated. It can be reasonably assumed that these proportions are likely to have increased in the intervening years. There seemed to be little variation between different occupational categories in the likelihood of such remote checking.[71]

Web 2.0 and social networking: a force for democracy?

So far we have discussed the vertical control that employers can exercise over workers' tasks through ICT, and their ability to monitor the use that employees are making of the technologies that are made available to them. However, some argue that some of the most recent web-based applications may lead to the more lateral use of technologies, short circuiting existing hierarchies. For instance, Butler argues that 'Web technology has changed the relationship between authority, employee and citizen. In the past, it was relatively easy for public authorities to control the "authorised" version of events.'[79] Is this still true? The technologies we are thinking of here include current internet developments that permit the formation of interactive social networks sharing experiences and electronic artefacts. Such technologies normally go under the heading of Web 2.0, and include social networking sites, virtual worlds (such as Second Life), weblogs (blogs), and so on. Social networking sites such as Facebook have tens of millions of users, mostly in their teens and twenties, many of whom are currently part of the workforce and many more who soon will be. One reaction to such developments in the workplace is that they are 'the latest way to skive'. Redford reports YouGov poll research suggesting that a quarter of British office workers between 18 and 29 years of age are using networking sites for three or more hours a week when at work, and that nearly half discuss work matters on these sites.[80] Similar concerns in relation to the public airing of internal employment grievances have been raised with blogs, with cases of employees being dismissed when the offending employer about whom they were blogging could be identified from details included in the posts.[81] Fears that employees' productivity is declining through 'wasting' time on these kinds of allegedly unproductive activities has led a considerable number of employers to limit time spent on networking sites or to forbid such activities altogether.[82] As one recent example, Hampshire County Council, on finding that some employees were spending an hour or more a day on Facebook, was considering joining the list of organisations limiting or prohibiting staff use of the site at work.[83]

Social networking

An alternative viewpoint expressed by some is that the various forms of social networking can be a positive phenomenon, and can be used to build necessary business contacts and to expand sales and goodwill. While there is little research yet on blogging, Ellis and Richards dispute the common perception that it is solely a manifestation of covert resistance to the employer. Their research with bloggers finds other motivations for blogging include using it as an outlet for workers' underemployed creativity, to build a virtual network of the likeminded, and as a form of public relations for the job. This raises the worrying possibility that such employees are finding a form of autonomy and control in their blogs that they do not feel in their everyday jobs.[84]

Using networking sites for business communications and marketing purposes appears to be considered important in some firms, particularly those in creative industries and those whose business methods have traditionally relied heavily on more established forms of social networking.[85] While the more well-known sites such as Facebook tend to be used predominantly for social purposes, there exist other networks, such as LinkedIn, that are primarily intended for business use by professionals.[86] As with most electronic technologies, networking appears equally capable of being used for work and social purposes, thus one cannot draw blanket conclusions that such developments bode well or ill from a work perspective. Bradwell and Reeves[87] argue that any distinction between 'social' and 'professional' networking is becoming increasingly artificial, especially in relation to younger employees, and that the latter type of network is spreading its boundaries horizontally across organisations.

Potential dangers and drawbacks

Although they argue that such developments have considerable promise, dangers can be identified too. The development of individual workers' networks with those outside the organisation raises questions about the nature of commercial confidentiality, of loyalty, and also conceal dangers of iniquitious practices in hiring staff, awarding contracts, and suchlike. Others have indicated further drawbacks with networks, although some of these disadvantages accrue to different parties in the employment relationship. Firstly, one needs to question whether the forms of social interaction enabled by such sites are as rich in quality as traditional face-to-face networking,[88] as we shall consider further in the section on social interactions below. Secondly, employees may easily forget that the electronic traces they leave on the web and networking sites can be accessed by anyone who is able to track them down, including curious prospective future employers! Finally, employees may equally be able to use electronic networks against the interests of employers, as Pliskin et al. demonstrate in their study of how Israeli university lecturers created a successful email network to distribute information about, and maintain solidarity in, a pay dispute with their employers.

LOCATION OF WORK

As our discussion earlier in this chapter on the main features of the latest technologies makes clear, new technologies have facilitated the redistribution of where work is carried out in a number of ways, the full implications of which are not yet clear. In this section we focus on two main developments. Firstly, the availability of ICTs has made the displacement of workers from the traditional individual location (desk or office) considerably easier. Thus workers may be working from home, on the move, or in some form of collective office space part or all of the time. Secondly, technology has made easier the move nationally or even internationally of certain forms of service sector activity that can be carried out over the telephone or via an internet connection. This is one part of the phenomenon known as offshoring In each of these cases, technology is certainly not the only factor in play, but it is an important one. We discuss each of these trends below.

Remote and mobile working

The fragmentation of the 'workplace' is a multifaceted phenomenon, and some aspects are discussed elsewhere in this text, for example telecommuting in Chapter 15, and hot-desking in the case study for Chapter 19. Here we concentrate more specifically on the trends towards working while on the move. Sociologists such as Urry have noted the simultaneous expansion in recent years of human travel and of the desire to maintain contact with other people at a distance through various communication technologies.[90] Such developments have expanded into the world of work in a variety of forms. As Thomas suggests, mobile working covers a wide variety of experiences and it may be premature to draw too many generalisations.[91] Felstead, Jewson and Walters have conducted perhaps the most comprehensive study to date of workers whose jobs are located wholly or partly away from a conventional workplace.

Although firm figures on the numbers working in this manner are understandably rather elusive, the statistical sources discussed by these authors suggest that something approaching 15 per cent of the UK workforce were working in this 'non-standard' way by 2002.[92] Felstead et al. detail the many ways in which traditional conceptions and routines of work are fragmented and displaced in such settings, but the most instructive lesson is that workers actively attempt to reconstruct for themselves some of the certainties of the traditional workplace, although sometimes in new ways. These include attempts to reconstruct 'personal' work space and a division between 'working' and 'non-working' time. Workers also invent new ways to circumvent the electronic supervision of their activities (as discussed further above) and to alert their superiors to their 'presence' and productivity, by sending emails very early or late in the day, for example.

Employment, social and organisational implications

Much of the debate about offshoring has been concerned with the employment, social and organisational implications of what the new technological possibilities unleash. The initial concern was with the impact on service sector work that is not – or can be reorganised so as not to be – performed face-to-face, especially in finance, insurance and other customer service operations. Early public debate focused on the export from Western countries of such work and its concentration into telephone call centres in countries like India, which have a highly qualified and plentiful supply of English-speaking labour and a developing technical infrastructure. Nevertheless, such workers are paid a fraction of the wages that comparable work in the UK would attract, although the wages in the recipient country may still seem high by its average standards. Hall, Cronin and Catchpole quote statistics suggesting that Indian pay rates for a number of typical outsourced occupations are between 12 and 20 per cent of their UK or US equivalents.[97] Research also suggests that firms involved in offshored work tend to reorganise it along Taylorised lines, giving the workers limited discretion and subjecting them to a high degree of monitoring.[98] Similarly, internet-based commercial activities can be based where the labour needed to run and maintain them is relatively cheap.

More recently, attention has begun to shift to a wider range of activities that may be vulnerable to offshoring. Garner classifies the types of service jobs that are economically attractive to move abroad as those that do not require the provider to be in physical contact with the recipient and are labour-intensive, information-based, codifiable (i.e. routinised) and highly transparent (involve dealing with easily measurable and verifiable information, such as the analysis of financial ratios).[99] Thus, this implies that new kinds of activities being offshored are often more skilled (and therefore highly paid) activities, such as legal work, software development, and so on.

The future of offshoring

Given the global recession at the time of writing, it is not entirely certain whether or not the process of offshoring will continue to expand in the way it has done in the recent past. Despite its public profile and the predictions of offshoring's optimists,[100] a number of commentators have argued that its extent and impact has been exaggerated. Numerous international commentators[101] have argued that – with some exceptions – the proportion of jobs offshored from the developed West has been relatively low, although views differ about likely future changes.[102] Some have pointed to problems that have emerged, including a retreat from offshoring by some organisations due to political or customer pressure and also emerging strains in the countries that have benefited disproportionately from offshoring. Firstly, there has been considerable resistance in the West to offshoring from the public, from politicians and from trade unions[103] that has only been reinforced with the onset of recession.

NATURE OF SOCIAL INTERACTIONS

Technology is likely to change the extent and manner in which managers and workers interact and workers interact with each other. It may affect the size and nature of work groups and the extent of physical mobility and of contacts with other people. These factors will certainly be magnified with ICTs, where people working on linked tasks may be at a variety of locations, including at home (as discussed, for example, in the section on telecommuting in Chapter 15), and individuals may work more on their own, from personal work stations, or work more with machines than with other people. There are clear dangers for organisations here that workers may become isolated from the workplace and that it becomes harder for the informal channels of information exchange on which organisations depend to flow freely. Worse, information about developing problems can be more easily hidden when workers are not interacting face-to-face. A comment from a knowledge management worker participating in a research study of virtual working sums up the difficulty of creating high-quality social interactions when workers are communicating from different locations: 'We try to have what we call virtual coffee sessions, which were dreadful . . . all around the world we tried to get together and have a cup of coffee and sit down and look at each other, and you can't be spontaneous now, you can't do it, you can't force it.'

REVIEW QUESTIONS

1. What do we mean by technology?
2. What are the approaches to technology and organisation
3. Describe decision-making processes.
4. What is the involvement of HRM specialists and users of technology?
5. What are the differences between centralisation and decentralisation of control?
6. What are the effect of location of work?
7. What is the nature of social interactions?

FURTHER READINGS

1. Managing Organizational Behavior-Ronald R. Sims
2. Current Topics in Organizational Behavior Management-Phillip K. Duncan
3. Organizational Behavior-O. Jeff Harris, Sandra J. Hartman
4. Organizational Behavior- K.C.S. Ranganayakulu
5. Organizational Behavior- G. A. Cole

IMPORTANT NOTES

UNIT-13 ORGANISATIONAL CONTROL AND POWER

CONTENTS

INTRODUCTION

'The controversial nature of control means that some writers prefer to use alternative terms such as monitoring or evaluating. But whatever term is used, the process of maintaining order is an integral part of the individual and organisational relationship, and a necessary feature of regulating work behaviour and effective management.'

Control is, therefore, a general concept that is applied to both individual behaviour and organisational performance. Nevertheless, we should note, for example, the comments by Drummond who in a critical discussion about mechanistic thinking in organisations makes the point: 'Common sense suggests that control is preferable to anarchy, and more control is preferable to less. While such assumptions are not necessarily wrong, they are not universally correct either.

Individual behaviour

Most people show an ambivalence towards control. While they may not wish to have them applied by other people to their own performance they recognise the need for, and usefulness of, control systems. Under certain conditions, however, people may actually desire control. Lawler gives three reasons why employees might want to be subject to a control system: ▪ to give feedback about task performance;

▪ to provide some degree of structure of tasks, definition of how the tasks are to be carried out, and how performance will be measured; and

▪ where reward systems, for example pay, are based on performance.

Control can stand for reliability, order and stability. Whenever a person inquires 'I would like to know how well I am doing', this in effect can be seen as asking for control. Members of staff want to know what is expected of them and how well they are performing. This places emphasis on the exchange of information, and feedback and comparison of actual results against planned targets. Control is a basis for training needs, for the motivation to achieve standards and for the development of individuals.

Organisational performance

At the organisational level, management need to exercise 'control' over the behaviour and actions of staff in order to ensure a satisfactory level of performance. Managerial control systems are a means of checking progress to determine whether the objectives of the organisation are being achieved. According to Zimmermann an organisation without control is impossible.

Control completes the cycle of managerial activities. It involves the planning and organisation of work functions, and guiding and regulating the activities of staff. Control provides a check on the execution of work and on the success or failure of the operations of the organisation. The whole purpose of management control is the improvement in performance at both the individual and organisational level. Lack of adequate supervision and control, or of an effective risk-management system, are major features of poor organisational performance and can even lead to the collapse of a company.[12] A major international report undertaken by Proud foot Consulting found that poor management in terms of inadequate planning and control and insufficient day-to-day supervision of work is still the largest single reason for lost productivity.[13]

ELEMENTS OF AN ORGANISATIONAL CONTROL SYSTEM

Whatever the nature of control and whatever form it takes there are five essential elements in an organisational control system:

- planning what is desired;
- establishing standards of performance;
- monitoring actual performance;
- comparing actual achievement against the planned target; and
- rectifying and taking corrective action.

1 Planning what is desired involves clarification of the aims to be achieved. It is important that people understand exactly what should happen and what is required of them. This requires that objectives and targets are specified clearly, particularly key activities, and wherever possible given some measurable attribute. Planning provides the framework against which the process of control takes place.

2 Related to planning is the **establishment of defined standards of performance**. This requires realistic measurements by which the degree and quality of goal achievement can be determined. Whenever possible these measurements should be stated in quantitative terms. Planning and measurement are prerequisites of control. Without them there can be no control. Objectives and targets, and standards of performance, should be stated clearly and communicated to those concerned, and to those who are subject to the operation of the control system.

3 The third aspect of control is the need for a means of **monitoring actual performance**. This requires feedback and a system of reporting information that is accurate, relevant and timely, and in a form that enables management to highlight deviations from the planned standard of performance. Feedback also provides the basis for decisions to adjust the control system, for example the need to revise the original plan. Feedback should relate to both the desired end-results and the means designed to achieve them.

4 Next, it is necessary **to compare actual performance against planned targets**. This requires a means of interpreting and evaluating information in order to give details of progress, reveal deviations and identify probable causes. This information should be fed back to those concerned to let them know how well they are getting on.

5 The final element of a management control system is the **taking of corrective action to rectify** the situation that has led to the failure to achieve objectives or targets, or other forms of deviations identified. This requires consideration of what can be done to improve performance. It requires the authority to take appropriate action to correct the situation, to review the operation of the control system and to make any necessary adjustments to objectives and targets or to the standards of performance.

FORMS OF CONTROL

Control is far-reaching; it can serve a number of functions and can be manifested in a number of forms. For example, controls can be concerned with:

- observance of legislation and recommended codes of practice;
- policies and procedures, standing orders;
- the structure of the organisation and role relationships;
- type of production system or use of technology;
- systems that focus on the measurement of inputs, outputs, processes or the behaviour of people;
- general results or specific actions;
- the measurement and performance of day-to-day operational activities – this calls for more specific standards of performance and speedy corrective action;
- recruitment and selection, socialisation, training and development;
- an evaluation of overall performance of the organisation as a whole or with major parts of it. This requires broadly based standards of performance and remedies for corrective action. Total quality control, concerned with all areas of the organisation, can be seen as part of total quality management programmes.

Technology and control systems

From a further analysis of the data collected from Woodward's south Essex study of 100 manufacturing firms (discussed in Chapter 15), clear links emerged between the original classification of technology and the above categorisation of managerial control systems.

Unit and small batch production firms tended to have unitary and mainly personal controls (A1). Process production firms tended to have unitary and mainly impersonal controls (A2). The similarities in some organisational characteristics between unit production firms and process firms identified in Woodward's south Essex study could be explained by the fact that in both groups unitary control systems predominated. In the case of large batch and mass production firms, those with predominantly personal controls (B1) had similar organisational characteristics to unit firms and those with predominantly mechanical controls (B2) had an organisation structure similar to process firms. From the analysis, Reeves and Woodward suggest that control systems may be the underlying variable that links organisational behaviour and technology. The classification of control systems they propose might provide a better means of predicting certain facets of organisational behaviour than the classification of technology.

Information technology

In previous chapters we have referred to the impact of developments in information technology and these developments will also have a significant impact on management control systems. Processes of communication are increasingly linked to computer systems with the rapid transmission of more information to more people including immediate access to other national or international offices. Information technology and office automation are changing the nature of the workplace and the way in which people work. For example, advances in telecommunications have resulted in a significant growth in teleworking, with staff working from home with a computer network, telephone and fax. This has many potential advantages but also raises questions of self-motivation, security and systems of management control. Nordström and Ridderstråle suggest that with increasing use of IT, control will not disappear but become more indirect. Information systems will be used to increase control by measuring more things, new things at multiple levels, and at a greater frequency than before. To a certain extent this is a substitute for the loss of hierarchy control resulting from the introduction of new structures.[22] Another interesting situation arising from the increasing use of information technology is the legal position on organisations monitoring staff emails and internet usage.A more detailed discussion on technology, work and organisational behaviour is included in Chapter 16.

STRATEGIES OF CONTROL IN ORGANISATIONS

Six significant strategies of control in organisations are explained by Child:

1 personal centralised control;
2 bureaucratic control;
3 output control;
4 control through electronic surveillance;
5 HRM control; and
6 cultural control.[24]

Personal centralised controls

This approach is often found in small owner-managed organisations and is characterised by the centralisation of decision-making and initiative around a leadership figure. Control consists largely of personal inspection to see that decisions are carried out, and the leader may spend a high proportion of time supervising the work personally. Once the organisation grows large enough to employ someone to undertake detailed supervision of everyday tasks, the locus of decision-making and close supervision will tend to become separated. The authority of the leader will usually rest upon the rights of ownership, special personal qualities (charisma) or technical expertise.

Bureaucratic control

This approach to control is familiar in public sector organisations and in many other types of large organisations. It is based on the specification of how members should behave and carry out their work. There is an attempt to ensure predictability through formal job descriptions and procedures, the breaking down of tasks into constituent elements, and the specification of standard methods for the performance of tasks. Reward and punishment systems can be designed to reinforce this control strategy. Compliance can be rewarded by upgrading, improved status, favourable employment benefits and job security. Bureaucratic control will make use of accounting control systems such as budgetary control and standard cost variances. The bureaucratic strategy also permits delegation without loss of control. Managers can delegate routine decision-making within formally prescribed limits of discretion.

Output control

This approach relies upon the ability to identify specific tasks having a measurable output or criterion of overall achievement – for example, an end-product, a part manufactured to agreed standards, batch production or a sub-assembly. Rewards and sanctions can be related to performance levels expressed in output terms. Output control strategy is aimed at facilitating the delegation of operational decision-making without the need for bureaucratic controls or relying on close personal supervision. Once output standards have been agreed, subordinates can work with a 'semi-autonomous' relationship to management, free from detailed control over how tasks are carried out. Output control may be difficult to apply to certain activities, such as the legal department of a business organisation. Although it may be difficult to establish suitable and agreed measures of output, and it may be difficult for management to codify the activities involved, output control may be more appropriate than the application of a bureaucratic control strategy.

Control through electronic surveillance

The essence of control is that the speed and quality of work is recorded and assessed remotely through the use of ICT without reliance on personal supervision. Control data are precise rather than impressionistic and subject to management bias. Monitoring of performance can be used readily as the basis for reward and discipline. Control through electronic surveillance is applied to many types and levels of activity. A common example is call centres although customer service representatives dislike the pressure from this form of control and the objectivity of relying on electronically produced statistics is subject to challenge.

HRM control

HRM procedures can be used both to develop people at work and to control their behaviour and performance. They enhance the contribution to the achievement of organisational goals and objectives. Systematic selection techniques are designed to ensure new recruits fit the profile and technical competencies required by management. Performance evaluation and appraisal provide feedback to both management and employees. Appraisals should provide the basis for reward and for an assessment of the need for further training or development. If training and development programmes are attuned to the needs of employees and the requirements of their jobs this should contribute to better performance.

Cultural control

This approach has been identified with moves away from conventional forms of organisation and is based on maintaining control through internalised compliance rather than external constraint. The basis of cultural control is the acceptance and willing compliance with the requirements of management and belief of the organisation. A major example is the cultural control that tends to be exemplified by larger Japanese corporations, although this is subject to criticism of compulsory sociability. Although a strong corporate culture is intended to provide an alternative to control, in practice strenuous efforts are usually made to ensure employees conform to the culture. Provided members have the necessary skills and ability they can be given wide freedom of action in deciding how to undertake their responsibilities. Cultural control, combined with personal autonomy, has long been associated with the professions. Despite criticisms of cultural control it is in tune with the increasing number of professional and knowledge workers, and is consistent with self-managing units or teams working with only limited formal controls.

CHARACTERISTICS OF AN EFFECTIVE CONTROL SYSTEM

Whatever the nature or form of control there are a number of characteristic features of an effective control system. Control systems can have positive as well as negative effects. It is important therefore that they are designed and implemented in a constructive and rewarding way.

According to Hicks and Gullett, 'Control systems should be understandable and economical, be related to decision centres, register variations quickly, be selective, remain flexible and point to corrective action.'[26] Developing the suggestion of Hicks and Gullett, we can identify a number of important characteristics of an effective control system.

■ For a control system to be meaningful, **it must be understood by those involved in its operation**. The purpose of the control system and the information it provides must be fully comprehensible to those who have to act on the results. The level of sophistication of a control system should be related to the nature of the activities involved and to the technical competence of the staff. Information must be presented in a suitable form. If information is presented in a way which people do not understand they are likely to disregard it, and the full potential of the control system will not be realised.

■ Controls should **conform with the structure of the organisation and be related to decision centres responsible for performance**. Information should be supplied to those managers who have the responsibility for specified areas of activity and who are capable of using this information to evaluate the degree of success in achievement of objectives. The information should enable managers to control their area of responsibility, and should be presented in a form that shows clearly when corrective action is necessary.

■ An effective control system should **report deviations from the desired standard of performance as quickly as possible**. Ideally, indications of likely deviations should be discovered before they actually occur. It is important for deviations from the plan to be reported in good time so that corrective action to remedy the situation can be undertaken promptly. For example, information that the budget is likely to be overspent or underspent should arrive in sufficient time to enable the manager to do something about it and avoid drastic last-minute action.

■ The control system should **draw attention to the critical activities important to the success of the organisation**. An unnecessary number of controls over comparatively unimportant activities are uneconomic and time-consuming; they can have a demoralising effect on staff and may possibly result in lack of attention to the key control points. Certain control points are more important than others. Careful control must be maintained in key result areas and in those activities that are crucial to the success of the organisation. For example, a restaurant manager would need to have information on the number of orders taken at different times, and the number and type of meals provided, in order to deploy staff in the most effective manner.

■ To be effective, **a control system must be flexible**. It must yield information that is not influenced by changes in other factors unconnected to the purpose of the control system. For example, a control system established five years ago, which specifies that reports to top management should be made whenever expenditure exceeds the budget by more than £x, is unlikely to be effective if no account has been taken of the effects of inflation. Also, if the same amount is applied in all cases, high-spending departments may be subject to excessive control and low-spending departments not monitored closely enough.

■ The control system should be **consistent with the objective of the activity to which it relates**. In addition to locating deviations from the planned standard of performance, the control system should be sophisticated enough to indicate ways in which performance can be improved. For example, in the field of social services it may not be sufficient just to know that expenditure has been kept within the budget. It would be more helpful to know in what areas expenditure has been incurred. It might be that the highest share of expenditure has gone to those who may be more knowledgeable of their rights and the procedures involved, than those who may arguably be in greater financial need. The control system should therefore address itself to causes of deviations rather than to symptoms.

■ Controls may point to a number of possible problem areas for corrective action. Management will need to investigate these possibilities and **determine the most appropriate form of corrective action** to deal with the causes of the deviation and solve the problems identified.

■ Control systems should themselves **be subject to a continual review** to ensure they are effective and appropriate in terms of the results they produce. They should not be too costly or elaborate, but should satisfy the characteristic features suggested above.

POWER AND MANAGEMENT CONTROL

Work organisations are not only systems of hierarchical structure, they are also systems of intricate social relationships, status and power. **Power** is a complex and dynamic concept and difficult to define easily. **At a broad level, power can be interpreted in terms of control or influence over the behaviour of other people with or without their consent**. Sometimes power is interpreted in terms of the extent of the influence which can actually be exercised over other people, and sometimes it is taken to include influence over objects or things as well as people. In exploring the nature of organising work, Knights and Willmott suggest that 'Power is often associated with coercive and repressive features of social life. It is the means through which a ruling class, political elite or managerial group controls subordinate strata within a society or an organisation.

Robbins and Judge suggests that as power may exist but not be used it implies a potential that need not be actualised to be effective. Power is therefore a capacity or a potential. The most important aspect of power is probably dependency. 'A person can have power over you only if he or she controls something you desire.'[28] Power is an inherent feature of work organisations and is often the underlying reality behind the decision-making process. It is central to the framework of order and system of command through which the work and activities of the organisation are carried out, for example through the operation of bureaucratic structures and the implementation of policies, rules and procedures. Lack of power and influence, and office politics, are among the main sources of managerial stress within organisations. The view of power as of functional importance is in keeping with a unitary approach to organisation. Management control is the predominant means by which the activities of staff are guided towards the achievement of organisational goals. The exercise of power is that which comes from a position of formal authority within the management structure of the organisation and which legitimises control over subordinate staff.

Power, involvement and compliance

From a comparative analysis of complex organisations, Etzioni provides a classification of organisational relationships based on structures of control and the use of power resources as a means of ensuring compliance among members.[29] The Etzioni typology involves three dimensions: power, involvement, and the identification of kinds of power with kinds of involvement. **Compliance** is the relationship between the kinds of power applied by the organisation to control its members and the kinds of involvement developed by members of the organisation.

Power differs according to the means by which members of the organisation comply.

▪ **Coercive power** relies on the use of threats, or physical sanctions or force, for example, controlling the need for food or comfort.

▪ **Remunerative power** involves the manipulation of material resources and rewards, for example, through salaries and wages.

▪ **Normative power** relies on the allocation and the manipulation of symbolic rewards, for
example, esteem and prestige.

Involvement is the degree of commitment by members to the organisation.

▪ **Alienative involvement** occurs where members are involved against their wishes. There is a strong negative orientation towards the organisation.

▪ **Calculative involvement** occurs where attachment to the organisation is motivated by extrinsic rewards. There is either a negative orientation or a low positive orientation towards the organisation.

▪ **Moral involvement** is based on the individual's belief in, and value placed on, the goals of the organisation. There is high positive orientation towards the organisation.

Matching power with involvement

When considered together, nine logical types of organisational relationships and compliance result from this typology (see Figure 17.4). Based on this analysis, Etzioni suggests that a particular kind of power usually goes with a particular kind of involvement:

▪ coercive power with alienative involvement – relationship 1 (typified, for example, by prisons);

▪ remunerative power with calculative involvement – relationship 5 (typified, for example, by business firms);

▪ normative power with moral involvement – relationship 9 (typified, for example, by churches).

The matching of these kinds of power and involvement is congruent with each other and represents the most common form of compliance in organisations. The other six types of organisational relationships are incongruent. Etzioni suggests that organisations with congruent compliance structures will be more effective than organisations with incongruent structures.

Different levels of power

Power can also be viewed in terms of the different levels at which it is constituted. Fincham looks at organisational power in terms of three types or levels of analysis: processual, institutional and organisational.[31]

▪ At the **processual level** power originates in the process of daily interaction. The level of analysis is that of lateral relations between management interest groups and the basis of explanation is strategic. Processual power focuses on the 'micro-politics' of organisational life. It stresses power as negotiation and bargaining, and the 'enactment' of rules and how resources are employed in the power game.

▪ At the **institutional level** managerial power is seen as resting on external social and economic structures that create beliefs about the inevitability of managerial authority. Power is explained as being 'mandated' to the organisation. When managers seek to exercise power they can draw on a set of institutionally produced rules such as cultural beliefs about the right to manage.

▪ The **organisational level** stresses the organisation's own power system and the hierarchy as a means of reproducing power. Dominant beliefs, values and knowledge shape organisational priorities and solutions or reflect the interests of particular groups or functions. Those in authority select others to sustain the existing power structure. Organisational hierarchies transmit power between the institutional interests and the rules and resources governing action.

Organisational sources of power

Pfeffer has identified a number of critical ways in which individuals or groups may acquire power in organisations when viewed as social entities:

▪ **providing resources** – for example money, prestige, legitimacy, rewards and sanctions,and expertise that create a dependency on the part of other people;

▪ **coping with uncertainty** – the ability to permit the rationalisation of organisational activity, for example through standard operating procedures, or to reduce uncertainty or unpredictability;

▪ **being irreplaceable** – having exclusive training, knowledge or expertise that cannot readily be acquired by others, or through the use of or lack of adequate documentation or specialised language and symbols;

▪ **affecting decision processes** – the ability to affect some part of the decision process, for example by the basic values and objectives used in making the decision, or by controlling alternative choices;

▪ **by consensus** – the extent to which individuals share a common perspective, set of values or definition of the situation, or consensus concerning knowledge and technology.32

Motivational need for power and control

Power can be a positive source of motivation for some people (see the discussion on achievement

motivation in Chapter 7). There is often a fine line between the motivation to achieve personal dominance and the use of social power. It has to be acknowledged, however, that there are clearly some managers who positively strive for and enjoy the exercise of power over other people. They seek to maintain absolute control over subordinates and the activities of their department/section, and welcome the feeling of being indispensable. The possession of power is an ultimate ego satisfaction and such managers do not seem unduly concerned if as a result they are unpopular with, or lack the respect of, their colleagues or subordinate staff.

Kirwan-Taylor discusses control freaks who exist in every office and are capable of making everyone's life a misery. Control freaks try to dominate the environment by establishing order on what they perceive as chaos and attempting to control how other people think and behave. At one end of the spectrum are motivated and organised employees and at the other end obsessional, temperamental bullies. Sometimes, however, being a control freak is considered a positive attribute and key to success. Although control freaks function to a high standard, few people can bear to work with them.

THE BALANCE BETWEEN ORDER AND FLEXIBILITY

Stewart refers to the classic dilemma that underlies the nature of control: finding the right balance for present conditions between order and flexibility. This involves the trade-off between trying to improve predictability of people's actions against the desirability of encouraging individual and local responsiveness to changing situations. The organisation may need a 'tight–loose' structure with certain departments or areas of work closely controlled ('tight') while other departments or areas of work should be left fluid and flexible ('loose').[40]

Three main forms of control

According to Stewart, 'control can – and should – be exercised in different ways'. She identifies three main forms of control:

- **Direct control by orders, direct supervision and rules and regulations**. Direct controls may be necessary, and more readily acceptable, in a crisis situation and during training. But in organisations where people expect to participate in decision-making, such forms of control may be unacceptable. Rules and regulations which are not accepted as reasonable, or at least not unreasonable, will offer some people a challenge to use their ingenuity in finding ways round them.
- **Control through standardisation and specialisation**. This is achieved through clear definition of the inputs to a job, the methods to be used and the required outputs. Such bureaucratic control makes clear the parameters within which one can act and paradoxically makes decentralisation easier. Provided the parameters are not unduly restrictive they can increase the sense of freedom. For example, within clearly defined limits which ensure that one retail chain store looks like another, individual managers may have freedom to do the job as they wish.
- **Control through influencing the way that people think about what they should do**. This is often the most effective method of exercising control. It may be achieved through selective recruitment of people who seem likely to share a similar approach, through the training and socialisation of people into thinking the organisation's way, and through peer pressure. Where an organisation has a very strong culture, people who do not fit in, or learn to adapt, are likely to be pushed out, even though they may appear to leave of their own volition.

Stewart also refers to a second, related dilemma of finding the appropriate balance between centralisation, as a means of exercising control, and decentralisation.

BEHAVIOURAL FACTORS IN CONTROL SYSTEMS

We have seen that control systems can help fulfil people's needs at work and their presence may be welcomed by some members of staff. Often, however, control systems are perceived as a threat to the need satisfaction of the individual. Control over behaviour is resented and there is a dislike of those responsible for the operation of the control system. **Control systems provide an interface between human behaviour and the process of management.** Control often provokes an emotional response from those affected by it. It should be recognised, therefore, that the activities of a management control system raise important considerations of the human factor and of the management of people. The effectiveness of management control systems will depend upon both their design and operation, and the attitudes of staff and the way they respond to them. The manner in which control is exercised and the perception of staff will have a significant effect on the level of organisational performance.

Overcoming resistance to management control

Even when control systems are well designed and operated there is often strong resistance, and attempted non-compliance, from those affected by them. Control systems are bound to be viewed with a certain amount of suspicion and possible resentment by members of staff. Therefore, if they are to be successful in leading to improved performance and organisational effectiveness, they require attention to factors that influence human behaviour. No form of control is absolute and organisations can achieve their objectives only through the efforts of their members. There are a number of factors, discussed in other chapters, that can affect the successful implementation of management control systems, including the following.

▪ **Consultation and participation**. If staff are committed personally to particular objectives they are more likely to direct themselves and to exercise self-control over their level of performance. Staff should understand, and accept, the purpose and nature of control systems.

▪ **Motivation**. People are influenced by the expected results of their actions. Motivation is a function of the relationship between effort expended and perceived level of performance, and the expectation that reward will be related to performance. Recognition given for a satisfactory level of attainment coupled with a suitable reward system, as integral parts of control, can do much to motivate staff and encourage improved performance.

▪ **Organisation structure**. The structure of an organisation and its pattern of management can affect the implementation of control systems. Organisations with a mechanistic structure are more readily suited to the operation and implementation of traditional systems of control. In organic structures the effectiveness of control is more dependent upon individual involvement and commitment to the aims of the organisation. Traditional systems of control are therefore less suited to organisations with an organic structure.

▪ **Groups and the informal organisation**. Membership of a harmonious and effective work group can be a source of motivation and job satisfaction. Socialisation can help create a feeling of commitment to the group and reduce the need for formal management control. With the development of autonomous work groups, members have greater freedom and wider discretion over the planning, execution and control of their own work. Informal group 'norms' and peer pressure can be one of the most powerful forms of control. In order to maintain co-operation and commitment of staff the manager must continually review at both the individual and group level the operation of the control system and the progress made in achieving objectives.

▪ **Leadership style and systems of management**. The style of managerial leadership is a function of the manager's attitudes towards people, and assumptions about human nature and behaviour – for example McGregor's Theory X and Theory Y. The central principle of Theory X is direction and control through a centralised system of organisation and the exercise of authority. By contrast, Theory Y is based on the principle of the integration of individual and organisational goals, and the exercise of self-direction and self-control in the service of objectives to which they are committed. The character of control processes is one of the organisational variables identified in Likert's four-fold model of management systems. In System 1 (exploitive authoritative) the major concern with performance of the control function is at the top hierarchical level in the organisation and concentrated in top management. In System 4 (participative group) concern for performance of control functions is spread throughout the organisation, review and control functions are carried out at all levels, and the formal and informal organisation share the same goals.

FINANCIAL AND ACCOUNTING SYSTEMS OF CONTROL

Management control systems are frequently thought of in terms of financial and accounting systems. The reasons for this are easy to understand.

- The stewardship of financial resources is of vital concern to the majority of organisations. In both private enterprise and public sector organisations there is an increasing need to demonstrate value for money expended. Control systems are often geared to highlight easily identifiable performance of sales, costs and profits.
- Organisational aims, objectives and targets are often expressed in financial terms and measured in terms of profitability. Results are measured and reported in financial terms.
- Money is quantifiable and is a precise unit of measurement. It is easily understood, and is often used as a common denominator and as a basis for comparison.
- Financial limits are easy to apply as a measure of control and easy to relate to. For example, the need for control is an integral part of the process of delegation or empowerment. This control may easily be applied where, for example, a manager gives a subordinate the authority, without prior reference, to incur expenditure on certain items up to a given financial cost limit. It is understandable, therefore, that so much attention is given to financial and accounting systems of measurement and control. Managers rely on accurate information systems as a basis of control and this information is frequently expressed in financial terms. However, accounting statements focus on only a limited area of activity. 'Thanks to the need for objectivity, everything in accounting statements is inward looking, concentrating on costs and based on the concept of capital maintenance.'[42]

Strategic control and financial control

Management control, however, embraces far more than just financial or accounting considerations. It is concerned with the whole process of management: with the extent to which organisational aims are achieved and with improvement in performance. Control includes considerations of such factors as production, inventory, quality, judgement, consumer satisfaction, market share, social responsibilities and the human factor and management of people. For example, Goldsmith and Clutterbuck point out that high-performance companies keep their operating businesses in line with a mixture of both strategic and financial control.

Most high-performance companies give strategic control equal or near-equal priority to financial control.

Design and application of systems

In their discussion of the role of accounting systems in organisational control, it is interesting to note the words of Berry, Broadbent and Otley: This wording appears to imply that the accounting system is the arbiter of correct behaviour and that people are to 'blame' for their failure to act in the way imposed by accounting systems (and presumably by the accountants who designed them).

Budgetary control and human behaviour

Accounting control systems such as internal audit, management by exception and budgetary control tend to operate in a negative way and to report only on the unfavourable, or on favourable variances which may have adverse consequences, for example less spent than budgeted. 'Success' for the accounting staff may be equated with the 'failure' of other staff. As a result there is no specific recognition from management. There is only a limited sense of achievement or self-esteem for favourable performance or where no corrective action is required. There is little, if any, positive motivation.

THE CONCEPT OF EMPOWERMENT

Discussion on the balance between order and flexibility, and control versus autonomy, draws attention to the importance of empowerment. Despite the general movement towards less mechanistic structures and the role of managers as facilitators, there appears to be some reluctance especially among top managers to dilute or weaken hierarchical control. A study of major UK businesses suggests that there are mixed reactions to the new wave of management thinking. While the prospect of empowerment can hold attractions for the individual employee, many managers are keen to maintain control over the destiny, roles and responsibilities of others. Beneath the trappings of the facilitate-and-empower philosophy the command-and-control system often lives on.[46] However, in a discussion on modern leadership and management, Gretton makes the point that 'Today's leaders understand that you have to give up control to get results. That's what all the talk of empowerment is about.'

The meaning of empowerment

Empowerment is generally explained in terms of allowing employees greater freedom, autonomy and self-control over their work, and responsibility for decision-making. However, there are differences in the meaning and interpretation of the term. Wilkinson refers to problems with the existing prescriptive literature on empowerment. The term 'empowerment' can be seen as flexible and even elastic, and has been used very loosely by both practitioners and academics. Wilkinson suggests that it is important to see empowerment in a wider context. It needs to be recognised that it has different forms and should be analysed in the context of broader organisational practice.

The concept of empowerment also gives rise to a number of questions and doubts. For example, how does it differ in any meaningful way from other earlier forms of employee involvement? Is the primary concern of empowerment getting the most out of the workforce? Is empowerment just another somewhat more fanciful term for delegation? Some writers see the two as quite separate concepts while other writers suggest empowerment is a more proactive form of delegation.

Empowerment and delegation

Attempting to distinguish clearly between empowerment and delegation is not easy. However, there appears to be general agreement that empowerment describes a management style and the granting of genuine additional power to other members of staff. Empowerment is viewed as the more embracing process. Arguably, it is the process of empowerment that gives rise to the act of delegation. According to Tulgan, for example, 'The key to empowerment is effective delegation; giving individual contributors ownership of tangible results.'[50] At the individual (or personal) level, **delegation** is the process of entrusting authority and responsibility to others throughout the various levels of the organisation. It is the authorisation to undertake activities that would otherwise be carried out by someone in a more senior position. Downsizing and de-layering have arguably limited the opportunities for delegation, although this may be offset by demands for greater flexibility and empowerment. In any event, delegation is still an essential process of management. As Crainer points out, in the age of empowerment, the ability to delegate effectively is critical.

Extreme forms of behaviour

The concept of delegation may appear to be straightforward. However, anyone with experience of a work situation is likely to be aware of the importance of delegation and the consequences of badly managed delegation. Successful delegation is a social skill. Where managers lack this skill, or do not have a sufficient awareness of people-perception, there are two extreme forms of behaviour that can result.

- At one extreme is the almost total lack of meaningful delegation. Subordinate staff are only permitted to operate within closely defined and often routine areas of work, with detailed supervision. Staff are treated as if they are incapable of thinking for themselves and given little or no opportunity to exercise initiative or responsibility.
- At the other extreme there can be an excessive zeal for so-called delegation when a manager leaves subordinates to their own resources, often with only minimal guidance or training, and expects them to take the consequences for their own actions or decisions. These 'super-delegators' misuse the practice of delegation and are often like the Artful Dodger, and somehow contrive not to be around when difficult situations arise. Such a form of behaviour is not delegation; it is an abdication of the manager's responsibility. Either of these two extreme forms of behaviour can be frustrating and potentially stressful for subordinate staff, and unlikely to lead to improved organisational effectiveness. The nature of delegation can have a significant effect on the morale, motivation and work performance of staff. In all but the smallest organisation the only way to get work done effectively is through delegation, but even such an important practice as delegation can be misused or over-applied.

THE MANAGER–SUBORDINATE RELATIONSHIP

Delegation is not just the arbitrary shedding of work. It is not just the issuing and following of orders or carrying out of specified tasks in accordance with detailed instructions. Within the formal structure of the organisation, delegation creates a special manager–subordinate relationship. It is founded on the concept of:

- authority;
- responsibility; and
- accountability (ultimate responsibility).

- **Authority** is the right to take action or make decisions that the manager would otherwise have done. Authority legitimises the exercise of empowerment within the structure and rules of the organisation. It enables the subordinate to issue valid instructions for others to follow.
- **Responsibility** involves an obligation by the subordinate to perform certain duties or make certain decisions and having to accept possible reprimand from the manager for unsatisfactory performance. The meaning of the term 'responsibility' is, however, subject to possible confusion: although delegation embraces both authority and responsibility, effective delegation is not abdication of responsibility.
- **Accountability** is interpreted as meaning ultimate responsibility and cannot be delegated. Managers have to accept 'responsibility' for the control of their staff, for the performance of all duties allocated to their department/section within the structure of the organisation, and for the standard of results achieved. That is, 'the buck stops here'. The manager is in turn responsible to higher management. This is the essence of the nature of the 'dual responsibility' of delegation. The manager is answerable to a superior and cannot shift responsibility back to subordinates. The responsibility of the superior for the acts of subordinates is absolute.In order to help clarify the significance of 'dual responsibility' in delegation, it might be better expressed as:

The subordinate is responsible to the manager for doing the job, while the manager is responsible for seeing that the job gets done. The manager is accountable to a superior for the actions of subordinates.

Authority commensurate with responsibility

Delegation, therefore, embraces both authority and responsibility. It is not practical to delegate one without the other (see Figure 17.5). Responsibility must be supported by authority and by the power to influence the areas of performance for which the subordinate is to be held responsible. Authority can be delegated readily, but many problems of delegation stem from failure to delegate sufficient authority to enable subordinates to fulfil their responsibilities. For example, if a section head is held responsible to a departmental manager for the performance of junior staff but is not empowered (given authority) to influence their selection and appointment, their motivation, the allocation of their duties, their training and development, or their sanctions and rewards, then the section leader can hardly be held responsible for unsatisfactory performance of the junior staff. To hold subordinates responsible for certain areas of performance without also conferring on them the necessary authority within the structure of the organisation to take action and make decisions within the limits of that responsibility is an abuse of delegation.

The manager should accept the blame as the person **accountable** for the performance of the department/section, and obligated to see that the task was completed satisfactorily. It is necessary to maintain the organisational hierarchy and structure of command. Managers should protect and support subordinate staff and accept, personally, any reprimand for unsatisfactory performance. It is then up to managers to sort out things in their own department/section, to counsel members of staff concerned and to review their system of delegation.

BENEFITS OF DELEGATION

It is a principle of delegation that decisions should be made at the lowest level in the organisation compatible with efficiency. It is a question of opportunity cost. If decisions are made at a higher level than necessary they are being made at greater cost than necessary. Delegation is therefore a matter of sound economics as well as good organisation. Properly handled, delegation offers many potential benefits to both managers and staff. Delegation should lead to the optimum use of human resources and improved organisational performance. Studies of successful organisations lend support to the advantages to be gained from effective delegation.[54]

Best use of time

Time is one of the most valuable, but limited, resources and it is important that the manager utilises time to the maximum advantage. Delegation leaves the manager free to make profitable use of time, to concentrate on the more important tasks and to spend more time in managing and less in doing. This should enable the manager to be more accessible for consultation and improve the process of communications.

Training and development

Delegation provides a means of training and development, and of testing the subordinate's suitability for promotion. It can be used as a means of assessing the likely performance of a subordinate at a higher level of authority and responsibility. Delegation thereby helps to avoid the 'Peter Principle' – that is, 'in a hierarchy every employee tends to rise to his level of incompetence' (discussed in Chapter 1). If managers have trained competent subordinates this will not only aid organisational progress but should also enhance their own prospects for further advancement.

Strength of the workforce

Delegation should lead to an improvement in the strength of the workforce. It should give subordinates greater scope for action and opportunities to develop their aptitudes and abilities. Delegation is a form of participation and can lead to improved morale by increasing motivation and job satisfaction. If empowerment focuses attention on 'motivators' or 'growth' factors it can help satisfy the employee's higher-level needs. Delegation creates a climate in which subordinates can become more involved in the planning and decision making processes of the organisation.

REASONS FOR LACK OF DELEGATION

With so many good reasons for delegation, why is it that managers often fail to delegate or do not delegate successfully? Delegation is influenced by the manager's perception of subordinate staff. It is also influenced by the subordinate's perception of the manager's reasons for delegation. Failure to delegate often results from the manager's fear.

- The manager may fear that the subordinate is not capable of doing a sufficiently good job. Also, the manager may fear being blamed for the subordinate's mistakes.
- Conversely, the manager may fear that the subordinate will do too good a job and show the manager in a bad light.

The manager should, of course, remember that the task of management is to get work done through the efforts of other people. If the subordinate does a particularly good job this should reflect favourably on the manager.

Assumptions about human nature

A reluctance to delegate might arise from the manager's belief in, and set of assumptions about, human nature and behaviour (discussed in Chapter 12).[55] The Theory X manager believes that people have an inherent dislike of work, wish to avoid responsibility, and must be coerced, controlled, directed and threatened with punishment in order to achieve results. Such a manager is likely, therefore, to be interested in only limited schemes of delegation, within clearly defined limits and with an easy system of reward and punishment.

The Theory Y manager believes that people find work a natural and rewarding activity, they learn to accept and to seek responsibility, and they will respond positively to opportunities for personal growth and to sympathetic leadership. Such a manager is more likely to be interested in wider schemes of delegation based on consultation with subordinates, and with responsibility willingly accepted out of personal commitment.

THE ART OF DELEGATION

Empowering other people is a matter of judgement and involves the question of discretion. Delegation is not an easy task. It involves behavioural as well as organisational and economic considerations, and it is subject to a number of possible abuses. Effective delegation is a social skill. It requires a clear understanding of people-perception, reliance on other people, confidence and trust, and courage. It is important that the manager knows what to delegate, when and to whom. Matters of policy and disciplinary power, for example, usually rest with the manager and cannot legitimately be delegated.

Training and learning experience

Delegation involves subordinates making decisions. For example, as Guirdham points out: 'A strict separation of manager and subordinate roles sends the message to workers that they are only responsible for what they are specifically told to do. Managers who neglect to, or cannot, delegate are failing to develop the human resources for which they have responsibility.'[59]

Mistakes will inevitably occur and the subordinate will need to be supported by the manager, and protected against unwarranted criticism. The acceptance of ultimate responsibility highlights the educational aspect of the manager's job. The manager should view mistakes as part of the subordinate's training and learning experience, and an opportunity for further development. 'Even if mistakes occur, good managers are judged as much by their ability to manage them as by their successes.'

Individual characteristics

Notwithstanding any other consideration, the extent and nature of delegation will ultimately be affected by the nature of individual characteristics. The ages, ability, training, attitude, motivation and character of the subordinates concerned will, in practice, be major determinants of delegation. An example is where a strong and forceful personality overcomes the lack of formal delegation; or where an inadequate manager is supported by a more competent subordinate who effectively acts as the manager. Failure to delegate successfully to a more knowledgeable subordinate may mean that the subordinate emerges as an informal leader and this could have possible adverse consequences for the manager, and for the organisation. Another example, and potential difficulty, is when a manager is persuaded to delegate increased responsibility to persons in a staff relationship who may have little authority in their own right but are anxious to enhance their power within the organisation.

The need for control

Authority, responsibility and accountability must be kept in parity throughout the organisation. This is essential in order to maintain effective co-ordination and control, and to maintain the chain of command. The manager must remain in control. The manager must be on the lookout for subordinates who are more concerned with personal empire building than with meeting stated organisational objectives and prevent a strong personality exceeding the limits of formal delegation. We have said that delegation creates a special manager–subordinate relationship and this involves both the giving of trust and the retention of control. Control is, therefore, an integral part of the system of delegation. However, control should not be so close as to inhibit the effective operation or benefits of delegation. It is a question of balance.

A SYSTEMATIC APPROACH TO EMPOWERMENT AND DELEGATION

In order to realise the full benefits of empowerment and delegation without loss of control, it is necessary to adopt a planned and systematic approach. Setting up a successful system of delegation involves the manager examining four basic questions.

- What tasks could be performed better by other staff?
- What opportunities are there for staff to learn and develop by undertaking delegated tasks and responsibilities?
- How should the increased responsibilities be implemented and to whom should they be given?
- What forms of monitoring control system would be most appropriate?

In order to set up an effective system of delegation, subordinates should know exactly what is expected of them, what has to be achieved, the boundaries within which they have freedom of action, and how far they can exercise independent decision-making. It is possible to identify six main stages in a planned and systematic approach to delegation.

.■ **Clarification of objectives and suitable patterns of organisation.** Policies and procedures must be established and defined in order to provide a framework for the exercise of authority and the acceptance of responsibility.

■ **Agreement on terms of reference and acceptance of authority and responsibility.** The manager can then negotiate and agree the subordinate's role prescription and terms of reference. Those areas of work in which the subordinate is responsible for achieving results should be identified clearly. Emphasis should generally be placed on end-results rather than a set of detailed instructions.

■ **Guidance, support and training, and patterns of communication.** When subordinates have agreed and accepted the delegation, they should be properly briefed, given guidance and support and any necessary training. They should be advised where, and to whom, they could go for further advice or help.

■ **Effective monitoring and review procedures.** The manager should agree time limits for delegation (such as a target date for completion of a specific task or a specified time period). It is necessary to agree the level and nature of supervision, and to establish a system to monitor progress and provide feedback. **Delegation is not an irrevocable act; it can always be withdrawn.** It is also important to make clear expected levels of achievement and agree on performance standards (wherever practically possible in quantitative terms), and how performance in each area is to be measured and evaluated.

■ **Freedom of action within agreed terms of reference.** The subordinate should then be left alone to get on with the job. One of the most frustrating aspects of delegation is the manager who passes on authority but stays close behind the subordinates' shoulders keeping a constant watch over their actions. This is contrary to the nature of delegation. The true nature of successful delegation means that the subordinate is given freedom of action within the boundaries established and agreed in the previous stages.

■ **Related reward system.** Wherever possible, the process of delegation should be related to some form of associated 'reward' system. Examples could include bonus payments, improved job satisfaction, reduction of work stress and enhanced opportunities for promotion or personal development, including further delegation. A planned and systematic approach means that effective delegation can be achieved within the formal structure of the organisation and without loss of control. It is important, however, to make sure that subordinates accept the extent of, and any restrictions on, the authority and responsibility delegated to them. Subordinates should feel a sense of commitment to their new tasks or assignments and should feel free to discuss any doubts or concerns.

Potential benefits of empowerment

Empowerment makes greater use of the knowledge, skills and abilities of the workforce; it encourages teamworking; and if there is meaningful participation, it can aid the successful implementation of change programmes.[67] Wall and Wood suggest that although few manufacturing companies empower their staff, research shows that empowerment can be one of the most effective tools in raising both productivity and profit.

Empowerment improves performance because of the opportunities empowerment provides for them to do their work more effectively. It develops an individual's knowledge so they take a broader and more proactive orientation towards their job and are more willing to suggest new ways of doing things and to engage in meaningful teamworking.[68] Findings from a Whitehall II study of over 10,000 civil servants on work-related stress suggests that giving people more control over their jobs can greatly benefit their health.

REVIEW QUESTION

1. What are the elements of an organisational control system?
2. Describe forms of control and strategies of control in organisations.
3. What are the characteristics of an effective control system?
4. Discuss the relationship between power and management control.
5. Describe the different levels of power.
6. What are motivational need for power and control?
7. What should be the balance between order and flexibility?
8. What are behavioural factors in control systems?
9. Describe financial and accounting systems of control.
10. What is the concept of empowerment? What are the benefits of delegation
11. What are reasons for lack of delegation? Discuss the art of delegation.

FURTHER READINGS

1. Managing Organizational Behavior-Ronald R. Sims
2. Current Topics in Organizational Behavior Management-Phillip K. Duncan
3. Organizational Behavior-O. Jeff Harris, Sandra J. Hartman
4. Organizational Behavior- K.C.S. Ranganayakulu
5. Organizational Behavior- G. A. Cole

IMPORTANT NOTES

UNIT-14 ORGANISATION CULTURE AND CHANGE

CONTENTS

INTRODUCTION

Organisation development (OD) is a generic term embracing a wide range of loosely defined intervention strategies into the social processes of an organisation. These intervention strategies are aimed at the development of individuals, groups and the organisation as a total system. In a very general sense, OD is concerned with attempts to improve the overall performance and effectiveness of an organisation. Essentially, it is an applied behavioural science approach to planned change and development of an organisation. A goal of OD can be seen as the transformation of an organisation into a learning organisation, discussed in Chapter 20.

The broad nature of OD means that many interrelated topics could be included under this heading or 'label'. Given the importance of people, topics that are normally included under the heading of organisational behaviour can also be seen as relevant to the study of OD. However, the emphasis of OD is more on the development of the organisation than the actual processes of organisation and management. **Organisational culture and organisation change are two major topics that are central and critical features of OD**.

Organisation culture

■ a focus on culture and processes with specific encouragement of collaboration between leaders and members;

■ a focus on the human and social side of the organisation, the importance of teams of all kinds, and participation and involvement in problem-solving and decision-making;

■ a focus on total system change with organisations viewed as complex social systems;

■ OD practitioners as facilitators, collaborators and co-learners with the overarching goal to make the client able to solve problems on their own;

▪ a reliance on an action research model and the adoption of a developmental view that seeks betterment of both individuals and the organisation.[2]

Organisation change

The relationship between OD and change is emphasised by Hamlin, Keep and Ash, who maintain that 'For organisations that do manage change effectively, change itself becomes the driving force that perpetuates future success and growth. In these organisations, every change becomes welcomed as an opportunity for increasing efficiency and building new organisational success.'

According to Church, OD ought to be about large-scale organisational change that is based on people's perceptions and behaviours – human data.

The implementation of OD

In order to bring about effective change, OD makes use of a number of approaches – often referred to as **intervention strategies** – including survey research and feedback, T-groups, team building and grid training.

▪ **Survey research and feedback** involves the use of questionnaire surveys to help determine the attitudes of members to the functioning of the organisation. Results of the surveys are fed back to top management and then to work groups for interpretation and analysis. Group members participate in discussions on the implications of the information, the diagnosis of problems and the development of action plans to help overcome the problems identified.

▪ **T-groups (or sensitivity training)** involve small, unstructured, face-to-face groupings who meet without a planned agenda or set activities. Training is intended to concentrate on process rather than content: that is, on the feeling level of communication rather than the informational value of communication. With the guidance of the trainers, participants' patterns of behaviour become the focus of attention for the group. The objectives are usually to increase participants' sensitivity to the emotional reactions in themselves and others, their diagnostic ability, and their behavioural flexibility and effectiveness. (T-groups are discussed in Chapter 9.)

▪ **Team building** is the process of diagnosing task procedures and patterns of human interaction within a work group. The basic objective is to improve the overall performance of the organisation through improvements in the effectiveness of teams. Attention is focused on work procedures and interpersonal relationships, and especially the role of the leader in relation to other members of the group.

▪ **Grid training** is a development from the Blake and Mouton Managerial Grid® approach (discussed in Chapter 12). An implied goal of grid training is that changes are aimed at attaining a 9,9 orientation (maximum concern for both production and people) on the Grid.[5]

There are, however, a number of other possible intervention strategies. Naylor refers also to the following 'OD techniques':

▪ **role analysis** – the systematic clarification of roles and allocation of them among group members;

■ **life and career planning** – people are encouraged to develop and express personal goals with strategies for integrating these goals with those of the organisation;

■ **quality of work life** – links between quality of work life and career planning, and a philosophy of improving the climate in which work occurs; and

■ **counselling** – to help individuals better understand what it is like to work with them and, through this, assist them to attain their goals.[6]

A pluralistic approach

No two organisations are the same. Each organisation has its own types of problems and most appropriate remedies. OD is action-oriented and tailored to suit specific needs. It takes a number of forms with varying levels of intervention. OD concerns itself with the examination of organisational health and the implementation of planned change. This may include training in interpersonal skills, sensitivity training, and methods and techniques relating to motivational processes, patterns of communication, styles of leadership and managerial behaviour.

Although an OD programme is legitimised by the formal system, it focuses on both the formal and the informal system. The initial intervention strategy is usually through the informal system, which includes feelings, informal actions and interactions, group norms and values, and forms part of the culture of an organisation. In Chapter 1, it was suggested that the term ‘organisational behaviour’ is a misnomer. The same caveat also applies to the term ‘organisation development’. An organisation is made up of people. When we talk about organisation development it is important to emphasise a pluralistic approach and remember that, in practice, we are referring to the development and performance of those individuals and groups of people who comprise the organisations.

ORGANISATIONAL CULTURE

Although most of us will understand in our own minds what is meant by **organisational culture**, it is a general concept with many different meanings and difficult to define or explain precisely. The concept of culture has developed from anthropology. Although people may not be aware consciously of culture, it still has a pervasive influence over their behaviour and actions. There is, however, no consensus on its meaning or its applications to the analysis of work organisations.[8] Furthermore, there is sometimes confusion over the difference between the interpretation of organisational culture and organisational climate (discussed later in this chapter). A popular and simple way of defining culture is ‘how things are done around here’. For example, Atkinson explains organisational culture as reflecting the underlying assumptions about the way work is performed; what is ‘acceptable and not acceptable’; and what behaviour and actions are encouraged and discouraged. A more detailed definition is:

The collection of traditions, values, policies, beliefs, and attitudes that constitute a pervasive context for everything we do and think in an organisation.

System of management authority

Cartwright sees culture as a system of management authority. When accepted by employees, cultural values increase the power and authority of management in three ways. Employees

- identify themselves with their organisation and accept its rules when 'it is the right thing to do';
- internalise the organisation's values when they believe they are right; and
- are motivated to achieve the organisation's objectives.

Levels of culture

Schein suggests a view of organisational culture based on distinguishing three levels of culture, from the shallowest to the deepest: artefacts and creations; values; and basic assumptions.

- **Level 1: Artefacts**. The most visible level of the culture is artefacts and creations – the constructed physical and social environment. This includes physical space and layout, the technological output, written and spoken language and the overt behaviour of group members.
- **Level 2: Espoused values**. Cultural learning reflects someone's original values. Solutions about how to deal with a new task, issue or problem are based on convictions of reality. If the solution works, the value can transform into a belief. Values and beliefs become part of the conceptual process by which group members justify actions and behaviour.
- **Level 3: Basic underlying assumptions**. When a solution to a problem works repeatedly it comes to be taken for granted. Basic assumptions are unconsciously held learned responses. They are implicit assumptions that actually guide behaviour and determine how group members perceive, think and feel about things. Schein suggests that the basic assumptions are treated as the essence – what culture really is – and values and behaviours are treated as observed manifestations of the culture essence.

TYPES OF ORGANISATIONAL CULTURE

There are a number of ways to classify different types of organisational culture. Developing the ideas of Harrison,[15] Handy describes four main types of organisational cultures: power culture; role culture; task culture; and person culture.

- **Power culture** depends on a central power source with rays of influence from the central figure throughout the organisation. A power culture is frequently found in small entrepreneurial organisations and relies on trust, empathy and personal communications for its effectiveness. Control is exercised from the centre by the selection of key individuals. There are few rules and procedures, and little bureaucracy. It is a political organisation with decisions taken largely on the balance of influence.
- **Role culture** is often stereotyped as a bureaucracy and works by logic and rationality. Role culture rests on the strength of strong organisational 'pillars' – the functions of specialists in, for example, finance, purchasing and production. The work of, and interaction between, the pillars is controlled by procedures and rules, and co-ordinated by the pediment of a small band of senior managers. Role or job description is often more important than the individual, and position is the main source of power.

- **Task culture** is job-oriented or project-oriented. In terms of structure the task culture can be likened to a net, some strands of which are stronger than others, and with much of the power and influence at the interstices. An example is the matrix organisation. Task culture seeks to bring together the right resources and people, and utilises the unifying power of the group. Influence is widely spread and based more on expert power than on position or personal power.
- **Person culture** is where the individual is the central focus and any structure exists to serve the individuals within it. When a group of people decide that it is in their own interests to band together to do their own thing and share office space, equipment or clerical assistance, then the resulting organisation would have a person culture. Examples are groups of barristers, architects, doctors or consultants. Although it is found in only a few organisations, many individuals have a preference for person culture, for example university professors and specialists. Management hierarchies and control mechanisms are possible only by mutual consent. Individuals have almost complete autonomy and any influence over them is likely to be on the basis of personal power.

Every organisation will have its own unique culture and most large businesses are likely to be something of a mix of cultures with examples for each of the four types in varying areas of the organisation. Different people enjoy working in different types of organisation culture and they are more likely to be happy and satisfied at work if their attributes and personalities are consistent with the culture of that part of the organisation in which they are employed.

Four generic types of culture

From an examination of hundreds of business organisations and their environments, Deal and Kennedy categorise corporate cultures according to two determining factors in the marketplace:

- the degree of risk associated with the organisation’s activities; and
- the speed at which organisations and their employees receive feedback on the success of decisions or strategies.

These factors give rise to four generic types of culture: the tough-guy, macho culture; the work-hard/play-hard culture; the bet-your-company culture; and the process culture.

- **Tough-guy, macho culture** – an organisation of individualists who frequently take high risks and receive quick feedback on the right or wrong of their actions. Examples cited include police departments, surgeons, construction, cosmetics, management consulting and the entertainment industry. Financial stakes are high and there is a focus on speed.

The intense pressure and frenetic pace often results in early ‘burn-out’. Internal competition and conflict are normal, stars are temperamental but tolerated. A high staff turnover can create difficulties in building a strong cohesive culture.

- **Work-hard/play-hard culture** – characterised by fun and action where employees take few risks, all with quick feedback. There is a high level of relatively low-risk activity. Examples include sales organisations such as estate agents and computer companies, mass consumer companies such as McDonald’s, office equipment manufacturers and retail stores. Organisations tend to be highly dynamic and the primary value centres on customers and their needs. It is the team who produce the volume, and the culture encourages games, meetings, promotions and conventions to help maintain motivation. However, although a lot gets done, volume can be at the expense of quality.

▪ **Bet-your-company culture** – where there are large-stake decisions with a high risk but slow feedback so that it may be years before employees know if decisions were successful. Examples include oil companies, investment banks, architectural firms and the military. The focus is on the future and the importance of investing in it. There is a sense of deliberateness throughout the organisation typified by the ritual of the business meeting. There is a hierarchical system of authority with decision-making from the top down. The culture leads to high-quality inventions and scientific breakthroughs, but moves only very slowly and is vulnerable to short-term fluctuations.

▪ **Process culture** – a low-risk, slow-feedback culture where employees find difficulty in measuring what they do. Typical examples include banks, insurance companies, financial services and the civil service. The individual financial stakes are low and employees get very little feedback on their effectiveness. Their memos and reports seem to disappear into a void. Lack of feedback forces employees to focus on how they do something, not what they do. People tend to develop a 'cover your back' mentality. Bureaucracy results with attention to trivial events, minor detail, formality and technical perfection. Process cultures can be effective when there is a need for order and predictability. Note, however that in a subsequent publication, Deal and Kennedy suggest revisions to the original typology. For example, under process cultures, banks might not yet fit into the work-hard/play-hard culture but have evolved more into sales-type organisations.[18]

THE IMPORTANCE OF CULTURE

Applications of organisational behaviour and the effective management of human resources are dependent not only upon the nature of the industry or business, but also upon the characteristic features of the individual organisation – and its culture. The pervasive nature of culture in terms of 'how things are done around here' and common values, beliefs and attitudes will therefore have a significant effect on organisational processes such as decision making, design of structure, group behaviour, work organisation, motivation and job satisfaction, and management control. For example, many managers claim that their organisation's culture contributes considerably to their stress. Harrison and Stokes maintain that organisational culture influences the behaviour of all individuals and groups within the organisation.

Culture impacts most aspects of organizational life, such as how decisions are made, who makes them, how rewards are distributed, who is promoted, how people are treated, how the organization responds to its environment, and so on.

A similar point is made by Reigle, who refers to culture as an important factor in successful technology implementation, innovation, mergers, acquisitions, job satisfaction, organisational success and team effectiveness, and to the importance of determining whether organisations exhibit organic or mechanistic cultures.[31]

Culture and organisation control

Egan refers to culture as the largest organisational control system that dictates how crazy or idiosyncratic people can be. Companies and institutions have both an overt and covert culture that influences both business and organisational behaviour.

Culture and work ethic

Culture can influence people's attitudes and behaviour at work. For example a report from the Chartered Management Institute found that one in three managers felt that in their organisation there was a culture of not taking time off for sickness and nearly half felt they would not be treated sympathetically if they took sick leave.[34] Bunting draws attention to the link between work ethic (discussed in Chapter 1) and culture, and the extent to which people have a choice over how hard they work. Although some people have no choice, for the vast majority of people there is a degree of choice but the choices are not made in isolation:

Culture in short-life organisations

The importance of culture raises interesting questions relating to its nature and influence in 'short-life' organisations – that is, organisations created to run for only a short period of time such as arts festivals or national garden festivals. For example, how does culture develop when the organisation has little or no prior history, has short-term goals and objectives and has only limited time for top management to exercise influence? How do managers in such organisations attempt to inculcate culture? From a study of Garden Festival Wales, Meudell and Gadd found that success in creating a culture occurred as a direct result of their recruitment and training initiatives. However, it is not only culture but climate that is important for organisational effectiveness.

Culture and organisational performance

Culture is clearly an important ingredient of effective organisational performance. In commenting, in a study of Europe's top companies, on Heineken's superiority in world markets, Heller makes the point that it rests in part on its remarkable corporate culture:

In their original study of highly successful companies, Goldsmith and Clutterbuck identified eight characteristics built into the day-to-day culture of the organisation. From their subsequent study of the world's top companies, it appears that a key characteristic of high performing companies is a challenge culture. All the companies are very demanding of the people who work for them but this is balanced by a nurturing culture that shows that they also care for their employees in numerous ways.

Use of managerial tools

Chatman and Cha suggest that every company has a culture – good or bad. However, there is more to a good culture than happy staff. In order to aid long-term performance, there are three main criteria needed to develop a suitable culture:

- it must be strategically relevant;
- it needs to be strong in order that people care about what is important; and

▪ the culture must have an intrinsic ability to adapt to changing circumstances.

In order that leaders can develop, manage and change their culture for better performance, Chatman and Cha refer to the use of three managerial tools:

▪ **Recruitment and selection** – hire people who fit the company's culture even if this may involve overlooking some technical skills for a better cultural fit. Look carefully at the characteristics of your recruiters and consider your selection decision in the light of culture.

▪ **Social tools and training** – develop practices that enable new people to understand the values, abilities, expected behaviour and social knowledge in order to participate fully as an employee, and to create strong bonds among members.

▪ **Reward system** – culture is an organisation's informal reward system but it needs to be intricately connected to formal rewards. Examples include staff meetings where the seating arrangement is in accordance with level of sales, name badges that include inventory losses, and payments of large commissions in front of customers and other staff.

ORGANISATIONAL CLIMATE

In addition to arrangements for the carrying out of organisational processes, management has a responsibility for creating a climate in which people are motivated to work willingly and effectively. **Organisational climate** is another general concept and difficult to define precisely. It is more something that is felt. It can be likened to our description of the weather and the way in which the climate of a geographical region results from the combination of environmental forces. Some of these forces are better understood than others. In a similar way that culture was defined simply as 'how things are done around here', climate can be defined as 'how it feels to work around here'.

Applied to organisations, **climate** can be said to relate to the prevailing atmosphere surrounding the organisation, to the level of morale, and to the strength of feelings of belonging, care and goodwill among members. Climate will influence the attitudes that members of the organisation bring to bear on their work performance and personal relationships. The extent to which employees accept the culture of the organisation will have a significant effect on climate. Whereas organisational culture describes what the organisation is about, organisational climate is an indication of the employees' feelings and beliefs of what the organisation is about. Climate is based on the perceptions of members towards the organisation.

Characteristics of a healthy organisational climate

Organisational climate is characterised, therefore, by the nature of the people–organisation relationship and the superior–subordinate relationship. These relationships are determined by interactions among goals and objectives, formal structure, the process of management, styles of leadership and the behaviour of people. Although similar types of organisations will share certain common features and norms, each organisation will have its own different and distinctive features. In general terms, however, a healthy organisational climate might be expected to exhibit such characteristic features as:

- the integration of organisational goals and personal goals;
- the most appropriate organisation structure based on the demands of the socio-technical system;
- democratic functioning of the organisation with full opportunities for participation;
- justice in treatment with equitable HRM and employment relations policies and practices;
- mutual trust, consideration and support among different levels of the organisation;
- the open discussion of conflict with an attempt to avoid confrontation;
- managerial behaviour and styles of leadership appropriate to the particular work situations;
- acceptance of the psychological contract between the individual and the organisation;
- recognition of people's needs and expectations at work, and individual differences and attributes;
- concern for flexibility and the work/life balance;
- opportunities for personal development and career progression;
- a sense of identity with, and loyalty to, the organisation and a feeling of being a valued and important member.

Climate and organisational performance

If organisational climate is to be improved, then attention should be given to the above features. A healthy climate will not by itself guarantee improved organisational effectiveness. However, an organisation is most unlikely to attain optimum operational performance unless the climate evokes a spirit of support and co-operation throughout the organisation, and is conducive to motivating members to work willingly and effectively. Gray maintains from his research to have found a clear correlation between successful workplace outcomes and a range of climate characteristics and that a climate conducive to successful outcomes also tends to be conducive to individual happiness. The climate of an organisation has a significant impact on the quality and quantity of work that gets done and on the well-being of employees.[52]

EMPLOYEE COMMITMENT

Among the factors that contribute to a healthy organisational climate is the extent to which members of staff have a sense of commitment to the organisation. The extent of their commitment will have a major influence on the level of work performance. The concept of **employee commitment** itself, and the manner in which it is actually created, is not easy to describe. There does, however, appear to be a growing acceptance of the notion of **engagement** or attachment and loyalty. O'Reilly refers to the term 'organizational commitment' as 'typically conceived of as an individual's psychological bond to the organization, including a sense of job involvement, loyalty, and a belief in the values of the organization'. People clearly differ in what motivates them and what they are seeking from work. But unless people feel fully engaged with the organisation they will not be intellectually and emotionally committed or motivated to give willingly of their best. Walton suggests that a significant change in approaches to the organisation and management of work is from organisational control to commitment in the workplace. The evidence is well grounded that underlying all the policies of commitment strategy is a management philosophy at the centre of which 'is a belief that eliciting employee commitment will lead to enhanced performance'.

Underlying influences

In addition to the above, there are a number of underlying influences on the extent of employees' commitment to the organisation.

- People differ in their **work ethic** and the manner of their involvement with, and concern for, work and the extent to which they have an instrumental, bureaucratic or solidaristic orientation. Some people may well have a set attitude to work, whatever the nature of the work environment.
- People's behaviour and the level of their commitment is also influenced by the nature of the **psychological contract** and the degree to which it is perceived as fair by both the individual and the organisation.
- In terms of their relationship with the work organisation, employees may reasonably have the approach of 'what's in it for me?'. An important influence on the strength of commitment is the **nature of the reward system** and the satisfaction of needs and expectations at work in terms of economic rewards, intrinsic satisfaction or social relationships (see Chapter 7).

THE NATURE OF ORGANISATIONAL CHANGE

Change is an inevitable and constant feature. It is an inescapable part of both social and organisational life and we are all subject to continual change of one form or another.

Like it or not, change happens. Change is also a pervasive influence and much of the following discussion provides links with other topics in other chapters. The effects of change can be studied over different time scales, from weeks to hundreds of years, and studied at different levels. Change can be studied in terms of its effects at the individual, group, organisation, society, national or international level. However, because of its pervasive nature, change at any one level is interrelated with changes at other levels, and it is difficult to study one area of change in isolation. At the individual level there could for example, be a **personal transformational change** where circumstances have not changed but because of some emotional or spiritual happening the individual was transformed or changed. This transformation may have some effect on their behaviour and actions at work and relationships with colleagues. But our main focus of attention is on the management of organisational change. Organisational change can be initiated deliberately by managers, it can evolve slowly within a department, it can be imposed by specific changes in policy or procedures or it can arise through external pressures. Change can affect all aspects of the operation and functioning of the organisation.

The forces of change

An organisation can perform effectively only through interactions with the broader external environment of which it is part. The structure and functioning of the organisation must reflect, therefore, the nature of the environment in which it is operating. There are factors which create an increasingly volatile environment, such as:

- uncertain economic conditions;
- globalisation and fierce world competition;
- the level of government intervention;
- European Union social legislation;
- political interests;
- scarcity of natural resources;
- rapid developments in new technologies and the information age.

In order to help ensure its survival and future success the organisation must be readily adaptable to the external demands placed upon it. The organisation must be responsive to change. Other major forces of change include:

- increased demands for quality and high levels of customer service and satisfaction
- greater flexibility in the structure of work organisations and patterns of management;
- the changing nature and composition of the workforce; and
- conflict from within the organisation.

According to a survey from the Management Consultancies Association, four interrelated forces are driving change, each of which brings organisations and individuals into conflict:

1 outsourcing and the continual redefinition of what constitutes an organisation's core business;

2 the distribution of work across different people, organisations and locations, and the extent to which this makes work fragmented;

3 changing demographics and expectations that create an employees', rather than employers', market;

4 the double-edged sword of technology, which enables people to do more but tempts organisations to do too much.[60]

Change within the organisation

Change also originates within the organisation itself. Much of this change is part of a natural process of ageing – for example, as material resources such as buildings, equipment or machinery deteriorate or lose efficiency; or as human resources get older, or as skills and abilities become outdated. Some of this change can be managed through careful planning

PLANNED ORGANISATIONAL CHANGE

Most planned organisational change is triggered by the need to respond to new challenges or opportunities presented by the external environment, or in anticipation of the need to cope with potential future problems, for example, uncertain economic conditions, intended government legislation, new product development by a major competitor or further technological advances. Planned change represents an intentional attempt to improve, in some important way, the operational effectiveness of the organisation. The basic underlying objectives can be seen in general terms as:

- modifying the behavioural patterns of members of the organisation; and
- improving the ability of the organisation to cope with changes in its environment.

■ a general sense that the organisation could perform better;
■ the need to improve organisation flexibility, quality or to develop new customer concern;
■ a sense that skills and abilities of people are under-utilised or concerns about a lack of
commitment from employees;
■ the need to introduce changes in technology or working practices;
■ workers feeling over-controlled by supervision or by the process or jobs seen as being boring;
■ concerns about ineffective communications or poor performance indicators;
■ fractious relationships between managers and the managed.[63]

RESISTANCE TO CHANGE

Despite the potential positive outcomes, change is often resisted at both the individual and the organisational level. Resistance to change – or the thought of the implications of the change – appears to be a common phenomenon. As long ago as 1970, Toffler wrote about the psychological dimension of 'future shock', and that people are naturally wary of change. 'Among many there is an uneasy mood – a suspicion that change is out of control.'[70] Resistance to change can take many forms and it is often difficult to pinpoint the exact reasons. The forces against change in work organisations include: ignoring the needs and expectations of members; when members have insufficient information about the nature of the change; or if they do not perceive the need for change. Fears may be expressed over such matters as employment levels and job security, de-skilling of work, loss of job satisfaction, wage rate differentials, changes to social structures and working conditions, loss of individual control over work, and greater management control.

Individual resistance

Some common reasons for individual resistance to change within organisations include the following:

■ **Selective perception**. People's interpretation of stimuli presents a unique picture or image of the 'real' world and can result in selective perception. This can lead to a biased view of a particular situation, which fits most comfortably into a person's own perception of reality, and can cause resistance to change. For example, trade unionists may have a stereotyped view of management as untrustworthy and therefore oppose any management change, however well founded might have been the intention. Managers exposed to different theories or ideas may tend to categorise these as either those they already practise and have no need to worry about or those that are of no practical value and which can be discarded as of no concern to them.

■ **Habit**. People tend to respond to situations in an established and accustomed manner. Habits may serve as a means of comfort and security, and as a guide for easy decision making. Proposed changes to habits, especially if the habits are well established and require little effort, may well be resisted. However, if there is a clearly perceived advantage, for example a reduction in working hours without loss of pay, there is likely to be less, if any, resistance to the change, although some people may, because of habit, still find it difficult to adjust to the new times.

■ **Inconvenience or loss of freedom**. If the change is seen as likely to prove inconvenient, make life more difficult, reduce freedom of action or result in increased control, there will be resistance.

■ **Economic implications**. People are likely to resist change that is perceived as reducing either directly or indirectly their pay or other rewards, requiring an increase in work for the same level of pay or acting as a threat to their job security. People tend to have established patterns of working and a vested interest in maintaining the status quo.

■ **Security in the past**. There is a tendency for some people to find a sense of security in the past. In times of frustration or difficulty, or when faced with new or unfamiliar ideas or methods, people may reflect on the past. There is a wish to retain old and comfortable ways. For example, in bureaucratic organisations, officials often tend to place faith in well established ('tried and trusted') procedures and cling to these as giving a feeling of security.

■ **Fear of the unknown**. Changes which confront people with the unknown tend to cause anxiety or fear. Many major changes in a work organisation present a degree of uncertainty, for example the introduction of new technology or methods of working. A person may resist promotion because of uncertainty over changes in responsibilities or the increased social demands of the higher position.

Organisational resistance

Although organisations have to adapt to their environment, they tend to feel comfortable operating within the structure, policies and procedures which have been formulated to deal with a range of present situations. To ensure operational effectiveness, organisations often set up defences against change and prefer to concentrate on the routine things they perform well. Some of the main reasons for organisational resistance against change are as follows.

■ **Organisation culture**. Recall that the culture of an organisation develops over time and may not be easy to change. The pervasive nature of culture in terms of 'how things are done around here' also has a significant effect on organisational processes and the behaviour of staff. An ineffective culture may result in a lack of flexibility for, or acceptance of, change.

■ **Maintaining stability**. Organisations, especially large-scale ones, pay much attention to maintaining stability and predictability. The need for formal organisation structure and the division of work, narrow definitions of assigned duties and responsibilities, established rules, procedures and methods of work, can result in resistance to change. The more mechanistic or bureaucratic the structure, the less likely it is that the organisation will be responsive to change.

■ **Investment in resources**. Change often requires large resources that may already be committed to investments in other areas or strategies. Assets such as buildings, technology, equipment and people cannot easily be altered. For example, a car manufacturer may not find it easy to change to a socio-technical approach and the use of autonomous work groups because it cannot afford the cost of a new purpose-built plant and specialised equipment.

■ **Past contracts or agreements**. Organisations enter into contracts or agreements with other parties, such as the government, other organisations, trade unions, suppliers and customers. These contracts and agreements can limit changes in behaviour – for example, organisations operating under a special licence or permit, or a fixed-price contract to supply goods/services to a government agency. Another example might be an agreement with unions that limits the opportunity to introduce compulsory redundancies, or the introduction of certain new technology or working practices.

■ **Threats to power or influence.** Change may be seen as a threat to the power or influence of certain groups within the organisation, such as their control over decisions, resources or information. For example, managers may resist the introduction of quality circles or worker-directors because they see this as increasing the role and influence of non-managerial staff, and a threat to the power in their own positions. Where a group of people have, over a period of time, established what they perceive as their 'territorial rights', they are likely to resist change.

Perceptions and change

Although change is often resisted, Cunningham maintains that one of the greatest myths in management is the generalisation that people resist change. In fact people love change. The commonest reason for resistance is where people perceive a potential loss. For example, because of negative rumour-mongering, people may perceive that they will be worse off from a proposed change even if the opposite is in fact true. In a different context, changes that result, for example, in the loss of one's job, can create real, fact-based resistance. While people welcome change that they want, they have to be careful about the pace of change. In a more general context people may be enthusiastic for change, for example in large organisations where some people want to see changes and improvements in communication.

THE MANAGEMENT OF ORGANISATIONAL CHANGE

The successful management of change is clearly essential for continued economic performance and competitiveness and is the life-blood of business success. New ideas and innovations should not be perceived as threats by members of the organisation. The efforts made by management to maintain the balance of the socio-technical system will influence people's attitudes, the behaviour of individuals and groups, and thereby the level of organisational performance and effectiveness.

Stewart is among those writers who point out how changes in technology and in domestic government policies have had a radical impact on managers in many companies and in public service organisations.

Organisational responses to change

Christensen and Overdorf suggest a framework to help managers understand what types of change the organisation is capable and incapable of handling. They identify three factors that affect organisational responses to different types of change and what an organisation can and cannot do:

■ **resources** – access to abundant, high-quality resources increases an organisation's chances of coping with change;

■ **processes** – the patterns of interaction, co-ordination, communication and decision making employees use to transform resources into products and services. Processes may be formal and explicitly defined and documented, or informal and routines or ways of working that evolve over time;

■ **values** – the standards by which employees set priorities that enable them to judge whether an order is attractive, whether a customer is more or less important, whether an idea for a new product is attractive or marginal.

■ create organisational structures within corporate boundaries in which new processes can be developed;

■ spin out an independent organisation from the existing organisation and develop new processes and values;

■ acquire a different organisation whose processes and values match closely the new requirements.[74]

Actions to secure effective change

Many books and articles refer to the steps or actions to be taken to secure successful and sustainable change.[75] For example, Kotter and Cohen list the following eight steps for successful large-scale change:

1 Create a sense of urgency among relevant people, whatever the nature or size of the organisation.

2 Build a guiding team with the credibility, skills, connections, reputations and formal authority to provide change leadership.

3 Create visions which are sensible, clear and uplifting, and sets of strategies.

4 Communicate the vision and strategy in order to induce understanding and commitment.

5 Empower action and remove obstacles that stop people acting on the vision.

6 Produce short-term wins that help to provide credibility, resources and momentum to the overall effort.

7 Don't let up but maintain the momentum, consolidate early changes and create wave after wave of change.

8 Make change stick by nurturing a new culture, and developing group norms of behaviour
and shared values.[76]

Change and the environment

Newton points out that change takes many forms and, typically, organisations are undertaking many changes in parallel all the time. Newton provides a variety of optional guidance to help review the nature of change being made and the environment in which one is working.

Minimising the problems of change

Activities managed on the basis of technical efficiency alone are unlikely to lead to optimum improvement in organisational performance. A major source of resistance to change arises from the need of organisations to adapt to new technological developments. The following discussion on how to minimise the problem of change centres on the example of the impact of information technology. The general principles, however, apply equally to the management of change arising from other factors.

▪ **An important priority is to create an environment of trust and shared commitment, and to involve staff in decisions and actions that affect them**. It is important that members of staff understand fully the reasons for change. Organisations should try to avoid change for the sake of change as this can both be disruptive and lead to mistrust. However, considerations of the need to change arising from advances in information technology simply cannot be ignored.

▪ **There should be full and genuine participation of all staff concerned as early as possible, preferably well before the actual introduction of new equipment or systems**. Information about proposed change, its implications and potential benefits should be communicated clearly to all interested parties. Staff should be actively encouraged to contribute their own ideas, suggestions and experiences, and to voice openly their worries or concerns.

▪ **Team management, a co-operative spirit among staff and unions and a genuine feeling of shared involvement will help create a greater willingness to accept change**. A participative style of managerial behaviour that encourages supportive relationships between managers and subordinates, and group methods of organisation, decision making and supervision, are more likely to lead to a sustained improvement in work performance. There is an assumption that most people will direct and control themselves more willingly if they share in the setting of their objectives.

▪ **As part of the pre-planning for new technology there should be a carefully designed 'human resource management action programme'**. The action programme should be directed to a review of recruitment and selection, natural wastage of staff, potential for training, retraining and the development of new skills, and other strategies to reduce the possible level of redundancies or other harmful effects on staff. Where appropriate, arrangements for greater flexibility or a shorter working week, and redeployment of staff, should be developed in full consultation with those concerned.

▪ **The introduction of incentive payment schemes may help in motivating staff by an equitable allocation of savings which result from new technology and more efficient methods of work**. Incentive schemes may be on an individual basis, with bonuses payable to each member of staff according to effort and performance; or on a group basis, where bonuses are paid to staff in relation to the performance of the group as a whole. By accepting changes in work methods and practices, staff share in the economic benefits gained from the improved efficiency of information technology and automated systems.

▪ **Changes to the work organisation must maintain the balance of the socio-technical system.** Increased technology and automation may result in jobs becoming more repetitive and boring, and providing only a limited challenge and satisfaction to staff. It is important, therefore, to attempt to improve the quality of work, to remove frustration and stress from jobs, and to make them more responsible and interesting. Actual working arrangements rely heavily on the informal organisation and effective teamwork and can have a significant influence on the successful implementation of change.

- **Careful attention should be given to job design, methods of work organisation, the development of cohesive groups, and relationships between the nature and content of jobs and their task functions**. The introduction of new technology has also highlighted the need to give attention to the wider organisational context including the design of technology itself, broader approaches to improved job design, employee involvement and empowerment, the development of skills and problem-solving capacity, and the effective management of change. (The subject of technology and organisations is discussed more fully in Chapter 16.)

Style of managerial behaviour

One of the most important factors in the successful implementation of organisational change is the style of managerial behaviour. Some members may actually prefer, and respond better, to a directed and controlled style of management. (Recall, for example, the discussion on Theory X and Theory Y styles of managerial behaviour in Chapter 12.) In most cases, however, the introduction of change is more likely to be effective with a participative style of managerial behaviour. If staff are kept fully informed of proposals, are encouraged to adopt a positive attitude and have personal involvement in the implementation of the change, there is a greater likelihood of their acceptance of the change. However, Reis and Pena maintain that too often, management ignores human resistance issues and the need to address them in the implementation plan.

OVERCOMING RESISTANCE TO CHANGE

The effective management of change must be based on a clear understanding of human behaviour at work. Most people are not detached from their work but experience a range of emotional involvements through their membership of the organisation, and they feel threatened and disoriented by the challenge of change. Emotions such as uncertainty, frustration or fear are common reactions. It is understandable therefore that people often adopt a defensive and negative attitude, and demonstrate resistance to change. It is important to remember that change is a complex and powerful psychological experience, and that individuals react internally to change.

According to Atkinson, a major problem in driving change in organisations is dealing with and managing the resistance that will be encountered – but that resistance should be welcomed as a healthy response. Resistance is natural and should not be viewed only as a negative response to change. In the absence of really positive benefits from the proposed change, the ‘default’ response of resistance is acceptable.

People are the key factor

The successful implementation of new work methods and practices is dependent upon the willing and effective co-operation of staff, managerial colleagues and unions. People are the key factor in the successful management of change. If change is to work, it must change the perceptions, attitudes and behaviour of people. However, Lucas reminds us that a high proportion of change initiatives fail, derailed by the people factor.

Responsibilities of top management

The successful management of change is a key factor of organisational performance and effectiveness and should emanate from the top of the organisation. Top management has a responsibility for the underlying philosophy and attitudes of the organisation, for creating and sustaining a healthy climate, and for establishing appropriate and supportive organisational processes. The successful implementation of change demands positive action from top management and a style of transformational leadership in order to gain a commitment to change.

Managing change in the workplace is dependent on good people management

Leading IT change

A report published jointly by the Chartered Management Institute, the British Computer Society and the Change Leadership Network refers to challenges facing senior executives to ensure they are better prepared to lead technological change. Change always involves risk and on the basis of examination of ten detailed organisational case studies the report identifies five key challenges in obtaining best value from IT-enabled change:

- Creating transformational value rather than just implementing IT projects.
- Building capability for ongoing change. Being able to predict future business needs and how IT can help shape new business models and deliver the desired benefits.
- Creating a climate of open communication.
- Managing confidence and trust – understanding the impact of external changes.
- Building personal capability, learning and confidence.[84]

Change leaders

An interesting proposition is put forward by Drucker, who contends that 'one cannot manage change. One can only be ahead of it. We do not hear much anymore about "overcoming resistance to change".' Everyone now accepts that change is unavoidable.

Discussion questions

1 With reference to Lewin's model of change management, as shown in Figure 19.4, suggest the steps that would need to be taken by an organisation to introduce the two innovatory management practices advocated by Gratton.

2 Crainer suggests that managers are themselves often the source of resistance to change. Using the information in the chapter about resistance to change as the basis for your analysis, explain why managers might resist such changes.

3 What steps would you take to overcome these types of resistance?

REVIEW QUESTION

1. Describe organisational culture. What are the types of organisational culture?
2. What is the importance of culture?
3. Describe organisational climate. What is the employee commitment?
4. What is the nature of organisational change?
5. Describe planned organisational change.
6. Discuss resistance to change.
7. What should be the management of organisational change?
8. What is the process of overcoming resistance to change?

FURTHER READINGS

1. Managing Organizational Behavior-Ronald R. Sims
2. Current Topics in Organizational Behavior Management-Phillip K. Duncan
3. Organizational Behavior-O. Jeff Harris, Sandra J. Hartman
4. Organizational Behavior- K.C.S. Ranganayakulu
5. Organizational Behavior- G. A. Cole

IMPORTANT NOTES

UNIT-15 ORGANISATIONAL PERFORMANCE AND EFFECTIVENESS

CONTENTS

INTRODUCTION

THE NATURE OF ORGANISATIONAL EFFECTIVENESS

The underlying theme of this book has been the need for organisational effectiveness based on an understanding of organisational behaviour, the people resource, and the role of management as an integrating activity.

In Chapter 1 attention was drawn to the nature of organisational behaviour and organisational performance and effectiveness. Organisations need to be **efficient** in doing the right things, in the optimum use of their resources and in the ratio of outputs to inputs. But organisations must also be **effective** in doing the right things and in their outputs related to some specific purpose, objective or task. **Performance** should be related to such factors as increasing profitability, improved service delivery or obtaining the best results in important areas of organisational activities. Organisations must also ensure that they meet satisfactorily, or exceed, the demands and requirements of customers, and are **adaptable** to specific requirements, changes in the external environment and the demands of the situation. Organisational effectiveness, however, is affected by a multiplicity of variables. For example, Handy identifies over sixty factors that impinge on any one organisational situation and which illustrate the complicated nature of the study of organisational effectiveness (see Figure 20.1).

The importance of innovation

Mann draws attention to **innovation** as the key to long-term success and what leaders of best practice organisations do that is different. They:

- ensure they have a vision, mission and strategy that are known and understood;
- oversee the setting of demanding but realistic targets;
- set examples in generating an open, communicative management style;
- champion a culture conducive to learning and continuous improvement; and

■ distribute leadership responsibilities with the necessary authority, training and resources.[3]

The crucial role of managers

According to Lucas, global competition particularly from the BRICK countries (Brazil, Russia, India, China and Korea) means that companies can no longer compete simply on price and breaking the mould is more important than ever. 'Organisations need to be more creative in their approach to recognising, nurturing and turning innovative ideas into business reality – and managers are the key to that process.' Innovation, however, is not just about the big ground-breaking ideas of technological advances; it is often about small incremental changes to products, services or processes. Lucas reports on the crucial role of managers as the single most important factor in the success of innovation initiatives. This requires a leader and team with the ability and passion to turn ideas into business reality. Managers need to provide focus for their teams; generate the energy to make change happen; be good at coping with ambiguity and uncertainty; create a culture where people feel safe to experiment; and be willing to give agenda time to innovation.[4]

The Peters and Waterman study

In their 1982 study of 62 American companies with outstandingly successful performance, Peters and Waterman identify eight basic attributes of excellence which appear to account for success:[5]

■ **a bias for action**; that is, being action-oriented and with a bias for getting things done;

■ **close to the customer**; that is, listening and learning from the people they serve, and providing
quality, service and reliability;

■ **autonomy and entrepreneurship;** that is, innovation and risk-taking as an expected way of doing things;

■ **productivity through people;** that is, treating members of staff as the source of quality and productivity;

■ **hands-on, value-driven;** that is, having well-defined basic philosophies and top management keeping in touch with the 'front lines';

■ **stick to the knitting;** that is, in most cases, staying close to what you know and can do well;

■ **simple form, lean staff;** that is, simple structural forms and systems, and few top-level staff;

■ **simultaneous loose–tight properties;** that is, operational decentralisation but strong centralised control over the few, important core values.

The companies were marked, above all, by the 'intensity itself' which stemmed from their
strongly held beliefs.

The McKinsey 7-S framework

From their research, Peters and Waterman report that:

Lessons to be learned

Although much has been made of the fact that many of the original 'excellent' organisations have since fallen from grace, it should be remembered that the formulas for their success did appear to have been appropriate in the 1980s. The study highlighted the importance of culture and organisational renewal. Important lessons can always be learned, and the 7-S model still provides a helpful framework as a basis for organisational analysis.

In a later (2003) publication, Peters acknowledges that a number of the featured companies ran into very rough sledding and some portion performed at levels short of 'excellence' but others have done reasonably well. Some of the exemplars of excellence have become routine elements of the business vocabulary and while some of the eight basic attributes now require revision all serve as salient points of reference for the 'New Mandate' of our disruptive age.[7]

In order to give clarity to a view of democracy that is viable within the scope of an economic enterprise, Gratton defines six tenets of democracy (see Figure 20.3) and applies three litmus tests to each tenet:

- the capacity of the tenets to be mutually reinforcing and to create a consistent system of thinking about an organisation;
- to be economically viable and within the structure and goals of both commercial and not-for-profit organisations; and
- their practicality and capacity to be operationalised through a set of supporting practices and processes.

THE LEARNING ORGANISATION

A key factor in organisational effectiveness is the successful management of change and innovation, and corporate renewal. Traditional views of managerial behaviour have placed emphasis on planning, organising, directing and controlling. However, increasing international competitiveness and the need for organisations to respond rapidly to constant change in their environment have drawn renewed attention in recent years to the concept of the **learning organisation**. It is associated with the concept of lifelong learning discussed in Chapter 5. A central theme of the learning organisation is that rapid learning is an essential ingredient of organisational performance and effectiveness. It is therefore often associated with organisation development. The original idea has been around for many years, however, and was popularised in the 1960s–1980s by major writers such as Argyris.At its most basic, organisational learning can be seen in this sense:

Another significant contribution has been made by Senge, who defines the learning organisation as a place: Where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together.[11]

Basic features

Senge maintains that organisations need to develop a culture of learning, and to instil 'people's commitment and capacity to learn at all levels in an organisation'. Senge suggests that there are five basic features of a learning organisation:

- **systems thinking –** the recognition that things are interconnected and organisations are complex systems;
- **personal mastery** – the competencies and skills associated with management including spiritual growth;
- **mental models** – the driving and fundamental values and principles of the organisation;

■ **shared vision** – the importance of co-operation and a shared vision by team members;

■ **team learning** – the two mutually complementary practices of dialogue and discussion, first separating them and then combining them.[12] Yukl summarises features of the learning organisation in terms of:

■ leaders developing and refining methods for understanding how things work, how to adapt to the environment and achieve the organisations's objectives;

■ people at all levels being empowered to deal with problems and find better working methods;

■ knowledge being diffused throughout the organisation and people being encouraged to apply it to their work;

■ top management implementing processes to support change initiated by people in lower levels of the organisation; and

■ resources being invested to promote learning and entrepreneurial activities.[13]

Characteristics of the learning organisation

Garratt views learning organisations as essentially liberating and energising and as crucial for organisational survival and growth. He refers to four characteristics of the learning organisation:

■ It encourages people at all levels of the organisation to learn regularly and rigorously from their work.

■ It has systems for capturing and learning information and moving it where it is needed.

■ It values its learning.

■ It is able to transform itself continuously.

Difficulties with the concept of the learning organisation

Despite the apparent advantages that can flow from a learning organisation, there are concerns about its implementation and effectiveness, including questions about policies and procedures, necessary changes in behaviour and forms of assessment. It is also important to remember that learning starts with the individual and the impact of personality, ability and culture on the process of learning. (Recall the discussion in Chapter 5.) For example, Mumford suggests that it is impossible to conceive of a learning organization, however defined, which exists without individual learners. The learning organization depends absolutely on the skills, approaches and commitment of individuals to their own learning.

Politics and control

Coopey believes that there are serious gaps in the learning organisation literature. He claims that writers have ignored the importance of control and political activity within organisations. He criticises the unitary view that is taken and the elitist model that is put forward. He points to research which shows that, in turbulence, political action increases, and concludes that the learning organisation may be destined to be a mechanism of management control which will 'advantage some, but disadvantage others'. The effect of differential power, he believes, diminishes the potential for individual and collective learning.The importance of politics within organisational structures is discussed by Salaman and Butler, who argue that managers may resist learning.

TOTAL QUALITY MANAGEMENT (TQM)

One particular approach to improved organisational performance and effectiveness is the concept of the Japanese-inspired **total quality management (TQM)**. There are numerous definitions of TQM. These are generally expressed in terms of a way of life for an organisation as a whole, committed to total customer satisfaction through a continuous process of improvement, and the contribution and involvement of people. A major influence on the establishment and development of TQM was the work of Deming, who emphasised the importance of visionary leadership and the responsibility of top management for initiating change. A mathematician by training, he was interested in statistical measurement of industrial processes and attempted to persuade the American manufacturing industry to improve quality, and to create constancy of purpose for improvement of products and service. Deming drew attention to the importance of pride in work and process control, and made constant reference to the importance of 'good management' including the human side of quality improvement and how employees should be treated.[21] The successful organisation should as a matter of policy be constantly seeking opportunities to improve the quality of its products and/or services and processes. The organisation must also couple quality with a required level of productivity. The Chartered Management Institute gives the following definition:

Implementation

If TQM is to be implemented successfully it must be seen as a total process involving all operations of the organisation and the active participation of top management. It demands a supportive organisational culture and a programme of management change. TQM places emphasis on the involvement of people as the key to improved quality. It involves changes to the traditional structure with greater emphasis on natural work groups, multi-discipline working and team-based management. Attention must be given to effective education and training, empowerment and the motivation to take ownership of quality, and systems of communications at all levels of the organisation. A related successor to TQM is the balanced scorecard, discussed in Chapter 18.

TQM and related reward practices

Allen and Kilmann raise the question: why aren't TQM practices as effective as they could be? The rise of total quality management represents one of the biggest changes in the past two decades in the way companies are managed. However, while many studies have found that in general TQM has had positive effects on company performance, reports of failure are surprisingly common in the press. Allen and Kilmann suggest that the alignment of a company's system of rewards is a critical ingredient in successful organisational change and they investigate the relationship between reward practices and TQM. From a survey of managers, non-managerial and professional/technical staff in a wide variety of organisations they conclude that the commonly held wisdom of supporting TQM with only non-monetary rewards – such as certificates, letters of appreciation, merchandise or celebration events – is not enough. If managers want better performance from TQM they must implement supportive monetary reward practices. Firms with such practices in place report stronger organisational performance.[24]

Kaizen

An integral part of a total quality approach is the Japanese concept of **Kaizen**, which literally means 'improvement' or is often interpreted as gradual progress or incremental change. Kaizen was introduced in several Japanese organisations after the Second World War and is particularly associated with Toyota. It is not a methodology for large-scale change or the introduction of new processes but focuses on the people aspect of improvement and the acceptance of change. The concept is based on a daily activity of continual evolutionary change and on the belief that the individual workers know more about their own jobs than anyone else. Cane suggests that the traditional Kaizen approach embeds it in a hierarchical structure, although it gives considerable responsibility to employees within certain fixed boundaries. The approach:

- analyses every part of a process down to the smallest detail;
- sees how every part of the process can be improved;
- looks at how employees' actions, equipment and materials can be improved; and
- looks at ways of saving time and reducing waste.[25]

According to the Kaizen Institute, Kaizen is a Japanese term meaning 'change for the better'. Applied to business organisations, it implies continuing improvement involving everyone that does not cost much. Kaizen organisation culture is based on three super ordinate principles: process and results; systematic thinking; and non-judgemental, non-blaming. Kaizen strategy begins with customers' needs concerning quality, cost and delivery and is founded on a people-oriented culture.

Six Sigma

Another quality initiative programme for change and continuous improvement is the concept of **Six Sigma**, based on the use of statistical analysis and computer simulation for the definition, measurement and reduction of defects and waste. (Sigma is the Greek letter used as a statistical term to denote standard deviation or variations from the mean.) The principle of Six Sigma is the establishment of optimum specifications for processes and products, and an improvement in quality through a continuous reduction of variations that result in defects. If you can measure the number of defects in a process you can then attempt systematically to eliminate them. Each level of sigma (six being the highest) indicates a reduction in the extent of defects. A true Six Sigma quality organisation implies a defect rate of only 3.4 defects per million opportunities for each process or product. The aim is not only to reduce existing variations but also to design new processes and products so that there is as little variation as possible.

Importance of Six Sigma

Hayler and Nichols maintain that using Six Sigma based approaches to achieve process management, so appealing in theory, actually pays off in practice. Six Sigma process management is crucial for business success.

Doubts may be expressed over whether Six Sigma works in service industries as well as in manufacturing. However, according to Patton, despite such doubts about the emphasis on sophisticated statistics, the reservations of employees in service organisations, and their reluctance to undertake training, Six Sigma is equally applicable to either environment. 'Achieving consistency and meeting financial goals in service quality can be as challenging as delivering defect free products to a manufacturing customer.'

BUSINESS PROCESS RE-ENGINEERING (BPR)

Another concept to have received much attention in recent years is that of **business process re-engineering (BPR)**. The pioneers of BPR are generally acknowledged as Hammer and Champy, who define it as:

The fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed. Their approach has two principal features: (i) a completely fresh start, or blank sheet of paper approach, to organisational redesign, ignoring past history or present structure or practices, and (ii) a process-orientation approach to organisational analysis centred around a horizontal review of all activities involved in the process, or set of activities, in the delivery of a product or service to the customer. BPR is concerned with the total restructuring of the organisation. It starts from how one would like the organisation to be and works backward in an effort to achieve real gains in organisational performance, and delivery of products or services.

Relationship with TQM

What is the relationship between BPR and TQM? Both are concerned with organisational processes that lead to customer satisfaction. However, while TQM tends to seek continuous incremental improvement within a specific framework, BPR seeks major advances in performance from a **horizontal**, cross-functional anatomy of performance perspective. It involves a challenge to traditional structure, relationships, boundaries or barriers. TQM requires a supportive environment and relies on teamwork, participation and commitment. BPR takes a more strategic approach and needs to be driven, at least initially, by top management. Some commentators appear to suggest that TQM has been taken over by BPR, although others argue that it can be seen as complementary to and/or a forerunner for BPR.

Decline of re-engineering

In a discussion on outdated motivational patterns utilised to maintain role performance in organisations, Reis and Pena link this with what they maintain is a failure in re-engineering. Although the originators of re-engineering insisted it was about rethinking work, not eliminating jobs, managers equated re-engineering with downsizing. Despite early successes, with each passing year fewer and fewer projects appeared to be producing the desired results and doubts have surfaced about the effectiveness of re-engineering. Reis and Pena suggest that theories of motivation might offer an important observation and point to the decline in re-engineering based on its lack of concern for people and its takeover by managers wishing to downsize. In a subsequent publication, Hammer restates that BPR is just as valid today but acknowledges that in the light of experience re-engineering needs to be complemented with a range of other changes, a focus on a corporate objectives and building collaborative partnership with suppliers.[31] Stern, however suggests that downsizing and restructurings of immense size were justified by BPR and:

THE IMPORTANCE OF EFFECTIVE MANAGEMENT

Previous chapters of this book have emphasised the importance of management as an integrating activity that permeates every facet of the operations of the organisation. Management is the cornerstone of organisational effectiveness and the contribution to economic and social needs of society. This applies as much to public sector and service organisations as to any other industry. The quality of management is one of the most important factors in the success of any organisation. For example, a major global study of managers and workers undertaken by Proud foot Consulting reports that inadequate management is a major cause of lost productivity, and among key factors noted in the report were absence of people skills and inadequate management training.

Managers' health and motivation

As part of a series of research reports into the quality of managers' working lives, the Chartered Management Institute draws attention to the importance of the general health and well-being of managers on the overall health of an organisation. The survey highlights the connection between ill-health amongst managers and the level of performance, productivity and morale. Managers cited being motivated by a sense of achievement, the ability to deliver high-quality service, a sense of team responsibility and relationships with their line manager.

Culture of the organisation

The culture of the organisation is also important in determining the behaviour of managers and how well the organisation works. Brodbeck refers to a blame culture that exists in many organisations and where the brickbats fly more often than the bouquets. Such organisations are a very unhealthy environment in which to work. For example, an organisation may see low reports of errors as a healthy sign but in reality this is because individuals are worried about reporting mistakes. Improving the safety culture and a climate of proactive error management will encourage individuals to see the benefits when errors are pinpointed.

Are managers really necessary?

A major survey undertaken by the Management Consultancies Association and Management Today draws attention to the changing relationship between organisations and individuals. More and more work is outsourced, teams are dispersed across multiple locations, an increasing number of people work away from the organisations and greater empowerment is shifting responsibility to individuals. This shift of responsibility from the organisation to the individual begs the question: are managers really necessary and what is the role of management? 'Ironically, a time when people appear to require less management is also a time when they want it more than ever. Half of all respondents to the MCA/MT survey felt their bosses spent insufficient time actually managing their staff, a figure that was highest among employees of large organisations and in the manufacturing, financial services and the public sector.' According to Stephens, if managers are to survive, they need to reinvent themselves.

THE MEANING AND NATURE OF MANAGEMENT DEVELOPMENT

Managers need a balance of technical, social and conceptual knowledge and skills, acquired through a blend of education and experience. There is, therefore, a continual need for managerial development. The organisation must ensure the development of both present and future managers. Stern draws attention to the importance of management education, training and development as a matter of vital strategic importance.

There is no single, agreed definition of **management development**. A common view is that whereas training is concerned with the achievement of effective performance in the manager's present job, development is concerned with preparing the manager for expected changes in the job, or for an anticipated future job or role. Nevertheless, management development is likely to include at least an element of training. However, according to Lilley, 'in truth, Management Development is a very inexact science'. The best method of developing effective managers continues to be a subject for debate and there are a number of competing models of those who seek to improve management performance.

- **There is nothing you can do** – management is an inherited talent driven by characteristic personality traits and charisma.
- **It's all down to experience and the needs of the moment** – better performance is achieved through pooling of minds and sharing experiences that focus on common issues and problems.
- **Become a better manager by taking a course** – formal structured programmes on knowledge and analysis such as MBAs, and business seminars.
- **Performance is the only criterion, and competence is of the essence** – the definition of generic performance standards such as NVQs, measured and assessed through evidence and observation.

Lilley suggests that although no particular creed has yet developed in management development, no single one of the four models possesses the monopoly of truth and they can be mixed. They can all have something worthwhile to offer.

Coaching, empowerment and support

An environment of increasing business competitiveness, rapid change and technological innovations has highlighted the growing importance of management development. In particular, the general movement towards greater employee involvement and managing the people resource has emphasised an integrating rather than a controlling style of management. In addition to personal competence in their own areas of specialisation, the nature of management requires a climate of coaching, empowerment and support. Chapter 5 looked at coaching and mentoring.

Training and learning

Management development also requires a combination of **on-the-job-training** – through, for example, delegation and empowerment, project work, coaching and guided self-analysis, trial periods and simulation – and **off-the-job-learning** – through, for example, external short courses, or study for a Diploma in Management Studies or MBA qualification. This training and learning should be aimed at providing a blend of technical competence, social and human skills, and conceptual ability.

One of the most basic dilemmas faced by designers of courses and by trainers is the balance between theory and practice; between what may be considered as theoretically desirable and what participants perceive as practically possible to implement. Practising managers may be sceptical of what they regard as a theoretical approach and there will always be some who maintain that good managers are born and that the only or best way to learn is by experience. However, it is worth remembering the contention that 'there is nothing so practical as a good theory'. It is also important to achieve an appropriate balance between the assimilation of knowledge information and the development of skills in order to do something.

'Away days'

Another approach to management development is the use of activity-based exercises undertaken as part of '**away days**'. The main objective is often the building of team spirit and working relationships involving formal team dynamics and assessment, although this may also be linked with a social purpose, for example to develop interactions with colleagues, improve motivation or to thank and reward staff. Adams refers to the importance of teamwork as a necessity, not an option, for the successful organisation, and considers that a well planned staff development day or team-building away trip can help employees understand themselves and each other better. However, in order to ensure lasting benefits the teambuilding event requires effective organising and follow-ups.

Action learning

A particular approach to management development courses is through **action learning**. This was developed by Revans, who argues that managerial learning is learner-driven and a combination of 'know-how' and 'know-that'.

Typically, action learning involves a small self-selecting team undertaking a practical, real-life and organisational-based project. The emphasis is on learning by doing with advice and support from tutors and other course members. Action learning is, therefore, essentially a learner-driven process. It is designed to help develop both the manager and the organisation, and to find solutions to actual problems. An integral part of action learning is the use of the case study method and simulations. For example, Hazard sees the use of case teaching as the first step in an action-learning hierarchy.

Knowledge management

Lound suggests a more integrated approach to developing managers which reflects a three-step process of:

- developing targeted competencies as and when required, not as and when convenient;
- developing support mechanisms where each and every subsequent application of techniques learned will sustain 'best practice' levels of performance; and

■ creating an environment where people can learn quickly and easily from each other. In order to achieve this approach Lound maintains that it is vital that human resource and information technology functions work together. The ultimate objective is no longer management development, per se, but rather knowledge management and providing the right managers with the right information in the right format at the right time.

A holistic approach

Management development is concerned not only with improving the effectiveness of individual managers but also with an improvement in management performance as a whole and organisational effectiveness. To be fully effective, management development requires an integrated approach related to the development of the organisation as a whole. And this includes even at director level in the boardroom. 'No matter how experienced directors are, they can never be too highly qualified or too experienced to ignore the need continually to enhance their professional competence.'

MANAGEMENT DEVELOPMENT PROCESS

The wide variety of organisational settings found within the work situation makes special demands upon its managers. There is a dichotomy between the application of general management theory in influencing the behaviour and performance of managers, while at the same time accepting the need for individuals to manage according to situational demands. Particular models of managerial behaviour applied to specific types of organisations have little relevance and if anything provide a constraint on the need for an open and fluid interpretation of management development.

■ The process of management development should be related to the nature, objectives and requirements of the particular organisation as a whole.

■ A prerequisite of management development is effective human resource planning coupled with procedures for recruitment and selection.

■ Programmes of management development should be designed in accordance with the culture and specific requirements of the particular organisation, and the demands of particular managerial jobs.

■ There should be a clear management development policy together with regular reviews of individual performance and a programme of career progression.

■ The execution of management development activities should be part of a continuous, cumulative process and take place within the framework of a clear management development policy.

Succession planning and career progression

Management succession planning aims to ensure that a sufficient supply of appropriately qualified and capable men and women is available to meet the future needs of the organisation. Such people should be available readily to fill managerial or supervisory vacancies caused through retirement, death, resignation, promotion or transfer of staff, or through the establishment of new positions. Succession planning should be related to the overall corporate strategy. Now that people are less likely to stay with the same company for long periods of time there does appear to be some doubt about whether succession planning is really necessary. But despite the influence of de-layering, changes to the traditional hierarchical structures and fewer opportunities of jobs for life, there is still an important need for effective succession planning in order to develop internal talent and help maintain loyalty and commitment to the organisation. Allied to management development and succession planning should be a programme of planned career progression. This should provide potential managers with:

- training and experience to equip them to assume a level of responsibility compatible with their ability; and
- practical guidance, encouragement and support so that they may realise their potential, satisfy their career ambition and wish to remain with the organisation.

Career progression should involve individual appraisal and counselling. However, care should be taken to avoid giving staff too long or over-ambitious career expectations. If these expectations cannot be fulfilled, staff may become disillusioned and frustrated. According to Stern, succession planning is not a dark art but a basic business necessity and there is no question that you must nurture and retain your own talent. It is important, however, not to upset or demotivate those members of staff not highlighted as high flyers. It is necessary to be straight with everybody, to be honest and objective, and to treat them with respect.[46]
See also the discussion on talent management in Chapter 13.

CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

Management development should be seen as a continuous process, including the preparation for and responsibilities of a new job, and subsequent career progression. In recent years, greater recognition has been given to the significance of lifelong learning and to **continuing professional development (CPD)**. A number of professional bodies have developed a competence-based CPD scheme for their members. For example, the Chartered Management Institute regards CPD as vital to a successful career and requires all members to make a commitment to their own professional development. CPD is linked to gaining the status of ‘Chartered Manager’.

Lifelong learning should, however, be the concern of all employees in the organisation and (despite the title) it is arguable that the concept of CPD should not be seen as applying only to professionals or managers as opposed to all employees. Clearly, however, CPD does have particular significance for management development.

Self-development

An important part of the process of improving professional performance is self-development. This demands the ability to identify clearly real development needs and goals, to take responsibility for actions to reach these goals and to recognise opportunities for learning. Self-development has to be self-initiated. But if this is to be a realistic aim it requires an organisational climate that will encourage people to develop themselves and the active support of top management. People need sufficient authority and flexibility to take advantage of situations which are likely to extend their knowledge and skills. Superiors should be prepared to delegate new and challenging projects including problem-solving assignments.

Nine criteria of the Model

Each of the nine criteria featured in the 'Model' are described as follows:

1 Leadership. How leaders develop and facilitate the achievement of the mission and vision, develop values for long-term success and implement these via appropriate actions and behaviours, and are personally involved in ensuring that the organisation's management system is developed and implemented.

2 People. How the organisation manages, develops and releases the knowledge and full potential of its people at an individual, team-based and organisation-wide level, and plans these activities in order to support its policy and strategy and the effective operation of its processes.

3 Strategy. How the organisation implements its mission and vision via a clear stakeholder focused strategy, supported by relevant policies, plans, objectives, targets and processes.

4 Partnerships and resources. How the organisation plans and manages its external partnerships and internal resources in order to support its policy and strategy and the effective operation of its processes.

5 Processes, products and services. How the organisation designs, manages and improves its processes in order to support its policy and strategy and fully satisfy, and generate increasing value for, its customers and other stakeholders.

6 People results. What the organisation is achieving in relation to its people.

7 Customer results. What the organisation is achieving in relation to its external customers.

8 Society results. What the organisation is achieving in relation to local, national and international society as appropriate.

9 Key results. What the organisation is achieving in relation to its planned performance.

Benchmarking

An increasingly popular management technique is that of '**benchmarking**'. The premise behind benchmarking is simple. 'If you want to improve a particular aspect of your organization or the service it provides, find someone else who is good at the activity and use them as a benchmark to raise your own standards.'[53] This can vary from an informal or casual look at how other companies are performing, gathering information about other company's best practices, to an in-depth investigation of a company's performance compared with that of its major competitors. With large organisations benchmarking may also be undertaken internally with a comparison between different divisions, units or locations. This is a common practice in universities, for example, with comparisons between different faculties or schools. Management standards (discussed in Chapter 12), and the Excellence Model (discussed above) can both be used by organisations as a means of benchmarking.

Gap analysis

Gap analysis involves an investigation of the gap between the vision, objectives and goals of the organisation and actual levels of performance, and establishing the actions necessary to bring activities in line with that which is planned. Ittner and Larcker refer to the large quantity of non-financial measures that most companies track, and the extent to which such measures are aligned with the company's strategies and value drivers. One method for assessing this alignment is 'gap analysis' which requires managers to rank performance on at least two dimensions: their importance to strategic objectives and the importance currently placed upon them.

Gratton refers to the importance of a collective understanding and vision of what the organisation is capable of achieving, expressed as short-term goals and as a long-term vision; and to creating superior performance through inspired and committed people.

A RANGE OF DIFFERENT CRITERIA

There is a wide range of interrelated individual, group, organisational and environmental influences on behaviour in work organisations and therefore many different criteria that might be applied as part of an attempt to assess organisational performance and effectiveness. In addition to those discussed in this chapter, we can mention some examples that have been discussed in previous chapters of this book:

■ **Open systems framework** – an organisation may be analysed in terms of an open systems framework: inputs; the series of activities involved in the transformation or conversion process; outputs; interactions with the environment; and performance of the system (organisation) in achieving its aims and objectives. The organisation may also be examined in terms of interrelated sub-systems, for example tasks to be undertaken, technology employed, formal structure, behaviour of people and the process of management. The state of the sub-systems will reflect upon the effectiveness of the organisation as a whole.

■ **Teamwork and leadership** – factors influencing interactions among members of the organisation, group cohesiveness and effective performance, team roles and effective team working. Attention could be given to the nature of the leadership relationship and to the increasing importance of transformational or inspirational leadership. Leadership behaviour could be gauged against the Tannenbaum and Schmidt continuum and styles of leadership against contingency models such as, for example, Hersey and Blanchard's situational leadership based on the readiness of the followers.

■ **The role of management** – there are also a number of criteria that could be applied, more specifically, to an evaluation of the essential nature and role of management. The activities of management could be judged, for example, against Mintzberg's set of ten integrated roles which comprise the essential functions of a manager's job; Kotter's key activities of agenda-setting and network-building; Stewart's model of demands, constraints and choices; or against Prahalad's six critical elements for the role of senior managers. The Management Standards provide a benchmark to help managers and their organisations improve their performance.

■ **Managerial style** – this could be assessed by the Blake and Mouton Management/ Leadership Grid in terms of an appropriate mixture of concern for production and concern for people.

▪ **Managerial effectiveness** can be evaluated by Reddin's three-dimensional model of managerial behaviour: task orientation, relationship orientation and the demands of the situation; the effective management of time; or against Stewart's checklist of questions for managers.

▪ **Profile of organisational characteristics** – the overall effectiveness of an organisation could also be gauged against Likert's four-fold model of management systems and the extent to which it meets the fundamental concepts of System 4 (participative group) management practices, that is: the principle of support relationships; group decision-making, and methods of organisation and supervision; and high performance aspiration for all members of the organisation. The human organisation and operation of the firm can be examined in terms of the relationships among causal, intervening and end-result variables.

▪ **Contribution of the HRM function** – which could be gauged by taking account of intangible benefits such as the morale and job satisfaction of staff, as well as their attitudes, behaviour and performance; and quantified measures including staffing costs, turnover and stability indexes, staff development, errors in work, discipline or grievance hearings, employment tribunal cases, complaints from suppliers or customers. The overall effectiveness of the HRM function could be assessed by the establishment of good HR policies and employee relations, for example by comparison against Browning's ten key factors, and the extent to which it makes a positive contribution to meeting the objectives of the organisation.

▪ **Strategy and organisation structure** – could include the effective management of opportunities and risks, and the use of a SWOT analysis. Part of the attempt to gauge organisational effectiveness could involve a review of structure to assess the extent to which it aids the process of management and the execution of work, including for example task and element functions and principles of organisation. Does the structure harmonise with organisational goals and objectives, and maintain the balance of the socio-technical system? How flexible is the structure and how effective is the 'fit' between structure, systems of management, the behaviour of people and situational variables?

▪ **Outsourcing** – to what extent does the organisation take full advantage of the potential benefits of outsourcing? Increasing business competitiveness, globalisation and advances in technology have changed the way in which business is carried out. No longer constrained by traditional boundaries, outsourcing may be seen as a means of enhancing business value and operational efficiencies, particularly with major international corporations. For example, with IBM global resourcing is an important aspect of their overall global business model including: access to wider talent, skills and services; strategic relationships with business partners, suppliers and customers around the world; and attention to global governance.

▪ **Organisational control systems** – the effectiveness of organisational control systems can be gauged by the extent to which they draw attention to the critical activities that are important to the overall success of the organisation. To what extent do control systems provide an effective means of checking progress to determine whether the objectives of the organisation are being achieved, and help lead to an improvement in performance? Are structures of control congruent with power and involvement, and the means of ensuring compliance among members?

■ **Planned organisation change –** the extent to which the organisation is ready to respond to new challenges and opportunities presented by the external environment, and able to overcome resistance to change. What is the organisational response to change, for example in relation to the behavioural considerations with new technological developments? Actions to secure successful large-scale change could be judged, for example, against Kotter and Cohen's eight steps.

■ **Key areas of performance and results** – the effectiveness of an organisation might be assessed against Drucker's eight key areas in which objectives need to be set in terms of business performance and results: market standing, innovation, productivity, physical and financial resources, profitability, manager performance and development, worker performance and attitude, and public responsibility.

■ **Corporate responsibility and ethics –** the extent to which the goals of the organisation are pursued in accordance with recognition of organisational stakeholders, acceptance of the principles of the UN Global Compact, and compliance with social responsibilities and ethical business behaviour.

■ **Organisation culture and climate** – the analysis of organisation culture could be related to the cultural web of Johnson et al. and aspects of routine behaviours, rituals, stories, symbols, power structures, control systems, organisation structure and paradigm. Organisational climate relates to the nature of the people–organisation relationship and the superior–subordinate relationship. A healthy organisation climate can be gauged by the extent to which it exhibits the characteristics that engender a spirit of support and cooperation throughout the organisation, and is conducive to motivating members to work willingly and effectively.

In more general terms, attention needs to be given throughout all levels of the organisation to the extent to which there is proper recognition and effective management of such factors as the psychological contract, diversity, the informal organisation, systems of communication, and underlying consideration and respect for the people who make up the organisation. **Organisation audit**

A programme of **organisation audit** (or management audit) involves a review of the operations

of the organisation as a whole and an examination of the full range of management activities, including the effective use of human resources. Organisation audit is concerned with the identification of problems that are encountered in achieving organisational goals and disparities between strategy formulation and policy decisions, and actions necessary for their successful implementation.

External and internal consultants

Such a review may be undertaken by members of the organisation, external consultants on organisation and management, internal consultants, or a combination of both internal members and external consultants. Lucas points out that internal consultants are increasingly common and their numbers are set to rise as organisations turn to inside experts. Although more likely to be found in large corporate organisations, they are also now common in the public sector. Internal consultants come in many different guises but they typically operate in areas like IT, finance and HR, often driving or implementing major change programmes or innovation initiatives.

Organisation audit tends to be concerned more with the current state of the organisation and with what must be done now in order to meet set objectives and targets. But an organisation must also be properly prepared to face the demands of a changing environment. It must give attention to its future development and success.

SUCCESSFUL ORGANISATIONS AND PEOPLE

In analysing effective organisations, Dunderdale argues that an organisation can be separated into two parts or structures – one a definitive structure present in every company, the other caused by human intervention. Each part can then be examined. Essentially the effectiveness of an organisation depends on how accurately human design matches the structure of organised behaviour.[62] Allen and Helms suggest that higher levels of perceived organisational performance may be closely related to strategy and reward systems. 'The use of reward practices which logically complement a specific organizational strategy should serve to motivate employees to help the organization perform at a higher level.'

The overall effectiveness of the organisation will be affected both by sound structural design and by the individuals filling the various positions within the structure. Management will need to acknowledge the existence of the informal organisation that arises from the interactions of people working in the organisation. The operation of the organisation and actual working arrangements will be influenced by the style of management, the personalities of members and the informal organisation. These factors may lead to differences between the formal structure of the organisation and what happens in practice. Stewart found the relationship between people and organisation to be reciprocal.

Effective relationships between an organisation and its people – how Investors in People helps

Building an organisation involves more than concern for structure, methods of work and technical efficiency. The hallmark of many successful business organisations is the attention given to the human element; to the development of a culture which helps to create a feeling of belonging, commitment and satisfaction. Structure must be designed, therefore, so as to maintain the balance of the socio-technical system and the effectiveness of the organisation as a whole. Attention must be given to the interactions between both the structural and technological requirements of the organisation, and social factors and the needs and demands of the human part of the organisation.

EMPLOYEE ENGAGEMENT

Investors in People draw attention to the importance of **employee engagement** for building effective relationships between an organisation and its people. Managed well, it can galvanise your people to make the contribution needed from them and keep them on track in tough times (like those we're experiencing now). But effective engagement doesn't happen by chance: it requires a structured, focused approach to aligning people with business goals. Every organisation needs to ensure that its people understand the strategy, see how they fit in and know what they are expected to contribute. But employers must also realise that this can't be one-way traffic; gaining employee trust and commitment also means seeking their views and feedback, understanding any issues and seeking to address them.

THE FUTURE OF WORK AND MANAGEMENT

A major study by the Chartered Management Institute investigated the future of work and management in 2018.[68] The forward to the report makes clear that The study makes the following recommendations to leaders and managers. To create their desired future, businesses should:

▪ build knowledge about key issues in business markets

▪ be more flexible with regard to business models and understand the ways different businesses operate

▪ understand business drivers and culture

▪ manage the complexity of people's tasks by reducing noise and information overload

▪ bring together specialist functions and manage workflow in an integrated way

▪ focus on individual employees and their needs when developing work technologies

▪ make organisations more human

▪ motivate people creatively

▪ obtain access and understand the dynamic mechanisms of the talent markets

▪ provide flexible, tailored support for work–life integration.

Clusters of opportunities

The study refers to six types of actions or clusters of opportunities, each potentially leading to the enhancement of an organisational capability. These are shown in Figure 20.7.

Organisational Agility or Liveliness will ensure that organisations have and utilise the inherent potential and energy of their employees.

Organisational Clarity is recognising what is and what is not important in relation to the business context. This is about good decision-making, sound judgement and clarity about core organisational issues.

Organisational Flexibility is the ability to adapt and change at the rate of change required.

Organisational Genuineness is about operating in line with values and the innate wisdom and common sense of mankind.

Organisational Innovativeness encompasses the ability to nurture and use natural creativity, develop new ideas and bring them to life.

Organisational Openness allows for fluid interactions within and between the inner world of the organisation and its outer world.

REVIEW QUESTION

1. Describe about the characteristics learning organisation.
2. Discuss about the total quality management.
3. What is business process re-engineering.
4. Describe the meaning and nature of management.

5. Describe management development process.
6. What is continuing professional development?
7. What is employee engagement?

FURTHER READINGS

1. Managing Organizational Behavior-Ronald R. Sims
2. Current Topics in Organizational Behavior Management-Phillip K. Duncan
3. Organizational Behavior-O. Jeff Harris, Sandra J. Hartman
4. Organizational Behavior- K.C.S. Ranganayakulu
5. Organizational Behavior- G. A. Cole

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8. Organizational Behavior-O. Jeff Harris, Sandra J. Hartman
9. Organizational Behavior- K.C.S. Ranganayakulu
10. Organizational Behavior- G. A. Cole
11. Organizational Behavior- Fred Luthans
12. Organisational behaviour -Stephen P. Robbins