

# UNIT I

# 1

## **ORGANIZATION: CHARACTERISTICS AND PRINCIPLES OF ORGANIZATION**

### **Unit Structure**

- 1.0 Objectives
- 1.1 Introduction
- 1.2 What is an Organization?
- 1.3 Characteristics of Organization
- 1.4 Principles of Organization
- 1.5 Summary
- 1.6 Questions
- 1.7 References and Further Readings

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### **1.0 OBJECTIVES**

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- To understand what is an organization.
- To familiarize students with its characteristics and principles.

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### **1.1 INTRODUCTION**

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Organization refers to a collection of people, who are involved in pursuing defined objectives. It can be understood as a social system which comprises all formal human relationships. The organization encompasses division of work among employees and alignment of tasks towards the goal of the company. It can also be referred as the second most important managerial function, that coordinates the work of employees, procures resources, and combines the two, in pursuance of company's goals.

There are various aspects to an organization, such as its characteristics, structures, types, principles and so on. Thus, organization is a social system composed of people, structure and technology for achieving common goals in a dynamic environment. In other words, organization is a human association, where two or more people come together with a certain common aim and equipment and desire to achieve certain common goals through planned joint effort and team work.

In this unit, we will be exploring the important characteristics and principles of an organization, besides understanding what actually is an organization.

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## 1.2 WHAT IS AN ORGANIZATION?

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According to S.A. Sharlekar and V.S. Sherlekar, “Organization is a mechanism or a basic framework enabling person to work together effectively and achieve the set goals through integrated group effort. It is a medium for the management to exercise managerial functions.”

Similarly, according to W.J Duncan, “An organization is a collection of interacting and interdependent individuals who work toward common goals and whose relationship are determined according to a certain structure.”

Therefore, organization is a place with certain structure, where people come and work together to achieve a common goal, in a changing environment.

Tribe, ethnic groups, families are not organization.

The three essentials of an organizations are: -

- a. people
- b. common goal
- c. Joint effort

**There are two concepts of an organization:**

### **1. Static Concept:**

Under static concept the term ‘organization’ is used as a structure, an entity, or a network of specified relationship. In this sense, organization is a group of people bound together in a formal relationship to achieve common objectives. It lays emphasis on position and not on individuals.

### **2. Dynamic Concept:**

Under dynamic concept, the term ‘organisation’ is used as a process of an on-going activity. In this sense, organisation is a process of organizing work, people and the systems. It is concerned with the process of determining activities which may be necessary for achieving an objective and arranging them in suitable groups to be assigned to individuals. It considers organization as an open adoptive system and not as a closed system. Dynamic concept lays emphasis on individuals and considers organization as a continuous process.

Within any organization, managers need to choose from many types of organizational design. Organizational design is the way managers structure their organization to reach the organization’s goals. The allocation of duties, tasks, and responsibilities among departments and individuals is an organizational design element. Other structural and design elements include reporting relationships and the number of levels in the organization’s hierarchy.

Some modern organizational designs rely on computer and communication technologies. Others draw on well-established designs that managers and organizations have used for many years. Whatever the organizational design chosen, they all have a simple enduring quality—they are hierarchies that depend on authority relationships. Organizational charts show an organization's formal design. They show the organization's current configuration or a future configuration that the organization's managers want. These charts typically use boxes to show positions in the organization and lines connecting the boxes to show reporting relationships.

We find different kinds of organization in our society. These organizations are classified according to the nature and purpose. They are as follows: -

**Business organization:** The organization which is established in order to make profit is known as business organization. The prime beneficiaries of these organizations are the owners or shareholders. E.g. Surya Nepal Company, Buddha Air etc.

**Non-profit Social Organization:** The organizations which are established not for making profit but for giving or providing services to the customer/clients or community are nonprofit social organizations. E.g. Tribhuvan University, Nepal Red Cross, Bir Hospital etc.

**Cooperative Organization:** These types of organization are established to reduce the effort of competition and maximize the value of cooperation. The main aim of this organization is to fulfill the individual needs and prosperity of all members involved through collective effort.

**Government Organization:** The organization formed by the government to provide service to general public is government organization. They can be ministries, department, military, police etc. The main goals of this type of organization are regulation and welfare of general public.

**International Organization:** The organizations which are established by the involvement of different countries for the sake of their welfare are called international organization. E.g. ASEAN, SAARC, UNDP, IMF etc. These organizations are always engage in promoting the collective interest of member countries.

### **Check Your Progress:**

1. What do you understand by the term 'organization'?

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## 1.3 CHARACTERISTICS OF ORGANIZATION

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Different authors look at the word 'organisation' from their own angle. One thing which is common in all the viewpoints is that organization is the establishment of authority relationship among persons so that it helps in the achievement of organizational objectives.

**Some of the characteristics of organisation are studied as follows:**

### **1. Division of Work:**

Organisation deals with the whole task of business. The total work of the enterprise is divided into activities and functions. Various activities are assigned to different persons for their efficient accomplishment. This brings in division of labour. It is not that one person cannot carry out many functions but specialization in different activities is necessary to improve one's efficiency. Organisation helps in dividing the work into related activities so that they are assigned to different individuals.

### **2. Co-Ordination:**

Co-ordination of various activities is as essential as their division. It helps in integrating and harmonizing various activities. Co-ordination also avoids duplications and delays. In fact, various functions in an organisation depend upon one another and the performance of one influences the other. Unless all of them are properly co-ordinated, the performance of all segments is adversely affected.

### **3. Common Objectives:**

All organizational structure is a means towards the achievement of enterprise goals. The goals of various segments lead to the achievement of major business goals. The organizational structure should build around common and clear cut objectives. This will help in their proper accomplishment.

### **4. Co-operative Relationship:**

An organisation creates co-operative relationship among various members of the group. An organisation cannot be constituted by one person. It requires at least two or more persons. Organisation is a system which helps in creating meaningful relationship among persons. The relationship should be both vertical and horizontal among members of various departments. The structure should be designed that it motivates people to perform their part of work together.

### **5. Well-Defined Authority-Responsibility Relationships:**

An organisation consists of various positions arranged in a hierarchy with well-defined authority and responsibility. There is always a central authority from which a chain of authority relationship stretches throughout the organisation. The hierarchy of positions defines the lines of communication and pattern of relationships.

## Check Your Progress:

1. Elaborate on any two most important characteristics of an organization?

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## 1.4 PRINCIPLES OF ORGANIZATION

According to a Harvard Business Review, as organization development evolves alongside institutional practices and insights into human behavior, a big piece of the field is still missing: a set of principles that convey what organizations must do well to thrive. Accordingly, below are 10 principles to guide developmental initiatives within your organization.

### 1. Encourage cooperation:

The central objective of organization development is to achieve a cooperative institutional order and quash destabilizing self-interest. A more effective and lasting strategy, is to change the nature of work relationships. Friends cooperate more than strangers, where the allure of self-maximizing behaviors is high. Consequently, good companies expend a great deal of energy creating strong social bonds among employees.

### 2. Organize for change:

Organizations that need to change often don't. Once-great companies have found their final resting places in an expansive graveyard of slow-movers and has-beens. These companies failed because they were unable to adapt to changing conditions and succumbed to capitalism's unapologetic truth that only the fittest will survive. In effective organizations, leaders upend paralysis by generating a consensus of meaning and action. They build the case for change, create a positive mindset for change, convince others of the value and legitimacy of the change efforts, and battle against systemic forces of institutional inertia that lock companies into their current, misguided trajectories. Confidence, conviction, and courage are helpful companions in this journey, as not all change is readily apparent and must be made before there is an evident need for it and the window of opportunity has closed.

### 3. Anticipate the future:

Not every organizational death is avoidable. That said, corporations do not have to linger indefinitely on the edge of life or die prematurely. The preservation of an organization- depends on its leaders having the navigational judgment and skill to prepare their companies for what lies ahead. However, when the future arrives, many companies cannot meet the demands that new markets and consumer tastes require, as long-term aspirations have been thwarted by short-term impulses.

**4. Remain flexible:**

Organizations must be at once disciplined and flexible, prudently reacting to the unexpected during turbulent times and flexibly bending when rushes of demand are placed on them — then regaining their shape once the need for transformation has passed. This ability to situationally morph in response to customer/market demands is typically achieved through improved automation and additions to staff in number or function in the attempt to align the technology and people with what customers want, when they want it — while avoiding costly utilization errors like being understaffed at peak times.

**5. Create distinctive spaces:**

It is hard to find studies that *don't* support the link between the quality of a work environment and employees' health, satisfaction, and performance. Indeed, the basic dimensions of environmental indoor quality such thermal comfort, air quality, lighting, acoustic quality, and the ergonomic features of furnishings positively relate to enhanced performance. The quality of environment is a potential competitor for scarce mental and emotional resources that can either enable or undermine learning and task performance.

**6. Diversify your workforce — and create an inclusive environment:**

Complex tasks require a diverse mix of viewpoints and abilities to satisfactorily complete. We know that it takes a composite of designers, computer scientists, engineers, and manufacturers to build a car. Indeed, the wisdom of needing different people to pool their physical, attitudinal, and intellectual assets to solve problems is well established.

**7. Promote personal growth:**

An effective talent management program is one in which a company has a large pool of able, external job candidates, sufficient competent coverage of existing positions, succession plans throughout the organization, and a panoply of support programs: career counseling and development, career planning workshops and vocational assessments, mentoring and coaching programs, and in-house training and educational assistance to augment employees' career objectives. That said, the most notable way organizations expect people to improve is in job-related ways by honing expertise.

**8. Empower people:**

The practice of empowerment in organizations is often like a parent handing the keys of a high-performance vehicle to their teenager and hoping, day after day, that the car will return intact. Simply handing over power to another provides little assurance that something positive will come of it. The change entails a significant shift in culture and operations that involves increased information-sharing, technological enhancements,

participative decision making, extensive training, collaborative problem solving, and team trust.

### 9. Reward high performers:

When executed well, merit-based pay for performance plans increase job satisfaction and motivate action and, when appropriately structured, are instrumental in producing environments in which the best help the rest. Indeed, it is common in teams that the top members will lift the performances of good, but less capable, members.

### 10. Foster a leadership culture:

Everyone who has worked in an organization knows the affective power of leadership and its effects on culture, both good and bad. On one hand, the adverse effects of abusive supervision and incivility on employees' mental and physical health, job satisfaction, and performance are well-documented. On the other hand, supportive, inclusive management practices that provide assurances of safety allow people to take reasonable risks, make mistakes, speak up and challenge the status quo, and ask for help and request resources to make improvements.

### Check Your Progress:

1. Elaborate on any five principles of organizations.

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## 1.5 SUMMARY

Thus, an organization is a group of two or more individuals and the coordinated allocation of resources around a common goal or objective. The elements that distinguish an organization from a loose association of individuals are as follows:

**People:** All organizations require human members. While the organization will likely have other forms of resources, such as capital and equipment, the involvement of human beings is essential.

**Distinct Purpose:** The members of the organization collaborate to achieve a distinct purpose, such as the purpose laid out in the mission statement. The organizational purpose generally includes the accomplishment of tasks or obtaining the desired result.

**Deliberate Structure:** The organization has a structure that is commonly recognized and adhered to by all members. An organization may assume a legal business entity status that controls its organizational structure.

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## 1.6 QUESTIONS

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1. What is an organizational design?
2. Explain the characteristics of organizations.
3. What are the principles of organizations?

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## 1.7 REFERENCES

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## FORMAL ORGANISATION

### Unit Structure

- 2.0 Objectives
- 2.1 Introduction
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  - 2.2.1 Nature of Organisation
  - 2.2.2. Need and Importance of Organisation
  - 2.2.3 Elements or Components of organisation
  - 2.2.4 Principal of organisation
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- 2.7 Types of Structure
  - 2.7.1 Meaning and definitions of Line Organisation, characteristics/ features Of line organisation, Merits and Demerits of line organisation.
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  - 2.7.3 Line-and- staff organisation: Meaning and Definition, Features/ characteristics, Advantages / Merits and Demerits / Disadvantages
  - 2.7.4 Meaning and Definition of Tall organisation structure, Advantages / Merits and Demerits / Disadvantages.
  - 2.7.5 Meaning of Flat organisation, Merits / Advantages and Demerits / Disadvantages.
- 2.8 Summary
- 2.9 Glossary
- 2.10 Questions
- 2.11 References

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## 2.0 OBJECTIVES

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- To enable students to understand the meaning of organisational structure, organizational process and various types of structures such as line organization, functional organizations, line-and-staff organization, tall and flat organization,
- To provide detailed knowledge about the features, importance, merits and demerits of formal organisation and also of the various types of structures mentioned above.

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## 2.1 INTRODUCTION

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An organisation is a group of people working together to achieve common goal. An organizational structure is the established pattern of relationships among various components or parts of the organization. Organizational structure can be studied through organizational chart. Organizational structure indicates the organisation's hierarchy and authority structure and show its reporting relationship. Structure implies the positioning of offices, role and activities within the organization. Effective structuring helps organisation to achieve their goals and facilitates employees to operate efficiently.

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## 2.2 MEANING AND DEFINITIONS OF ORGANISATION

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To conduct any activity, business or non-business, there is a need for an organisation. If there is no organization, it is not possible to conduct activities.

In simple words, organizing means, organizing the ways and means for the execution of a business plan.

### **Organisation Means:**

- a) Group of individuals working together towards common goal.
- b) Group of individuals placed in different positions in the level of management to achieve business goals.
- c) Group of individuals held together by authority responsibility relationships.

### **Definition of Organisation:**

James Mooney and Reily define organisation as “the form of every human association for the attainment of a common purpose”.

According to Ogburn and Nimkoff, an organisation “is an articulation of different parts which perform various functions, it is an active group device for getting something done”.

According to H.M. Johnson, “organisation refers to an aspect of interaction systems”. Mc Farland defines organisation as “An identified group of people contributing their efforts towards attainment of goals”.

According to Kossen “An organisation is a group of individuals coordinated into different levels of authority and segments of a specialization or the purpose of achieving the goals and objectives of the organization”.

### Check Your Progress:

1. What do you mean by organization? Define the term organisation.

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### 2.2.1 Nature of Organisation:

1. Organisation is a chain of relationship among the different parts of an organisation.
2. Every organisation exists to achieve certain common goals.
3. Organisation consists of group of individuals who come together to achieve the goals of the organisation.
4. The various activities of the organisation are divided among the different people in the organisation.
5. In every organisation there is a need for system of co-ordination.
6. Authority is the power to make decisions, to command and to get the work done from the sub-ordinates. The authority may be delegated.
7. Every organisation has its own rules and regulations which are to be followed by every individual in the organization.
8. Every organisation functions in an environment. Actions of Organisation are not only influenced by the external environment but also by the internal environment prevailing within the organisation.

### Check Your Progress:

1. Explain the nature of organisation.

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### 2.2.2 Need and Importance of Organisation:

- a) Organisation ensures optimum utilization of resources, both human and physical resources.
- b) Organisation facilitates co-ordination.
- c) A properly designed and balanced organisation facilitates effective management of the organisation.
- d) A sound organisation avoids confusion, misunderstanding and overlapping of functions and as such employees are motivated to produce better results.
- e) Organisation facilitates delegation of authority.
- f) A sound organisation encourages initiative and innovation.
- g) Sound organisations have contributed to technological developments.
- h) Good organisation achieves good progress.

#### Check Your Progress:

1 Explain the need and importance of organisation.

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### 2.2.3 Elements or Components of organisation:

H.G. Hicks and C.R. Gullet state that there are two types of elements common to all organizations. These two elements are :-

- (a) **Core Element — Persons** : The core element of any organisation is the persons who interact with the organization. Without people, organisation cannot come into existence.
- (b) **Working Element — Resources** : Resources can be broadly divided into two groups :- (i) Human Resources — includes Managers and non-Managers, (ii) Physical or non-human resources — include machine, materials and money.

#### Check Your Progress:-

1. Explain the Elements / Components of organisation.

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### 2.2.4 Principles of organisation:

- (a) Every organisation needs to have specific and well-defined objectives.
- (b) As far as possible, the work of each individual should be confined to a single or similar position.
- (c) In an organization, individuals and departments must co-ordinate with other individuals and departments to accomplish organizational goals.
- (d) Every Manager must have some authority in order to decide, organize and direct the use of resources to attain the goals of the organisation.
- (e) There should always be a balance between authority and responsibility.
- (f) Organisation is not a short-term arrangement. It is a continuous process.
- (g) As far as possible, there should be a few levels of supervision between the top authority and the workers.
- (h) As far as possible, authority and corresponding responsibility should be delegated far down in the organisation.
- (i) The authority, responsibility, superior — subordinate relations and the chain of command should be clearly defined.
- (j) The organisation should be so planned, that the objective can be attained with lowest possible cost.
- (k) Each person should report and answer to only one superior.
- (l) The top management should concentrate only on exceptional or important matters and lower level managers should be given freedom to handle routine matters.

### Check Your Progress:

1. Explain the principles of organisation.

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### 2.2.5 Functions of Organisation:

#### (a) Division of Labour:

When two or more individuals join together to perform certain tasks, it follows that some division of work is done. Work is divided among those

who participate in a productive organisation. The division of labour leads to a fixing of responsibility, the delegation of authority, specialization.

### **(b) Combination of Labour:**

With work divided and assigned to the members of an organisation, their activities are grouped together, forming operations, and operations are arranged to establish systems and procedures.

### **(c) Co-ordination:**

There is the need in every organisation for the integration of activities and the co-ordination of individuals and groups of individuals performing their tasks. Co-ordination is achieved through leadership, in the structural sense, it involves the fixing of responsibility and the delegation of authority.

### **Check Your Progress:**

1 Explain the functions of organisation.

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## **2.3 MEANING OF ORGANIZATIONAL STRUCTURE**

Organizational structure is the system of task reporting and authority relationship within which the work of the organisation is done.

As K. Aswathappa has noted — organizational structure gives concrete shape to the organisation. The structure determines division of work and show how different activities are linked. It also indicates the pattern of authority and determines relationship between super-ordinates and sub-ordinates. It provides the stability and continuity that the organisation needs to survive and also to co-ordinate its activities with external world

An organizational structure can be viewed as accomplishing four distinct functions:-

- a) Dividing work into manageable segments.
- b) Recombining work logically or efficiently.
- c) Distributing power to co-ordinate work.
- d) Establishing lines of communication and the directive or non-directive nature of information flow.

In the words of F. Kast and S. Rosenzweig “Structure is the established pattern of relationship among the components or parts of an organization.”

Generally, the formal structure refers to the following :-

- a) The organizational structure is based on pattern of relationships among the people working in an organisation.
- b) The organizational structure is also based on the duties and the positions of individuals and departments in the organization.
- c) Every organisation has a definite purpose or goal to achieve.
- d) The formal organization structure of an organisation has two dimensions i.e. Horizontal and Vertical. Horizontal Dimension depicts the various departments. Vertical Dimensions depicts the hierarchy of authority from the top level to the lower level.
- e) Organizational structure depicts the power status and hierarchical relationship within the organisation.
- f) Organisational structure involves the planned and formalized policies, procedures and controls that guide the activities and relationships of the people in the organisation.

### **Check Your Progress:**

1. Explain the meaning of organizational structure.

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### **2.3.1 Factors affecting organizational structure:**

Two sets of factors affecting structure of an organisation are:

#### **(A) Internal Contingency Factors:**

##### **(1) Goals:**

Organisation may set the goals like production with quality or service with guarantee. To achieve various goals, the organisation may adopt flexibility, adaptability, technical superiority or efficiency as means to achieve them.

##### **(2) Organisation Size:**

The structure also depends on size of the organisation. The small size leads to informal structure. As the organisation grows in size, the activities tend to become more formalized.

##### **(3) Employee Characteristics:**

Some employees prefer highly structured organisation while others do not prefer them. Especially, old prefer bureaucratic structure, while young

with to raise their VOICES. They need to participate in decision making process. They also do not like rigidity in rules.

**(B) External Contingency Factors:** These includes -

**(1) Dependence on external forces:**

Since organizations are open systems, they react to external environments. There are two different types of environments:

- (i) General environment:** means population which is physical, socio-cultural, technological and economic in nature. They affect the structure of organisation,
- (ii) Task environment:** suppliers, customers, competitors, government regulatory agencies, public pressure groups and the like form the environment which affect the structure.

**(2) Volatility of the environment:**

The organisation can be very rigid to face change or can be flexible when change can be predictable. This means that to resist change, the organisation should be strict while to adopt change, it should be flexible.

**(3) Technology:**

In hi-technology units, structures should facilitate problem solving and risk taking. Other structures facilitate efficiency. With routine technology, there is more centralized control.

**Check Your Progress:**

1. Explain the factors affecting organizational structure.

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## 2.4 MEANING OF ORGANIZATIONAL PROCESS

Louis Allen defines organisation as “the process of identifying and grouping of the work to be performed, defining and delegating responsibility and authority and establishing a pattern of relationship for the purpose of enabling people to work most effectively together in accomplishing objectives”.

In the words of rheo Haimann, “Organising is the process of defining and grouping of aCti/ities of enterprise and establishing the authority relationships among them. In performing the organizing function, the manager defines, departmentalizes and assigns activities so that they can be most effectively executed”.



The organizing process involves the following steps :-

- (a) Defining the organizational goals,
- (b) Determining activities to achieve the goals,
- (c) Grouping of activities into sections or departments,
- (d) Making arrangement of human and physical resources,
- (e) Assigning duties to individuals and departments, (f) Granting of authority to superiors,
- (g) Establishing superior and sub-ordinate relationships,
- (h) Providing a system of co-ordination to interlink the various activities of the organisation.

**Check Your Progress:**

1. Explain the meaning of organizational process.

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## **2.5 CLASSIFICATION / TYPES OF ORGANISATIONS**

Organisation structures take different forms. Broadly all the forms fit into one or two basic categories — Formal or Informal. A formal organisation has well-defined goals. There is the presence of superior — sub-ordinate relations. Informal organisation exist within the formal organization. Informal organisation is a network of personal and social relations existing within formal organisation. There are no definite goals. Again, there is no superior — sub-ordinate relations.

**Check Your Progress:**

1. Explain the Types / Classification of organizations.

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## 2.6 MEANING AND DEFINITIONS OF FORMAL ORGANISATION

The modern industrialized, urbanized and civilized societies of the world consist of a large number of formal organizations. Due to the complexity in the growth of societies, the number and size of the formal organizations have increased. They are found in the economic, political, educational, industrial and other fields.

Formal organizations represent those organizations which are characterized by a specific function, division of labour, a hierarchy of authority, rationality and a proper arrangement of statuses and role. They are carefully planned and systematically worked out. Examples : Banks, colleges, universities, factories, corporations, Government, Political parties, trade unions, courts, libraries, police, army, government offices, life insurance corporations, religious, cultural and other organizations.

### Definition of Formal Organisation:

According to Chester Bernard, “An organisation is ‘formal’ when the activities of two or more persons are consciously co-ordinated towards a common objective”.

### Check Your Progress:

1. What do you mean by formal organization? Define formal organisation.

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### 2.6.1 Characteristics / Features of Formal Organisation:

#### (1) A specific function:-

Formal organisation has its own specific function or functions. A University for example, has the main function of promoting education. But it may also promote the specific artistic, literary, athletic and other interests of the members. The principal function of the Church is religion. But it may also promote Charitable, ethical, athletic, recreational, educational, missionary and other activities. -rhus, the formal organisation may have it's 'latent' as well as 'manifest' functions.

#### (2) Norms:

The formal organisation has its own norms or rules of social behaviour. Certain conduct is appropriate in a university classroom, a factory, an office, a department store, a hospital, a government bureau, a military unit and so on. Students and teachers, firemen and workers, vice- presidents and secretaries, managers and clerks, doctors and nurses and similar other

members observe norms in their interaction. Formal organisation lays down procedure to be followed by the members.

### **(3) Formal Organisation implies Statuses and Division of Labour:**

Members of an organisation have different statuses. A bank for example, may have manager, a public relation officer, a field officer, a cashier, a few clerks, a few peons and so on. These statuses determine one's social relations with other members. Statuses imply division of labour. The division of labour is characteristic of all organizations and in a sense, Organisation is synonymous with the division of labour. Organized actions in a formal organisation are possible because of division of labour. It contributes to the efficiency of the organisation. Division of labour leads to specialization. The modern hospital, for example, may consist of a number of specialists like the Gynaecologists, pediatricians, surgeons, anesthetists, heart specialists, urologists, neurologists, psychiatrists and others working together, each one complementing the knowledge and skill of the others.

### **(4) Authority:**

The formal organisation creates authority. Where there is no organization, there is no authority, where there is no authority, there is no organisation. Authority is one of the most significant criterion of organisation. Authority refers to the presence of one or more power centres which control the concerted efforts of the organisation and direct them towards its goals. These power centres also must review continuously the organisation's performance and re-pattern its structure where necessary, to increase its efficiency.

### **(5) Bureaucracy:**

Bureaucracy refers to the administrative aspect of the formal organisation. It refers to the arrangement of the organisation designed to carry out its day-to-day business. It is represented by a hierarchy of officials who are assigned different responsibilities and provided with different statuses and roles. Here, the roles are official roles. The role is enacted according to its corresponding official status. Status implies authority. Authority resides with the offices and not with the persons.

### **(6) Rationality:**

The formal organisation is based on rationality. The rationality of formal organizations has two sources :

- (i) "The predominance of rules that have been devised to help achieve definite results" and
- (ii) "The systematic reliance on knowledge in the operation of the organisation". "Knowledge" here means something more than the knowledge of the bureaucrat rules. For example, business firms depends upon the professional knowledge of a good number of technical experts such as lawyers, accountants, advertisers, scientists,

engineers. Similarly hospitals depend upon medical doctors, nurses, pharmacists and many technicians.

### **(7) Relative Performance:**

The formal organizations are relatively permanent. Some organizations last for longer time while others perish within a short period of time. Relatively few organizations survive for generations such as the Roman Catholic Church, The Society of Jesus, The Bank of France, The Oxford University which have survived for generations. Comparatively, the business organizations are more flexible. Some organizations continue to function by aiming at the fulfillment of new goals even though their initial goals are fulfilled.

### **(8) Tests of Membership:**

It is easy to join some formal organizations and difficult to join others. All organizations require certain qualifications. All formal organizations without exception, in fact, are relatively closed. All of them have tests of membership. It is easy to join political party or an industry, but it is difficult to get into the army, the cabinet of the ruling party, etc. Membership in an organization is almost always an achieved status, seldom merely an ascribed status.

### **(9) Substitution of Personnel:**

The unsatisfactory persons of the formal organization can be removed and others assigned their tasks. The formal organization can also recombine its personnel through transfer and promotion.

### **(10) A name and other identifying Symbols:**

Well established formal organizations have their own names and also symbols. The symbols of identification may be mottoes, slogans, signs, colours, ribbons, seals, trademarks and so on. These serve to distinguish one from the other.

In sum, the important features of the formal organization are :-

- (a) A formal organization is a group of people working together towards objectives which mutually benefit the participants and the organization.
- (b) Formal groups exist in all organizations. Such groups are created in order to carry out specific duties.
- (c) Formal groups are in the form of committees, task force, project teams, etc.
- (d) Formal groups are given proper official status and operate as per certain rules and procedures.

- (e) In a formal organisation, the structure of jobs and positions are clearly defined. Each job has definite measure of authority responsibility and accountability.

**Check Your Progress:**

1. Explain the characteristics / features of formal organisation.

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**2.6.2 Importance of Formal Organisation Structure:**

The structural features of a formal industrial organisation meet the following functional requirements of the industry:-

**(1) Aim:**

The first and foremost aim of any organisation is to make profit. This aim must be achieved in order to survive.

**(2) Technology:**

In order to achieve this aim, industry must engage in a process of production which can produce materials most efficiently and economically. This technical process has certain characteristics which have greater significance:-

**(a) Co-ordination:**

All industrial technical processes have highly co-ordinated systems. Raw materials must appear in the plant at proper time and be distributed to the proper areas, work must flow smoothly from one area to another, machines must work simultaneously, standard of work and of production must be maintained, customer must be supplied on time, services must be given satisfactorily.

**(b) Specialization:**

The work is divided in such a way that each group is made responsible for a definite area of work. When people continuously do the same job, they become expert.

**(c) Specialized Knowledge:**

Each individual or group must have authority over work as far as knowledge is concerned. This is necessary looking at the complexity of industrial system. The search for new products and the competition for changing the design. Changing technology e.g. computerization or increased automation requires people with great skill and also variety of skills.

**(d) Long range planning:**

There is need for long range planning in order to compete successfully the market conditions. Financial capacity must be judged properly.

**(3) Training and development of employees:**

New as well as old employees must be trained, motivated and supported in order to make them efficient and better. Human capacities must be recognized and properly utilized.

**(4) External environment:**

Relations must be maintained with government and public. Customers must be satisfied. Union leaders should be convinced. Credit agencies or financial institutions must be kept in touch, market should be controlled.

**Check Your Progress:**

1.Explain the importance of formal organisation.

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**2.6.3 Merits / Benefits of Formal Organisation Structure:**

If the organisation process is carried out properly and the organisation structure is carefully designed, the following benefits would be assured.

- (1) Available resources will be utilized in the most effective way.
- (2) Directional and operational goals and procedures will be determined clearly and energies devoted to their achievement.
- (3) An orderly hierarchy in which people are related in a meaningful sequence will result. Individual responsibilities will be known clearly and the authority to act would be defined.
- (4) Workers will benefit from planned superior sub-ordinate relationships in which each workers receives essential support and direction.
- (5) The activities of the individuals and the groups will become more rational, stable and predictable.
- (6) Such an organisation may make the treatment of the individual workers more democratic because patronage and favoritism are reduced.
- (7) Individuals will be selected on the basis of ability to perform expected tasks. Simplification and specification of job assignment is possible in a more effective way.

### Check Your Progress:

1. Explain the merits/benefits of formal organisation structure.

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### 2.6.4 Drawbacks / Demerits / Limitations of Formal Organisation Structure:

- (1) Very often, the fixed relationships and lines of authority seem inflexible and difficult to adjust to meet changing needs.
- (2) Individual creativity and originality may be stifled by the rather rigid determination of duties and responsibilities.
- (3) Inter-personal communication may be slowed or stopped as a result of strict adherence to formal lines of communication.
- (4) Workers may become less willing to assume duties that are not formally a part of their original assignment.
- (5) Organisations tend to fail to account for important differences in workers as human beings.
- (6) They produce anxiety in individual workers by pressing too heavily for routine and conformity.
- (7) They become too costly in terms of time and human dignity in order to implement organizational rules and regulations.

These drawbacks can be reduced through careful planning and efforts by supervisors to be responsive to human problems created by formal organizational structure.

### Check Your Progress:

1. Explain the demerits / limitations / drawbacks of formal organisation structure.

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## 2.7 TYPES OF STRUCTURE

Line Organisation, Functional Organisation, Line — and — Staff organisation and Tall and Flat Organisation Structure.

### 2.7.1 Meaning and definitions of Line Organisation:

Line organisation is the simple and oldest type of organization. Under this, each department is generally a complete self contained unit. A separate person will look after the activities of the department and he has full control over the department. This type of organisation is followed in the army on the same pattern. So it is called military organisation. Under this type of organization, the line of authority flows from the top to bottom vertically. So it is called line organisation. Line organisation is also called as military or scalar organisation.

According to Louis Allen, “Line refers to those positions and elements of the organisation, which have the responsibility and authority and are accountable for accomplishment of primary objectives”.

There are two kinds of Line Organisation :-

- (a) **Pure Line Organisation** : All the individuals perform the same type of work. i.e. all the workers may be engaged in a similar activity.
- (b) **Departmental Line Organisation** : There is a chief executive at the top. Under him, there are number of departments, each headed by a departmental manager. Even within a department, there may be several sub-departments or units carrying different task.

#### Check Your Progress:

1. What do you mean by Line Organisation. Define Line Organisation.

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### 2.7.1 (a) Characteristics / Features of Line Organisation:

- (1) It consists of direct vertical relationship.
- (2) Authority flows from top level to bottom level.
- (3) Departmental heads are given full freedom to control their departments.
- (4) Each member knows from whom he would get orders and to whom he should give his orders.
- (5) Operation of this system is very easy.
- (6) A senior member has direct command over his sub-ordinates.
- (7) Existence of direct relationship between superior and sub-ordinates.
- (8) The superior takes decisions within the scope of his authority.



## Check Your Progress:

1. Explain the features / characteristics of Line Organisation.

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### 2.7.1 (b) Merits of Line Organisation:

#### (a) Simplicity:

It is very easy to establish. The workers can understand the concept and relationship with others without any difficulty.

#### (b) Division of Authority and Responsibility:

Each person has his area of authority which is clearly explained to him. So he knows to whom he is responsible for doing the job.

#### (c) Unity of Control:

An individual can receive orders only from one superior. It means that a sub-ordinate is responsible only to one superior and he gets orders only from him.

#### (d) Speedy Action:

There is a proper division of authority and responsibility and unity of command. Hence, an individual can take decisions and execute the plans without any delay.

#### (e) Discipline:

The authority flows from top to bottom. Loyalty and discipline can be maintained among the employees of the organisation without much difficulty.

#### (f) Economical:

It is a single type of organization, it is economical.

#### (g) Direct Communication:

There is a direct relationship between the superior and the sub-ordinate at all levels of organisation. This will help to know each other intimately.

#### (h) Flexibility:

Adjustments in the organisation can be easily made to suit the changing conditions of the business.

**(i) No Buck-Passing:**

There are limited chances of shifting responsibility of failure on to others as authority and responsibility is clearly defined.

**Check Your Progress:**

1. Explain the merits of Line Organisation.

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**2.7.1 (c) Demerits / Limitations of Line Organisation:**

**(1) Lack of Specialization:**

Each person is responsible for the overall exhibition of activities relating to his department alone. He is not expected to be an expert in all aspects of managerial task. He simply gives instructions to his sub-ordinates and does not specialize in certain phases of operation.

**(2) Over Loading:**

Whenever the scale of operations or size of the business unit increases, this system gives over work to the existing executives. So they are not in a position to direct and control the efforts of their sub-ordinates properly.

**(3) Lack of Initiative:**

Since maximum authority is invested with the top management, the departments will lose their initiative to motivate the sub-ordinates.

**(4) Scope for favouritism:**

Only one person controls the activities of the department when there is a scope for favoritism and nepotism.

**(5) Dictatorial:**

Under line organisation, a sub-ordinate should carry out the instructions and orders, which are given by the superior. If not, he will be penalized. This entails an autocratic and aristocratic approach in administration. So, managers will become dictators and not leaders.

**(6) Limited Communication:**

In normal time, the communication moves downwards but very rarely, it moves upwards. The downward communication may be orders, instructions, etc. The management may know the grievances of employees. But the top management does not prefer upward communication. So, it results in limited communication.

**(7) Unitary Administration:**

A single executive who takes all the decisions relating to his department look after each department's activities. Hence, the successful functioning of that department depends on his abilities.

**(8) Subjective Approach:**

The degree of availability of authority is more to the superior than to the sub-ordinates. So the superior takes decision without considering the opinions of the sub-ordinates. The sub-ordinates should follow the decisions taken by the superior.

**(9) Instability:**

The success of this type of organisation depends mostly on the ability of only a few strong men and the failure of this organisation is likely due to the inability of the same persons.

**(10) Lack of Co-ordination:**

The co-ordination among the departmental heads is not easy to achieve. The reason is that the executive of a department does not consider other departments important. This will result in the lack of co-operation and team spirit.

**(11) Unsuitability for Large-Scale Enterprise:**

This type of line organisation is not suitable for a large-scale enterprise which requires specialization.

(12) The business activities may be divided according to the will of the manager rather than according to any scientific plan.

(13) The system has no means of appreciating the efficient worker and punishing of the inefficient worker.

(14) Under line organisation, efficient persons are essential to the top management. Practically, it is very difficult to find efficient persons for small organisations.

(15) The required time and efforts are insufficient for managerial planning, research and development and controlling activities of the organisation.

**Check Your Progress:-**

1. Explain the demerits/ limitations of Line organisation.

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## 2.7.2 Meaning of Functional Organisation:

The functional structure is the most widely used form because of its simple logic and common sense appeal. It is the basic building block of organisation. It is the module from which other forms are built. Here activities are grouped together by common function. It is commonly described as “Organizing work into related bundles of skill”. Each functional unit has a dissimilar set of duties and responsibilities. In a university, functional structure would mean a set of departments like marketing, management, business economics, finance, etc. Thus, similar and related occupation specialities are grouped together. Functional structure tries to incorporate the positive aspects of specialization. The critically speaking, management is trying to create the most efficient

department by having identifiable departments of specialists. -rhis system of organisation was developed by F.W. Taylor around 1900. His main idea was that the direction of work must be decided by function and not by mere authority.

### Check Your Progress:

1. Explain the meaning of functional organisation.

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## 2.7.2 (a) Features I Characteristics of Functional organisation:-

### (1) Specialization by Function:

Functional structure orients people towards a special activity. It helps people to concentrate competence in particular ways.

### (2) Sub-Goal emphasis:

Functional structure compels departmental heads to concentrate on sub-unit goals. Departmental heads are judged based on how well they meet the standards, achieve the targets, etc. This leads to sub-unit goals emphasis.

### (3) Growth always pyramidal:

Growth in a functional-structure is a process of horizontal and vertical elaboration. When a new product is added to the existing product line, the added positions and departments are made part of the existing functional structure. Each function grows by adding layers to be the base of the pyramid and to the span of supervision and number of levels reporting to each manager within the functional pyramid.

**(4) Line-staff division:**

A clear distinction between line and staff activities is observed in all functional structures. Infact, functional organization is a modified form of line and staff structure. Line functions have direct responsibility for achieving the basic purpose of the organization. Staff functions play supportive role. Line commands, staff advises.

**(5) Functional Relationship:**

Functional relationship subjects managers to multiple supervision. The process of departmentation can take place with all three types of authority: line, staff and functional. Functional authority is subordinate to line authority and is a way of relating specialists to work (the line) in the organization. Functional specialists are endowed with a limited scope of command authority. A personnel department (normally a staff department) is sometimes given line authority to recruit new personnel for other line departments (like production, finance). In the absence of this type of functional authority, the personnel department will be expected to send the prospective employees to the line department.

**(6) Centralization and decentralization:**

One man heads up all of one kind of work. In a functional organization, authority is centralized to a great extent. As a result, co-ordination within function is simplified.

**(7) Span of control:**

The span of management is limited in functional structure. As a result, they tend to be “tall” structure. Managers exercise close supervision and they rely on impersonal rules, producers to manage individuals in organization.

**Check your progress:-**

1. Explain the feature/characteristics of functional organization.

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**2.7.2 (b) Advantages/Merits of functional organization:****(a) Facilitates specialization:**

The functional organization permits specialization. “rhis is because each executive look offer a specific function. The work in the organization is divided on the basis of functions. Therefore, there is division of work. This brings in accuracy, neatness and speed in work.

**(b) Mass production:**

This is possible through schemes of standardization and specialization. Thus it can keep the economies of large scale production.

**(c) Facilitate Co-ordination:**

It facilitates effective coordination. This is because each superior is in charge of particular function. Therefore, he can easily coordinate the activities of his subordinates as far as his function is concerned.

**(d) Reduced pressure of duties:**

Unlike a line organization, functional organization reduces the burden of executives or supervisors as they need not perform diverse duties.

**(e) Effective supervision:**

Under this system an executive as well as the foreman perform specific function. He is not unduly overloaded with varied duties. The specialist, therefore can concentrate on his specialized area and can effectively supervise the work of his subordinates.

**(f) Scope for functional improvement:**

Since the supervisor has to perform a specific function only, the repetitive nature of the function allows him to have thorough job analysis and hence there is scope for further improvement.

**g) Less need for generalists:**

There is reduction in the need for all round employees at the non-supervisory level, as well as at the executive level.

**h) Good quality of production:**

The quality of production can be of high order, as there are experts (inspectors) to monitor the quality of production.

**i) Optimum use of resources:**

In this type of organization, there is optimum use of resource. Every man, machine and materials are put to maximum use.

**j) Higher efficiency:**

This type of organization may permit higher efficiency. This is because of specialization. Again there is timely maintenance and repair of machines. There is also maximum possible use of resources. -rhus, there can be maximum returns at minimum costs.

**Check your progress:**

1. Explain the merits/advantages of functional organization.

## **2.7.2 (c) Demerits/ Disadvantages of Functional Organization.**

### **(1) No unit of command:**

As each worker receives orders and instructions from several bosses, he is responsible to several bosses rather than one boss.

### **(2) Divided responsibility:**

The system makes use of the principle of divided responsibility. This gives rise to confusion and it creates the problems of pinpointing responsibility for unsatisfactory results.

### **(3) Conflict:**

One supervisor's view point may not match with that of another. One supervisor may be more approachable and personable than the others. This may lead to conflict among foremen.

### **(4) Unsuitable for non-manufacturing unit:**

Experience has shown that this system is not suitable for non-manufacturing units.

### **(5) Delay in decision-making:**

There is considerable delay in decision making involving all functions, as several foremen have to be contacted before arriving at a common decision.

### **(6) Lack of opportunities for training:**

It reduces the opportunities for the training of all round executives to ensure further leadership in the company.

### **(7) Difficulties of coordinating different functions:**

Co-ordinating the varied functions of several specialists becomes difficult.

### **(8) Expensive:**

Since it requires several foremen, the operating costs are more.

### **(9) Separation of planning from doing:**

It is always advisable to have close coordination between planning and doing but in functional organization, there is separation between the two.

### **(10) Divided control:**

In functional organization there is divided control and as such it may create problems of discipline and order.

**Check your progress:**

1. Explain the demerits/disadvantages of functional organization.

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**2.7.3 Line-and- staff organization: Meaning and Definition:**

A structure having only line executives may be possible in a very small organization employing a few persons so that all levels are part of the chain of command. Large sized organization have such levels which are not part of the chain of command but perform a very useful role. Due to the complexities of modern business, the line executive seeks specialist opinion on a particular matter (s). These people, called staff personnel develop ideas and provide advice to line executives. This form of organization tries to retain the merits and to do away with demerit of both the line and functional organization. This type combines the activities of line executives and that of staff or adv'sors. The line executives are the "doers" or commanders, whereas, the specialists are the "thinkers" or advisors.

The staff concentrates their attention upon the research and planning aspects of business activities. While the line executives concentrate their attention upon the implementation of the policy matters.

According to Louis Allen "Line refers to those positions and elements of the organization. Which have the responsibility and authority and are accountable for accomplishment of primary objectives. Staff elements are those which have responsibility and authority for providing advice and service to the line in attainment of objectives."

The need for staff services is due to :

- (a) The growth of large scale organization
- (b) Technological developments and
- (c) Continuous changes and uncertainties in business environment.

There are three main types of staff:-

- (1) Personal staff: Example of private secretary
- (2) Specialized staff: Such as financial advisors, research personnel, legal experts etc.
- (3) General staff: Example of assistant to general manager.



## Check your progress:-

1. Explain the meaning and define Line- and —staff organization.

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### 2.7.3 (a) Features/characteristics of Line-and-staff organization:

- (1) **Planning and execution:** There are two aspects of administration in this organization viz, planning and execution.
- (2) **Combining line and staff:** Planning function is entrusted to staff specialists who are “thinkers” while execution function is given to line executives who are “doers”. The staff is supportive to line.
- (3) **Role of authority:** The line managers have authority to take decisions as they are concerned with actual production. The staff officers lack such authority.
- (4) **Guidance from staff:** The staff provides guidance and advice to line executives when asked for. Moreover, the line executives may or may not act as per the guidance offered.
- (5) **Exercising control:** The staff managers has authority over subordinates working in his department.
- (6) **Scope for specialization:** There is wide scope for specialization in this organization as planning work is given to staff and execution work is given to line executive.
- (7) **Possibility of conflicts:** Conflicts between line and staff executives are quite common in this organization but can be minimized through special measures.
- (8) **Suitability:** Line and Staff organization structure is suitable to large-scale business.

### Check Your Progress:

1. Explain the features/characteristics of Line-and —staff organization.

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### 2.7.3 (b) Advantage/Merits of Line and Staff Organization:

- (1) It facilitates the workers to work faster and better.

- (2) Specialization is attained when the staff officers concentrate on planning the function and the line officers concentrate on execution function.
- (3) It enables the organization effectively to utilize the staff officer's experience and advice.
- (4) The line officers can take sound decision with the help of proper advice from the staff officers.
- (5) A new technology or a new procedure may be introduced in the organization without any dislocation.
- (6) A new variety of responsible jobs can be given to skilled workers.
- (7) The work of line officers would be reduced to some extent if they are relieved of the work of taking decisions.
- (8) It promotes the efficient functioning of the line officers.
- (9) The principle of unity of command is followed in the line and staff organization. Hence, the line officers can maintain discipline among the workers and exercise control over the workers.
- (10) A very good opportunity is made available to the young persons to get training.

**Check Your Progress:**

1. Explain the merits/advantages of Line and staff organization.

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**2.7.3 (c) Demerits/Disadvantages of Line and Staff Organization:**

- (a) If the powers of authority pertaining to the line officers and staff officers are not clearly defined, there may arise confusion throughout the organization.
- (b) It is very difficult to control the line officers when they reject the advice of the staff officers.
- (c) The line officers may reject the advice without assigning any reasons for their action.
- (d) The staff officers may underestimate the authority of line officers. The reason is that they are superior to the line officers.
- (e) The staff officers are not involved in the actual implementation of the programme. So, it is not obligatory on their part to give advice with care and caution.

- (f) The staff officers are not responsible if favourable results are not obtained.
- (g) It requires the appointment of staff officers who are specialized in various areas. It increases the administrative expenses of the organization.
- (h) There is no authority to the staff officers to compel the line officers to accept and implement the advice given by them.
- (i) There is a communication gap between line officers and staff officers. It reduces the degree of co-operation between them.
- §) The differences of opinion between line officers and staff officers will defeat the very purpose of specialization.
- (k) The line officers may misunderstand the advice given by the staff officers and proper results can not be obtained. Sometimes, the staff officers can not give unambiguous advice to the line officers.
- (l) Line officers blame the staff officers for unfavourable results and want to get rewards for favourable results.
- (m) Frequently, the line officers want to get advice from the staff officers not only on important matters, but also on ordinary matters. It reduces the effectiveness of control of line officers.

### Check Your Progress:

1. Explain the demerits/disadvantages of Line and Staff organization.

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### 2.7.4 Meaning and Definition of Tall organisation structure:

Span of control directly affects the number of managerial levels in any organisation. As such, it determines the organisation structure. A tall Structure is one in which spans of supervision are narrow, i.e. each supervisor directs the activities of, for example, only two, three or four persons, and the hierarchical levels are numerous (there may be as many as 7 or 8 rings on the organizational ladder). This type of organization structure makes close supervision possible and allows the supervisor to communicate with his immediate subordinate on a more constant basis. According to James Worthy, "Tall structure often results in over-specialization and over-functionalization of activities and job assignments. Individuals work under close, constant supervision, therefore, they may be exposed to undue pressure from the formal hierarchy, superior subordinate relations are strained as a result of intense supervision and control."

### Check Your Progress:

1. Explain the meaning of Tall Organization Structure.

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#### 2.7.4 (a) Advantages/Merits of Tall Organization:

- (1) The quality of performance is likely to improve due to close supervision.
- (2) It develops better and closer superior subordinate relations.
- (3) Control and supervision becomes more easier and convenient.
- (4) Good discipline at all levels because of fewer subordinates.
- (5) There is less distortion in communication between superior and subordinates.
- (6) The manager gets more time to plan, and to organize future activities.
- (7) It encourages development of staff groups such as advisors.
- (8) The efforts of the subordinates can be easily co-ordinated as there are fewer subordinates at each level!

### Check Your Progress:

1. Explain the merits of Tall Organization Structure.

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#### 2.7.4 (b) Demerits/Disadvantages of Tall Organization:

- (1) It creates many levels of management.
- (2) There is often delay and distortion in communication between levels.
- (3) It becomes difficult to co-ordinate activities of the various levels.
- (4) It is expensive as more number of supervisors/managers are required at each level.
- (5) Decisions and actions are delayed when it involves different levels.
- (6) There is strict supervision and as such subordinates lack freedom.

- (7) Superiors may become more dominating.
- (8) It is not suitable for routine and standardized activities.

### Check Your Progress:-

1. Explain the demerits/disadvantages of Tall Organization.

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### 2.7.5 Meaning of Flat Organization:

In flat organization, the span of control is usually large (sometimes as many as 30 or 40 people) and there are few management levels. There may be only three or four steps from the top of management to the bottom. Such organisation with wider span of control and few management levels is called as "Flat organization."

### Check Your Progress:

1. Explain the meaning of Flat Organization.

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### 2.7.5 (a) Merits/Advantages of Flat Organization:

- (1) **Less Expensive:-** It is less expensive as few managers are required, Therefore, there are less overheads.
- (2) **Quick action:-** Quick action can be taken involving various levels in the organization.
- (3) **Quick Communication:-** There can be quick communication among, the various levels in the organization.
- (4) **Co-ordination:-** There can be good co-ordination in undertaking the various activities among the various levels.
- (5) It creates fewer levels of management.
- (6) Subordinates are free from close and strict supervision and control.
- (7) It is more suitable for routine and standardized activities.
- (8) Superiors may not be too dominating because of more number of subordinates.

**Check Your Progress:**

1. Explain the merits/advantages of Flat organization.

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**2.7.5 (b) Demerits/Disadvantages of Flat Organization:**

- (a) **Loose Control:** There are chances of loose control as there may be more number of subordinates under one manager.
- (b) **Problem of discipline:** The discipline in the organization may get affected due to loose control.
- (c) **Superior—subordinate relations:** The relations between the superiors and subordinates may get affected. Close and informal relations may not be possible.
- (d) **Problem of team work:** Since there are several subordinates under one manager, there may be problems of team work.
- (e) It may create problems of co-ordination between the various subordinates.
- (f) It requires more ability and experience on the part of the superior to handle a large number of subordinates.
- (g) It may not be feasible for complex nature of activities.
- (h) The quality of performance may be affected. It is to be noted that now-a-days organizations tend to become more flatter due to:-
  - (a) There is a need to reduce overheads.
  - (b) Non-availability of competent managers.
  - (c) Tendency to centralize certain important matters.
  - (d) Computerization in the organization.
  - (e) Desire for uniform policies.
  - (f) Professionalism in managing subordinates.

**Check Your Progress:**

1. Explain the demerits/disadvantages of Flat organisation.

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## 2.8 SUMMARY

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Formal organization is created deliberately and consciously by the framers of the organization. It is hierarchical, pyramid shaped in the structure. It can be shown in the form of a chart.

Various types of structures such as Line organization, Functional organization, Line-and-staff organization; & Tall and Flat organization have been discussed in detail in this unit.

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## 2.9 GLOSSARY

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- (1) **Organization:** is a process of achieving certain set of goals.
- (2) **Formal organization:** It is structured on certain definite basis of legal norms and values.
- (3) **Departmentalization:** It is dividing the work into several specific groups or departments.
- (4) **Informal organization:** This structure is based on personal and informal relationships between and among the employee.
- (5) **Tall organization:** Organization with narrow span of control and many levels of management.
- (6) **Flat organization:** Organization with wider span of control and few management levels.

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## 2.10 QUESTION

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1. What do you mean by organizational structure. Explain the features, merits and demerits of Formal organization.
2. Explain the features, advantages and disadvantages of Functional Organization and Line Organization
3. Write a brief note on Line and Staff Organization?
4. Differentiate between Tall and Flat Organization?

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## **INFORMAL ORGANIZATION-MEANING, SIGNIFICANCE AND IMPA`CT ON FORMAL ORGANIZATION**

### **Unit Structure**

- 3.0 Objective
- 3.1 Introduction
- 3.2 Meaning and Definition of Informal Organization
- 3.3 Characteristics/Features of Informal Organization
- 3.4 Reason for the emergence of informal organization
- 3.5 Importance of Informal Groups
- 3.6 Functions of Informal Groups
- 3.7 Advantages/Benefits/Merits of Informal Organization
- 3.8 Limitations/Demerits of Informal Organization
- 3.9 Norms and roles in informal organization
- 3.10 Managing the informal organization
- 3.11 Formal organization Vs Informal organization
- 3.12 Harmonising formal and Informal organization
- 3.13 Summary
- 3.14 Glossary
- 3.15 Question
- 3.16 Suggested Readings

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### **3.0 OBJECTIVES**

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- To enable the student to understand the meaning and importance of Informal organization.
- To facilitate the students to understand the difference between formal and Informal organization.

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### **3.1 INTRODUCTION**

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Informal organization is the structure which does not possess any official position, It is a small group where members on their own develop primary, face to face relationships. These structures grow within the formal organization. Such groups provides satisfaction to the members, they have their own norms, have separate status and style of working. Informal organization serves as a source of protection against threatening oppressive forces. It helps its members to find solution to mutual and personal problems.



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## 3.2 MEANING AND DEFINITIONS OF INFORMAL ORGANIZATION

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No business, however, operates completely by 1114 book.” In a real business setting, the relationship that actually exists amongst the employees does not follow formal lines. Employees in one department know those in other departments. They may need information about the acts of indiscipline in a particular department or some advice on delicate matters regarding the handling of jobs etc. The associations of persons, in such cases, come under “Informal organizations”. These associations may be among employees on the same level of the hierarchy or on different levels. They may even cross unit or plant lines.

An informal organization is any joint personal activity without conscious joint purpose although it may contribute to joint results. The informal organization can be viewed as a shadow organization. It arises naturally, spontaneously from the interaction of people. it refers to unofficial and unauthorized relationships that inevitably occur between individuals and groups within the formal organization.

Informal organization exist within the confines of the formal authority structure. The informal organization consists of a group of people who relate to each other spontaneously for various purposes of mutual benefit and achievement. IT is a primary source for information and furtherance of social ties. It provides members with useful information and knowledge (though the grapevine) which may supplement or complement formal communication. It also serves as a source of protection against threatening, oppressive forces. It helps its members to find solutions to mutual and personal problems.

The interactions that occur informally are neither prescribed by the formal structure nor can they be completely controlled by formal authority. The informal group sometimes act in support of formal goals and objectives but it is equally capable of opposing formal guidelines.

Informal organization can not be shown by charts or manuals, nor can it be established by top management. There is no formal purpose for this type of relationship. It is based on personal attitudes, likes and dislikes etc.

Informal relations can exist between the superior and subordinates. An informal organization provides social satisfaction to group members. It is the best means of human communication. The grapevine is the channel of informal communication. Informal organization exerts great influence on the morale of the person. Since, morale and productivity are bound to influence group attitudes and behaviour; management can not ignore these social organizations.

In the words of Keith Davis, “Informal organization is a network of personal and social relations not established or required by the formal organization but arising spontaneously as people associate with one another.”

Informal organization is the structure which does not possess any official position. It is a small group where members on their own develop primary, face to face relationships. These structures grow within the formal organization. Such groups provide satisfaction to the members; they have their own norms, have separate status and style of working.

**Check your progress:**

1. Explain the meaning of Informal Organization.

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### **3.3 CHARACTERISTICS/FEATURES OF INFORMAL ORGANIZATION**

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- (1) It is unwritten and develops unconsciously.
- (2) It is not governed by any established rules.
- (3) It exists within a formal organization.
- (4) It uses grapevine as a means of communication.
- (5) It brings people together to realize common interests.
- (6) It helps to develop close relationship within the group through personal and social ties.
- (7) Informal organization forms its own norms and the members follow them.
- (8) There is informal leader who leads the group and supervises its activities.
- (9) The members feel free to express themselves and thus reconfirms the sense of security.
- (10) The members, though loyal to their informal group, do not go against the formal organization.
- (11) The members encourage each other and indirectly contribute to their personality development.
- (12) The informal organization does not have any prescribed rules to follow but members see that the set norms are obeyed.

## Check your Progress:

1. Explain the features/characteristics of Informal Organization.

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### 3.4 REASONS FOR THE EMERGENCE OF INFORMAL ORGANIZATION

Basically, the informal organization emerges because the formal structure does not satisfy all employee and organizational needs. Formal organization fails to describe the dynamic relationships between members in the organization. Informal relationships develop within any formal structure and managers do not have a choice. It is important for the managers to understand the informal organization and channel its energies toward organizational goals. The informal organization presents many opportunities for motivating employees, resolving conflicts and creating worker satisfaction.

#### (1) Psychological Fatigue of routine tasks:

Simple and routine tasks in the office and in the factory can have an undesirable influence on the workers. Under such conditions, personnel can become bored by their tasks and indifferent to their work and may experience psychological fatigue, unable to relate their jobs to final output, workers suffer from feelings of meaninglessness, workers also feel powerless to control factors within the environment. Under such distasteful conditions, informal relations in the organizations serve to preserve the organization from the self destruction that would result from literal obedience to formal policies, rules, regulations and procedures. Informal organization fill the psychological void/vacuum created by dull, boring and monotonous jobs. It has the capacity to overcome deficiencies built into the formal structure.

#### (2) Desire to Socialize with others:

Most people like to socialize in order to satisfy more of their social and ego needs on the jobs. Informal organization provides social satisfaction. Affiliation with the informal groups is more than just friendship, it is a sense of belonging. It gives a man recognition, status and future opportunity to relate to others. Informal organization acts like a 'Safety Valve' to release daily tensions and frustrations on their jobs. The informal organization will lend a sympathetic ear to their troubles and will give an opportunity to ventilate their grievances.

**(3) Source of Protection:**

Informal organization offers a powerful protection against threatening and oppressive forces. Informal organization increases the feeling of security, it restores some internal and external human values lost because of efforts to achieve efficiency by oversimplifying work. Informal organization serves as balancing functions by giving satisfaction to individual members that the formal structure can not give. It also assures members a reasonable degree of stability in their interpersonal relationship. In an informal organization, the rules for behavior are set by the members not by the management.

**Check your progress:**

1. Explain the reasons for the emergence of informal organization.

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**3.5 IMPORTANCE OF INFORMAL ORGANIZATION**

The results of various studies indicate the following importance of the informal groups:-

- (a) Informal group dynamics are important.
- (b) Informal group norms would develop which could undermine formal working relations.
- (c) Informal group norms developed over what was to count as an acceptable day's work despite what management thought.
- (d) Such informal group norms *were* important to the workers even to the extent that an individual worker might refuse promotion if it meant leaving the group.
- (e) If management takes an interest in the work force and allows them some control over their environment then the work force would feel less alienated from the work place.

Where norms of cooperation and high output are established because of a feeling of importance, physical conditions may have little impact.

Informal group play a significant role in the dynamics of organizational behaviour. The major difference between formal and informal groups is that the formal group has officially prescribed goals and relationships, whereas the informal one does not. The two types of groups co-exist and are inseparable. Every formal organizations has informal groups, and every informal organization eventually evolves some semblance fo formal groups. Both the groups grow simulataneously.

## Check Your Progress:

1. Explain the importance of Informal Organization.

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## 3.6 FUNCTIONS OF INFORMAL GROUPS

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### **(1) Relief from monotony, boredom and fatigue:**

An important function of the informal group is to mitigate the harsh routine, discipline and consequent boredom and fatigue which arise from the nature of industrial production.

### **(2) Opportunities for Status:**

The informal group may provide alternative roads to the acquisition of status (higher status) than could be secured through the formal structure. The informal group provides opportunities for acquiring and increasing prestige in an informal hierarchy of status as to alter the formal definition of status in the industrial bureaucracy in their own favour. Thus, it relieves strain in the worker.

### **(3) Increased flow of emotional responses:**

On the one hand, the informal group brings together workers who are congenial in character and solidifies relationships between those who occupy adjacent places in the productive processes or who must work together at a common task. On the other hand, the informal group increases emotional response by increasing the rate of interaction of the workers who are grouped together. The group provides channels for a flow of conversation, the exchange of ideas, the communication of attitudes and the sharing of values. Thus, it serves to mitigate the affective neutrality and universalism of the worker's role; it provides an alternative outlet to an aspect of the worker's personality for which there is no need or room in an industrial bureaucracy.

### **(4) Opportunity for independence:**

Some informal groups provide the workingmen with opportunity for independence and spontaneity. In many cases, it increases the worker's freedom and independence of bureaucratic discipline. The informal group often furnishes the illusion of independence rather than genuine independence. Thus, we can say that the informal group is more important as a symptom of the strivings of the worker than as an answer to those striving.

**(5) Increased Security:**

The major function of the informal group is the attainment of economic security in the face of the double threat arising from technological change and fluctuation in the business cycle. Informal group is very much concerned with the maintenance of security. The function of the informal group is to discipline its members into compliance with the management's goals. Membership in an informal group usually ensures compliance with the informal standards.

In sum, the main functions of informal organization are as follows:

- (a) It reinforces each member's individual personality.
- (b) It protects one another from authoritative action.
- (c) It provides opportunity to display creativity.
- (d) It reduces the burden of supervision.
- (e) It provides feedback to the managers.

**Check your Progress:**

1. Explain the functions of Informal Organization.

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### **3.7 ADVANTAGES/BENEFITS/MERITS OF INFORMAL ORGANIZATION**

The values of the informal organization which can make a great contribution to organizational effectiveness are outlined below:

**(1) Benefits to work groups:**

The informal organization protects the individual against arbitrary treatment by management against harsh work environment. The informal structure counteracts the cold and inhuman qualities of the formal structure by providing a means for developing friendships and being accepted by fellow workers. It provides satisfaction and stability to work groups.

**(2) Supports formal structure:**

The formal structure is viewed as one side of the "organization coin" while the informal structure is viewed as the other. The informal organization helps the formal organization in many ways and without its support the formal structure would be like a "house built on sand."

Informal systems “blend with formal systems to make a workable system for getting the work done.” Formal plans and policies can not meet every problem in a dynamic situation because they are pre-established and partly flexible. Some requirements can be met better by informal relations, which can be flexible and spontaneous.

### **(3) Useful Communication device:**

The informal organization provides the management with an additional channel of communication in the form of ‘grapevine’. By utilizing the grapevine within the formal structure, management can transmit employees accurate and useful information quickly.

### **(4) Compensates for managerial limitations;-**

The informal organization can fill in the managerial gaps by educating people how to really perform the task.

In sum, the main benefits of informal organization are:-

- (a) Workers work more and hence productivity increases
- (b) Workers show support to the organizations
- (c) Workers can be better controlled.
- (d) Workers show loyalty.
- (e) Workers become sincere and usually do more work than the quota as fixed by the management.
- (f) Informal organization provides relief, happiness and enjoyment of life to the workers. They find their work more meaningful.
- (g) Informal organization provides security to the workers.

### **Check your progress:**

1. Explain the merits/benefits/advantages of informal organization.

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## **3.8 LIMITATIONS/DEMERITS OF INFORMAL ORGANIZATION**

### **(1) Works counter to organization objectives:**

Informal relationships can be employed to pressurize employees and restrict their output., exhibit a disinterest in organizational policies and

procedures, cause insubordination, and in general, promote unauthorized actions that work counter to the formal organizations.

## **(2) Conformity:**

Informal organization exerts strong pressures for conformity. Conformity can make group members reluctant to act independently, creatively or assertively, for fear of losing group approval and membership. Sometimes, informal group leaders manipulate the group toward undesirable needs. They may force members to restrict output, to exceed the time limit for coffee break, to indulge in intolerable activities taxing the patience of the management. In this fashion, the informal group can become “an instrument of neurotic sowers of conflict or non-responsible rattle-rousers using the group for their own selfish ends.”

## **(3) Social Costs:**

Informal organization undoubtedly, is a safety valve for the frustrations and other emotional problems of workgroup. Studies have also noted the view that social interaction by alleviating monotony on the job may actually contribute to production. But this is true up to a certain point. Allowing informal groups to engage in gossiping, Joke telling and general horse play or idle conversation that satisfy some of the member's social needs results in higher operating costs.

## **(4) Rumours:**

Quite often, grapevine is susceptible for use in spreading destructive, distorted, inaccurate and incomplete information cutting across organizational lines with tremendous speed. Where the formal communication system is poor, such rumours prosper. When employees are not kept informed on matters that directly affect them, they may transmit incorrect information that undermines morale or leads people to make poor and mediocre decisions.

## **(5) Resistance to change:**

Every group promotes certain cultural values, norms which it considers desirable. In course of time, members zealously guard these values resulting in a perpetuation of the status quo. Any intended change by the management forcing alteration of shared values, real or perceived is vehemently resisted. If the member perceive that a layoff is imminent consequent to the introduction of such policies like rationalization automation, computers etc., they try to stand like a rock resisting such changes with all their might. “Perception of threats are just as real in the formation and solidifications of an informal organization as an actual threat.

In sum, the main limitations of Informal organization are:-

- (a) It puts up resistance to change.
- (b) It spreads rumours through grapevine.



- (c) It may use the group as a protective shield against the management
- (d) It may wipe out individual identity because group dominates.

**Check Your Progress:**

1. Explain the limitations/demerits of informal organizations.

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### 3.9 NORMS AND ROLES IN INFORMAL GROUPS

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Norms are the rules of behavior. They are prescriptions for acceptable behaviour determined by the group. Norms will be strongly enforced by work groups if they:-

- (a) Aid in group survival and provision of benefits.
- (b) Simplify or make predictable the behaviour expected of group members.
- (c) Help the group avoid embarrassing interpersonal problems.
- (d) Express the central values or goals of the group and classify what is particular about the group's identity.

**Role of Informal group Members:-**

A role consists of a pattern of norms, the use of the term in organization is directly related to its theoretical use. A role is a position that can be acted out by an individual.

Informal roles vary widely and are highly volatile. The same person may have one role in one situation and different role in another situation.

**Team work:** With increasing importance of teams in today's organizations, there is increasing recognition given to the informal team member roles. There are four such roles:-

- (1) **Contributor:** The role occupant provides information and data, is always prepared and pushes the team to set high performance goals.
- (2) **Collaborator :** This team member focuses on the 'big picture.' He or she tries to remind others of the vision, mission or goal of the team but is flexible and open to new ideas, is willing to work outside the defined role, and is willing to share the glory with other team members.

**(3) Communicator:** This positive oriented team member is process driven and is an effective listener. He or she plays the role of facilitator, conflict resolving, consensus building, and building an informal relaxed atmosphere.

**(4) Challenger:** Known for criticizing or disagreeing with the leader or higher authority, this member questions the team's goals, methods and even ethics. He encourages well conceived risk taking.

**Check your Progress:**

1. Discuss the norms and roles in informal groups.

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### **3.10 MANAGING THE INFORMAL ORGANIZATION**

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The informal organization is an unintended complement to the organization. It emerges on its own without conscious intent as natural and human consequence of the host task organization. It is an inevitable part of organizational life. Like it or not, managers must understand that the informal organization exists and can not be worked away, banished or outlawed. Attempts to disperse with it without understanding its causes and processes can lead to harmful consequences. As such the manager must learn to accept it, deal with it and integrate it with the formal organization. In dealing with informal organization, managers should be careful not to transgress the informal system resulting in reactive behaviour that blocks formal goals. He must recognize and respect the values, beliefs, norms and loyalties of the group and operate accordingly.

More specifically, a manager should :

- (a) Let employees know that he accepts and understands informal organization
- (b) Consider possible influence on informal system when taking action.
- (c) Integrate the interests of informal groups with those of the formal organizations.
- (d) Keep formal activities from unnecessarily threatening informal organization in general.

**Check Your Progress:**

1. Write a brief note an managing the informal organization.

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### **3.11 FORMAL ORGANIZATION VS. INFORMAL ORGANIZATION ; OR DISTINCTION BETWEEN FORMAL AND INFORMAL ORGANIZATION**

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- (1) Formal organization is created by top management deliberately and consciously. It is a prescribed structure. Informal organization develops by social forces existing within the formal organization. It is a natural and spontaneous formation.
- (2) Formal organization can be shown through organization charts. Informal organization can not be shown through organization charts.
- (3) In formal organization, the superior subordinate relationship is clearly defined. In informal organization, the superior subordinate relationship is absent.
- (4) In formal organization, communication is normally through formal channels.  
  
In informal organization, communication is normally through grapevine.
- (5) Formal organization is suitable to large business enterprises. Informal organization is suitable to small business enterprises.
- (6) Formal organization operates as per rules, systems and procedures. Informal organization operates as per informal understanding and conventions.
- (7) Formal organization is a stable type of organization structure. There is no stability to informal organization.
- (8) Formal organization exists and operates independently. Informal organization exists and operates within a formal organization.
- (9) In formal organization, the members get authority through delegation or due to their official position. In informal organization, some members may command more authority by virtue of their personal qualities.
- (10) In formal organization, rewards are monetary and non-monetary whereas punishment is for breaking rules. In informal organization, reward is continuation of group membership whereas punishment may be removal from the group.
- (11) Formal organization is built around jobs. Informal organization is built around people and their roles.
- (12) Formal groups may be terminated by organizational process or automatically when formed for specific purpose or period.

Informal groups are difficult to terminate by organizational process. They may be terminated automatically when the relationships become sour.

**Check Your Progress:**

1. Distinguish between formal organization and informal organization.

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### **3.12 HARMONIZING FORMAL AND INFORMAL ORGANIZATION**

Both formal and informal organizations are necessary for a large enterprise. The management can communicate quickly through the grapevine within the informal structure. It is advisable that management integrates both these organizations in order to attain corporate goals. Formal and Informal organizations are interdependent aspects of social interaction. Both can be reconciled and used profitably. A formal organization should be designed in such a way that informal groups through their leaders are closely associated in the decision making process. The groups not only influence decision-making but they also contribute to its implementation. Since informal organizations can not be eradicated, managers should make them work for the accomplishment of the common goals by taking the following steps:-

- (1) Informal relation, which serve the company well, should be incorporated into the formal structure.
- (2) The acceptance of informal groups by the management.
- (3) Some form of feedback from informal organization must be established.
- (4) In designing a formal organization structure, the 'team' concept should be adopted.
- (5) The management may accept informal leader into formal authority.

**Check Your Progress:**

- 1 Write a brief note on harmonizing formal and informal organization.

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### 3.13 SUMMARY

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Informal organization is based on informal, primary, face to face and direct relationship between the co-workers unlike the cold, formal and secondary relationship of the formal structure. It is created because of the operation of socio-psychological forces at the workplace. It tends to be small in size. There are no rigid behaviour norms as people freely exchange ideas and feeling. Informal relations which serve the company well should be incorporated into the formal structure.

Both formal and informal organizations are necessary for a large enterprise. Management should integrate both these organizations in order to attain corporate goals.

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### 3.14 GLOSSARY

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- (1) Informal Group :- The group having personal, face to face, direct and sentimental relationships.
- (2) Primary Group :- The group which is close and intimate.
- (3) Human Relations:-An Approach to consider employees as human beings with own desires, motives, feelings and views.
- (4) Formal Organization:- It is structured on certain definite basis of legal norms and values.
- (5) Informal Organization :- This structure is based on personal and informal relationships between and among the employees.

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### 3.15 QUESTION

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- Q.1 What do you mean by Informal organization? Explain its characteristics and importance.
- Q.2 Explain the reasons for the emergence of informal organization.
- Q.3 Distinguish between Formal and Informal organization.
- Q.4 Explain the advantages and limitations of informal organization.

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### 3.16 SUGGESTED READINGS

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- P.Subba Rao — Human Resources Management and Industrial Relations.
- E.V.Schneider— Industrial Sociology.
- Mamoria and Gankar — Personnel Management.
- K. Aswathappa — Organizational Behaviour.
- A.M. Sarma — Personnel and Human Resource Management.

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## ORGANIZATIONAL PLANNING

### Unit Structure

- 4.0 Objectives
- 4.1 Introduction
- 4.2 Importance of Organisational Planning
- 4.3 Factors affecting Organisational Planning
- 4.4 Demand Forecasting
- 4.5 Supply Forecasting
- 4.6 Conclusion
- 4.7 Summary
- 4.8 Questions
- 4.9 References

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### 4.0 OBJECTIVES

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- To introduce the learners with the concept of Organisational Planning, Demand and Supply Forecasting
- To understand the importance of Organisational Planning
- To understand the loopholes involved in the process of Organisational Planning

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### 4.1 INTRODUCTION

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Identification of an organization's short- and long-term goals, as well as the formulation and oversight of detailed plans to attain them, constitute organizational process.

Human Resource Planning (HRP) or manpower planning is the method that ensures that the appropriate number and types of employees are present in the right spot at the right time, capable of successfully and efficiently accomplishing those duties that assist the organization to achieve its goals. According to Stainer, "manpower planning" is "a strategy for the acquisition, utilization, enhancement, & maintenance of an enterprise's people resources."

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### 4.2 IMPORTANCE OF ORGANIZATIONAL PLANNING

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By creating plans that are intended to maximize the contribution of human resources, human resource planning strives to preserve and enhance the organization's capacity to achieve its objectives.

1. To evaluate the levels of recruiting
2. To forecast layoffs and prevent unnecessary dismissals.
3. To establish the ideal training levels.
4. To serve as a foundation for management development programmers.
5. To reuse the workforce for future projects.
6. To help with productivity negotiating.
7. To assist the organization in identifying potential problems.
8. To examine the price of overhead and the worth of service functions.
9. To determine if certain activities should be outsourced

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### **4.3 FACTORS AFFECTING HUMAN RESOURCE PLAN:**

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Several factors affect HRP. These factors can be classified into external factors & internal factors.

#### **(A) External Factors:**

##### **1. Government Policies:**

Government policies such as labor policy, industrial relations policy, and policies reserving particular employment for certain communities and sons-of-the-soil, among others, have an impact on HRP.

##### **2. Level of Economic Development:**

The degree of economic development impacts the level of human resource development in the country and, as a result, the supply of human resources in the future.

##### **3. Business Environment:**

External business environmental elements impact production volume and mix, and hence future need for human resources.

##### **4. Information Technology:**

How has information technology changed the way businesses operate? Business process re-engineering, enterprise resource planning, and supply chain management are examples of these changes. These developments resulted in historically low levels of traditional human resources and a surge in software professionals. However, these improvements subsequently lowered the necessity for software professionals. In addition, computer-aided technology (CAT) decreased the current human resources.

##### **5. Technology Level:**

The level of technology impacts the type of human resources necessary.

## 6. International Variables:

International factors such as human resource demand and supply in various nations.

### (B) Internal Factors:

#### 1. Company Goals:

The company's policies and strategies pertaining to expansion, diversification, partnerships, and so on impact the quality and quantity of human resources demand.

#### 2. Human Resources Policies:

The company's human resources policies on human resource quality, salary level, work-life quality, and so on impact the human resources strategy.

#### 3. Job analysis:

A human resource strategy is fundamentally based on job analysis. Job description and specification. As a result, the job analysis identifies the kind of employees needed.

#### 4. Time Horizon:

Businesses in a stable competitive environment would plan for the long term, whereas firms in an unstable competitive environment can only prepare for the short term.

#### 5. Information Type and Quality:

Any planning process requires qualitative and accurate information. This is especially true for human resource plans.

#### 6. Production/Operations Policy:

The company's policy on how much to create and how much to acquire from outside sources to prepare a final product determines the number and kind of personnel needed.

External Factors	Internal Factors
Government Policies	Strategies of the company
Level of Economic Development including future supply of HRs	Human Resources Policy of the company
Business Environment	Formal & Informal Groups
Information Technology	Job Analysis
Level of Technology	Time Horizons
Natural Factors	Type & Quality of Information
International Factors	Company's Production Operations Policy
	Table Unions



The influence of trade unions on the number of working hours per week, recruiting sources, and so on has an impact on HRP

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### 4.4 DEMAND FORECASTING

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Demand forecasting is the practice of projecting the number and quality of employees needed to satisfy the organization's future demands. Employment or personnel planning is the process of determining the roles the business will need to fill and how they will be filled. Personnel planning encompasses all future employment in the organization, from maintenance clerks to CEO. Demand forecasting is the process of estimating the level of consumer interest in current goods and services, figuring out what changes to make, and identifying what new offerings will attract attention. Yet, anticipating what people would want, in what amounts, and when is no easy task. Examples of very detailed timetables are, "Should we ship more chips on Friday than Thursday?" They may also cover a time frame, such as "during the course of the following calendar year" or "between now and a month from now." Demand forecasting is a broad **topic** and practitioners **look at it from many angles**. Some **believe that it uses historical** and **current** sales data to estimate future customer demand. But that **means we can't predict** demand for new **products that are imprecise**. **In the meantime**, economic **forecasting experts** operate under the **tacit** assumption that demand **forecasts are** about aggregate consumer demand, **an important consideration for firms** trying to **forecast** demand from customers. **You may be ignoring it.**

**The confusion** is understandable. The **point** is, demand forecasting is **essentially predicting what, how much, and when people will want it, regardless of the circumstances.**

Management bases employment plans, like all successful plans, on certain future assumptions. When forecasting employment requirements, three things are frequently required:

1. Personnel need
2. The supply of inside candidates &
3. The supply of outside candidates

The first step in forecasting Personnel Needs is to assess the projected demand for the product. In addition to anticipated demand, personnel planning may take into account:

1. Project turnover (as a result of termination or resignation).

2. Employee quality and competencies.
3. Strategic decisions to improve product quality.
4. Technological or other advances that boost production.
5. The amount of funds accessible to one department.

**Following are the several methods to predict employment needs:**

**1. Trend evaluation:**

This is to investigate the various patterns of employment in the company during the last few years. The number of workers at the end of the year might provide a solid indication of the character of employees, whether they look for work or want to stay. The goal is to detect a trend that may persist in the future.

**2. Ratio analysis:**

Another technique to ratio analysis is to make estimates based on the ratio between (a) a casual component (such as revenue or volume) and (b) the number of personnel needed (for instance, number of salespeople). To raise extra output/income, it may be necessary to hire more salespeople and then train them.

**3. The Scatter Plot:**

Shows visually how two variables, such as a measure of business activity and the firm's employment levels, are connected, i.e., how the business is running and how many workers are working when the business is full. Personnel requirements can be anticipated if the degree of company activity can be projected.

**4. Using computer to forecast personnel requirements:**

Employers also employ computerized applications to predict their staff needs. Typical statistics required include the direct labor required to manufacture one unit of product (a measure of productivity) and three sales estimates for the product in issue (minimum, maximum, and likely). Based on such information, a typical software provides statistics on average staff levels that may be necessary to satisfy product demand needs, as well as distinct computerized projections for direct labor, indirect labour, and exempt labour.

**5. Managerial judgement:**

Forecasts must be revised based on factors such as predicted turnover or a desire to enter a new market. Even for large corporations, establishing personnel predictions is rarely a mechanical process.

Today, with the global crisis and market downturn, it is tough to see forward, but many airlines in India have laid off a lot of employees as well as potential employees from training facilities, implying fewer jobs in the

future. Airlines also announced a 10% reduction in average compensation for existing employees.

### **Conclusion:**

All of these techniques demonstrate the necessity for modifications in present goods, future marketing projections, technical advancement plans, and the need for mergers, joint ventures, future organizational structure, and recruitment policy.

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## **4.5 SUPPLY FORECASTING**

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Demand forecasting study allows managers to estimate the number and kind of personnel that will be needed. The following logical step is to assess if it will be feasible to obtain the necessary number of employees and the sources of such procurement. Supply forecasting provides this information. After accounting for absenteeism, employee turnover, internal moves and promotions, and changes in hours and other working circumstances, supply forecasting determines the number of individuals anticipated to be available from within and outside an organization. **Supply forecasting looks at data about suppliers** (whether they are supplying finished goods or assembled parts further down the supply chain) **and uses it to determine the quantity and Predict when. This helps determine how many can be ordered and delivered in a given time frame.** Important **data for supply forecasting** is not **limited to production or** supply capacity. Factors **such as** the economy, **technology and even the weather play a part.**

The question is whether staffing requirements must be addressed by solely filling or adjusting internal candidates or by external applicants. Most companies begin with internal applicants.

### **A. Inside candidates fristing inventory:**

The major goal here is to assess whether present employees may be qualified for the upcoming positions. This requires knowledge about their existing work abilities and qualifications. Managers must rely on qualification inventory. These provide information such as performance awards and promotability. They assist managers in determining whether present employees are eligible for advancement or transfer. These inventories might be either manual or electronic.

### **Manual inventories:**

Each employee's qualification information is included in a personnel inventory and development record. Education, company-sponsored courses completed, career and development interests, language and abilities are all part of the material.

### **Personnel replacement charts:**

Displays the current performance and promotion prospects of each position's possible replacement.

**Computerized inventories:**

Employees and the human resources department enter information on the employee's history, experience, and talents, frequently utilizing the company's interest. The system generates a list of qualified applicants after scanning its database of potential candidates.

**B. Forecasting the Supply of outside candidates: -**

If there are insufficient internal applicants to fill the predicted openings, it is necessary to focus on predicting the availability of external candidates. This might include a number of activities.

1. The overall economic situation.
2. Employment rates anticipated.

The lower the unemployment rate, the more difficult it is to acquire workers. Some jobs, such as IT professionals, are so in demand that they appear to stay in demand even as the economy slows. With HR audits in hand, planners may move on to internal supply analyses. The tactics often employed for this purpose include

- a. inflows and outflows,
- b. turnover rate,
- c. working conditions and absenteeism, and
- d. productivity level and job relocation.

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## **4.6 CONCLUSION**

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Realistic plans for advancement and development should be developed after evaluating the macro and micro environments that impact the organization's manpower objectives. Both demand and supply forecasting are crucial tools for the organization's development, since they assist it accomplish its current and future goals.

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## **4.7 SUMMARY**

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A collection of tactics and procedures called organisational planning are used to make daily operations of a company more efficient. It entails establishing priorities and goals, planning how resources and assets are used, assessing and changing the organization's business strategy to keep up with the changing environment, and making sure that all employees and stakeholders are working towards the same goal—greater organisational success. One of the essential activities required to steer a firm in the proper direction and avert catastrophic errors that could ultimately destroy business is organisational planning. It involves the technique of Demand and Supply forecasting. Every aspect of an organization's operations must be kept in order, successful, disciplined, and sustainable thanks to the organisational planning process. When it

takes into account staff from all departments, with varying degrees of responsibility, potential, and talent, as well as how they fit into the overall picture, it is essential.

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## 4.8 QUESTIONS

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1. Explain the concept of Organizational planning. Elaborate on various methods involved in the process of organizational planning.
2. Explain Demand and Supply Forecasting

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## 4.9 REFERENCES

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## ORGANISATIONAL DEVELOPMENT (OD)

### Unit Structure

- 5.0 Objectives
- 5.1 Introduction
- 5.2 Meaning and Definitions of Organizational Development (OD)
- 5.3 Characteristics/Features of OD
- 5.4 Assumptions of OD
- 5.5 Goals/Objectives of OD
- 5.6 Process of OD Programme
- 5.7 Organizational Development Intervention Techniques
- 5.8 Benefits and Limitations of OD
- 5.9 Introduction, Meaning and Definitions of Organizational Change
- 5.10 Types of Change
- 5.11 Reasons for change
- 5.12 Response to change
- 5.13 Resistance to change
- 5.14 Approaches to organizational change
- 5.15 Principles of Change
- 5.16 Planning and Implementing Change
- 5.17 Summary
- 5.18 Glossary
- 5.19 Questions
- 5.20 Suggested Readings

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### 5.0 OBJECTIVES

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- To familiarize the students with the concepts of organizational Development and organizational change
- To enable them to understand the features, goals, benefits and limitations of OD.
- To provide detailed information about OD techniques.
- To acquaint them with the principles and types of change and also with reasons for and resistance to change.

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### 5.1 INTRODUCTION

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Organizational development (OD) is the systematic application of behavioral science knowledge at various levels (group, intergroup and total organization) to bring about planned change and also to increase the

organization's effectiveness. The trend to emphasize improve interpersonal relations as a means of organizational optimization has come to be known as organizational Development (OD). In essence, OD is both an educational strategy and an implemented course of action or technique which focuses attention on the whole culture of an organization in order to bring about a planned change. OD seeks to change the organizational environment in which a manager works. It aims at the improvement of the total system to ensure that the full potential of a manager's abilities is utilized and there is a sustained change in his behavior which is conducive to a better organizational performance.

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## **5.2 MEANING AND DEFINITIONS OF ORGANIZATIONAL DEVELOPMENT (OD)**

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Organizational development is planned, Organization-wide, managed from top to bottom,; it increases organizational effectiveness and health through a planned intervention in an organization process, using knowledge of the behavioural science.

O.D consists of planned, systematic, long-range behavioral science based on collaborative efforts to change the internal human environment, culture and other relevant sub-systems and processes of an organization through an educational strategy with a view to ensuring that the total organization as a system becomes a more effective organic system, with enhanced capability for solving problems and coping with the changing external environment.

O.D. has emerged to help the planned change for organizational effectiveness. O.D. is the modern approach to management of change and human resource development. O.D. concentrates on people dimensions like norms, values, attitudes, relationships organizational climate etc.

Douglas MC Gregor served as a resource person to help Union Carbide Corporation to create an OD. Capability where OD. Department was set up in 1962. French and Bell who have done most of the work on OD. feel that laboratory training and survey feedback are the main stems of OD. Sensitivity training programmes were conducted to managers under the OD movement. OD is still developing and evolving.

OD is a broader concept and includes management development and training as its sub-systems as the primary objective of OD is to change the nature of the total organization. OD is not a separate discipline but it heavily draws from other disciplines like psychology sociology, anthropology etc. OD is based upon theory and research. OD is concerned with people for increasing organizational effectiveness. OD is also concerned with improving organizational climate and culture.

The use of OD has been necessitated for obvious reasons. New forms of organization, more organic and adaptable to change have emerged which are characterized by less adherence to the chain of command, more enlarged jobs and 'theory-y' values which emphasize openness, trust and

participative leadership. Further, to adapt to competitor's new and unique product or to face the emerging conflict between several departments within the organizations, managers have turned to OD.

### **Definitions of OD:**

According to Bennis, "OD is a response to change, a complex educational strategy intended to change the beliefs, attitudes, values and structure of organizations so that they can better adapt themselves to new technologies, markets and challenges, and the dizzying rate of change itself. It aims at developing the organization into an 'organic' systems as contrasted to the 'mechanical' systems. According to Wendell French, "OD refers to a long-range effort to improve an organization's problem-solving capabilities and its ability to cope with changes in its external environment with the help of external or internal behavioural-scientist consultants or change agents, as they are sometimes called."

Blake and Mouton observe that, "OD is systematic way of introducing change based on a structural model for thinking; progressing in a programmatic sequence of steps from individual learning to organization application; focused upon those silent and often negative attributes of culture which dictate action that so frequently contradict business logic, with emphasis on confronting and resolving conflict as a pre-requisite to valid problem-solving, and employing a variety of technique of organizational study and self-learning to bring about the necessary change."

**Dale S. Beach defined OD** as "a complex educational strategy designed to increase organizational effectiveness and wealth through planned intervention by a consultant using theory and techniques of applied behavioural science."

**According to Burke**, "OD is a planned process of change in organization's culture through the utilization of behavioural science, technology, research and theory."

OD can also be defined as a process that attempts to move the organizations from where it is now (requiring diagnosis) to where it should be (by action interventions).

OD has also been defined as a systematic application of behaviour science knowledge at various levels ( group, intergroup, and total organization) to bring about planned changes.

Thus, the main elements of OD are as follows:-

- (a) The OD approach to change is planned.
- (b) It is a system-wide or at least takes a system perspective.
- (c) It has both short term and long term plans.
- (d) Processes are basically to be changed.



- (e) Better problem solving approach is usually taken.
- (f) OD involves human and social relationships.

OD is usually based on action research, which means collecting the data about a group, department or organization. Its objective include a higher quality of work life, productivity, adaptability and usefulness. It seeks to use behavioural knowledge to change the attitudes, values-beliefs of employees, strategies, structures and practices of the organization so that the organization can better adapt to competitive actions, technological advances and the fast pace of other changes in the environment. The general objective of OD is to change all parts of organization in order to make it more humane, considerate, more effective and more capable of organizational learning and self renewal.

#### Check your progress:-

1. What do you mean by Organizational development (OD)? Define the term OD.

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### 5.3 CHARACTERISTICS/FEATURES OF ORGANIZATIONAL DEVELOPMENT (OD)

- (1) OD is usually based on action research, which means collecting data about a group department or organization and then feeding the data back to the employees so that they can analyze it and develop hypotheses about what the problems might be.
- (2) It applies behavioural science knowledge.
- (3) It changes the attitudes, values and beliefs of employees so that employees themselves can identify and implement the technical, procedural, structural or other changes required to improve the functioning of the company.
- (4) It changes the organization in a particular direction toward improved problems solving, responsiveness, quality of work and effectiveness.

According to Newstrom and Keith Davis, the following are the distinguishing characteristics of OD approach:-

#### (a) Humanistic Values:

All humans desire expansion of their skills and increase their contribution. This is the assumption of OD approach. For this, there is need for open

communication to have interpersonal trust, shared power and constructive confrontation.

**(b) Use of a change agent:**

The agent is the person, who stimulates and coordinates change. He remains free but he encourages change within the system. Outside change agent may be objective and experienced. Any manager may act as a change agent and initiate change. But outside agent may also be appointed, he requires full coordination from the organization and from everybody. He suggests some improvements efforts which should be accepted by top management.

**(c) Problem Solving :**

OD emphasizes the process of problem solving. IT trains participants to identify and solve problems that are important to them. These may be related to their job or to their relationships. This requires employees to locate the areas of problems; gather data about them, suggest solutions in order to work better. There is also need to assess, progress and make ongoing adjustments.

**(d) Experiential learning:**

This is learning based on experiences. Our experiences tell us our mistakes if any and we can learn from these mistakes. Avoiding error and injustice to any can make management more efficient and effective.

**(e) Interventions at many levels:**

The general goal of organizational development is to build more effective organization i.e. to adopt new processes and improve. Whatever problems occur, they can be solved immediately. This can make the organization more effective.

**(f) Contingency Orientation:**

This is the approach to take decisions on the spot. There is no fixed programme in advance.

In sum, various authors have attempted to clarify the chief characteristics of OD. They are:-

- (1) OD is an educational strategy which attempts to bring about a planned change.
- (2) It is related to real organizational problems instead of hypothetical classroom cases.
- (3) It uses sensitivity training methods and emphasizes the importance of experimentally based training.
- (4) It's change agents are almost external consultants outside of the organization.

- (5) External change agents and internal organization executives establish a collaborative relationship involving mutual trust and influence, and jointly determined goals.
- (6) External change agents are humanists seeking to establish a social and altruistic philosophy within an organization.
- (7) The goals that the change agent seeks to accomplish through OD tend to reflect Theory 'y', he aims for better conflict resolution, increased understanding and more considerable leadership.
- (8) The organizational changes sought are usually the result of some "exigency or outside problem."

**French and Bell suggest that OD contains more of:**

- (a) An emphasis, although not exclusively so, on group and organizational processes in contrast to substantive content.
- (b) An emphasis on the work-team, as the key unit for learning more effective models of organizational behaviour.
- (c) An emphasis on the management of the culture of the total system and total system ramifications.
- (d) The use of the action research model, i.e. the process of diagnosing problems; gathering, analyzing and exploring data and planning and taking action.
- (e) The use of a behavioural scientist change agent (initiator of change behavior) or catalyst; and
- (f) A view of the change effort as an ongoing process.

**Check your progress:**

1. Explain the characteristics/Features of OD.

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## **5.4 ASSUMPTIONS OF ORGANIZATIONAL DEVELOPMENT (OD)**

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OD as a concept is based on different assumptions:-

**(1) Individuals:**

- (a) People want to grow and mature.

- (b) Employees have to offer (e.g. energy and creativity ) that is at present not being used at work.
- (c) Most employees desire the opportunity to contribute i.e. they desire, seek and appreciate empowerment.

### **(2) Groups:**

Groups and teams are crucial to organization success. Group influences individual behaviour. Group pressure moulds individual but that requires skill.

### **(3) Organization:**

Excessive controls, policies and rules are detrimental. Authorities can handle conflicts in functional way. Individual goals and organizational goals can be merged.

Management and individual employees should work together for betterment. There are many issues in OD:-

- (a) Employee development
- (b) Manager Selection
- (c) Leadership Styles
- (d) Organization Structure
- (e) Better Communication
- (f) Interpersonal Relations

For French and Bell, OD is a long-range effort to improve and achieve better culture of work.

### **Check your progress:**

1. Explain the assumptions of OD.

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## **5.5 GOALS OR OBJECTIVES OF ORGANIZATIONAL DEVELOPMENT (OD)**

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According to French, some of the common goals of OD programmes are:

- (1) To develop a self-renewing, viable system Which can be organized in a variety of ways, depending on the tasks, that are to be performed.

- (2) To increase the level of trust and support among an organization's members.
- (3) To create an environment in which authority assigned role is augmented by authority based on knowledge and skill.
- (4) To increase the openness and authenticity of communication laterally, vertically and diagonally.
- (5) To increase the level of self and group responsibility in planning and implementation.
- (6) To optimize the effectiveness of both the stable and temporary systems through which much of an organization's work is accomplished by built-in and continuous improvement mechanisms.
- (7) To move towards high collaboration and low competition between interdependent units.
- (8) To create conditions in which conflict is effectively managed.
- (9) To reach the point where decisions are taken on the basis of an information source rather than an organizational role.
- (10) To enhance the identification of members and groups with the organization as a whole
- (11) To assist managers in setting challenging but realistic goals for themselves.

The typical OD programme is aimed at changing the attitudes, values and beliefs of the employees so that they themselves can identify and implement organizational changes.

According to Margulies and Raia, "OD technology is aimed at developing new organizational learning and new ways of coping and dealing with problems." The primary aim of the OD is to improve the productivity, morale and satisfaction of employees in an organization.

The other important objectives of OD according to Margulies and Raia are:

- (a) Increasing the level of trust and mutual emotional support among all organizational members
- (b) Increasing the incidence of confrontations of organizational problems both within groups and among groups in contrast to 'sweeping problems under the rug.'
- (c) Creating an environment in which the authority is based on knowledge and skill.
- (d) Increasing the openness of communication, laterally, vertically and diagonally.

- (e) Increasing the level of enthusiasm and personal satisfaction among the employees in the organization.
- (f) Finding the probable solutions to problems with greater frequency.
- (g) Increasing the level of self and group responsibility in planning and implementation.

OD is a way of looking at the whole human side of organizational life. The emphasis of OD on human dimensions of organization is reflected in the following main humanistic values:-

- (1) To provide opportunities for people to function as human beings rather than mere inputs in the production process.
- (2) To provide opportunities for each organization member, as well as for the organization itself, to develop to the full potential.
- (3) Attempting to increase the effectiveness of the organization in terms of all of its goals.
- (4) To create an environment in which it is possible to find exciting and challenging work.
- (5) To provide opportunities for people in organizations to influence the way in which they relate to work, the organization and the environment.
- (6) To treat each human being as a person with a varied set of needs, all of which are important in his work and in his life.

### Check Your Progress:

1. Explain the goals/objectives of OD.

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## 5.6 PROCESS OF ORGANIZATIONAL DEVELOPMENT PROGRAMME

The process of OD is complex and it involves the following steps:-

### (a) Initial diagnosis:

The consultant meets with top management to determine the nature of the firm's problems, to develop the OD approaches most likely to be successful and so to ensure the full support of top management. During this step, the consultant may seek inputs by means of interview with various people in the organization.

**(b) Data Collection:**

Surveys may be made to determine organizational climate and behavioural problems.

**(c) Data feedback and confrontation:**

Data collected are analyzed and reviewed by various work groups formed for this purpose in order to mediate in the areas of disagreement or confrontation of ideas or opinions and to establish priorities.

**(d) Selection and design of Interventions:**

The interventions are the planned activities that are introduced into the system to accomplish desired changes and improvements. At this stage, the suitable interventions are to be selected and designed.

**(e) Implementation of Intervention:**

The selected intervention should be implemented. Intervention may take the form of workshops, feedback of data to the participants, group discussions, written exercises, on-the —job activities, redesign of control system etc. Interventions are to be implemented steadily as the process is not a “one-short, quick cure” for organizational malady. But it achieves real and lasting changes in the attitudes and behaviour of employees.

**(f) Action planning and problem solving:**

Groups prepare recommendations and specific action planning to solve the specific and identified problems by using data collected.

**(g) Team building:**

The consultants encourage the employees throughout the process to form into groups and teams by explaining the advantages of the teams in the OD process, by arranging joint meetings with the managers, subordinates etc.

**(h) Intergroup Development:**

The consultants encourage the intergroup meetings, interaction etc. after the formation of groups/teams.

**(i) Evaluation and Follow-up:**

The organization evaluates the OD programmes, find out their utility, develop the programmes further for correcting the deviations and/or improved results. The consultants help the organization in this respect.

All the steps in the OD processes should be followed by the organization in order to derive full range of OD benefits.

**Check Your Progress:**

1. Explain the process of OD programme.

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## **5.7 ORGANIZATIONAL DEVELOPMENT INTERVENTION TECHNIQUES**

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**(1) Sensitivity training:**

Sensitivity laboratory or T group training is the oldest technique. Sensitivity training's basic aim is to increase the participant's insight into his or her own behaviour and the behaviour of others by encouraging an open expression of feelings in the trainer-guided T group (t stands for trainee). Emotions are freely discussed. The participants (usually 15) tell one another how their behavior is perceived. They focus on present behavior. A climate of 'psychological security' is therefore necessary if participants are to feel safe enough to expose their feelings, to drop their defenses and to try out new ways of interacting.

**(2) Team building:**

A group's performance is observed and then shared with the members. Each member examines, explains and analyzes the data. The team as a whole develops specific action plans or solutions for solving the team's problems.

Each member thinks and suggests improved ways of doing. The members also discuss about the obstacles in the way of improvement. The leader also finds the level of willingness of each member and programmes accordingly. The group then explores and discusses the issues, examines and begins working on some solutions.

**(3) Survey research:**

Another human OD technique requires that employees should fill attitude surveys. These surveys indicate the attitude to work. The data are then used as feed back to the work groups as a basis for problems analysis and action planning. Management also becomes active and aware of the problems the organization has and also that there is need to solve them. Such survey research helps the employees to know themselves and also the management to reach better solutions.



**(4) Techno- Structural technique:**

Apart from human beings, the technology of the production also has to be improved. The focus is on productivity improvement and efficiency. The structure is redesigned and the new one is implemented.

**(5) Managerial grid:**

The managerial grid identifies a range of management behaviour based on the different ways that how production/service oriented and employee-oriented states interact with each other. Managerial grid is also called as instrumental laboratory training as it is a structured version of laboratory training. It consists of individual and group exercises with a view to developing awareness of individual managerial style, interpersonal competence and group effectiveness. Thus, grid training is directly related to the leadership styles. The managerial grid focuses on the observations of behaviour in exercises specifically related to work. Participants in this training are encouraged and helped to appraise their own managerial style.

**Check your progress:**

1. Discuss the OD intervention techniques.

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## **5.8 BENEFITS AND LIMITATIONS OF ORGANIZATIONAL DEVELOPMENT (OD)**

The chief advantage of OD is that it tries to deal with changes in a whole organization or a major unit of it. In this manner, it accomplishes more widely dispersed improvement: other benefits include improved motivation, productivity, quality of work, job satisfaction, teamwork and resolution of conflict. There also are reduced negative forces such as absenteeism and turnover.

General Motors (GM) used OD to improve the effectiveness of its management system.

At GM's Oldsmobile division, the OD program reduced absenteeism and turnover, the Chevrolet group improved employee job, satisfaction; and the Buick division, using a job enrichment program, increased productivity, reduced petty grievance, improved departmental morale, and facilitated better interpersonal relationships.

OD is not restricted to business but is widely practiced in the military, as an autocratic, mechanistic organization with values apparently incompatible with OD technologies. The U.S. army tried a number of new managerial approaches, including OD, which the army named

‘Organizational Effectiveness’ (OE). Among the techniques employed were team building, goal setting and developmental efforts based on surveys. These decentralized and flexible OE efforts had the strong support of top management, which may have been an important factor and the effectiveness of the programs perceived by respondents in a study.

As with any complex program, OD has problems and limitations. It is time consuming and expensive. Some benefits have a delayed payoff period, and an organization may not be able to wait that long for potential benefits. Even when a professionally capable consultant is used, an OD program may fall flat. There are charges that participants are sometimes coerced toward group attitudes and conformity. There are other charges that excessive emphasis is given to behavioural processes rather than to job performance. Group processes seem to be given priority over needs of the organization.

A notable limitation of OD is that it may be more compatible with the humanistic values in the United States and Scandinavian countries than with the dominant values in Japan, Latin American and Africa.

In Sum, the main benefits and limitations of OD are as follows: Benefits of OD:

- (a) Change throughout organization
- (b) Greater motivation
- (c) Increased productivity
- (d) Better quality of work
- (e) Higher job satisfaction
- (f) Improved teamwork
- (g) Better resolution of conflict
- (h) Commitment to objectives
- (i) Increased willingness to change
- (j) Reduced absenteeism
- (k) Lower turnover
- (l) Creation of learning individuals and groups

#### **Limitations of OD:**

- (1) Major time requirements
- (2) Substantial expenses
- (3) Delayed payoff period
- (4) Possible failure

- (5) Possible invasion of privacy
- (6) Possible psychological harm
- (7) Potential Conformity
- (8) Emphasis on group processes rather than performance
- (9) Possible conceptual ambiguity
- (10) Difficulty in evaluation
- (11) Cultural incompatibility

**Check your Progress:**

1. Explain the benefits and limitations of OD.

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## **5.9 INTRODUCTION, MEANING AND DEFINITIONS OF ORGANIZATIONAL CHANGE**

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Change is the law of nature. It is a necessary way of life in most organizations for their survival and growth. Though there may be some discontentment, during the early days of the change, persons learn to meet the change and adapt themselves to the changing situations, hence, resistance the change would be a short-term phenomenon.

Man has to mould himself continuously to meet new demands and face new situations. Despite the fact that change is a persistent phenomenon, it is a common experience that people resist change, whether in the context of their pattern of life or in the context of their work situation in an organization.

The term 'Organizational change' implies the creation of imbalances in the existant pattern or situation. Adjustment among people, technology and structured set up is established when an organization operates for a long time. People adjust with their jobs, working conditions, colleagues, superiors etc. Similarly, an organization establishes relationship in the external environment. Change requires individuals and organizations to make new adjustments. Complexity and fear of adjustment give rise to resistance and problem of change. Human resource is an important factor in the adjustments among individuals as well as between the organization and environment, as an organization is mostly composed of people. Individual members can resist either individually or in group.

Change could be both reactive and proactive. A proactive change has necessarily to be planned to attempt to prepare for anticipated future

challenges. A reactive change may be an automatic response or a planned response to change taking place in the environment.

**Check your progress:-**

1. Explain the meaning of organizational change.

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## 5.10 TYPES OF CHANGES

Changes can be broadly divided into:-

- (a) Work change
- (b) Organizational change

**(c) Work Change:**

It includes changes in machinery, working hours, methods of work, job enlargement or re-engineering. Change may also be in the working hours like morning shifts, evening shifts, operation of the organization on Sundays/ Holidays.

**(d) Organizational Change:**

Changes relating to organization include change in employees due to transfers, promotion, retrenchment, lay-off, restructuring organization, introduction of new products or services, imposition of regulation, changes in organizational goals or objectives etc.

**Check your progress:-**

1. Explain the types of change.

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## 5.11 REASONS FOR CHANGE

Changes in organization are a must whether brought about deliberately or unwillingly. The reasons for change are categorized as follows:- Changes in business conditions, changes in managerial personnel, deficiency in existing organizational patterns, technological and psychological reasons, government policy, size of the organization etc.

### Check your progress:

1. Examine the reasons for change.

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## 5.12 RESPONSE TO CHANGE

Work change does not produce direct adjustment. Instead it operates through each employee's attitude to produce a response that is conditioned by feelings toward the change. People often show this attachment to the group by receiving it in some uniform response to the change, though they individually interpret the change differently. This response makes possible some illogical action like mass walk-outs when obviously only a few people actually want to. A group develops response in response to its member's conflicting attitudes towards change. Therefore, each pressure encourages counter pressure within the group. The net result is a self-correction mechanism to restore balance wherever change threatens. Thus, people act to establish a steady state of need fulfillment and to protect themselves from disturbances of that balance.

Every change is likely to have some cost as well as bring additional benefits to the organizations. Organizations introduce change when the benefits (additional benefits derived due to change) are relatively more than the cost (additional cost incurred due to change.) Cost and benefits are not only economic but also social, psychological, environmental etc.

### Check your progress:-

1. Write a brief note on response to change.

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## 5.13 RESISTANCE TO CHANGE

The basic problem in the management to change is the study of causes of resistance to change. Despite the fact that change is a persistent phenomenon, it is a common experience that employees resist change whether in the context of their pattern of life or in the context of their situation in the organization. The best example is resistance of employees to computerization. Change of and type requires readjustment. 'Man always fears the unknown, and a change represents the unknown.'

Reasons for resistance:- Some of the important reasons for resistance to change are as follows:

**(1) Economic reasons:-** Economic reasons for resistance are classified into three groups. They are:-

- (a) Fear of reduction in employment:** Due to change in technology, methods of work, quantity or quality of work etc. This fear leads to resistance to change on the part of people. Opposition to automation is an example to it.
- (b) Fear to demotion:** Employees may fear that they may be demoted if they do not possess the new skills required for their jobs, after the introduction of change. Hence, they prefer 'status quo.'
- (C) Fear of workload:** Change in work technology and methods may lead to the fear that workload will be increased while there will not be any corresponding increase in their salaries and benefits. This feeling creates resistance to change.

**(2) Personal reasons:** Personal reasons for resistance are also divided into three classes:

- (a) Need for training:-** If change in technology and work organization necessitates training and re-learning on the part of employees, it may lead to resistance, as all do not like to go for refresher and retraining courses off and on.
- (b) Boredom and Monotony:** If the proposed change is expected to lead to greater specialization resulting in boredom and Monotony, it may also be resisted by employees.
- (c) No participation in change:** Some employees resist any change as they are critical of the situation and they are not being given any part in decision-making process for change. When they do not understand fully the implications of change, they resist it.

**(3) Social Reasons:** Social reasons for resistance are also classified into three groups. They are:-

- (a) Need for new social adjustment:** An organizational change requires new social adjustment with the group, work situation and new boss etc. All individuals are not ready to accept this challenge. Some people refuse transfers and promotions for this reason only, as they will have to break their present social ties.
- (b) Taking change as imposed from outside:** Some employees take any change as imposed from outside upon them.
- (c) Other considerations:** Some employees may consider that every change brought about is for the benefit of the organization only and not for them, their fellow workers or even the general public. Hence, they resist the change.

### **Resistance from the side of Managers:**

It is not a common fact that change is always resisted by the employees only. Managers, also resist change sometimes. Any change sets in new tension, stress and strains over them is normally resisted by managers. The feeling of uncertainty, whether they will be able to handle new circumstances successfully or not, motivates them to resist.

#### **Check your Progress:-**

1. Describe the reasons for resistance to change.

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## **5.14 APPROACHES TO ORGANIZATIONAL CHANGE**

Management has to take the following steps to implement the change successfully:

### **(1) Participation of employees:**

Before introducing any change, the employees should be fully consulted and they must be made a party to any such decision. The meaning and purpose of the change must be fully communicated to those who will be affected by it. Enough time should be allowed for discussion, and pros and cons of the change should be explained, in detail, to employees.

### **(2) Planning for change:**

Before implementing any change, the management should plan for it. Employees should get an opportunity to participate both in planning the change and installing it. This will help the group of the affected employees to recognize the need for change and thus prepare them for receiving it without any fear.

### **(3) Protecting Employee's Interests:**

Management should ensure that employees are protected from economic loss, loss in status or personal dignity. If those things are protected, the degree of resistance to change will be at the lowest *ebb*.

### **(4) Group Dynamics:**

Group dynamics refers to ever changing interactions and adjustments in the mutual perceptions and relationships among members of the groups. Such group interactions are the most powerful instruments which facilitate or inhibit adaptation to change. Adaption is a team activity, which requires conformity to the new group norms, moves, traditions and work patterns,

If these could be positively articulated by management, the results are likely to be more successful and durable.

**(5) Cautions and slow introduction:**

The management should not introduce any change suddenly and abruptly. It must be an objective for the management to build in the organization an awareness of change and an ability to forecast it, and also to construct an attitude of welcoming change. Change must be introduced in sequential parts, if possible, the results must be reviewed, and required adjustments must be made in it.

**(6) Positive Motion :**

The management should use the policy of positive motivation to counteract negative resistance. It should be the attempt of the management to make the job easier and less exerting. The management should impart proper training to its employees in new technique and work knowledge etc. The leadership styles should also be supportive and human oriented. This policy will also bring down the resistance to change.

**(7) Sharing the benefits of change:**

Any change whether technical, social or economic will be least resisted by the employees if the management permits the employees to share benefits which arise out of the change. So, the management must see that employees are not only assured of it, they are given due advantage of it as well.

**(8) Training and development:**

Management should plan for change. Based on the change plan, the job should be redesigned. Management should train the employees beforehand and prepare the employees to invite change. Normally, trained and developed employees will not resist change as they can not keep quiet with enriched skill and knowledge.

**(9) Career Planning and development:**

Organization on the basis of change plans and redesigned jobs should plan for careers of employees, possibilities to move the employees to the higher levels and develop them. The developed employees for future careers demand the management to implement change.

**(10) Organization development:**

OD aims at moulding and development of employees in the psychological and behavioral areas with a view to achieve organizational effectiveness. Employees with enriched behaviours welcome the change.



## Check your Progress:

1. Explain the approaches to organizational change.

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### 5.15 PRINCIPLES OF CHANGE

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Management should follow the under mentioned principles of change:-

- (a) Understanding the change itself, its purpose, its benefits and then making them understand to the employees
- (b) Estimating the reasons for the possible resistance to change and preparing to allay their fears
- (c) Mindful of channels of authority.
- (d) Preparedness for all the questions and criticism.
- (e) Listening to the suggestions and criticism of employees and incorporating them in the scheme as far as possible.
- (f) Creating interest in them, convincing them and preparing them.
- (g) Keeping in touch with the process of change.

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### 5.16 PLANNING AND IMPLEMENTING CHANGE

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Management is often called a change agent, as its role is to initiate the change and help make it work successfully. Employees support is most essential in implementing the change successfully as they are at the helm of affairs, though the management is an agent of change. Implementation is the institutionalization and internalization of change after it has been accepted by an organization and a decision has been taken to accept and make it part of the on-going activity. Institutionalization is making the change permanent part of organization and internalization means stabilization of the change. The implementation process should start with planning. The three important stages of implementation of change process are:-

- (a) Monitoring the change.
- (b) Taking action in relation to the change
- (c) Making necessary adjustments in the programme accepted for Implementation.

### **Planning:**

The main objective of planning is to have an overall understanding of the nature of implementation. Planning process refers to determining in advance the entire process of implementation of change phasing. Planning may be focused on phasing, Phasing may be either temporal (in terms of time) or spatial (in terms of various units or the locations of the organization).

### **Processes:**

Various processes involved in implementation should be decided in advance. Various stages of the process include initiation, motivation, diagnosis, information collection, deliberation, action proposal, implementation and stabilization. Attention should be paid to the process of collaboration, increasing the capability of the organization to face the problems of change, establishing the norms and values.

### **Strategies:**

Management should formulate various strategies for implementation. These strategies should focus on taking outsiders' help, change agent, designing permanent organizational structures, unit/location of the organization to be selected for initial process, openness with the environment etc.

### **Monitoring:**

It is the process of "routine periodic measurement of programme inputs, activities and outputs undertaken during programme implementation. Monitoring is normally concerned with the procurement, delivery and utilization of programme resources, adherence to work schedules or progress made in the production of outputs. Monitoring is essential to make implementation effective.

### **Implementation team:**

A broad based task group of implementation should be set-up to look after the implementation of the change programme and monitor such programme. HRD department of the organization may be asked to take up this responsibility.

### **Minimum Control:**

Controls should be minimum in order to make the monitoring effective, On the one hand, it is a control function and on the other it also attempts to develop new norms of creativity, diversity and experimentation.

### **Review and feedback:**

Implementation requires reviewing various process and provide feedback. It involves getting data, information and experiences and providing feedback to the people on how they are implementing compared to the design and plans.

### **Dissemination of Information:**

The data, information, experiences collected in the various units/ processes of the organization may be provided to all the parties of change implementation with a view to reinforce a sense of success amongst various people.

### **Action:**

Action covers all the minute details of what is to be implemented at different stages. This process involves various phases and steps for people and various group tasks in relation to change programme.

### **Adaptation:**

Adaptation is the combination of two main criteria of effectiveness of implementation. Adaptation may be both general in the sense that some modifications may be made in the original plan and some may be developed at later stage.

### **Support:**

Various types of support from all concerned will be required for the implementation of change.

### **Main agencies which render the necessary support are:**

#### **Human resource development:**

Effective implementation of change requires new and varied technical, managerial and behavioral skills and knowledge. Human Resource Development can contribute for the enhancement of these skills through training, executive development and organization development programmes.

#### **Resources:**

Implementation requires support in the form of various fields like financial, human resources, technological etc.

#### **Linkages:**

Support may also be required in terms of building linkages both with external experts, various external agencies and internal departments. Linkage among departments, implementation teams, line management and top management is essential.

#### **To management Commitment:**

The most important aspect of support essential for implementing change is the support and commitment of top management. Top management should involve itself in the process of change implementation, encourage the implementation team, provide all types of resources.

Management has to get the support from employees through the following means:-

- (a) Encouraging and using group force.
- (b) Development of leadership for change.
- (c) Encouraging participation and sharing views
- (d) Maintenance of Employee's security.
- (e) Effective communication.
- (f) Participation and working with the unions
- (g) Working with the total system of the organization which requires adopting useful and necessary changes.
- (h) Changing by evolution but not by revolution.
- (i) Adopting the change with adequate attention to human relations.
- (j) Identifying and taking care of post change problems.

**Check your progress:**

1. Write a brief note on planning and implementing change.

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### 5.17 SUMMARY

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OD is a comprehensive behavioural science based approach, aimed at improving the effectiveness of an organization through systematic and behavioral patterns of an organization. It is planned intervention of developing organizational culture and organizational ethos. It is concerned with the planning and implementation of programmes designed to improve the effectiveness with which an organization functions and responds to change.

Change is necessary for sustained growth and development of any organization. People have to develop their skills and knowledge to adjust with new technology. In today's time, adjustment to global demands and production is absolutely necessary to survive.

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### 5.18 GLOSSARY

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- (1) Organization:-A process of gathering resources to achieve final objectives.

- (2) Organizational Change:- A process of adjustment to emerging needs.
- (3) Organizational development: an effective process of change or final outcome of change in the process of organization.
- (4) Change Agent:- Outside or inside intervention.
- (5) Sensitivity training:- Learning to be more alert towards other's behaviour.
- (6) Team building:- Sharing experiences with others in the team.
- (7) Survey research:- Using research findings or observations in making adjustment.

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## 5.19 QUESTIONS

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- Q.1 Define organizational Development (OD). Explain its Characteristics and assumptions.
- Q.2 Explain the OD intervention techniques .
- Q.3 Discuss the goals/objectives of OD.
- Q.4 Explain the benefits and limitations of OD
- Q.5 What do you mean by Organizational Change? Explain the reasons for resistance to change.
- Q.6 Write a brief note on planning and implementing change.

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## 5.20 SUGGESTED READINGS

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- P.Subba Rao — Essentials of Human Resource Management and Industrial Relations.
- Gary Dessler — Human Resource Management
- Mamoria and Gankar - Personnel Management
- Stephen p. Robbins — Organizational Behavior

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## TRAINING, LEARNING AND DEVELOPMENT

### Unit Structure

- 6.0 Objectives
- 6.1 Introduction
- 6.2 Meaning and Definitions of Training
- 6.3 Need/objectives/purposes of Training
- 6.4 Principles of Training
- 6.5 Areas of Training
- 6.6 Importance/Advantages/Benefits of Training
- 6.7 Types of Training
- 6.8 Methods of Training
- 6.9 Evaluation of Training programme
- 6.10 Effectiveness of Training Programme
- 6.11 Training and Development
- 6.12 Need and Importance of Management/Managerial Development
- 6.13 Benefits of Managerial Development Programmes
- 6.14 Methods of Management/Managerial Development
- 6.15 Meaning and Definitions of Learning
- 6.16 Principles of Learning
- 6.17 Characteristics of Learning Process
- 6.18 Learning Problems
- 6.19 Summary
- 6.20 Glossary
- 6.21 Question
- 6.22 Suggested Readings

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### 6.0 OBJECTIVES

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- To enable the students understand the meanings of the concepts: Training, Learning and development.
- To acquaint the students with the principles, need, benefits, areas, types, and methods of training.
- To familiarize students with principles and characteristics of learning process and also the need, methods and benefits of management Development.

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## 6.1 INTRODUCTION

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Every organization needs to have well-trained and experienced people to perform the activities that have to be done. If the current or potential job occupant can meet this requirement, training is not important. But when this is not the case, it is necessary to raise the skill levels and increase the versatility and adaptability of employees. Inadequate job performance or a decline in productivity or changes resulting out of job redesigning or a technological break through require some type of training and development efforts. As the job becomes more complex, the importance of employee development also increases. In a rapidly changing society, employee training and development are not only an activity that is desirable but also an activity that an organization must commit resources to if it has to maintain a viable and knowledgeable work force.

Training is based on learning process. Training causes learning, a process that takes place within the trainee, in which behavioural changes occur as a result of experience.

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## 6.2 MEANING AND DEFINITIONS OF TRAINING

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Training is one of the important aspects of manpower development. It has gained significance since 1960s and continues to be of growing importance for organizations today.

Training is normally viewed as a short term educational process utilizing a planned, systematic and organized procedure by which non-managerial personnel acquire the technical knowledge and skills necessary for increased effectiveness in achieving organizational goals.

In simple words, training is a process of developing or imparting skills, knowledge and changing attitudes so as to increase individual and organizational effectiveness.

Training is a process of learning a sequence of programmed behaviour. It is an application of knowledge. It gives people an awareness of the rules and procedures to guide their behaviour. It attempts to improve their performance on the current job or prepare them for some future job. Training improves, changes, moulds the employee's knowledge, skill, behaviour, aptitude and attitude towards the requirements of the job and organization. Training refers to the teaching and learning activities carried on for the primary purpose of helping members of an organization, to acquire and apply the knowledge, skills, abilities and attitudes needed by a particular job and organization.

Thus training bridges the differences between job requirements and employee's present specifications.

Training may be defined as any organizationally planned effort to change the behaviour or attitude of employees so that they can perform jobs on acceptable standards. Training provides knowledge and skills required to perform the job.

Training is the watchword of present dynamic business world. The industrial/management training is practical in nature. It relates to knowledge, information, technical skills, social skills, administrative skills and attitude building.

Training implies providing knowledge in advance, improving employee performance by increasing employee's ability to perform through learning, and imparting specific skills, abilities and knowledge to employees. Training is for developing overall efficiency of an industrial unit. Expenditure on training is an investment for manpower development and gives rich dividend in the long run. Training is an opportunity given to an employee to learn, grow and develop for jobs at higher levels. It is an opportunity for and self-improvement and development. Training of employees is the responsibility of the management. It has to incur expenditure and create necessary infrastructure for employee training. "Born managers are good, but trained managers are better."

### **Definitions of Training:**

**According to Edwin Flippo**, training is "the act of increasing the knowledge and skill of an employee for doing a particular job."

**Dale. S. Beach** define the training as "the organized procedure by which people learn knowledge and for skill for a definite purpose."

In the works of **Wayne Cascio**, "Training consists of planned programs undertaken to improve employee knowledge, skills, attitudes and social behaviour so that the performance of the organization improves considerably."

### **Check Your Progress:**

1. Explain the meaning of Training Define the term Training.

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## **6.3 NEED/OBJECTIVES/PURPOSE OF TRAINING**

- (1) To raise efficiency and productivity of employees and the organization as a whole.
- (2) To create a pool of well-trained capable and loyal employees
- (3) To provide opportunities of growth and self-development
- (4) To avoid accidents and wastages of all kinds.
- (5) To meet the challenges posed by new development in the field of science and Technology.



- (6) To improve the quality of production.
- (7) To develop cordial labor-management relations and thereby to improve the Organizational environment.
- (8) To develop positive attitude and behavior pattern.
- (9) To prevent manpower obsolescence in an organization. (10) To develop personal qualities among employees.
- (11) To bridge the ever increasing gap between planning and implementation of projects.
- (12) To facilitates exchange of views and ideas between superiors and subordinates.
- (13) To create reserve managerial force to face' the problems of absenteeism, labor turnover etc.

**Check your Progress:-**

1. Explain the need/objectives/purposes of Training.

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## **6.4 PRINCIPLES OF TRAINING**

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Certain general principles need to be considered while organizing a training programme for Example:-

- (1) Trainees in work organizations tend to be most responsive to training programmes when they feel the need to learn, i.e. the trainee will be more eager to undergo training if training promises answers to problem or needs he has as an employee
- (2) Learning is more effective where there is reinforcement in the form of rewards and punishments i.e. , individuals do things that give pleasure and avoid things that give pain.
- (3) In the long run, awards tend to be more effective for changing behaviour and increasing one's learning than punishments.
- (4) Rewards for the application of learned behavior are most useful when they quickly follow the desired performance.
- (5) The larger the reward for good performance following the implementation of learned behaviour, the greater will be the reinforcement of the new behaviour..

- (6) Negative reinforcement, through application of penalties and heavy criticism following inadequate performance, may have a disruptive effect upon the learning experience of the trainee than positive reinforcement.
- (7) Training that requests the trainee to make changes in his values, attitudes and social beliefs, usually achieves better results if the trainee is encouraged to participate, discuss and discover new, desirable behaviour norms.
- (8) The trainee should be provided with 'feedback' on the progress he is making in utilizing the training he has received.
- (9) The development of new behaviour norms and skills is facilitated through practice and repetition.
- (10) The training material should be made as meaningful as possible.

The National Industries Conference Board, U.S.A. states some other principles like:-

- (a) The purpose of training is to help meet company objectives by providing opportunities for employees at all organizational levels to acquire the requisite knowledge, skills, and attitudes.
- (b) The first step in training is to determine needs and objectives.
- (c) The objectives and scope of a training plan should be defined before its development is begun in order to provide a basis of common agreement and co-operative action.
- (d) The techniques and processes of a training programme should be related directly to the needs and objectives of an organization.
- (e) Training is properly the responsibility of any one in the management who wants to attain a particular objective.
- (f) The purpose behind the training of personnel is to assist line-management in the determination of training needs and in the development, administration, conduct and follow-up of training plans.
- (g) To be effective, training must use the tested principles of learning.
- (h) Training should be conducted in the actual job environment to the maximum possible extent.

### **Check Your Progress:**

1. Explain the principles of Training.

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## 6.5 AREAS OF TRAINING

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Training can be provided in the following areas:-

- (1) **Knowledge:-** Training in this area aims at imparting information and guidelines to do a job better.
- (2) **Attitudes:** People develop attitudes towards their job and organization. Training is imparted to develop positive attitude towards the job and the organization.
- (3) **Administrative and Conceptual Skills:** Training is provided to managerial personnel to develop administrative and conceptual skills.
- (4) **Social/Human Skills:** The employees are trained in inter-personal skills. This helps in dealing effectively both with outsiders and insiders. Members work as a team rather than just as mere individuals.
- (5) **Technical Skills:** In this case, the candidate is provided with training in practical aspects of the job such as operating or repairing a machine, operating a computer etc.

### Check Your Progress:

1. Describe the areas of training.

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## 6.6 IMPORTANCE/ADVANTAGES/BENEFITS OF TRAINING

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### (A) Benefits/advantages of training to Employer/Management:-

- (1) **Improves Efficiency:** Training raises the efficiency and productivity of managers and this leads to more productions and profit to employer.
- (2) **Improves Quality:** Training improves the quality of production. It also reduces the volume of spoiled work and wastages of all kinds. This reduces the cost of production.
- (3) **Reduces Accidents:** Training reduces accidents as trained employees work systematically and avoid mistakes.
- (4) **Lesser expenditure:** Training reduces expenditure on supervision as trained employees take more interest in the work and need limited supervision and guidance.

- (5) **Stable labour force:** Training brings stability to labour force by reducing labour turnover among managerial personnel.
- (6) **Higher morale:** Training raises the morale of employees.
- (7) **Skilled manpower:** Training created skilled and efficient manpower i.e. team of managers.
- (8) **Better relations:** Training moulds attitudes of employees and develops cordial labour management relations.
- (9) **Reduces turnover:** Training reduces absenteeism as trained employees find their job interesting and remain present.
- (10) **New techniques:** Training facilitates the introduction of new management techniques and also new production techniques.
- (11) **Pool of capable employees:-** Training creates a pool of trained and capable manpower for the benefit of the organization.

**(B) Benefits/ Advantages of training to Employees:**

- (1) **Confidence:** Training creates a feeling of confidence among employees. It gives personal safety and security to them.
- (2) **Develops Skill:** Training develops skill which act as valuable personal assets of employees.
- (3) **Quick Promotion:** Training provides opportunity for quick promotion and self-development to managers.
- (4) **Monetary benefits:** Training provides attractive remuneration and other monetary benefits to employees.
- (5) **Problem Solving:** Training helps employees to make better decisions and effective problem solving.
- (6) **Self-Management:** Training helps an employee to handle stress, tension, frustration and conflicts.
- (7) **Rewards:** Trained employees are invaluable assets to the company. They contribute towards profit maximization and in turn they get rewards from the employers.
- (8) **Updates knowledge:** Training develops adaptability among employees. It up-dates their information and skills.
- (9) **Positive attitude:** Training develops positive attitude towards work and Creates attraction for the job and the workplace.
- (10) **Attitude of Co-operation:** Training creates an attitude of mutual co-operation and understanding among the managers.

### **(C) Benefits/Advantages in Human Relations:**

- (1) Improved Communication:** Training ensures improved communication between groups and individuals.
- (2) Better orientation:** Training provides orientation for new employees and those taking new jobs through transfer or promotion.
- (3) Provides information** Training provides information on opportunity in employment, governmental laws and administrative policies.
- (4) Pleasant atmosphere:** Training provides a good climate for learning, growth and co-ordination. It makes the organization a better place to work and live.
- (5) Improves Morale:** Training improves interpersonal skills. it builds up a group of employees with high morale.

#### **Check Your Progress:-**

1. Explain the benefits/advantages/importance of training.

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## **6.7 TYPES OF TRAINING**

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### **(1) Induction Training:**

It refers to introduction of a person to the job and to the organization. The main purpose of induction is to make the employee more comfortable. So that he can easily adjust to the new environment.

Induction is provided in the following respects:-

- (a) Introduction to existing employees.
- (b) A brief can be given about special achievement of the new employee to the other employee and also of the other employees to the new employee.
- (c) Making the new employee aware of the company background history, branches, products, market-share etc.
- (d) Information about the company's policies that is applicable to the new employee.
- (e) Providing on-the-job instruction, and assisting or advising in any work related matter.

- (f) Clarifying any doubts and answering any queries that a person may have about the job and the organization.

## **(2) Job Training:**

It relates to a specific job and gives information about the machines used, production process, methods used, instructions to be followed etc. This type of training helps to understand job and to develop skills.

## **(3) Training for Promotion:**

Promotion involves vertical transfer of an employee, followed by a change in authority, responsibility, status and pay. Therefore, training is required before actually joining the new position so that the employee can effectively and efficiently handle new tasks and challenges.

## **(4) Refresher Training:**

The purpose is to refresh professional skill, knowledge and experience of persons at higher executive positions. Refresher training provides information about new developments, techniques etc. Such training is necessary practically in all areas but is very useful for up-dating technical and specialized knowledge.

## **(5) Corrective Training:**

It is necessary when employees violate company rules. For example, absence without prior sanction or smoking in a 'No' smoking area etc. Here, punishment/disciplinary action cannot change the behaviour of employee. The manager should handle the problem with treatment that corrects the outlook of employees.

## **Check Your Progress:-**

1. Explain the various types of training.

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## **6.8 METHODS OF TRAINING**

Methods of training for operative staff are as follows:-

### **1) Lectures:**

Lectures refer to a presentation by the trainer on idea, concepts, theories and issues. This method concentrates on providing knowledge. It is economical because large number of participants can be trained at one time, saving cost in terms of man hours and money. Its major disadvantage

is that it is difficult to know the extent of take-home learning because participants do not show active participation.

## **(2) On-the-job training:**

This training centers around the job. The trainee uses the machines and tools that he will use once the training is completed. The learning takes place in surroundings where he will, in future, be working. HE works with his future supervisors and gets familiar with day-to-day operations. He can ask his difficulties to co-workers and take guidance from them. The supervisor also gives helping hand to him in the first few weeks.

On-the-job training is easy, simple and economical. IT can be used conveniently in the case of easy and simple jobs at the lower levels. However, this training is not scientific. Even the atmosphere in the factory is not congenial for training purpose.

## **(3) Training by Supervisor:**

In the training by supervisor, the training of a newly appointed worker is treated as a specific responsibility of his immediate supervisor. This training method is better than the on-the-job training. Here, the training is more systematic and is given over a longer period.

## **(4) Apprenticeship Training:**

In this type of training, persons are recruited as trainees and are given elaborate theoretical training in the workshop. Demonstration for practical knowledge, visits to industrial units for wider exposure are also arranged. This develops skills among the trainees and they are made skilled workers during the training period. Apprenticeship training is for a year or so and is conducted with periodical tests and examinations.

## **(5) Audio-Visuals:**

Audio-visuals include T.V. Slides, video tapes and films. Within shortest possible time, it provides wide range of realistic examples of job situations. The presentation can be controlled and remains equal for all training groups. There is no flexibility of presentation and the audience cannot raise doubts for classification.

## **(6) Vestibule Training: (Training at Training Centre):**

Under this, training is given in a special school/workshop located in the factory itself. The term vestibule means a chamber or a special room where training is imparted. This method attempts to duplicate on the job situations for training purpose. All facilities required for training( machines, tools, materials etc.) are available at the workshop and naturally the training is more systematic and elaborate. This training is costly.

**(7) Training Courses:**

Companies introduce special training courses of short duration for their employees working at lower levels. Systematic training is given during such training courses. IT is given with the help of teaching aids including audio-visuals.

**(8) Job Rotation:**

It refers to systematically moving employees from one job to another. It cuts down boredom and helps an employee to learn additional skills. This practice enables an employee to learn additional skills. This practice enables an employee to become a more broad-based versatile person. The management favors job rotation because newcomers are put on the job providing them wide exposure. Job rotation is particularly useful to those who are not growing as it gives them a fresh challenge and opportunity to prove themselves. Job rotation facilitates easy transfer to different administrative positions.

**Check Your Progress:-**

1. Explain the methods of training.

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## **6.9 EVALUATION OF TRAINING PROGRAMME**

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Training programme needs periodical evaluation in order to judge its effectiveness and practical benefits. Such evaluation also facilitates certain modifications in the training programme, if necessary. Evaluation of training programme offers the following benefits/advantages:-

- (a) Result-oriented:** Evaluation makes training up-dated, practical and result-oriented.
- (b) Facilitates Suitable Changes:** It facilitates introduction of suitable modifications in the training programme. They may relate to course contents, duration and methods of training.
- (c) All-round benefits:** Expenditure on training gives good dividend to trainees and organization.
- (d) Adaptable:** It makes training as per the growing and changing needs of the organization.
- (e) Better Results:** Managements gets expected results from the training programmes.



### Check Your Progress:-

1. Write a brief note on evaluation of training programme.

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## 6.10 EFFECTIVENESS OF TRAINING PROGRAMME

Training Programme can be treated as effective, if it gives the following results:-

- (a) **Improvement in efficiency and Productivity:** Increase in the overall efficiency and productivity of the business unit.
- (b) **Improved Performance:** Positive improvement in the work performance of employees after training.
- (c) **Reduces absenteeism and turnover:** Reduction in the labour absenteeism and turnover.
- (d) **Higher initiative:** Employees become more cooperative and work with more initiative and also with limited supervision.
- (e) **Lesser accidents:** Reduction in the industrial accidents.
- (f) **Removal of Wastages:** Elimination of wastages of resources on materials, equipments, overtime payment etc.
- (g) **Sound labour relations:** Better discipline among employees, cordial labour-management relations and limited disputes.
- (h) **Improved production:** Improvement in the quality and quantity of production.

### Check your Progress:

1. Write a brief note on effectiveness of training programme.

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## 6.11 TRAINING AND DEVELOPMENT

Training is a process of developing or imparting skills, knowledge and changing attitudes so as to increase individual and organizational effectiveness.

Development is viewed as a long term educational process utilizing a planned and systematic procedure by which managerial personnel acquire conceptual and theoretical knowledge for enhancing general administrative abilities.

The major objectives of training and development programmes are:-

- (a) To improve individual and organizational performance.
- (b) To prepare personnel for advancement.

Training is a process of learning a sequence of programmed behaviour. It is an application of knowledge. It gives people an awareness of the rules and procedures to guide their behaviour. IT attempts to improve their performance on the current job or prepare them for some future job.

Development is a related process. It covers not only those activities which improve job performance but also those which bring about growth of the personality, help individuals in the progress towards maturity and actualization of their potential capacities. By this, they become not only good employees but better men and women. In organizational terms, it is intended to equip persons to earn promotion and hold greater responsibility.

Training a person for a bigger and higher job is development. And this may well include not only imparting specific skills and knowledge but also inculcating certain desirable mental attitudes and habits.

Training is a short-term process utilizing a systematic and organized procedure by which non-managerial personnel learns technical knowledge and skills for a definite purpose.....Development is a long-term educational process utilizing a systematic and organized procedure by which managerial personnel learn conceptual and theoretical knowledge for general purpose.

Training refers only to instruction in technical and mechanical operations, while development refers to philosophical and theoretical educational concepts. Training is designed for non-managers, while development involves managerial personnel.

In the words of Campbell, "Training courses are typically designed for a short term, clear-cut purpose, such as the operation of machinery, while development involves a broader education for long-term purpose."

Training and development differ in 4 ways:-

- (a) 'What' is learned
- (b) Who' is learning
- (c) 'Why' such learning takes place
- (d) 'When' learning occurs

The difference may be stated thus:-

<b>Learning Dimensions</b>	<b>Training</b>	<b>Development</b>
Who?	Non-Managerial Personnel	Managerial -Personnel
What?	Technical & Mechanical Operations	Theoretical, Conceptual Ideas
Why?	Specific job-related purpose	General Knowledge
When?	Short-term	Long- term

### **Distinction between Training and Development:**

Training is imparting education, knowledge and guidance so as to develop 'job skills among the operative staff. Development is providing wider exposure to managerial personnel and make them capable to face organizational problems boldly.

Training relates to specific job and is for a short period. Development is general in nature but wide in scope. It is a long term process for updating the knowledge and skills of executives.

Training places more emphasis on on-the-job methods. Development places more emphasis on off-the —job methods.

Training is not costly due to the use of internal methods and short duration. Management development is expensive due to the use of off-the-job methods and continuity in the training activity.

Training is imparted mostly by the supervisors. Development is undertaken by superiors, outside experts and self.

Training is given initially and afterwards when transfer is made/ promotion is given and when new technology is introduced. Management development is a continuous activity. It is for refreshing knowledge and skills of executives/officers.

Training places emphasis on the practical/technical aspects of the work assigned. Development places emphasis on conceptual and theoretical aspects and also on new developments in the management aspects of business.

### **Check your Progress:**

1. Explain the difference between training and development:

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## 6.12 NEED AND IMPORTANCE OF MANAGEMENT/ MANAGERIAL DEVELOPMENT

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- (a) Talented and matured managers are not easily available. It is not possible to appoint managers from outside for the key managerial posts. The better alternative is to select talented persons as trainee managers and develop their qualities through special training and wider exposures.
- (b) The jobs of managers are now complicated and more challenging. They need varied skills for dealing with the complex organizational problems. For this, talented persons should be selected and proper training should be given to them.
- (c) Many managers are not fully acquainted with new developments such as computer applications and information technology. Managers should be given proper training and exposure in such developments.
- (d) Executive obsolescence occurs due to mental deterioration and ageing process. This can be corrected by offering self-development opportunities to managers.

### Check Your Progress:-

1. Discuss the Need and Importance of Management / Managerial Development.

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## 6.13 BENEFITS OF MANAGERIAL DEVELOPMENT PROGRAMMES (MDPS)

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- (1) MDPS provide considerable intellectual stimulation.
- (2) MDPS keep the executives well-informed with latest developments in the field of business and technology.
- (3) Expenditure on managerial training is continuously rising.

### Check Your Progress:

1. Explain the benefits of Managerial Development Programmes (MDPS)

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## 6.14 METHODS OF MANAGEMENT/MANAGERIAL DEVELOPMENT

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- (1) **On-the-Job Methods:** The methods used are available within the organization itself. Such as (a) Coaching and counselling; (b) understudy assignment; (c) Job rotation; (d) Delegation; (e) Appointment as 'Assistant to'; (f) Membership of Committees, (g) Project assignment, (h) Promotions and transfers.
- (2) **Off-the-Job Methods:** The methods used are outside the organization. For example, (a) University and Colleges; (b) Management institutions; (c) Role playing; (d) case study; (e) Conferences and Seminars; (f) Simulation; (g) Management! Business games; (h) TV and video instructions.

### Check Your Progress:-

1. Explain the methods of Management/Managerial Development.

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## 6.15 MEANING AND DEFINITIONS OF LEARNING

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Learning is an important process that is intimately related to training and development.

Learning can be defined as relatively permanent change in behaviour as a result of experience and practice.

Learning has been defined by cognitive psychologists as the process of encoding, retaining and using information. It is due to this perception of learning, Howell and Cooke has characterized individuals as "Human Information Processors."

According to Anderson. " Learning is a process of skill acquisitions."

Training is an organized procedure by which people gain knowledge and acquire the skills they need for a definite purpose, "Training is what is done to the trainee." This training is based on learning process and "learning is that human process by which skills, knowledge, habits and attitudes are acquired and utilized in such away that behaviour is modified."

In other words. training causes learning, a process that takes place within the trainee, in which behavioral changes occur as a result of experience. Learning can not be measured directly but the changes in behavior that occur as a result of experience can be measured.

There exists a number of theories and concepts that describe learning. These may be divided into 2 major schools:- the connectionist and the cognitivist. The connectionist theory believes that when the learner likes the situation, he repeats the action. Therefore, incentives or positive response stimulates the desire to learn more and more.

While the cognitivist believes that each learner has a goal in his mind and while learning he tries to achieve his goal. The trainer must consider this goal of the learner so that he can establish the relationship between stimuli, responses and the individual goals.

### **Check your Progress:-**

1. Explain the Meaning of Learning.

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## **6.16 PRINCIPLES OF LEARNING**

- (1) All human beings can learn.
- (2) An individual must be motivated to learn.
- (3) Learning is active but not passive.
- (4) Learning may acquire knowledge more rapidly with guidance. Feedback ensures improvement in speed and accuracy of learning.
- (5) Appropriate materials (like case studies, tools, problems, readings etc.) should be provided.
- (6) Time must be provided to practice learning.
- (7) Learning methods should be varied. Variety of methods should be introduced to off-set fatigue and boredom.
- (8) The learner must secure satisfaction from learning. Education must fulfill human needs, desires and expectations.
- (9) Learners need reinforcement of correct behavior.
- (10) Standards of performance should be set for the learner.
- (11) Different levels of learning exist.
- (12) Learning is an adjustment on the part of an individual.
- (13) Individual differences play a large part in effectiveness of the learning process.

- (14) Learning is a cumulative process.
- (15) Ego involvement is widely regarded as a major factor in learning.
- (16) The rate of learning decreases when complex skills are involved.
- (17) Learning is closely related to attention and concentration.
- (18) Learning involves long-run retention and immediate acquisition of knowledge.
- (19) Accuracy deserves generally more emphasis than speed.
- (20) Learning should be relatively based.
- (21) Learning should be goal — oriented.

**Check Your Progress:**

1. Explain the principles of Learning.

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## **6.17 CHARACTERISTICS OF LEARNING PROCESS**

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- (a) Learning is a continuous process.
- (b) People learn through their actual personal experience, simulated experience and from other's experience (by using the knowledge which represents experience of others).
- (c) People learn step by step from known to unknown and simple to complex.
- (d) There is a need for repetition in teaching to improve skill and to learn perfectly.
- (e) Practice makes a man perfect. Hence. Opportunity should be created to use, transfer the skills, knowledge and abilities acquired through learning. It gives satisfaction to the learner.
- (f) Conflicts in learning arises when the trainer knows or has developed some habits which are incorrect in terms of the method being learned.

**Check Your Progress:-**

1. Explain the Characteristics of Learning.

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## 6.18 LEARNING PROBLEMS

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The instructor should have the knowledge of the possible learning problems. He should identify the problems of trainees and take steps to solve them. The possible learning problems are:-

- (a) Lack of Knowledge, skill, aptitude and favorable attitude.
- (b) Knowledge and Skill not being applied.
- (c) Existence of anti-learning factors: Most operational situations contain a number of elements which will restrict the development of learning regardless the methods employed.
- (d) Psychological problems like fear and shy.
- (e) Inability to transfer of learning to operational situation.
- (f) Heavy dependence on repetition, demonstration and practice.
- (g) Unwilling to change.
- (h) Lack of interest about the knowledge of results.
- (i) Absence of self-motivation.
- (j) Negative attitude about involvement and participation.

### Check Your Progress:-

1. Explain the learning problems.

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## 6.19 SUMMARY

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Training is an integral part of the whole management programme, with all its many activities functionally inter-related. Training is the cornerstone of sound management, for it makes employee more effective and productive.

Learning is that human process by which skills, knowledge, habits and attitudes are acquired and utilized in such a way that behavior is modified.

Development is a long-term educational process utilizing a systematic and organized procedure by which managerial personnel learn conceptual and theoretical knowledge for general purpose.

Training is designed for non-managers, while development involves managerial personnel.



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## 6.20 GLOSSARY

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- (1) Learning:- Gaining knowledge about theoretical principles.
- (2) Training :- Giving technical and mechanical knowledge.
- (3) Development :- Actualization of potential capabilities.
- (4) On-the-Job methods :- Methods used are available within the organization itself.
- (5) Off-the-job methods:- Methods used are outside the organization.

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## 6.21 QUESTION

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- Q.1 Explain the meaning of the following concepts:- (a) Training (b) Learning (c) Development
- Q.2 Explain the principles and benefits of Training.
- Q.3 Explain the principles and Characteristics of Learning process.
- Q.4. Write a brief note on methods of Training.
- Q.5 Distinguish between Training and Development.

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## 6.22 SUGGESTED READINGS

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- P. Subba Rao — Human Resource Management and Industrial Relations
- Mamoria and Gankar— Personnel Management
- Kale & Ahmed — Management and Human Resource Development
- A.M.Sarma — Personnel and Human Resource Management.

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### **ORGANIZATIONAL CULTURE DIFFERENT TYPES OF ORGANIZATIONAL CULTURE, MANAGING MULTI-CULTURALISM**

#### **Unit Structure**

- 7.0 Objectives
- 7.1 Introduction
- 7.2 Different Types of Organizational Culture
- 7.3 Organization and Multi-culturalism
- 7.4 Indian Type
- 7.5 American Type (Type A)
- 7.6 Japanese Type (Type J)
- 7.7 Modified American Type (Type Z)
- 7.8 Summary
- 7.9 Glossary
- 7.10 Questions
- 7.11 References

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#### **7.0 OBJECTIVES**

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- To discuss different types of organizational culture.
- To study American type of organizational culture.
- To study Japanese type of organizational culture.

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#### **7.1 INTRODUCTION**

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Organizational culture is varied from one society to another society. The work culture is supported by education, progress of science and technology. In some countries human activities are fast and in some countries they are slow. They all depend upon human talent, skill and environment. The developed nations like U.S.A. and Japan are able to establish a type of work culture, developing and underdeveloped nations are on the way of making their own organizational culture.

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## 7.2 DIFFERENT TYPES OF ORGANIZATIONAL CULTURE

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In human resource development certain types of organizational cultures are identified. They are as follows.

- 1) Mechanistic Organizational Culture
- 2) Organic Organizational Culture
- 3) Authoritarian Organizational Culture
- 4) Participative Organizational Culture
- 5) Work Culture
- 6) Corporate Culture
- 7) Management Systems Culture
- 8) Entrepreneurial Organizational Culture
- 9) Familial Organizational Culture
- 10) Altruistic Organizational Culture
- 11) National Culture and Organizational Culture
- 12) Subcultures and Dominant Cultures
- 13) Strong and Weak Culture

### **1) Mechanistic Organizational Culture:**

Mechanic organizational culture shows values of bureaucracy and feudalism. Guilds and markets are controlled by the governmental authority. In that case there is more loyalty to the organization and workers are specialized in particular art and craft. So organizations work relatively in a stabilized way. For example, the Indian caste system shows mechanistic cultural operation. A carpenter's son is better than his father or grandfather in his work, similarly a barber's son also. Specialization continues from generation to generation.

### **2) Organic Organizational Culture:**

It is different from mechanistic culture. It completely depends on team work. There is a free flow of information, easy communication, less burdened and flexible. It reminds us organic theory of Herbert Spencer. Here organizational culture is alive and everyone works enthusiastically for the common benefit. There is a widespread understanding between the staff and everyone takes care and risks solving the problems. So it is more beneficial to the organizations.

### 3) Authoritarian Organizational Culture:

In authoritarian organization there is a rigid relationship between boss and the workers. It is not a healthy sign of work environment. Boss orders and all try to remain obedient and give importance to boss and work suffers. In presence of the boss all pretend to work and in his absence they cut jokes on the boss and pass time. This drama goes on continuously. But authoritarian culture is necessary in army, navy and all strictly controlled departments. Usually in the productive units it is not good to have an exercise of authority rather a despotic authority.

### 4) Participative Organizational Culture:

Participative culture is an important type of organizational culture because workers participate and take important decisions through their leaders like managers, owners, and union leaders. Group problem-solving leads to better decisions. Collaboration is better than conflict. If there is any ill feeling, conflict it can be discussed openly in various groups and can be solved and settled amicably.

### 5) Work Culture:

it is an age-old saying that 'work is worship'. Work itself represents a culture based on prevailing beliefs, mores and values pertaining to work. Improvement in work culture can be achieved by learning methods. Different approaches have been developed in different organization to create a climate conducive to work. Some of them are as follows.

- Management policies.
- Job security and healthy atmosphere for workers.
- Inter-departmental co-operation within the organization.
- Cordial and mutual relations between all workers and higher officials.
- Sufficient use of communication systems.
- Welfare services provided by the employers.
- Facilities for training and career development.
- Compensation, recognition and reward system.
- Chance for employees to participate in decision-making.
- Healthy relationship between the management and the trade union.

### 6) Corporate Culture:

It is a modern concept. All organizations, big or small are interested in corporate culture. Corporate culture has its own philosophy, ideology and assumptions. Corporate culture is well planned. What type of products should be produced? How to motivate many retail organizations in the market? Who are the capable personnel do it? What would be the

competition and antagonism the organization may receive? Such problems are solved by the corporate culture.

Corporate culture manifests itself in organizational behaviour. How managers and individual employees or groups behave in the context of the organization. Culture influences behaviour in three areas.

- a) **Corporate Values:** Belief in what is best for the organization and what is not good for the organization.
- b) **Organizational Climate:** The working atmosphere of the organization as perceived and experienced by its members. This includes how people feel about and react to the characteristics and quality of the corporate culture and its values.
- c) **Management Style:** It is the way how the managers and bosses behave and exercise authority. They may be autocratic or democratic, tough or easygoing, formal or informal. Such behavior is found in IT and Computer companies. Words such as Sir or madam are not used in their communication. All are addressed as Mr. or Miss.

Corporate culture is interested to see that organization should make profits, name and fame in the world. Corporate culture is spread all over the world. MNCs practice corporate culture all over the world.

#### **7) Management Systems Culture:**

It is an engineering approach to management. Every function of the organization is carefully studied to apply efficient methods to solve organizational problems. It involves with planning, budgeting, market research and various group studies. Appointment of personnel, arranging professional training to newly appointed and refresher courses for experienced workers to enhance their knowledge. So this has become a system and it is followed meticulously for the benefit of the organization. This aspect is very popular in corporate organizations.

#### **8) Entrepreneurial Organizational Culture:**

Entrepreneurial Culture favors growth, development and empire building by taking visionary and bold decisions. Entrepreneurial skill is used in new companies or in sick units to restart.

#### **9) Familial Organizational Culture:**

A culture is commonly passing from generation to generation, from traditional society to modern society is known as paternalistic or familial culture. In this cultural pattern the head of the department is looked as a father figure and accordingly respected. His decisions are taken into consideration carefully. This sort of organizational culture is commonly found in family controlled organizations and institutions and this is found more in India.

**10) Altruistic Organizational Culture:**

The altruistic organizational culture is commonly found in organizations that have dedicated to do social good. Selfless devotion and work is always appreciated and good for the organization. This will bring more NGOs in the world.

**11) National culture and Organizational culture:**

National culture is reflected in employees showing strong attachment to national values like secularism, celebration of national festivals, independence Day etc. They care for their nation and work for it. They respect their nation, languages, and religions. For example, Japanese are more nationalist than loyal to their own traditions and customs.

Organizational culture is based on local values like local holidays, festivals, religious faith etc. Employees nurture their own culture and celebrate festivals, worshipping etc.

**12) Subcultures and Dominant Cultures:**

Each department of an organization has its own culture, which can be called sub culture. Members of each department follow and nurture their own culture. But in the organization all the departments may have one culture, this is dominant culture. This is built by unifying' and integrating the culture of all the departments of the organisations. There may be interrelations between the cultures of different departments, but they may also be independent and conflict with each other.

**13) Strong and Weak cultures:**

Strong culture denotes employee's punctuality, quality of hard work, initiative, and taking more responsibilities. Such employees develop a strong culture, a character of integration. Such employees do not remain absent and contribute maximum production. They have positive attitudes about the organization and they are committed to the organization.

On the other hand, weak cultured employees are passing time, not hard working, not punctual and least bothered by the production. Such culture is not welcomed one and such employees are dangerous for the organization. So all the time one has to observe them and take work from them.

**Check your progress :**

Q.1. Explain the various types of organizational culture.

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## 7.3 ORGANIZATION AND MULTI-CULTURALISM

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Culture plays a significant role in all organizations.

Culture is highly complex, a whole which includes dynamic knowledge, belief, art, literature, morals, law, customs and other capabilities, habits and values acquired by an individual in a society.

Culture is the set of important understandings that members of a community share in common. But it differs from organization to organization and nation to nation.

From the beginning of 20 century multi-cultures have entered into all organizations and have a corporate culture. Cultural manifestation includes own culture, cross-culture, counteractive culture. In other words, there is a strong movement in the cultural assimilation. For example, in Arabian countries, top posts are enjoyed by Europeans; subordinate posts are given to Asians. This makes a distinction between Europe and Asia, but it brings two cultures work together continuously.

Organization is a broader term, it is the entire structure, whereas, various cultures establish the working system. When we look at past 50 years of organizational development in India, Indian culture was totally manifested. So Indian culture was institutionalized and glorified. But today, we notice in various computer and information technology, Banks and Insurance Companies etc. people work, who belongs to different countries. Definitely they bring their own culture to their institutions and organizations. Today business enterprises have been spread all over the world. Due to net-work and e-mail facilities, work has become easy and quickly accessible to anyone and anywhere.

Multi cultures for example, Indian culture, American culture, Japanese culture and British culture have been mixed in various big organizations. Indian culture is traditional, fatalistic and religious, American culture has made individuals more independent and self conscious, Japanese culture is more social and gives importance to collective responsibility. So even today we can understand that Indian workers hesitate to initiate. Americans and British are adventurous and take leadership due to their educational and cultural, background and political and economic support found in them. Japanese are more social, national, and participative, strongly believe in group work. So they do not differentiate between their own home work and company's work. Thus theories are born, known as Type A, Type J, and Type Z.

In conclusion, culture of man, whoever and wherever he belongs to, influences on the organizational culture and in due course imbibes in the organization. We can call it a local culture, a multi-culture etc. For example, Mumbai Municipal Corporation compared to Infosys and IT Parks differs in many ways. However culture is changing, organizations are changing, things are dynamic and changes are everlasting and

progressive. Multi-culture is useful to help social, economic and cultural development for the betterment of the humanity.

### Check your progress :-

Q.1. Explain the concept of Multi-Culturalism.

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## 7.4 INDIAN TYPE

Indian organizations, business enterprises, industries and all institutions are growing fast from the last decade. Compulsory education, empowerment of women, constitutional support for backward classes, increasing importance of higher education, fast industrial development, and establishment of market networks, changes in family size, marriage, economic independence and many more factors are responsible to preserve Indian culture in its strong place. India was ruled by British for more than 150 years and we are highly influenced by their culture. We are exceeding British culture and life style, dress and food habits, but in mind and heart we are Indians.

India is a developing country; it is numbered in Economic Empowerment of G groups in the world, such as, G1, G2 and G10. Indians without giving up their own culture are always eager to learn and imitate others' culture for betterment. As such, there is no Indian type, since Indian organizations, whether it is a school, a college, a university and an industry are under the strong influence and ruling of British patriarchy.

Today multi-dimensional companies have come up in different parts of India. IT Parks are zooming in Bangalore, Chennai, Pune, Mumbai and Delhi. All over the nation, computer technology has reached everywhere, telephone and cell phones have been increased. Cities like Mumbai and Bangalore are growing with fast moving transport communication systems; national highways are spread all over the country. Progress in national economy could not be possible without organizational culture. However, like U.S.A., U.K. and Japan, we cannot call an established Indian Type, cannot model ourselves in the world as different type known as 'Indian Type'. But in the immediate future Indian organizational culture will be nick-named 'Indian Type'.

In conclusion, the variety of industrial organizations at the very beginning were caste based, influenced by the language and the state. For example, Syndicate Bank, Canara Bank and Corporation Bank were born in Kamataka, Indian Bank, Union Bank of India, Punjab National Bank, Maharashtra Bank; Indian Railways have their affinity with the states and the language people speak. So most of the workers belong to the state and the state language. Such affinities are not vanishing in Indian democratic culture. In other words, Indian Type is more democratized, equalized,



caste identity is diminishing, efficiency, skill and talents are increasing. One can notice that Indian Type is correlated with Secular Type, Socialistic Type and Pragmatic Type.

### Check your progress :-

Q.1. Explain the nature of typical Indian organizational culture.

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## 7.5 AMERICAN TYPE (TYPE A)

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It is peculiar and interesting to know that there is a Type A, J, Z etc. due to cultural and climatic influence on workers and the entire management. We have to study them separately to understand the meaning and features.

American Type is known as Type A. In America short term employment is provided. Individual workers have complete freedom to take all important decisions in the interest of the organizations. Individual worker is responsible for his works. There is a rapid evaluation and promotion. There is no demotion, but only sacking at either side. Employee is not tolerated if he is inefficient. With a day's notice he is removed from the job. It means more importance is given to efficiency. Emotional attachment, observation, waste of time is not tolerated in America. If the Person is lazy and inefficient, he is immediately sacked. They give utmost importance to time. Time is money for them. It is well writ in their culture. There is always a specialized career path. So sufficient training, education, technological knowledge is provided to all employees. The American society is specialized in the work system. Explicit and formalized control is always found and realized with American enterprises. Vague and ambiguous qualities are not tolerated in any of the organizations, whether it is a government, private organization, factory, industry, business enterprise, school or college. Higher officers and supervisors do not take any interest in the employee's personal life, habits and feelings. They see the employee only as task-performer. American work culture is highly different from other cultures of the world. Their life style is more mechanic. More freedom is given to individuals, even to children. There are more chances for creativity, more chances to spoil, more chances for children to find themselves aloof, frustrated, nervous, heroic and adventurous. The same influence is found in the work culture.

In America, the ethics of competitive, individualism shapes the organizational management and operational performance. The industrial and economic performance in America is taken as kind of game in which each individual desires to be a winner in order to receive a reward for successful behaviour. This work culture is a continuation of general

cultural and family upbringing where children are encouraged to think for themselves, and show a sense of assertion and independence.

In a glance a typical American Organization possess the following qualities.

- Short term employment. Lay offs are common, lateral job mobility is also common.
- Performance evaluation and promotion is fast.
- Career paths are specialized.
- Decisions are carried out by the individual managers.
- Policies, rules and guidelines are to be strictly followed.
- The organization is concerned with the worker's work, life and his role in the organization.

### **Check your progress :**

Q.1. Explain the nature of typical American organization (TypeA).

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## **7.6 JAPANESE TYPE (TYPE J)**

In Japan lifetime employment is provided. There is no question of permanent or temporary work system. There the people do the job sincerely, honestly, with full devotion. Therefore, they were able to reconstruct the entire nation within a short duration after devastation of Hiroshima and Nagasaki cities in the Second World War. Workers in Japan strongly believe in and take consensual decisions. Every work is based on collective responsibility. Weak and slow workers are also tolerated. Evaluation is slow and time to time promotion is given. There is an informal control over all employees which is implicit. Japanese are hard working people and they believe in non-specialized career path.

Employers and bosses have holistic approach towards the workers. So they see employee as a person, as a family member, a lifetime colleague. It is their nobility and sublimity that their social life and individual culture influences on organizational culture.

The Japanese culture encourages individuals as a part of the team thus encouraging interdependence, shared concerns and mutual help. The organization is viewed as a family to which workers frequently make life long commitments as they see the organization as an extension of their own families. The authority relations are often paternalistic in nature and strong links exist between the welfare of the individuals, the corporation

and the nation. Thus the economic success of Japan is associated with the work culture.

At glance a typical Japanese organization possess the following work culture.

- Fairly long term and life time job opportunity.
- Rigorous evaluation and slow promotion.
- People are primarily generalists and they become familiar with all areas of operations.
- Taking collective decision is the common norm.
- Primary reliance on implicit control. People rely heavily on trust and goodwill.
- Organization is concerned with the whole life of the worker, business as well as personal and social.

### Check your progress:

Q.1. Explain the nature of typical Japanese organization,(TypeJ)

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## 7.7 MODIFIED AMERICAN TYPE (TYPE Z)

It is a combination of Type A and Type J. Modified American Type suggests a long duration employment for all workers. In this type consensual decision-making is practiced. Individual responsibility is given, but wherever necessary others help is considered. In this type slow evaluation and time to time promotion system is adopted. The behavioral control is explicit and implicit, formal and informal, depends on the situation. Type Z adopts moderately specialized career path. Employers and bosses have holistic and democratic approach at the employees. They have humane grounds for the employees and their families.

Z type theory is suggesting that there is a feeling of co-operation and collaboration between managers and employees. All employees have a better understanding, a greater responsibility, foresight, co-operation, co-ordination. There is a shared sense of collective responsibility for the success of a decision. It enhances productivity. Modified American Type is known as Type Z is highly influenced by democratic, socialistic set of life. Live and let others live philosophy has prevailed in the workers' organizations. This is moderate, highly workable, adjustable depends upon humanitarian ground.

Theory Z was suggested by William Ouchi in 1981. This theory draws heavily on Japanese approach to management; it is more a combination of the current American as well as Japanese style of managing an organization. Basically, Ouchi's approach to management called for:

- Consensus decision making.
- Worker participation in all phases and operations.
- Genuine concern for the overall well-being of employees.
- Life time job security.

Both American and Japanese work cultures are contrary, but successful in their own way. Yet America developed a modified theory known as theory Z. The Modified American Type has differences with Japanese type in the operating styles. Even though America accepted theory Z with certain modifications. These specific aspects are as follows. \* Long term employment. Recycling of human talent through training

This will develop a sense of loyalty and dedication among workers.

- Relatively slow evaluation and promotion.
- Career paths are not highly focused - so that employees can acquire a variety of skills through the job rotation.
- Control is both explicit and implicit. Self control is encouraged.
- Decision making is consensus.
- Responsibility is not collective but is assigned to individual managers who are then held accountable for their decisions.
- In addition to the work and performance of workers, the organization takes active interest in the worker's family and social life and provides facilities where social interaction among all members of the organization, irrespective of rank is encouraged.

The following table helps students to understand and compare Type A, Type J and Type z.

Variable	Type A	Type J	Type Z
Employment	Short term	Life time	Long term
Decision making	Individual	Consensual	Consensual
Responsibility	Individual	Collective	Individual
Evaluation & promotion	Rapid	Slow	Slow
Control	Explicit Formal	Implicit and Informal	Implicit, Informal with explicit formalized

Variable	Type A	Type J	Type Z
Career paths	Specialized	Non-specialized	Moderately specialized
Concern	Segmented	Holistic	Holistic including Family

**Sources:** W.G. Ouchi and A.M. Jaeger “Type Z Organizations: Stability in the midst of Mobility”, Academy of Management Review, 3, 1978 pp.

### Check your progress :

Q.1. Explain the nature of Modified American Type Z organizations.

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## 7.8 SUMMARY

Different types of organizational culture are studied necessarily to understand about cultural behavior of workers. Multi-cultures are more helpful to understand variety of cultural organizations. They have their impact on their national and international organizations. Type A, Type J and Type Z has suggested different ideas of cultural influences on working system in America, Japan and India.

## 7.9 GLOSSARY

Bureaucracy and feudalism	- governing establishments
Organic	- natural
Collaboration	- partnership
Altruistic	- selfless
Explicit	- open, clear
Implicit	- unspoken, hidden
Holistic	- pious
Humane	- kind
Prevail	- exist

## 7.10 QUESTIONS

1. Explain different types of organizational culture.
2. Is Indian type of organizational culture democratic? is it changing? Discuss.
3. Write short notes.

- a) American Type (Type A)
- b) Japanese Type (Type J)
- c) Modified American Type (Type Z)

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## **ORGANIZATIONAL CREATIVITY: (CHARACTERISTICS, CREATIVITY, INDUCING FACTORS)**

### **Unit Structure**

- 8.0 Objectives
- 8.1 Introduction
- 8.2 Process of Creativity
- 8.3 Characteristics of Creative Individuals
- 8.4 Factors that induce creativity
- 8.5 Summary
- 8.6 Questions
- 8.7 References

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### **8.0 OBJECTIVES**

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- To introduce you to the concept of Organisational Creativity
- To understand the stages and process involved in boosting creativity in an organization
- To explore the characteristics of creative individuals

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### **8.1 INTRODUCTION**

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Every sector is scrambling to adapt to the quickening pace of technological change and shifting consumer expectations, which are threatening their relevance and capacity to offer novel solutions. Businesses are looking both inward and outward for a way forward as startups reinvent or create new markets seemingly overnight and expectations rise for the delivery of responsible and relevant goods and experiences. Unlocking new modes of operation is crucial for businesses in all sectors so they can launch cutting-edge goods and services while continuing to be pertinent to their clients and staff.

Creativity is defined as the process through which innovative yet situationally relevant outputs are produced. The core of creativity is the aspect of freshness, uniqueness, and novelty that is also contextually suitable. There is novelty in a boss giving dictation while standing on his head, but the behaviour is scarcely suitable. To put it another way, to be called creative, an act must be original and relevant to the situation. Organizations must make innovative decisions in response to societal and technical developments. To deal with the volatility of change, future managers will need to develop particular competences, one of which is the capacity to stimulate creativity in organizations.

Creativity is not required now more than ever before. In reality, the majority of the technologies we have now were found hundreds of years ago. However, in today's complicated and competitive economic environment, a corporation earns a competitive advantage if it is inventive.

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## 8.2 PROCESS OF CREATIVITY

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Although describing how individuals generate creative ideas is challenging, academics have constructed a model that illustrates the many stages of the creative process. The model, as depicted in Fig, stipulates that the creative process occurs in the following stages.

### 1. Preparation:

Creative ideas do not appear out of anywhere. Preparation is an essential prerequisite for creativity. Preparation entails creating a clear knowledge of what one hopes to accomplish with a creative solution.

### 2. Incubation:

Incubation is a process of contemplative contemplation that is frequently carried out unconsciously. During incubation, the individual participates in other activities while the mind thinks and works on the problem. Incubation is effective at dissolving previously held beliefs about a situation. It does not imply forgetting about the problem or issue; rather, it means putting it on the back burner. The issue is still on one's mind, but it is not in the forefront of his or her focus. Incubation promotes alternative thinking by eroding rigid notions about the problem. Divergent thinking entails reframing the problem in a novel way and developing new approaches to the problem.

### 3. Insight:

Individuals have insight at some point during the incubation period. The feeling of abruptly becoming aware of a novel concept is referred to as insight. These bursts of desire have no set timetable; they might occur at any time of day or night. They are also transient and, if not documented, can be lost rapidly. With this in mind, many people carry little voice recorders to catch their thoughts before they are forgotten. Similarly, authors maintain notebooks, painters have sketch pads, and lyricists keep tape recorders on standby to catch ideas as they occur.

### 4. Verification:

At the insight stage, ideas emerge. Coming up with ideas is one thing; determining if they are valuable is quite another. Assessing the effectiveness of a concept takes careful consideration, examination, and experimentation. Tenacity is important at the verification stage since other individuals sometimes fight new ideas or swiftly dismiss them as unworkable.

Although the processes outlined above indicate that the creative process is sequential, creative insight does not occur in this manner. Incubation, for



example, may occur during verification. Furthermore, the process is frequently repeated since first concepts may be unsatisfying and require further vision. Incubation may also occur during the verification step.

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### 8.3 CHARACTERISTICS OF CREATIVE INDIVIDUALS

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Creative persons are thought to have different intellectual and psychological traits than their fewer creative colleagues. Some characteristics of creative people include:

**Some characteristics of creative people include:**

- A willingness to forego immediate gain in order to achieve long-term goals
- A great deal of energy
- An irritation with the status quo
- Perseverance
- A pursuit of hobbies and specialized interests
- A belief that fantasies and daydreaming are not a waste of time
- An inventive thinking styles
- High intellectual abilities.

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### 8.4 FACTORS THAT INDUCE CREATIVITY

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An essential source of innovation in an organisation is the individual creativity of its employees. However, merely hiring new creative staff members is insufficient to establish creativity as a source of organisational efficacy and capability (Woodman et al., 1993). (Amabile, 1998). Organizations must create their organisational structures to support innovative processes if they want to use creativity at the organisational level. (Dziallas and Blind, 2019). Due to these factors, it is important to focus more on how organisations can manage creativity and to conduct study on organisational creativity as an entity distinct from individual, team, and collective levels of creativity. Although the idea of organisational creativity has been researched since the late 1980s, there is still no agreement on what it exactly means.

The following are some of the factors that contribute to creativity.

#### **1. Creative individuals:**

Individual creativity refers to the ideas or innovations by a single employee of an organization.

## **2. Organizational assistance:**

Employees can improve the performance of their company by using creativity to look for novel technologies, procedures, techniques, or product concepts.

## **3. The corporate culture:**

The corporate culture plays an important role in boosting the creativity. The leadership style, organizational culture, ethics play an important role in boosting creativity of an organization.

## **4. Diversity:**

The differences between teams, companies, and individuals have become a source of competitive advantage in today's complex business environment. These differences can boost creativity at various levels of analysis. Despite continued scholarly interest, there is still disagreement regarding the connection between diversity and creativity at and across the person, team, and organisational levels.

## **5. Sufficient time and resources:**

It is well said that haste is a waste. Boosting creativity or making creative projects involves allotting sufficient time and utilizing sufficient resources for the project to mature fully and also to utilize the full capacity of an individual.

## **Conditions for Creativity:**

Selecting creative individuals is the first step toward increasing organizational innovation.

### **1. Organizational support:**

Organizational support for creativity can manifest itself in a variety of ways. Set creative goals first. For example, 3M has set a target of 35 percent of its total income coming from new products produced in the last four years. Second, the company encourages people to take chances and is willing to accept the inevitable failures that come with those risks. Corporate leaders not only allow people to make errors, but also push them to try out ideas when failure is a real possibility. Third, some businesses assist employees in breaking out of their shells and becoming risk takers. Finally, corporations create jobs that are inherently compelling. When employees think their job has a big influence on the business, they are more innovative.

### **2. Organizational culture:**

Openness to new ideas, pleasant supervision, team building, participatory decision making, a flexible organizational structure, and similar factors all contribute to creative thinking.

### **3. Diversity:**

When organizations employ people from a variety of ethnic and cultural backgrounds, they are certain to have varied perspectives on the subject at hand. Divergent thinking is an essential component of creativity. It is widely assumed that highly innovative ideas originate in California's Silicon Valley since more than one-third of its resident engineers and scientists are from nations other than the United States. Many multinational corporations (MNCs) have recognized the value of diversity and, as a result, employ a geocentric policy when employing employees.

### **4. Exposure:**

Employees' creative thinking is enhanced when they are exposed to a variety of experiences, such as a foreign assignment, a seminar, or an extended leave.

### **5. Time and Resources:**

It is common knowledge that individuals are more creative when they have sufficient cash, materials, facilities, information, and time. This criterion does not imply that creativity thrives in the most opulent work environments. People just need adequate resources to study alternatives and put their ideas to the test.

It is sufficient to take constructive efforts to encourage creativity. It is also critical to avoid practices that stifle innovation.

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## **8.5 SUMMARY**

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Creativity is defined as the process through which innovative yet situationally relevant outputs are produced. The core of creativity is the aspect of freshness, uniqueness, and novelty that is also contextually suitable. There is novelty in a boss giving dictation while standing on his head, but the behavior is scarcely suitable. To put it another way, to be called creative, an act must be original and relevant to the situation. Organizations must make innovative decisions in response to societal and technical developments. To deal with the volatility of change, future managers will need to develop particular competences, one of which is the capacity to stimulate creativity in organizations. Although describing how individuals generate creative ideas is challenging, academics have constructed a model that illustrates the many stages of the creative process. The model, as depicted in Fig, stipulates that the creative process occurs in the following stages – Preparation, Incubation, Insight, Verification. Creative persons are thought to have different intellectual and psychological traits than their fewer creative colleagues. Various factors like Creative individuals, Organizational assistance, The corporate culture, Diversity, Exposure, Sufficient time and resources.

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## 8.6 QUESTIONS

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1. Explain the concept of Creativity.
2. Explain creativity in an organization. Elaborate on the factors that induce creativity within an organization.

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## 8.7 REFERENCES

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- Mamoria and Gankar — Personnel Management.
- Stephen Robbins — Organizational Behaviour.

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## INNOVATION PROCESS AND CHANGE

### Unit Structure

- 9.0 Objectives
- 9.1 Organizational Innovation
- 9.2 Definition
- 9.3 Stages
- 9.4 Types
- 9.5 Summary
- 9.6 Questions
- 9.7 References

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### 9.0 OBJECTIVES

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- To introduce you to the concept of Innovation
- To understand the process of change through innovation

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### 9.1 ORGANIZATIONAL INNOVATION

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The process of moving new ideas from conception to implementation is known as innovation management. This system is the foundation of a company's ability to innovate, and when used effectively, it may lead to anything from a record-breaking new product to a revolutionary method of meeting client requirements.

The pertinent query in any business is: How can an organization become more innovative?

What is the formula used by businesses with extremely low failure rates, such as Pfizer, Corning, GE, DuPont, 3M, and Newell Rubbermaid, to continuously develop new products? Even while there is no surefire recipe, some traits frequently show up in studies of innovative businesses. They are divided into groups for structural, cultural, and human resource factors. All change agents are advised that if they want to foster an innovative culture within their firm, they should think about implementing these traits. Let's define what we mean by innovation.

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### 9.2 DEFINITION

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Making things different is what is meant by change. A more specialised form of change is innovation. Innovation is the application of a fresh concept to the creation or enhancement of a good or service. Hence, all inventions involve change, but not all changes involve new ideas or result in substantial advancements. Organizational innovations can range from little tweaks and expansions, like Nabisco's addition of chocolate-dipped

and double-stuffed Oreos to the Oreo product line, to major breakthroughs, like Jeff Bezos’ concept for an online bookshop in 1994. The idea of innovation also includes new production process technologies, new structures or administrative systems, and new plans or programmes relevant to any of the above.

**Ideas for Innovation** The most extensively researched possible source of innovation has been structural factors. The following results are reached after a thorough examination of the relationship between structure innovation. To start, organic structures encourage innovation. Organic organizations enable the flexibility, adaptation, and cross-fertilization that make the adoption of innovations simpler since they have lower levels of vertical differentiation, formalization, and centralization. Second, management tenure is correlated with innovation. Evidently, having held a management position for a while gives one credibility and the know-how to complete duties and get the results one wants. A company can afford to buy innovations, cover the expense of implementing innovations, and absorb failures if it has an abundance of resources. Finally, creative businesses place a great value on interunit communication. Committees, task groups, cross-functional teams, and other mechanisms that promote communication across departmental boundaries are heavily utilized by these organizations.

<p>Innovative Concept or Harebrained Idea?</p> <p>Richard Nobel has a solution to the public's mounting frustration with airline service. He's going to create an air-taxi service unlike any other. Travelers will be able to summon one of his planes, like a taxi cab, to a nearby airport and then fly straight to the local airport closest to their destination. The cost? About the same as a first-class ticket. There are 2,071 airfields in Europe and 5,736 in North America. Yet only 3 percent are used by large commercial jets. Recognizing that there should be a large market for people who</p>	<p>Nobel is creating the basis for a worldwide taxi-system. It would make use of small airports. It would rely on the global-positioning system to monitor flights and guide takeoffs and landings at airports without control towers. And it would have a state-of-the-art Internet-based reservation system.</p> <p>"The airlines think the solution to airport congestion is bigger planes and bigger airports," says Nobel. "That's precisely what passengers don't want. We're coming the other way, offering point-to-point service that you schedule at your</p>	<p>dubbed the F1 Air Taxi, will be designed for trips of under 1,000 miles. Able to carry five passengers, this prop-jet would be able to meet or beat the average speed of commercial jets on short hops, get passengers closer to their destination, and avoid the congestion at big airports. The F1 is being built by Pegasus Aviation in the United Kingdom, with 18 companies providing goods and services to minimize costs.</p> <p>Will the idea work? Only time will tell. But one executive at the firm that is designing Nobel's Web site and reservation system</p>
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want to travel on their schedule, not the airlines, and would prefer a more direct flight,	convenience." The most innovative aspect of Nobel's idea is the development of a low-cost (under \$2 million), fuel-efficient plane that would make up his taxi fleet. That plane,	says, "This is out-of-the box thinking of a whole new approach to air-line congestion. I think [Nobel] has a real market-and a small-business aircraft that could take a lot of the market from existing business planes."
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**Source: Based on O. Port. "Taxi! Get Me to Nebraska," Business Week, November 20, 2000, pp. 134-39.**

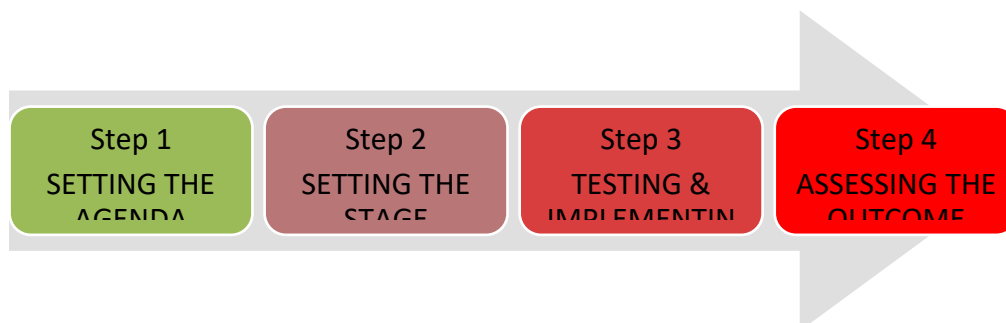
Innovative businesses frequently share similar cultures. They support trying new things. Both success and failure are rewarded. They enjoy making mistakes. For instance, top management at Hewlett-Packard has been effective in creating a company culture that encourages workers to attempt things that don't work out. Unfortunately, in too many organizations, people are rewarded for the absence of failures rather than for the presence of successes. Innovation and taking risks are extinguished in such settings. Only when people believe their actions will not result in consequences will they offer and explore new ideas. Managers in creative businesses understand that making uncharted assumptions inevitably leads to failure.

We see that creative firms actively support their members' training and development in the human resources area so that they stay up to date, provide high job security so that staff members don't worry about being fired for making mistakes, and inspire people to become change agents. A novel concept is aggressively and joyfully promoted by idea champions after it has been produced in order to get support, overcome obstacles, and ensure that the innovation is put into practice. The evidence indicates that idea champions have certain psychological traits, including a desire to take risks, tenacity, and a very high level of self-confidence. Champions of ideas exhibit traits that are typical of transformational leadership. With their vision of the possibilities of innovation and their fervent personal commitment in their purpose, they energize and inspire others. Also, they excel at persuading others to support their cause. Also, idea champions hold positions that provide them a great deal of decision-making freedom. They can introduce and implement innovations in enterprises thanks to their autonomy.

A creative concept must be transformed into a product that meets the demands and desires of the people. Innovation refers to the process of transforming a creative concept into a functional product. In particular, innovation may be described as the effective application of creative ideas inside a company; nevertheless, some businesses are more inventive than others.

## 9.3 STAGES

The Innovation Process Innovation, like creativity, does not happen overnight. The procedure is divided into stages and might take months or years. The process of invention has four stages. Each level is explained briefly below.



Setting the agenda for innovation is the first stage. This entails developing a mission statement, which is a document that describes an organization's overarching direction and broad aims. Top management should be devoted to innovation and driven to put the concept into action. Stage two establishes the phases. Broad goals are broken down into more particular activities at this stage, and the resources required to achieve them are acquired.

The concepts are really executed in stage three. In other words, invention is given life.

At the fourth step, ideas are evaluated. What happens to the concepts is determined by the evaluation findings. There are three possible outcomes. If the resultant ideas are a complete success, they will be approved and implemented in the future. This concludes the procedure. Similarly, the process concludes when the proposal is proven to be a catastrophic failure. However, if the new ideas show potential and make some progress toward the organization's goal but still encounter challenges, the process will most likely restart at stage two.

### Types of Innovation:

Whether or not they have consciously established an innovation process, each innovative manager should constantly be in the quest for innovative ideas to put into useage. Several categories of innovative concepts exist:

Organizational innovation is the change in a company's procedures that streamlines, automates, or modifies activities for the benefit of the firm as a whole. Social innovation addresses issues in public settings and work settings, usually to the advantage of collaboration and collective well-being. A new or enhanced good or service that benefits a business—for example, by enhancing the customer experience or opening up a new market—is referred to as a product innovation.



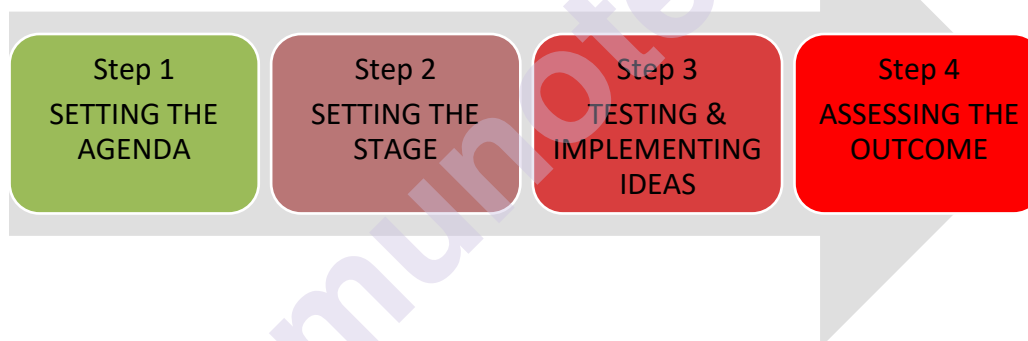
When ideas are fostered outside of an organisation as well as within it, this is referred to as **open innovation**. In order to decrease waste, increase equity, or eliminate any negative effects a product or service may have, **sustainable innovation** that seeks to address the environmental, social, and other concerns that products may bring to the world. When formerly exclusive goods or services are made more widely available to all consumers, **disruptive innovation** occurs and the conventional routes of competition are upset.

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## 9.5 SUMMARY

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Making things different is what is meant by change. A more specialised form of change is innovation. Innovation is the application of a fresh concept to the creation or enhancement of a good or service. Hence, all inventions involve change, but not all changes involve new ideas or result in substantial advancements. Innovation can be classified as per its impact on the type of changes it brings about. Various types of innovation includes organisational, open, sustainable and also disruptive. Innovation passes through a series of stages which can be diagrammatically represented as



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## 9.6 QUESTIONS

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1. Explain the concept of Innovation.
2. Explain various stages of Innovation
3. Explain types of innovation.

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## 9.7 REFERENCES

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## ORGANIZATIONAL SOCIALIZATION

### Unit Structure

- 10.0 Objectives
- 10.1 Introduction
- 10.2 Stages of Organisational Socialisation
- 10.3 Induction / Indoctrination Procedure
- 10.4 Summary
- 10.6 Questions
- 10.7 References

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### 10.0 OBJECTIVES

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- To introduce the learner with the practice of Organisational Structure
- To understand the stages of organisational socialization
- To explore the concept of Induction

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### 10.1 INTRODUCTION

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As a new employee, you are thrown into a work atmosphere that is vastly different in many ways. As a result, it is important to master a variety of new methods, abilities, and operations. To carry out the job assignment in line with the rules, practises, and procedures, one must identify and attempt to comprehend them.

It goes without saying that executing these responsibilities correctly is critical to a new employee's future performance. "Organizational Socialization" refers to the procedure through which this goal is completed. It is described as the process of transforming individuals from outsiders to participating, effective members of organisations.

Organizational socialisation is the process through which a new recruit comes to comprehend and embrace the values, standards, and beliefs shared by others in the company. HR department personnel assist new hires in 'internalising the ways things are done in the firm.

While organisational socialisation is a complicated process with many interconnected components, it generally entails achieving three key goals:

1. Providing workers with the basic work skills and information required for their positions.

2. Introducing them to the organization's practises, rules, and procedures.
3. Assisting them in adjusting to membership in their new work groupings.

Management attempts to achieve socializing through training, orientation, and adjustment to work groups.

### **1. Training:**

Employees participate in training programmes that range from classroom education to extensive on-the-job training and learn what they need via hands-on experience.

### **2. Orientation:**

Because they help employees learn about their occupations, orientation programmes are important socialising tools. Orientation allows newcomers to engage freely with colleagues working at various levels and learn acceptable behaviours.

### **3. Adjustment to work groups:**

Work groups are the major source of assistance for new workers. People around them are doing comparable professions and are frequently willing to share their knowledge and skills with newcomers. Furthermore, they can in those difficult early days, give much needed social support and encouragement. As a result, it is critical that socialisation programmes aid employees in integrating into their new work units.

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## **10.2 STAGES OF ORGANIZATIONAL SOCIALIZATION**

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Organizational socialisation is a continuous process that begins before individuals come on the scene and continues for weeks or months after they arrive. Despite this, organisational socialisation is separated into three fundamental periods, each of which is generally distinguished by specific events at the beginning and finish. These three steps are characterised by 'Feldman' as (1) Getting in, i.e., Anticipatory socialisation. (2) Breaking in, also known as the Encounter stage. (3) The Metamorphosis stage has begun.

Let us go through the three stages of organisational socialisation in depth.

### **1. Anticipatory Socialization:**

Prior to joining an organization, individuals generally know quite a bit about the organization. This knowledge, which serves as the foundation for expectations about what the company and their specific employment would be like, is collected from a variety of sources. In many situations, it is given by friends or family who are already employed by the organisation. These people supply a lot of information (not all of it

correct) that heavily influences the views and expectations of prospective recruits.

Second, individuals frequently obtain knowledge about an organisation via professional journals, magazine and newspaper articles, annual reports, and other official sources.

Third, and possibly most significantly, potential workers learn about such information through the organization's recruiting procedures, which frequently entail a sophisticated blend of salesmanship and diplomacy. Recruiters frequently present their company in flattering terms, glossing over internal issues and accentuating good characteristics. As a result, potential workers have an overly optimistic view of employment. When they get on the job and discover that their expectations were not realised, they may experience disappointment, discontent, and even animosity for being misled. Such reactions can lead to high turnover rates, low organisational commitment, and other undesirable results, and they can take the form of 'entry shock.'

The realistic job previews' strategy is one method for providing job seekers with accurate descriptions of the jobs they will perform and the organisations they will join. Employees who have been exposed to such previews later report better levels of satisfaction and reduced turnover.

## **2. The encounter stage:**

The second key step of organisational socialisation starts when employees take on their new responsibilities. Several important duties await them at this point. They must first learn the abilities necessary for their new careers. Second, they must become acquainted with the organization's practises and processes. This frequently entails unlearning old habits or behaviours and gaining new ones. Third, new members of an organisation must build positive social relationships with their co-workers. They must get to know these folks and acquire their trust. Only then will they be considered full members of the squad.

Of course, official training and orientation programmes take place at the encounter stage. Training and orientation are intended to assist persons in completing tasks.

## **3. The metamorphosis stage:**

When a person joins an organisation, he or she eventually becomes a full member. This item may be marked by a formal, depending on the type and length of the training programme employed. Individuals in the former situation may attend a dinner, reception, or graduation ceremony to swap their temporary, provisional title (e.g., trainee, apprentice) for a more permanent one. Alternatively, individuals may receive a tangible indication of their new status (e.g., the key to the executive washroom, a pass to the executive dining room, a permanent identity badge).

Full admission into the work group may not be indicated by a formal ceremony in the informal instance. It may instead be recognised by informal behaviours, such as being asked to lunch by co-workers or being allocated a place at their table in the dining room.

Whatever shape it takes, the beginning phase of socialisation represents a significant change for both individuals and organisations. Employees are increasingly making permanent changes to their jobs (e.g., they resolve conflicting demands between their jobs & personal lives), And organisations increasingly see them as long-term members of the work team rather than as temporary stand-ins.

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### **10.3 INDUCTION / INDOCTRINATION PROCEDURE**

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Induction or orientation is intended to equip new employees with the information they require to work comfortably and productively in the organisation. It is a “systematic & organised introduction of employees to their employment, their co-workers & the company”.

Full admission into the work group may not be indicated by a formal ceremony in the informal instance. Informal acts, such as being invited to lunch by co-workers or being allocated a seat at their table, may instead be leveraged to acknowledge it.

#### **(A) Strategic choices of Induction programme:**

Before developing an induction/orientation programme, a company must make four strategic decisions. They are : 1-formal and informal. 2- Individual or collective. 3- Serial or disjunctive, and 4-investiture or divestiture.

##### **1. Formal/Informal:**

In informal induction/orientation, new recruits are placed straight on the job and are expected to assimilate to the task and the organisation.

When new workers enter the organisation, the management follows a systematic schedule for formal orientation. The management's aims will determine whether formal or informal orientation is used.

##### **2. Individual/collective:**

Another decision that management must make is whether to induct new personnel individually or in groups. Individual orientation is likely to produce significantly fewer uniform beliefs than group orientation. Individual orientation is more likely to retain individual variations and opinions since orienting each person independently is costly and time demanding.

The above-mentioned challenges are solved by the new recruits' collective orientation. The group orientation technique is used in most major organisations.

### **3. Serial/Disjunction:**

When an experienced employee acts as a mentor and role model for new recruits, orientation becomes serial. When new employees do not have predecessors to instruct or model their behaviour after, the orientation becomes disjunctive.

Traditions and rituals are preserved through serial orienting. On the other end of the spectrum is disjunctive orientation. Because the new recruit is not encumbered by traditions, such induction is likely to yield more original and creative personnel.

### **4. Investitures/Divestiture:**

Investiture orientation aims to validate the usefulness of the qualities that the individual brings to the new employment. New recruits are given the authority to choose their office furniture and subordinates, as well as make other decisions that may impact their success.

Investiture orientation, on the other hand, aims to make tiny changes in the qualities of new recruits, despite the fact that he or she was chosen based on his or her potential for performance.

### **(B) Steps involved in induction programme:**

When organising the induction programme, the HR department may take the following steps:

1. Greetings and welcome to the organisation.
2. Describe the firm.
3. Demonstrate the location/department where the new hire will be working.
4. Give the new hire the company's manual.
5. Explain the amount of unionism in various job groupings.
6. Explain the importance of attendance and punctuality, as well as salary, perks, and vacations.
7. Clarify uncertainties by encouraging others to ask inquiries.
8. Explain future training possibilities and job opportunities.

### **(A) The content of induction programme:**

The content (topic) covered in employee induction programme is;

#### **a) Organisational Issues:**

1. History of company.
2. Names and titles of key executives.

3. Employees title and department.
4. layout of physical facilities.
5. Probationary period
6. Products/services offered
7. overview of production process
8. Company policies and rules
9. Disciplinary processes
10. Employees handbook
11. Precautions

**b) Employee Benefits:**

1. pay scales, pay days.
2. Vacations, holidays
3. Rest pauses
4. Training avenues
5. Counselling
6. Insurance, medical, recreation, retirement benefits.

**c) Introduction:**

1. To supervisors
2. To co-workers
3. To trainer
4. To employee counsellor

**(B) Follow up:**

Despite the best efforts of supervisors, certain gaps in the orientation programme may persist. Certain concepts may have been lost on new recruits. While covering a significant amount of terrain, the supervisors may have overlooked some critical issues. A face-to-face follow-up meeting might be scheduled at regular intervals, such as every three or six months. The primary goal of such follow-up orientation is to provide employees with instruction on a variety of general and relevant topics without leaving anything to chance.



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## 10.4 SUMMARY

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“Organizational Socialization” refers to the procedure through which this goal is completed. It is described as the process of transforming individuals from outsiders to participating, effective members of organisations.

Organizational socialisation is the process through which a new recruit comes to comprehend and embrace the values, standards, and beliefs shared by others in the company. HR department personnel assist new hires in ‘internalising the ways things are done in the firm. It includes Anticipatory, Encounter and Metamorphosis stage. Induction or orientation is intended to equip new employees with the information they require to work comfortably and productively in the organisation. It is a “systematic & organised introduction of employees to their employment, their co-workers & the company”.

Full admission into the work group may not be indicated by a formal ceremony in the informal instance. Informal acts, such as being invited to lunch by co-workers or being allocated a seat at their table, may instead be leveraged to acknowledge it. Before developing an induction/orientation programme, a company must make four strategic decisions. They are: 1- formal and informal. 2-Individual or collective. 3- Serial or disjunctive, and 4-investiture or divestiture.

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## 10.4 QUESTIONS

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1. Explain the process of Organisation Socialization.
2. Explain the stages of organisation socialisation
3. Explain the process of Induction

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## **LEADERSHIP: MEANING, EFFECTIVENESS, QUALITIES, SKILLS AND FUNCTIONS**

### **Unit Structure**

- 11.0 Objectives
- 11.1 Introduction
- 11.2 Meaning of Leadership
- 11.3 Effectiveness of Leadership
- 11.4 Qualities for good leadership
- 11.5 Skills for Leadership
- 11.6 Functions of leadership
- 11.7 Case studies on Leadership
- 11.8 Summary
- 11.9 Questions
- 1.10 References

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### **11.0 OBJECTIVES**

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- To learn about the meaning of Leadership and the different qualities a leader needs to possess.
- To learn about the skills and functions connected to leadership and that of

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### **11.1 INTRODUCTION**

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After joining an organization, you may be working with some organization where you would be expected to work with a team or even under a leader. You could be even at a given point of time assigned a team for which you could be a leader. Hence, this chapter becomes useful, it would help you know the importance of the leader and his/her leadership qualities, skills and functions.

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### **11.2 MEANING OF LEADERSHIP**

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According to Collins Dictionary, Leadership refers to the qualities that make someone a good leader, or the methods a leader uses to do his or her job. He/ She is the one who is in charge of the organization growth and development. The act of motivating and directing a group or an individual to accomplish a task is known as leadership. Leaders motivate followers to do the steps necessary for success. Learning and developing the relevant skills is necessary to become a great leader. Fortunately, with time and effort, anyone can learn these abilities.

Every organisation has leaders at every level, from CEOs and senior executives to supervisors and project managers. Even as a junior employee, you might use your leadership abilities to teach new workers or run a meeting. Depending on the team and circumstance, each leader may have a certain leadership style or employ a combination of several. There are several types of leadership, namely:

- Transactional nature which establishes fixed rewards for getting results.
- Transformational form which emphasizes establishing and accomplishing organisational goals
- Autocratic type which prioritizes setting objectives based on effectiveness
- Democratic type where the leaders listen to members' opinions and incorporate them.

Organizations play an important role in providing scope for new leaders to emerge. A conducive climate creates new leaders to grow based on their skill sets. Hence, even today several organizations provide training and career development choices. There are practices like the senior most leader interacting with the juniors. A good leader helps their team overcome hurdles, supports a favourable environment, and increases employee engagement. Moreover infectious, effective leadership encourages subordinates to display these qualities in their own work.

A leader must take the company principles and ethics into account and aid in creating a culture where everyone may provide their best effort. fostering a culture of unity, a sense of community. Max Weber discusses about Leadership associated with characteristics like Charisma. Several Social movements also reach its goal because of a great leader who looks out for the welfare of the people and has a vision to carry it out. A good leader can convert a country reaching from the state of poverty to that of richness.

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### **11.3 EFFECTIVENESS OF LEADERSHIP**

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What makes leadership effective is the central query in leadership studies. Influence is at the heart of leadership, and the performance of a leader is often measured by how well they inspire their subordinates to work towards the achievement of common goals (Bass, 1990; Yukl & Van Fleet, 1994). However, the idea of shared objectives is at best vaguely defined, and in reality, the majority of leadership research focuses on how leadership affects, measures leadership effectiveness. A successful leader is a must for any organisation. They can aid in creating effective teams inside an organisation and guarantee that initiatives, projects, and other job tasks are carried out properly. Anybody may practise and enhance their leadership skills because a leader needs to have a variety of interpersonal and communication skills. Accountability distinguishes between potential leaders and established leaders. You will move into leadership much more

easily if you can develop a sense of responsibility for your work as a subordinate.

A great deal of focus on ensures that the job expectations are clear. An effective leader communicates the organization's goals and the role for employees so that the team functions effectively. A leader also does not just react when teams fall short of expectations. Instead, the leader rewards the employees when they achieve the expected results and does not punish them for not meeting them.

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## 11.4 QUALITIES FOR GOOD LEADERSHIP

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Taking ownership is one of the best ways to be a successful team member. In other words, the good leaders of tomorrow don't single out their comrades for blame when the team fails or claim all the glory when the team achieves success.

When working together on projects, team members who step up and take responsibility for their actions increase respect and influence. Even when a collaborative effort fails, accepting responsibility for it demonstrates to your co-workers your willingness to take responsibility for your work and grow from your mistakes.

### **Adaptability and flexibility:**

Even in the face of adversity and change, great leaders foster team growth. Since the business world is characterised by perpetual change, adaptability is a key factor in predicting how successful an organisation will be in the future. Because change is inevitable, leaders must be flexible if they want their teams to be flexible as well. In adversity, adaptable leaders really excel.

In times of change, our ability to quickly adapt helps us not just survive, but also thrive. By including employees in the process, leaders are better equipped to accomplish this and assist their teams in doing as it gives them access to a diversity of perspectives and methods. Effective problem-solvers are flexible, innovative, and adaptable leaders. Even in contexts where change is relentless, they assist their staff in adapting so they can continue to perform at a high level. Employees may experience a much-needed sense of stability in potentially difficult times and may be better able to adapt if leaders welcome change and show a willingness to adapt swiftly while still being deliberate and keeping long-term goals in mind.

Leaders that are flexible are able to grow from their errors and adopt an innovative approach. They are able to keep up a steady work environment to provide workers a sense of psychological safety, and they can mentor them as they adjust, reducing their dread of the future and increasing their confidence in taking on difficulties.

### **Authenticity:**

Genuine leadership is ethical and transparent, promoting transparency, and while making decision-making welcoming feedback from others. Genuine leaders are also devoted to their organisations, workforce, and they are enthusiastic about the work they undertake. They are firmly guided by values, are true to those ideals, and are true to themselves. Because it communicates honesty, transparency, openness, and consistency, authenticity is essential for developing and sustaining strong, trustworthy relationships with employees. It also aids leaders in increasing their influence over the people they lead. Being an authentic leader involves having self-awareness, active listening, self-management, empathy, and humility. Be open to constructive criticism that can help you become more aware of your blind spots.

### **Communication:**

A leader's duties include articulating the business culture and setting an example of the mission, vision, and core values of the company. This influences how employees act and behave. Leaders must effectively communicate goals, objectives, and expectations to their team members in order to offer them the clarity they need to complete tasks competently and with confidence. Leaders set an example for effective communication by being approachable and open to suggestions. Many corporate leaders understand that in order for staff to perform to their highest potential, they need feedback. Employees need feedback on a regular basis in order to perform at their professions and grow the level of engagement needed for retention.

### **Compassion:**

Those that are compassionate have good intentions and a sincere care for others. Leaders who are compassionate are viewed as being more capable and powerful than leaders who are not empathetic. Compassion in leadership builds solid, trustworthy relationships between leaders and their teams, which supports fruitful teamwork. Given the possible harmful impact that having power can have on us, it is an especially important ability for leaders to possess. Leaders can offer employees practical advice for enhancing their working conditions and preserving a healthy work-life balance.

### **Self-Awareness:**

A person's capacity to recognise and stay conscious of their emotions as they arise is referred to as self-awareness. Everybody can benefit from having this skill, but surprisingly many people don't have it. Less than 15% of people are genuinely self-aware, according to research by Dr. Tasha Eurich, author of the book *Insight*, despite the fact that 95% of people believe they are moderately or highly self-aware. Good communication, trust, and increased accountability are all promoted by self-awareness. Also, it aids in the better positive processing of emotions, which empowers leaders to take on problems more skillfully.

## Gratitude:

The act of expressing appreciation starts a positive cycle in which both the giver and the receiver gain. Gratitude merely improves our mood. Due to the fact that most people believe they'd be willing to put in more effort for an appreciated boss, gratitude can even help you become a better leader, which can have additional favourable effects. Leadership is a blend of numerous diverse skills working together, not simply one skill. The majority of people have experienced both good and ineffective leadership in the workplace. Every good soft skill could be categorised as a leadership skill. For instance, by hearing the suggestions and worries of the team, active listening assists leaders in completing initiatives. For instance, empathy enables leaders to comprehend how their team members are feeling regarding their workload, working conditions, and co-workers.

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## 11.5 SKILLS FOR LEADERSHIP

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- Skills that form a strong leader, for instance, include:
- Compassion; sensitivity; and attentive hearing
- Trustworthiness, reliability, inventiveness, positivity, effective feedback, prompt communication, teamwork, flexibility, risk-taking, and the capacity to mentor and teach.
- **Competencies: Emotional Intelligence:** An individual's capacity to understand and control their own and other people's emotions is known as emotional intelligence.
- **Self-awareness:** The capacity to identify your own virtues, flaws, and feelings.
- **Self-management:** The capacity to control your emotions, particularly under conditions of extreme stress.
- **Social awareness:** The capacity to discern the feelings of others. This is also frequently referred to as having empathy.
- **Relationship management:** The capacity to control interpersonal relationships through persuasion, coaching, mentoring, and dispute resolution.
- Diverse skills come together to form communication.
- **Flexibility:** The capacity to modify your communication style to suit various contexts and target audiences.
- **Active listening:** The capacity to maintain interest and focus during discourse while paying attention to both verbal and non-verbal cues.
- **Transparency:** The capacity to openly and transparently communicate your company's objectives, prospects, difficulties, and strategy.

- **Clarity:** The capacity to make a message simpler by offering just the correct amount of detail for a particular audience to spur them to action.
- **Curiosity:** The capacity to pose probing, open-ended questions that elicit intellectual discourse.
- **Empathy:** As previously established, this is the capacity to discern the emotions of the people you communicate with and to modify your communication style accordingly.
- **Body language:** Exhibiting friendly, approachable body language that fosters rapport and encourages people to voice their ideas.
- **Approachability:** A leadership style that fosters strong relationships with team members and is characterised by warmth and genuineness.
- **Credibility:** A leadership approach characterised by humility, competence, and resoluteness, in which the team sees the leader as someone who is deserving of their respect and support.
- **Aspiration:** A leadership approach characterised by a distinct vision and high standards that inspires team members to provide their all-out effort. Determination Things rarely go exactly as planned in business. There will always be factors that can derail your plans, regardless of how well your business strategy or product launch accounts for recognised risks. As a leader, you must be adaptable and resilient in the face of stress and have the essential problem-solving abilities to direct your team towards fresh strategies.
- **Financial Literacy:** It is critical to understand that a leader spends a significant amount of time on company strategy, which includes choosing organisational goals and working to achieve them. These objectives will, of necessity, be closely related to issues with financial performance, including cash flow, profitability, and other important measures. All corporate executives should maintain their financial literacy in light of this.
- All leaders need the following financial competencies in addition to basic financial literacy:
  - The study of financial statements, including cash flow statements, income statements, and balance sheets.
  - Ratio analysis, which enables a deeper comprehension of a company's performance.
  - Cash flow management, being one of the important elements for making the company run and sustain at a consistency level.
  - Forecasting, which is the capacity to foresee future transactions, cash flows, and earnings

## Check Your Progress

1. Discuss effectiveness and leadership.

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2. Discuss the meaning of leadership in few lines.

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## 11.6 FUNCTIONS OF LEADERSHIP

There are several functions of leadership like

### 1. Setting goals:

Setting goals for team members to inspire them to work confidently and joyfully is a leader's most crucial responsibility. Their goal is to develop a road map that will show their team members where to go and how to help them get there.

### 2. Organization:

One of a leader's other key responsibilities is to put a group of individuals in charge of a task that they can complete successfully. They must be able to assign roles to people according to their potential in order to get the best performance out of them. Hence, this function is essential to raise morale of the members of the organization.

### 3. Exercising initiative:

Taking initiative in the benefit of the team or the organisation is one of the key roles of a leader. Leaders must have the self-assurance to express their original thoughts and to inspire others to do the same. They also make sure that everyone in the group feels comfortable approaching them with their original ideas.

### 4. Teamwork among workers:

It is the responsibility of leaders to bring individual and organisational interests into harmony. The strategy a leader uses is crucial in accomplishing the same. They must make sure that group members are willing to work together to achieve the shared goals.



### **5. Inspiration and guidance:**

The fundamental responsibility of the leader is to inspire and direct the team or person. They need to encourage the team members to work towards their objectives and to offer support when they run into problems doing so. Also, they continuously support them by applauding their efforts and giving them assistance as needed.

### **6. Communication between management and employees:**

A leader is crucial in serving as a liaison between the workforce and management. They help their team members comprehend how the rules and policies developed by management will benefit them by explaining them to them. Also, an effective leader represents the goals and objectives of their subordinate in front of the management and other members.

### **7. Making policy:**

A leader's ability to formulate policies is crucial to the efficient operation of the business. The guidelines to follow for the efficient execution of work operations are included in the policies that leaders create. By developing policies, leaders also design the process that must be followed by every team member in order to advance the objectives of the organisation.

Being purpose-driven at all times, even in difficult situations; reflecting on a situation and weighing your options before responding; working to always learn and better yourself and your team; maintaining good friendships with friends, co-workers, and mentors you can trust; and use it during the time of crisis.

### **Check Your Progress**

1. Discuss the different types of leadership

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2. List out some of the functions of leadership

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## 11.7 CASE STUDIES ON LEADERSHIP

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### 1. Dr. Abdul Kalam:

One of the best leadership examples is that of Dr. Kalam who was a scientist and later on went to become the President of the country. He narrates one example from his life as a scientist. In which once he was appointed as a project director of India's satellite launch vehicle program named SLV-3. The project didn't work out as expected after launch and it fell down in the Bay of Bengal. At time, the chairman Mr. Satish Dhawan called a press conference and he took the responsibility for the failure stating that the team made enough efforts but they were in need of more technological support and infrastructure. Kalam, said though the failure was of him but Mr. Satish Dhawan took the responsibility.

While later in his life in the year 1980 they launched a satellite and it was successful. Prof. Dhawan then said to Dr. Kalam to handle the press conference. Through this event, Mr. Kalam shares an important lesson than a leader stands by the group in crisis and takes the blame on himself and when it is successful then the credit is given to the team.

### 2. The story of origin of Tata Steel:

In 1867 Sir, Jamshedji Tata heard one of the lectures where the British Essayist Thomas Carlyle spoke about the importance of iron and steel. After listening to his lecture, he came back to India and set up the steel plant. The Britishers who were ruling India that time also liberalised the mineral concession policy in a way it benefited both the Britishers for railways and wars. The Tata steel has helped India even today. Even during famines wars, the famines when company wasn't making much, the Tata continued paying their employees. This shows the integrity ability to learn and integrity and values of Tata group and how it helped lakhs of people even today.

Even during the 26/11 attack in Mumbai all the employees who existed in the hotel were compensated equally irrespective of their job roles. There was no hierarchy followed. This shows the leadership qualities among Tata leaders and which further develops trust among both employees and that of shareholders and consumers (general public).

### 3. Cipla company:

The Aids medicine had monopoly of the Western Countries through patents. It is because of the Cipla Yusuf Hamied Chairperson and his team the medicine was made affordable and as a result many Indians and even several lives in poor countries like Africa lakhs of lives could be saved. It was Mr. Hamied Chairperson who spoke in the conference against the injustice done by the Western Pharma companies through intellectual property and monopolizing it and selling it expensively. It was the visionary leader of Cipla who further created the fight for AIDS medicine and even asked for change in the IP policies and through generic medicine

and raw materials new combinations millions of lives have been changed till date.

#### 4. ORS:

Two cholera patients were successfully treated with oral glucose saline by Captain Phillips of the US Army in 1964. After this, researchers at the Infectious Diseases Hospital in Calcutta and the Cholera Research Laboratory in Dhaka made contributions to the creation of the modern oral rehydration salt (ORS) solution.

In the years 1965–1969, Pierce et al. and others made the first provable case for the effectiveness of standard ORS. Dr. Dilip Mahalanabis established the effectiveness of ORS in cholera cases among Bengali refugees during the Bangladesh Liberation War (1971–1972), while Sircar et al. demonstrated the effectiveness of ORS in a cholera epidemic in Manipur in 1978. The effectiveness of ORS in treating children with diarrhoea, including cholera, was firmly proven by De et al in 1974 and Chatterjee et al in 1978. Based on this knowledge, the World Health Organization started the global effort to manage diarrheal infections in 1978, with ORS as its core and a short-term goal of lowering diarrhea-related mortality. It wasn't until 1979 that Dr. Daniel Pizarro and colleagues proved the WHO-ORS, which contains 90 mmol/liter of sodium, is safe and effective for newborns with dehydration diarrhoea. They also proved that the WHO-ORS is safe when given in a 2:1 ratio with plain water. In a way, reducing millions of death in the world during famines, for childrens.

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## 11.8 SUMMARY

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A leader must take the company principles and ethics into account and aid in creating a culture where everyone may provide their best effort. fostering a culture of unity, a sense of community. According to Collins Dictionary, Leadership refers to the qualities that make someone a good leader, or the methods a leader uses to do his or her job. He/ She is the one who is in charge of the organization growth and development. The act of motivating and directing a group or an individual to accomplish a task is known as leadership. Leaders motivate followers to do the steps necessary for success. vaguely defined, and in reality, the majority of leadership research focuses on how leadership affects, measures leadership effectiveness. A successful leader is a must for any organisation. They can aid in creating effective teams inside an organisation and guarantee that initiatives, projects, and other job tasks are carried out properly. Anybody may practise and enhance their leadership skills because a leader needs to have a variety of interpersonal and communication skills. Accountability distinguishes between potential leaders and established leaders. You will move into leadership much more easily if you can develop a sense of responsibility. Flexibility, Authenticity are some of the qualities a leader needs to possess. The chapter also discussed the different functions associated with that of leadership. We also looked upon some case studies

like that of Tata company, ORS invention, the story behind the Aids medicine and that of the Dr. Kalam discussing about leadership skills in his real life.

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## 11.9 QUESTIONS

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1. Discuss the functions of leadership
2. Write a note on skills and leadership
3. Explain in brief the leadership qualities.

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## CONFLICT RESOLUTION

### Unit Structure

- 12.1 Introduction
- 12.2 Types of Situations
- 12.3 Causes of Conflict
- 12.4 Effects of Conflict
- 12.5 Effective management of Conflict
- 12.6 Summary
- 12.7 Questions
- 12.3 References

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### 12.1 INTRODUCTION

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Conflict is defined as a disagreement between two or more individuals or groups, with each individual or group attempting to gain acceptance of its own point of view or objectives over those of others. Because people differ in their attitudes, values, and goals, conflict among them is unavoidable. As a result, management is more concerned with containing and managing conflict for organizational and individual gain than eradicating it.

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### 12.2 TYPES OF CONFLICT SITUATIONS

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Conflict has always been seen as undesirable; thus, it should be avoided wherever possible and addressed as soon as possible if it arises. As a result, managers must grasp the sort of conflict they are dealing with. The following are some examples of conflict.

#### 1. Individual conflict (value related):

Individual conflict is usually value related when the role that an individual is expected to play does not correspond with the values and beliefs that the individual holds. For example, a secretary may have to lie on instructions that her boss is not present in order to avoid an unwanted visitor or unwanted phone call. This may create a tension in the head of the secretary, who may have established a truth-telling ethic. Similarly, many Indian vegetarians who come to America and find it difficult to maintain their vegetarianism may doubt the importance of the vegetarian concept, generating a conflict in their thoughts.

A person may have a role conflict in addition to these value conflicts. For example, a telephone operator may be required and urged by her supervisor to be pleasant to consumers, who may also complain that she spends too much time with customers. In her perspective, this would create a role conflict. Individual conflict may also emerge when a person

must choose between two equally desired alternatives or between two equally bad aims, for example.

## **2. Interpersonal conflict:**

This is the most well-known type of conflict since it includes disagreement between persons. Interpersonal conflicts may arise when two managers compete for limited capital and human resources. Similarly, interpersonal conflicts may arise when three equally worthy academicians are all up for promotion, but only one of them can be promoted due to budget and positional restrictions. When finite resources cannot be shared and must be gained, the struggle becomes even more painful.

Another sort of interpersonal conflict is disagreement about the organization's aims and objectives. For example, some members of a school board may desire to give sex education classes, while others may find these morally objectionable, resulting in conflict.

Conflicts can emerge not just over the form and substance of goals and objectives, but also over the means to achieve those goals. For example, two marketing managers may disagree about which promotional strategies would result in better sales.

## **3. Discord between the group and the individual:**

Individuals may desire to stay inside the group for social reasons, but they may disagree with the organization's techniques. All formal and informal groups have developed certain norms of behavior and operating standards, and all members are required to conform to these standards.

For instance, at certain restaurants, all waitresses split the tips equally, which might lead to tension if one of them feels she deserves more due to her particularly efficient and polite manners.

Similar to this, if a group strikes for a particular purpose or may not be able to afford to strike, this might lead to conflict with the group. This conflict may also be between the management and his subordinates as a group or between the leader and the led.

## **4. Intergroup rivalry:**

A set of departments, sectors, or work teams form an interconnected network known as an organization. These disputes are more caused by organizational structure-related problems than they are by personal differences. For instance, there is an ongoing and aggressive disagreement between the management and the union. One of the regrettable and frequently publicized clashes between line and staff.

Conflict is a result of several circumstances and variables. These can be classified into two main categories: aspects of human connections and aspects of organizational structure or functioning.

### **1. Conflict's behavioral aspects:**

These Human emotions, attitudes, ideals, and perceptions, among other things, all contribute to conflict. A straightforward misunderstanding or communication fault may be the cause of this disagreement. Many issues might arise from a communication that is misinterpreted. Conflict can also result from opposing points of view on numerous matters. Two vice presidents, for instance, can have different opinions regarding the best strategy to employ.

Conflicts may also include a component that is motivated by emotions, sentiments, perceptions, and ideals. These emotions may be ones of rage, mistrust, fear, or even just hate as a result of personality differences. This may also be based on factors like color, sex, or religion. Some males hold negative opinions on women. Some families have a long history of hostility.

Conflicts over values are caused by various values, some of which may have cultural roots. For instance, one vice president could wish to terminate certain employees to minimize expenses, but another vice president might value people more than money and favor alternative cost-cutting measures. Another illustration would be a professor who values independence in his teaching strategies and would have problems if his approaches were closely monitored.

An individual's personality itself might lead to conflict. For instance, some people are naturally hostile and confrontational, making them very prone to initiate a fight.

### **2. Structural aspects of conflicts:**

Conflicts like this develop as a result of problems with the organizational structure as a whole and its Sub-Units. Several of these problems involve,

#### **A) Role insecurity:**

A role is a group of tasks connected to a particular position within an organization or in society, because his function is not clearly defined if certain work tasks are poorly defined, the person performing them will not operate in the manner in which others want him to. Conflict will result from this, especially between these people and those who rely on his efforts. Due to the uncertainty of roles, a hospital or medical clinic that employs several doctors with overlapping specialties may have conflict.



**B) Designing of work flow:**

Conflicts result from poorly planned coordination needs and poorly designed work-flow structures, especially when jobs are interconnected. For instance, at a hospital, physicians and nurses must collaborate, and their roles are closely related. Conflict and misunderstanding will result from poor work coordination. Similar to this, the waiter and the cook at a restaurant rely on one another for essential knowledge and assistance. Conflict and issues would arise from an uncoordinated work flow and poorly structured processes.

**3. Organizational causes of conflict:**

The first and most visible source of conflict within organizations is a struggle over limited resources. No organization has infinite resources, and disputes can develop over the allocation of time, money, resources, tools, or individuals. Interdependence and ambiguity about authority or accountability are two organizational causes of conflict.

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**12.4 EFFECTS OF CONFLICT**


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Contradiction truly has a “double-edged” effect in professional situations. Depending on the cause and the progression of the situation, both positive and negative outcomes are possible.

**(A) Positive aspect of Conflict:**

1. Conflict may have a beneficial aspect. While conflict frequently disrupts organizations, it can occasionally result in significant advantages. The first benefit of conflict is that it makes previously hidden issues visible.
2. Disagreement frequently prompted the exploration of novel concepts and methods. It promotes creativity and change, to put it briefly. This is the case because, when an open disagreement breaks out, an organization or work unit cannot resume “business as usual.” The necessity for difficult choices, new regulations, significant staff changes, or even a new internal structure is emphasized, and further transformation may be necessary.
3. Because it strengthens group loyalty, conflict can improve the performance of the groups or units involved by motivating members to work more. Each aspires to surpass their previous standards of excellence. To surpass a rival and validate its own good self-image.
4. Conflict also motivates both parties to closely observe one another’s performance in order to completely understand what the rival is planning. This can also improve performance and motivation.

**(B) Negative aspect of Conflict:**

One of the drawbacks of conflict is that it might have certain unavoidable bad consequences that don’t need much explanation.



1. Disagreement can be highly unpleasant and frequently results in strong negative feelings.
2. Communication between individuals, groups, or divisions is frequently disrupted by conflict. It can stop them from coordinating.
3. It takes time and resources away from important tasks in an effort to achieve important organizational goals. Conflict may substantially hamper an organization's ability to function in all of these ways.
4. It has been discovered that disagreement between groups of individuals increases their leaders to switch from participatory to authoritarian ways.
5. When there is disagreement, there is a greater propensity for both parties to engage in derogatory stereotyping.
6. When there is a dispute, both sides tend to stick together and highlight their allegiance to their respective groups or departments. Take a look at the detrimental effects of warfare.

The efficacy of an organization can in fact be boosted by conflict in several ways. It's crucial to remember, though, that these advantages will only materialize if conflict is well handled and does not spiral out of control. This is followed by the back's unfavorable side.

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## 12.5 EFFECTIVE MANAGEMENT OF CONFLICT

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If conflict may, in fact, result in both advantages and costs, then regulating its occurrence is the main challenge companies have with relation to this process. Fortunately, a variety of ways have been shown to be helpful in this regard. Among the few methods for managing conflicts effectively are;

### 1. Bargaining:

Bargaining or negotiation is the most popular method for resolving organizational problems and managing them successfully. The procedure involves the exchange of offers, counteroffers, and concessions between the disputing parties, either personally or through intermediaries. If the procedure is successful, a compromise that is acceptable to both parties is reached, and the dispute is successfully settled. Instead, if negotiations fail, there may be an expensive standoff, which would escalate the dispute.

### 2. Third Party or Outside Intervention:

Despite both parties' best efforts, negotiations occasionally come to a stalemate. When this happens, a third party—someone who is not directly engaged in the dispute—is frequently sought out to help. The most popular types of such third-party involvement are mediation and arbitration. In mediation, a third person makes many attempts to help the disputants reach consensual agreements. A mediator cannot force an agreement on the parties since they lack statutory authority to do so.

On the other hand, an arbitrator has the authority to impose, or at the very least, strongly endorse, the conditions of an agreement. The parties mutually agree to these conditions in binding arbitration. The two parties might each choose to reject the suggested agreement in voluntary arbitration. In traditional arbitration, the arbitrator is free to propose any set of terms. The arbiter in a final offer arbitration, however, only selects one of the final offers offered by the parties.

### **3. The Induction of Superordinate Goals:**

We have mentioned several times how people frequently split the world into two opposing camps: us and them. Both of these highly potent tendencies—to emphasize how one's own group differs from others and to denigrate outsiders—are as prevalent in organizations as they are in other contexts. They appear to play a key role in a lot of disputes across different divisions, work groups, and departments. Superordinate goals that link the interests of the two parties together can be introduced to resolve this. The fundamental tenet of this strategy is that communication, coordination, and agreement obstacles may be decreased by getting all sides of a disagreement to concentrate on and work toward shared goals. The likelihood of collaboration rather than confrontation is thereby increased.

### **4. Escalate Intervention:**

The escalate intervention technique aims to escalate current conflicts in order to resolve them and accomplish a number of related objectives. This tactic's justification is as follows: Things come to a head when a quarrel becomes more intense. Clarification of the fundamental reasons for friction or disagreement increases the drive to look for practical, integrative solutions. Conflicts then emerge into the open and may be addressed to the satisfaction of all parties concerned, as opposed to festering below the surface. As a result, there is a lot of pressure to find a solution, which might have various advantages.

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## **12.6 SUMMARY**

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Conflict is defined as an argument between two or more people or organisations in which one side seeks to advance its own goals or point of view at the expense of the others. Conflict among people is inevitable because of the different attitudes, values, and ambitions that each person has. Because of this, management is more focused on controlling and managing conflict for the sake of the company and its members than on completely eliminating it. Conflicts are struggles that can occur when there is a direct difference of opinion or interest, so it's critical to know how to handle and settle them. Conflict between employees can arise in the workplace in a variety of situations, and when it happens, it is crucial to address the issue before it worsens. Conflict can sometimes be beneficial whereas it can also hamper the growth of the organisation. Conflicts need to be managed carefully by various ways which includes

avoiding the conflict on a whole and also by using various effective techniques mentioned above.

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## 12.7 QUESTIONS

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1. Explain the concept of conflict and elaborate on its aspects.
2. Explain various methods of conflict resolution

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## Faculty of Humanities

### TYBA

(Choice Based Credit System, CBCS) Semester V and Semester VI Question Paper Pattern for T.Y.B.A (CBCS) applicable to all the papers from Paper IV to Paper IX.

As per University rules and guidelines With Effect From 2018-2019

(Time: 3 Hours)

Note: 1. Attempt all questions

2. All questions carry equal marks

(Total = 100 marks)

Q.1 (Based on Module I)

(20 marks)

a.

or

b.

Q.2 (Based on Module II)

(20 marks)

a.

or

b.

Q.3 (Based on Module III)

(20 marks)

a.

or

b.

Q.4 (Based on Module IV)

(20 marks)

a.

or

b.

Q.5 Attempt any two short notes. (Based on Module I, II, III and IV)

(20 marks)

a.

b.

c.

d.

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