1

TOPIC - I

WHAT IS ORGANISATIONAL BEHAVIOR?

Unit Structure :

1.0 OBJECTIVES

After studying this unit you should be able to:

- Appreciate the importance of interpersonal skill; Understand what managers do?
- Able to define organisational behaviour.
- Complementing intuition with systematic study.
- Understand disciplines that contribute to the OB field.
- There are few absolutes in OB.
- Know the challenges and opportunities for OB.
- Developing an OB Model.

1.1 INTRODUCTION

This is one of the most important and introductory unit in the study of Organisational Behaviour. In this unit we would discuss the importance of the study of interpersonal skills and study what managers do, we will basically examine the management functions, especially with respect to Mintzberg's managerial roles. We will also discuss the various management skills and the difference between effective and successful managerial activities.

In the study of Organisational Behaviour it is important to first define Organisational Behaviour. After defining organisational behaviour the topic of Complementing Intuition with Systematic Study would be discussed. Following this we would discuss the various disciplines that contribute to the Organisational Behaviour Field. It should be remembered that there are few absolutes in Organisational Behaviour, these would be discussed. Today there are many Challenges and Opportunities for Organisational Behaviour, each of these would be discussed in detail. Towards the end of this unit we would discuss the topic of developing an Organisational Behaviour Model.

Understanding human behavior is very important in determining a manager's effectiveness. The ability to get along with others is very important in order to achieve success. As a manager having a good inter personal skills is very important.

Interpersonal skills refer to the ability to work well with other people. Individuals who have this skill are able to interact well with others, show leadership skills and deal successfully with conflicts in the organisation. Managers with good interpersonal skills are likely to make the workplace more pleasant and this in turn makes it easier to hire and keep qualified people who are also highly performing.

1.2 IMPORTANCE OF INTERPERSONAL SKILLS AND WHAT MANAGERS DO?

1.2.1 Who are managers? What do managers do?

Managers are individuals who get things done through other people. They make decisions, allocate resources and direct the activities of others to attain goals. Managers do their work in an **organisation** which is a consciously coordinated social unit which is composed of two or more people that functions on a relatively continuous basis to achieve a common goal or set of goals. Examples of organisations are schools, hospitals, churches, retail stores, police departments, local, state and central government agencies, etc.

Those who oversee the activities of others and who are responsible for attaining goals in these organisations are managers or administrators.

1.2.2 Management Functions.

In the early part of the twentieth century, a French industrialist, Henri Fayol stated that managers perform five management functions; planning, organising, commanding, coordinating and controlling. Today, we have condensed it to four: planning, organising, leading and controlling.

Planning includes defining an organization's goals, deciding on a strategy to achieve these goals and developing plans to integrate and coordinate activities.

Organising would determine what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom and what decisions are to be made.

Leading would be directing the activities of others, selecting the most effective communication channels, resolving conflicts among members.

Controlling would be ensuring that things are going as they should. Management must monitor the organisation's performance.

1.2.3 Management Roles

The late 1960's Henry Mintzberg on the basis of his observations concluded that managers perform 10 highly related roles which can be grouped under three broad categories as shown in the following table.

Exhibit 1-1	Mintzberg's Managerial Roles
Role	**Description**
Interpersonal	
Figurehead	Symbolic head; required to perform a number of routine duties of a legal or social nature
Leader	Responsible for the motivation and direction of employees
Liaison	Maintains a network of outside contacts who provide favors and information
Informational	
Monitor	Receives a wide variety of information; serves as nerve center of internal and external information of the organisation
Disseminator	Transmits information received from outsides or from other employees to members of the organisation
Spokesperson	Transmits information to outsiders on organisation's plans, policies, actions, and results; serves as expert on organisation's industry
Decisional	
Entrepreneur	Searches organisation and its environment for opportunities and initiates projects to bring about change
Disturbance handler	Responsible for corrective action when organisation faces important, unexpected disturbances
Resource allocator	Makes or approves significant organisational decisions
Negotiator	Responsible for representing the organisation at major negotiations

I. Interpersonal Roles.

All managers are required to perform duties that are ceremonial and symbolic in nature. When managers perform a number of routine duties of a legal or social nature, they are acting in a **figurehead** role. All managers also have a **leadership** role which includes hiring, training, motivating and disciplining employees. Managers also play the **liaison** role, contacting outsiders who provide them with information.

II. Informational Roles.

All managers collect information from outside organisations and institutions by reading magasines, talking to other people, etc. Mintzberg called this the **monitor** role. Managers may also transmit information to organisational members. This is the **dissemination** role. Managers perform a **spokesperson** role when they represent the organisation to outsiders.

III. Decisional Roles.

In the **entrepreneur** role, managers initiate and oversee new projects. As **disturbance handlers**, they may have to take corrective action to some problems. As **resource allocators** managers are responsible for allocating human, physical and monetary resources. In the role of a **negotiator,** they discuss issues and bargain with other units to gain advantages for their own unit.

1.2.4 Management Skills

Managers need skills or competence to achieve their goals. Robert Katz has identified 3 essential management skills: technical, human and conceptual.

I. Technical Skills.

Through formal education, they have learned the special knowledge and practices of their field. All jobs require some specialised expertise and many people develop their technical skills on the job.

II. Human Skills.

It is the ability to work with, understand and motivate other people both as individuals and in groups. People may be technically proficient, but may be poor listeners or unable to understand the needs of others or may have difficulty managing conflicts. Because managers get things done through other people, they must have good human skills to communicate, motivate and delegate.

III. Conceptual Skills

Managers must have the mental ability to analyse and diagnose complex situations. These tasks require conceptual skills.

1.2.5 Effective versus Successful Managerial Activities.

Research studies have revealed that managers who are most effective in their jobs are promoted the fastest. Luthans et al studied more than 450 managers and found that effective managers were those who performed well both in terms of quantity and quality of work. Also their employees reported satisfaction and commitment.

They found out that all these managers engaged in 4 managerial activities.

1. Traditional management.
This involves decision making, planning and controlling.

2. Communication.
This involves exchanging information and processing paperwork.

3. Human Resource Management.
This involves motivating, disciplining, managing conflict, selecting employees and training.

4. Networking.
This involves socialising and making contacts with people within and outside the organisation.

Luthans et al found vast differences with regards to the time that the average, effective and successful manager spent on the four managerial activities. They found that:

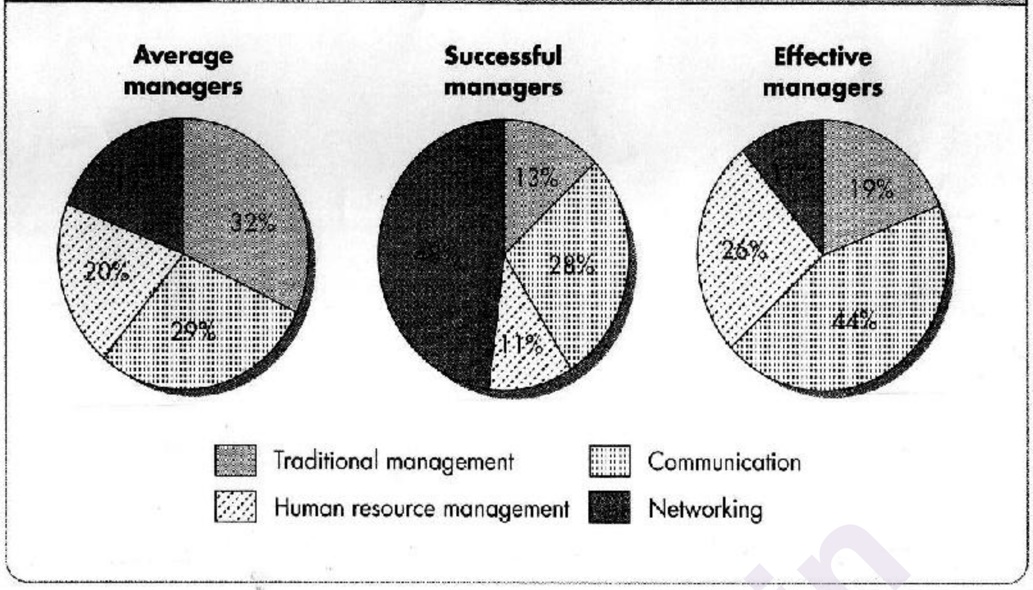
a) Average Managers spent maximum time on traditional management and least time on networking.

b) Effective managers spent maximum time on communication and least time on traditional management.

c) Successful managers spent maximum time on networking and least time on human resource management.

These results show that promotions are not based on performance but rather on a manager's ability to network and to play politics.

Exhibit 1-2 Allocation of Activities by Time



1.3 DEFINITION OF ORGANISATIONAL BEHAVIOUR

Robbins and Judge (2009) define organisational behavior as a field of study that investigates the impact that individuals, groups and structure have on behavior within organisations, for the purpose of applying such knowledge toward improving an organisation's effectiveness. Organisational Behavior is a field of study, meaning that it is a distinct area of expertise with a common body of knowledge. It studies three factors that determine behavior in organisations : individuals, groups and structure. Organisational Behavior applies the knowledge gained about industries, groups and the effect of structure on behavior in order to make organisations work more effectively. It is concerned with what people do in an organisation and how their behavior affects the organisation's performance.

1.4 COMPLEMENTING INTUITION WITH SYSTEMATIC STUDY

People often try to predict other's behavior based on intuition. But our intuition can be wrong. Organisational Behavior studies behavior in a very systematic manner. Organisational Behavior believes that behavior is not random but there are certain fundamental consistencies underlying the behavior of all individuals and if we can identify these consistencies then that will help us to make reasonably accurate predictions about behavior.

When we use the phrase systematic study, we mean

a) looking at relationships, b) attempting to attribute cause and effects c) basing our conclusions on scientific evidence.

Along with a systematic study of behavior, organisational behavior also uses **evidence-based management** (EBM). It involves basing managerial decisions on the best available scientific evidence. Organisational Behavior wants managers to have a scientific approach when faced with people management problems.

Knowledge of Organisational Behavior (based on systematic study) and EBM add to intuition and increases the chances of predicting behavior more accurately.

1.5 DISCIPLINES THAT CONTRIBUTE TO THE ORGANISATIONAL BEHAVIOR FIELD

Organisational Behavior is an applied behavioral science that is built on contributions from a number of behavioral disciplines. The predominant sciences are psychology, social psychology, sociology and anthropology. The contribution of psychology has been more at the individual or micro level while the other disciplines have been at the macro or group level.

1. Psychology is the science that seeks to measure, explain and sometimes change the behavior of humans and other animals. The main concern here is to understand and explain human behavior. Early Industrial Organisational psychologists were concerned with the problems of fatigue, boredom and other factors that could hamper efficient work performance. Recently they have contributed to learning, perception, personality, emotions, training, leadership effectiveness, job satisfaction, decision making processes, performance appraisals, attitude measurement, job stress, etc.

2. Social Psychology. It is an area of psychology that blends concepts from psychology and sociology and that focuses on the influence of people on one another. Social psychologists have made significant contributions in behavioral and attitude change, communication, group processes and decision making, change-how to implement it and how to reduce barriers to its acceptance, etc.

3. Sociology studies people in relation to their social environment and culture. Sociologists have contributed to organisational behavior through their study of group behavior in organisations, organisational theory, communication, organisational technology, power and conflict.

4. Anthropology is the study of societies to learn about human beings and their activities. The work of anthropologists has helped OB understand the difference in values, attitudes and behavior of people of different countries and different organisations. It has also contributed to our current understanding of organisational culture and organisational environment.

1.6 THERE ARE FEW ABSOLUTES IN ORGANISATIONAL BEHAVIOR

Human beings are complex. Two people often act very differently in the same situation and the same person's behavior changes in different situations.

Therefore, predicting human behavior is no easy task. There are no simple and universal principles to explain cause and effect relationships.

Secondly, Human beings are very complex beings as no two people are the same, no two situations are the same. And two people may not always act in the same manner in the same situation and neither will the same person act in the same way in the same situation. But that does not mean that we cannot offer reasonably accurate explanations of human behavior. We can say that X leads to Y, but only under conditions specified in Z – the contingency variables. Contingency variables are situational factors that affect the relationship between two or more variables.

1.7 THE CHALLENGES AND OPPORTUNITIES BEFORE ORGANISATIONAL BEHAVIOR

Managers face people issues that they have never faced before. The need to understand the behavior of people in organisations has become more important than ever before.

There are dramatic changes, currently, taking place in organisations. Hence, there are many challenges and opportunities today for managers to use organisational behavior concepts.

1.7.1 Responding to Globalisation :

Organisations are no longer constrained by national borders. Eg, Burger King is owned by a British firm and Mc Donald's sells hamburgers in many parts of the world, not just in the USA. The world has become a global village. Globalisation has a tremendous impact on the way people are managed and businesses are run. In the process, the manager's job is changing.

i) Increased foreign assignments.

Because of globalisation, many employees are regularly sent on foreign assignments. Internal transfers are common. Managers manage offices and divisions in different countries and hence have to manage employees whose needs, attitudes and aspirations are very different from those back home.

ii) Working with people from different cultures.

To work effectively with people from different cultures, managers need to understand how their culture, geography and religion have shaped them. Hence, managers need to change their management style accordingly, so as to become effective managers.

iii) Coping with anti capitalism backlash.

Capitalist countries like USA, Australia, etc., focus on efficiency, growth and profits but these values are not very popular in other parts of the world such as France, the Middle East, etc., So it is a challenge to the managers to be sensitive to the different values of their employees.

iv) Overseeing movements of jobs to countries with low cost labor.

In a global economy, jobs tend to flow to places where lower costs provide business firms with a comparative advantage. Hence, jobs are moving to the developing countries creating problems of unemployment in the developed countries.

Outsourcing of jobs has led to severe criticisms from labor groups as well as politicians. So managers must take every decision carefully. There needs to be a balance between goals of the organisation and their responsibility to the community in which they work.

v) Managing People during the war on terror.

Terrorism has had a great impact on the business world. Studies have found that managers have cut down on their business travel due to fear of terror attacks. But travel is not the only concern. Organisations also need to find ways to deal with security of the employees. An understanding of Organisational Behavior topics such as emotions, motivation, communication and leadership can help managers to deal more effectively with their employee's fear about terrorism.

1.7.2 Managing Workforce Diversity :

One of the most important challenges currently facing organisations is adapting to people who are different. This is workforce diversity. It means that organisations are becoming a more heterogeneous mix of people in terms of gender, age, race, ethnicity and sexual orientation. A diverse workforce, for example, includes women, people of color, the physically disabled, senior citizens and gays and lesbians.

In India, organisations have to accommodate a workforce that is very diverse in terms of its socio-economic, ethnic and linguistic composition.

The various categories of workforce diversity are :

a) Scheduled Caste and Scheduled Tribes as per notification of the government of India.

b) Other backward castes.

c) Bonafide members of the State. This would also help to control the problem of migration of people from one state to another and more specifically from rural to urban centres.

d) Ex-Defense Personnel and Paramilitary Personnel. This is in order to rehabilitate retiring defense personnel from all ranks.

e) Disabled persons – whose capacity to work is limited because of their mental or physical abilities and who can avail of jobs in the public sector.

f) Displaced Persons. The government as part of its employment generation scheme, promises a factory job to one member of each family displaced by the development of public sector enterprises. Most of these people have an agrarian background and are not as educated and hence have to be provided with employment that is suited to their level of literacy and skills.

g) Gender. In India there are more women entering the workforce. This has led to concern over important issues such as maternity leave, child care, sexual harassment, etc.

h) Age. Discrimination based on age can be made between the older and younger workers. Organisations need to work out strategies to accommodate older workers.

i) Temporary/Casual Contracts. Workers employed on temporary or contract basis are paid a minimum fixed wage as determined by the government. Since they are not permanent employees of an organisation, the terms and conditions of employment are much lower than that of the regular employees of the organisation.

Diversity in the workforce is very obvious and earlier managers used to take the melting point approach to differences in organisations which meant that employees who are different would finally adjust to the rest of them. People do not want to forget their cultural values and differences and hence it is a herculean task for the organisation to make themselves more accommodating to diverse groups of people by taking into consideration their different lifestyles and family needs, etc. Also the percentage of women joining the workforce has also increased in technical professions and managerial jobs.

India will soon be the biggest source of labor. It is estimated that India will have enough resources with a surplus workforce of 47 million.

Workforce diversity has important implications for management practice. Managers should respond to those differences so that there is greater productivity and employee retention. They can do so by providing employees with diversity training and modifying the welfare and benefits programs to satisfy the needs of the diverse workforce.

1.7.3 Improving Quality and Productivity :

In the 1900's, companies expected an increase in consumer demand. Hence, new factories, new facilities, more services and increased staff were added to meet this demand. But today almost every industry suffers from excess supply. There are too many malls and shopping centers. In India, this has led to increased competition and it is forcing managers to reduce costs as well as improve the productivity-quality of the products and services. So managers need to work and introduce quality management process engineering programs. The program must involve employees.

1.7.4 Improving Customer Service :

Majority of employees in developed countries work in service jobs today. Management needs to ensure that employees do what it takes to please customers. Friendly and efficient customer service could help retain a customer or client. Organisational Behavior can help managers to improve employee attitudes and behavior associated with customer satisfaction. It can guide managers in creating a culture in which employees are friendly and polite, accessible, knowledgeable, provide prompt service and willing to do all that is necessary to please the customer.

1.7.5 Improving People Skills :

People skills are important to managerial effectiveness. Improving listening skills, building a sense of belongingness and team spirit, learning ways to design motivating jobs, is a challenging task for the manager.

1.7.6 Stimulating Innovation and change :

Any successful organisation must be able to master the art of change or else will become extinct. Organisations must be flexible and innovative and continually improve their quality. Giant Organisations have gone bust and closed down or are struggling for survival as they have not been able to adapt to change. Examples, TWA, Mafatlal, etc.

However, without the support of the employees, innovation and change can be very difficult. This can be done by increasing employee participation, stimulate employee creativity and increase employee tolerance for change.

1.7.7 Coping with "Temporariness" :

Along with change comes temporariness. Globalisation, advanced technology has caused organisations to be fast and flexible in order to survive.

Temporariness can be experienced in organisations in different ways. Jobs are continually being redesigned. Teams that do the jobs are flexible and companies are relying more on temporary workers. Also jobs are subcontracted to other firms and pensions are redesigned to move with people as they change jobs. In order to cope with temporariness :

a) Employees constantly have to update their knowledge and skills to perform their new jobs.

b) They have to be flexible as they are moved from one work group to another and from one project to another.

c) They have to learn to live with unpredictability and insecurity of employment.

Organisations today are in a state of flux. They are continually reorganising their divisions, selling off businesses that are not doing so well, downsizing operations, subcontracting services and operations to other organisations and replacing permanent employee,s with temporary workers.

1.7.8 Working in Networked Organisations :

Computerisation, Internet, portable communication tools such as think pads, laptop computers, video conferencing, cellular phones, etc., have created a "networked" organisation. Such technology allows people to communicate and work together even though miles apart.

People such as software programmers, graphic designers, systems analysts, technical writers, photo researchers, book editors can work from home or other non-office locations. Here the manager needs to motivate and lead people to make collaborative decisions "online". Organisational Behavior can help the manager to develop new skills.

1.7.9 Helping Employees Balance Work-Life Conflicts :

Earlier in the 1960's and 1970's, the work place and hours were clearly specified. But today, the line between work and non-work time has become blurred creating a lot of conflict and stress.

Many factors have contributed to blurring the lines between the employees' work life and personal life.

a) The creation of global organisations. At any time on any day employees are working somewhere and that means that many employees of global firms are "on call" 24 hours a day.

b) Advances in Communication Technology allows employees to operate from anywhere in the world.

c) Organisations have become more demanding and expect their employees to put in longer hours of work.

d) The number of dual-career couples has increased and it is difficult to give time to home, spouse, children, parents and friends.

Employees have been increasingly dissatisfied with work-life imbalance. In order to correct this imbalance, employees are demanding greater flexibility in their jobs and work schedules. Workers want to achieve a work-life balance and managers must help the employees strike this balance between their work and personal lives if they want to attract and retain talented and motivated employees.

1.7.10 Creating a positive work environment :

This is another challenge to the manager especially when there is competitive pressure on most organisations. "In the time of turmoil and cynicism about business you need to be passionate, positive leaders." is what Mr Jeff Immelt recently told his top managers. Positive Organisational scholarship (also called positive organisational behavior) is an area of organisational behavior research that concerns how organisations develop human strength, foster vitality and resilience and unlock potential. This is done through a concept called "reflected best-self". According to this technique, employers should ask employee's to describe situations in which they were at their "personal best" or exceptionally good. They should try to understand their employees strengths and then try to exploit it rather than focusing on the employees' weaknesses.

1.7.11 Improving Ethical Behavior :

Managers are constantly facing ethical dilemmas, situations in which they are required to define right and wrong conduct. Employees often doubt whether they should "blow the whistle" if they uncover illegal activities. Should they follow orders with which they don't personally agree? Should they engage in different types of unethical practices.

As managers they have a code of ethics that they distribute to guide their employees. They offer seminars, workshops and other training programmes to improve ethical behaviors. In-house advisors are provided to deal with ethical issues.

Creating an ethically healthy climate for the employees is a major challenge for the manager.

1.8 DEVELOPING AN ORGANISATIONAL BEHAVIOR MODEL

A model is an abstraction of reality, a simplified .representation of some real world phenomenon (Robbins and Judge 2009). According to this model there are 3 levels of analysis.

a) The first level is at the individual level.
b) The second analysis is at the group level.
c) The third analysis is at the organisational systems level.

Each level acts as a building block for the next level i.e., each level is constructed on the previous level. In order to understand this model we need to understand two terms : Independent variable and Dependent variable.

The Independent Variable is the factor that causes a change in the dependent variable. "It is the presumed cause of some change in the dependent variable (Robbins and Judge, 2009).

The Dependent Variable is the key factor that you want to explain or predict and that is affected by some other factor. This is the response or behavior that is the outcome of the independent variable.

<u>Egs.,</u> absenteeism, turnover, job satisfaction, productivity. Recently deviant workplace behavior and organisational citizenship behaviors have been added to this list. Let us try to understand these variables in more detail.

The Dependent Variable: There are many different types of dependent variable. The six most common dependent variable related to work behaviour are discussed below :

1) Productivity is a performance measure that includes effectiveness and efficiency. An organisation is said to be productive if it achieves its goals and it does so by transferring inputs to outputs at lowest cost.

Eg., An organisation is effective when it successfully meets the needs of its clientele, but it is considered efficient when it can do so at a low cost. We can also look at productivity from the perspective of an individual employee. Here when we measure productivity, we must take into account the costs incurred in reaching the goal. In service organisations employee attitudes and behaviors are linked to productivity. If there is an improvement in employee attitudes, then it will automatically lead to an increase in customer satisfaction which in turn would lead to an increase in revenue for the organisation.

2) Absenteeism is defined as the failure to report to work.

Impact of Absenteeism

1) It can be very costly as well as disruptive for the organisation.

2) It would become very difficult for the organisation to operate smoothly and achieve its goals, if employees do not report to work.

3) The work flow is disrupted and often decisions that have to be taken may be delayed.

4) There would be a drastic reduction in quality of output and may also cause shutdown of certain departments.

5) It may put additional pressure on employees who do report to work.

But absences are not always bad. Sometimes, it may be better for the individual to stay away from work if he is ill or mentally or physically exhausted. This is because some jobs may require increased alertness (eg., pilots and surgeons) and even a small accident could be disastrous.

3) Turnover is the voluntary and involuntary permanent withdrawal from an organisation.(Robbins and Judge,2009) It is the rate at which people leave the organisation.

Effects of high turnover :

a) It results in increased recruiting, selection and training costs. It therefore proves very costly to the organisation.

b) The efficient running of the organisation is disrupted especially when an experienced staff leaves. This is because the experienced staff has a thorough knowledge about the job and if such staff have to be replaced, then it would take time for the new staff to learn the job. It is often difficult to replace such key employees.

c) Also the employees witnessing such high turnover can become demoralised due to the loss of valued coworkers and may not be able to function at optimal level.

d) The reputation of the organisation would go down as a result of high turnover.

On the other hand turnover can also be positive and beneficial for the organisation.

1) When the "right" people leave i.e., under performing, poorly performing individuals leave then it is a gain for the organisation. It can create an opportunity to select an individual who has both better skills and motivation for the job.

2) It creates more opportunities for promotions within the organisation.

3) The organisation could benefit from the expertise and new ideas that the new employees could bring on the job.

But when turnover is excessive or when it involves losing a key employee then it could be a hindrance to the organisation's effectiveness.

4) Deviant Workplace Behavior is also called antisocial behavior or workplace incivility. It is voluntary behavior that violates important organisational norms and thus threatens the well being of other employees. Some examples of such deviant behaviors are stealing, sabotage, gossiping, playing loud music, insulting or humiliating colleagues or customers, irritating coworkers or customers. All these behaviors can cause huge financial losses to the organisation.

A dissatisfied employee can express himself in many varied deviant ways, and unless the manager tries to understand the root cause of his dissatisfaction and deal with it, there can be no solution.

5) Organisational Citizenship Behavior is "discretionary behavior that is not part of an employee's formal job requirements, but it nevertheless promotes the effective functioning of the organisation." (Robbins and Judge, 2009) Organisations need employees who will engage in "good" citizenship behaviors such as helping others and cooperating with others in the group, doing extra work, avoiding conflicts, tolerating minor nuisances and irritations at the workplace, showing enthusiasm and putting an extra effort to complete the task. Managers should find ways to motivate and encourage employees to engage in organisational citizenship behavior.

6) Job Satisfaction is a positive feeling about one's job resulting from the individual's evaluation of the various characteristics of the job. It is an attitude rather than a behavior. It was believed that satisfied employees are more productive than dissatisfied employees. Usually dissatisfied employees are more likely to remain absent and quit their jobs.

Researchers with strong humanistic values argue that satisfaction is a legitimate objective of an organisation. Advanced societies should be concerned not only with the quantity of life but also with its quality. And so, the manager here again should see that the employees are provided with jobs that are interesting, challenging and intrinsically rewarding.

The Independent Variables.

The independent variables as stated earlier are factors responsible for causing a change in the dependant variable. The independent variable can be at the individual or group or organisational system level.

a) Individual level variables. Each individual in the organisation is different and come into the organisation with certain intact characteristics which will influence their behavior at work. Examples of these are personal or biographical characteristics such as age, gender and marital status, personality characteristics such as various emotions, values and attitudes and basic ability levels. Management can do little to alter them. Yet they have a real impact on employee behavior, perception, individual decision making, learning and motivation.

b) Group level variables. People's behavior in groups is different from their behavior when alone. So the study of group behavior is important. Individuals in groups are influenced by the group and conform and exhibit patterns of behavior that are accepted by the group. Knowledge of how the group functions is important. Group norms, cohesiveness of the group, group size, communication patterns, leadership, power and politics and levels of conflict are some factors that would influence the behavior of employees in organisations.

c) Organisational System Level Variables. Many factors at this level, such as, organisation's policies and practices, employee selection, training and development programs, performance evaluation methods have an impact on the independent variables.

1.9 SUMMARY

In this unit we have discussed the importance of the study of interpersonal skills and examined as to what managers do, we have also studied the management functions of planning, organizing, leading and controlling. We have also discussed the different management roles as given by Mintzberg. Various management skills such as technical skills, human skills and conceptual skills were also discussed. The differences between effective and successful managerial activities were also discussed. Following this we had defined the concept of Organisational Behaviour. After defining organisational behaviour the topic of Complementing Intuition with Systematic Study was also discussed. The various disciplines that contribute to the Organisational Behaviour Field were also discussed. It should be remembered that there are few absolutes in Organisational Behaviour each of these absolutes were also discussed. Some important Challenges and Opportunities for Organisational Behaviour, were discussed in detail. Towards the end of this unit we had discussed the topic of developing an Organisational Behaviour Model.

1.10 GLOSSARY

Organisation : It can be defined as a consciously coordinated social unit, composed of two or more people that function as a relatively continuous basis to achieve a common goal or set of goals.

Organisational Behaviour : OB is directly concerned with the understanding, prediction, and control of human behaviour in organisations"

Evidence-Based Management (EBM) : It is a recent concept in the area of management practice, which refers to basing managerial decision on the best available scientific evidence. EBM emphasises on taking a scientific approach to management problems.

Workforce Diversity : It refers to adapting to people who are different.

Network Organisation : It is an organisation that operates as far as possible without a traditional organisation structure. Instead, it creates teams to handle specific projects and, when those projects are completed, break up the teams and creates new ones.

The Dependent Variable : It is the measure of the behaviour of the subject or a report of the subject's response to a stimulus, a change in the behaviour after administration of a drug, a score on a test and so on. The dependent variable is almost always some measure of the participant's behaviour.

Turnover : It refers to voluntary as well as involuntary permanent withdrawal from an organisation.

Organisational Citizenship Behaviour : It refers to discretionary behaviour that is not a part of an employee's formal job requirements but that nevertheless promotes the effective functioning of the organisation.

Independent variable : It can be defined as the factor whose effect the researcher wishes to find out. In other words it is a condition selected by the researcher.

1.11 SUGGESTED READINGS

1. Robbins, S. P., Judge, T. A., & Sanghi, S. (2009). Organisational Behaviour. (13^{th} ed.), Pearson Education, Dorling Kindersley, New Delhi.

2. Kumar V. B. (2011) Psychology of Human Behaviour at Work, Himalaya Publishing House, Mumbai, pages 3-32.

1.12 QUESTIONS

Q.1 Discuss the importance of interpersonal skills in the study of Organisational Behaviour.

Q.2 Explain the different Management Functions.

Q.3 What role does a manager perform?

OR

Discuss the different roles performed by the manager as identified by Henry Mintzberg.

Q.4 Discuss the different types of Skills that managers possess.

Q.5 Discuss the various disciplines that contribute to Organisational Behaviour.

Q.6 Discuss the various challenges and opportunities for Organisational Behaviour.

Q.7 Define Dependent Variable and discuss different types of dependent variable in Organisational Behaviour.

Q.8 What is Independent Variable? Discuss the various levels of Independent Variable in the study of Organisational Behaviour.

Q.9 Write short notes on the following :

- Effective vs. Successful Managers
- Definition of Organisational Behaviour
- Evidence Based Management
- Coping with "Temporariness"
- Improving Ethical Behaviour

Q.10 Define or explain the following terms :

- Organisation
- Organisational Behaviour.
- Evidene-Based Management (EBM)
- Workforce Diversity
- Network Organisation
- The dependent Variable
- Turnover
- Organisational Citizenship Behaviour
- Independent variable

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2

TOPIC - II

ATTITUDES AND JOB SATISFACTION - I

UNIT STRUCTURE:

2.0 OBJECTIVES:

The major objectives of this unit are:

- To discuss the nature and definition of attitudes.
- To understand the main components of attitude.
- To know whether behaviour always follow from attitudes?
- To discuss moderating variables and understand moderators of the attitude - behaviour relationships.
- To discuss major job attitudes.

2.1 INTRODUCTION:

Attitudes are important components of social behaviour and thought. Attitude is one of the most central concepts of Psychology. Employee attitudes play an important role in the smooth functioning of the organisation. It influences many aspects of organisational functioning. Negative employee attitude is a symptom of underlying problems and contributing cause of forthcoming difficulties in an organisation. Attitude is one of the most important aspects of human behavior. It influences many aspects of organisational behavior like job performance, absenteeism and job turnover. In this unit we will discuss the nature and definition of attitudes as well as the main components of attitudes. We will also discuss the moderating variables and the major job attitudes. Some of the major job attitudes that would be briefly discussed include job satisfaction, job involvement, organisational commitment, perceived organisational support and employee engagement and job engagement.

2.2 ATTITUDES AND ITS MAIN COMPONENTS:

Attitude can be defined as stable cluster of feelings, beliefs and behavioral intentions towards specific aspects of the external world. Attitude can also be defined as mental representations of various features of the social or physical world. They are acquired through experience and exert a direct influence on subsequent behavior.

Attitudes are evaluative statements — either favourable or unfavourable — about people, or events. They reflect how we feel about something. For e.g., when a person says, "I like my job" he is expressing his attitude about work. Attitudes represent beliefs, feelings and action tendencies towards objects, ideas or people. An attitude is a tendency to respond positively (favourably) or negatively (unfavourably) to certain people, objects or situations. In other words, it is a tendency to react emotionally in one direction or another.

Attitudes are limited. They are hypothetical construct. They cannot be directly observed. They could only be inferred on the basis of observation or observable responses. Attitudes are complex. They are difficult to express in words. If you ask people about their attitude toward religion, culture, or the organisation they work for, you may get a simple response, but the reasons underlying the response are probably complex.

Psychologists are interested in understanding, predicting and changing work related attitudes. Psychologists want to change work-related attitude for two reasons:

- There is an intimate connection between attitude and various aspects of job performance (turnover and absenteeism). In order to alter certain aspects of job performance, attitude change in necessary.
- A second reason that we may want to change attitude is to improve those attitudes themselves.

In order to fully understand attitudes, we need to consider their fundamental properties or components. Attitude can be characterised in three ways:

(i) First, they tend to persist unless something is done to change them.

(ii) Second, attitudes can fall anywhere along a continuum from very favorable to very unfavorable.

(iii) Third, attitudes are directed toward some object about which a person has feelings (sometimes called "affect") and beliefs.

Main Components of Attitudes: In general, attitudes consist of three major components

1. Affective Component: The feelings, sentiments, moods and emotions about some event or object constitute the affective component of attitude.

2. Behavioural Component: Behavioural component of attitude refers to an intention to behave in certain ways toward someone or something.

3. Cognitive Component: It refers to the beliefs, opinion, knowledge, or information held by the individual.

Above three components are interrelated to each other, they function together. These components help us understand better the relationship between attitudes and behaviour. For e.g., suppose that an individual holds a strong, negative attitude towards particular type of software (cognitive). During recruiting, this person will reject employees who use this software (behaviour). Cognition and affect in particular are inseparable in many ways. They are intertwined. In organisations, attitudes are important for their behavioural component.

Does Behaviour Always Follow from Attitudes?

One of the most important issues related to research on attitude is that does there exist a relationship between behaviour and attitudes. Do certain attitudes influence an individual's subsequent behaviour? What is the correlationship between attitudes and behaviour. We would discuss these issues in brief.

Early research on attitudes assumed that they are causally related to behaviour, that is, the attitudes people hold determine what they do. Festinger argued that attitudes following behaviour illustrate the effect of cognitive dissonance.

Cognitive dissonance refers to any incompatibility between two or more attitudes or between behaviour and attitudes. Cognitive dissonance can be defined as an unpleasant internal state that results when individuals notice inconsistency between two or more of their attitudes or between their attitudes and their behaviour. In its simpler form, the theory of cognitive dissonance says that human behaviour is motivated by a tendency to achieve consonance (consistency), and to avoid dissonance (inconsistency) in the organisation of cognitive experience which may contain an individual's beliefs, attitudes, values, knowledge, information and so forth.

According to Festinger, the cognitive elements in an individual's total experience are not discrete and unrelated but interconnected. The attitudes, beliefs, values held by an individual are not unrelated to one another but are part of his organisation, are interdependent and interacting. According to Brown, a state of cognitive dissonance is said to be a state of psychological discomfort or tension which motivates efforts to achieve consonance.

(i) Individuals seek to reduce this uncomfortable gap, or *dissonance*, to reach stability and consistency.

(ii) Consistency is achieved by changing the attitudes, modifying the behaviours, or through rationalisation.

(iii) Desire to reduce dissonance depends on:

- Importance of elements creating it.
- Degree of influence the individual believes he has over the elements.
- Individuals will be more motivated to reduce dissonance when the attitudes or behaviour are important or when they believe that the dissonance is due to something they can control.
- Rewards involved in dissonance. High rewards accompanying dissonance tend to reduce the tension inherent in the dissonance.

Research has generally concluded that people seek consistency among their attitudes and between their attitudes and their behaviour. More recent research shows that, in many cases attitudes predict future behaviour and confirmed Festinger's original belief that certain "moderating variables" can strengthen the link.

2.3 MODERATING VARIABLES:

It is also called as the moderator variable. The moderating variable is one that has a strong contingent effect on the independent variable and dependent variable relationship. That is the presence of a third variable modifies the original relationship between the independent and the dependent variables. For example, it has been found that there is a relationship between the availability of reference manuals that manufacturing employees have access to and the product rejects. That is when workers follow the procedures laid down in the manual; they are able to manufacture products that are flawless. Although these relationships can be said to hold true generally for all workers, it is nevertheless contingent on the inclination or urge of employees to look into the manual every time a new procedure is to be adopted.

The most powerful moderators of the attitude behaviour relationship are:

(i) Importance of the attitude: Attitudes that individuals consider important tend to show a stronger relationship to behaviour. Important attitudes have a strong relationship to behaviour.

(ii) Correspondence to behaviour: The more closely the attitude and the behaviour are matched or correspond, the stronger the relationship. Specific attitudes predict specific behaviour whereas general attitude predict general behaviour.

(iii) Accessibility: Attitudes we remember easily are more likely to predict our behaviour

(iv) Existence of social pressures: Social pressures from significant others, especially people to whom we are emotionally attached considerably influence our attitude.

(v) Personal and direct experience of the attitude: Attitudes based on personal experience are stronger predictors.

(vi) The closer the match between attitude and behaviour, the stronger the relationship:

- Specific attitudes predict specific behaviour
- General attitudes predict general behaviour

(vii) The more frequently expressed an attitude, the better predictor it is: An attitude that is expressed more frequently the more strongly it predicts a given behaviour.

(viii) High social pressures: Reduce the relationship and may cause dissonance.

2.4 MAJOR JOB ATTITUDES:

Individuals have many different types of job-related attitudes. Organisational Behaviour focuses on only limited number of job-related attitudes. Most research has studied the following important types of job-related attitudes in detail.

1. Job Satisfaction
2. Job Involvement
3. Organisational Commitment
4. Perceived Organisational Support
5. Employee Engagement or Job Engagement

We would discuss each of these briefly.

1. Job Satisfaction: It refers to positive feelings about one's job resulting from an evaluation of its characteristics. An individual who has high levels of job satisfaction will hold positive feelings about his/her job. Very often, job satisfaction is equivalent to employee attitude. It has received great deal of research attention among OB researchers. The topic of job satisfaction has been discussed in detail in the next Unit.

2. Job Involvement: It is related to job satisfaction. Job involvement refers to the degree to which a person identifies with a job, actively participates in it and considers performance important to self-worth. It can be defined as the degree to which employees immerse themselves in their jobs, invest time and energy in them and view work as a central part of their overall lives. In other words, it refers to the degree to which a person identifies psychologically with his/her work and the importance of work to one's self-image. Those employees who have a high level of job involvement will strongly identify with and really care about the kind of work they do. High levels of job involvement have been found to be related to fewer absences and lower resignation rates. It has also been suggested that job involvement is more strongly related to how people view their work and their approach to it and less related to how well they perform their job. One important concept closely related to job involvement is ***Psychological Empowerment.*** It refers to employee's beliefs in the degree to which they influence their work environment, their competence, the meaningfulness of their jobs and the perceived autonomy in their work. Research studies have observed that good leaders empower their employees by involving them in decisions, making them feel their work is important and giving them direction to "do their own things". It has also been noted that high level of job involvement and psychological empowerment are positively related to:

(a) Organisational citizenship
(b) Enhanced job performance
(c) Reduced number of absences
(d) Lower resignation rates

3. Organisational Commitment: It refers to a state in which an employee identifies with a particular organisation and its goals and wishes to maintain membership in the organisation**.** Organisational commitment reflects the extent to which an individual identifies with and is involved with his/her organisation and is unwilling to leave it. High job involvement means identifying with your specific job. On the other hand high organisational commitment means identifying with your employing organisation.

Organisational Commitment is also called as employee loyalty. Organisational commitment can be defined as the extent to which employee identifies with the organisation and wants to continue actively participating in it. Organisational commitment is a measure of an employee's willingness to remain with a firm in the future. In other words, it refers to the extent to which an employee feels a sense of allegiance to his/her employer.

Organisational commitment involves the following:

- It is a measure of an employee's belief in the goals and mission of the organisation.
- It reflects the degree of willingness to expend effort in the accomplishment of goals of organisation.
- It also refers to the desire of the employee to continue working with the organisation.

It has been observed that organisational commitment is higher and stronger among employees who have the following characteristics.

- Those who have been in the organisation for a long period of time.
- Those who have experienced personal success in the organisation.
- Those working within a committed employee group.

Employees who score higher on organisational commitment generally show the following features.

- They have good attendance record. Their attendance is higher and employee turnover is lower.
- They demonstrate willingness to adhere to company policies.

- They act as an integrating and coordinating force holding many people, i.e., colleagues, customers, clients, dealers, etc., together.

Organisational Commitment has three separate dimensions:

(a) Affective Commitment

(b) Continuance Commitment

(c) Normative Commitment

We would discuss each of these briefly.

(a) Affective Commitment: It refers to emotional attachment to the organisation and belief in its values.

(b) Continuance Commitment: It refers to the commitment based on the costs that the employee associates with leaving the organisation. It is the perceived economic value of remaining with an organisation compared to leaving it. An employee who perceives that the job is well paying will be more committed as leaving it would result in economic hardships for him/her.

(c) Normative Commitment: It is an obligation to remain with the organisation for moral or ethical reasons. Organisational commitment is positively co-correlated with job productivity. The relationship between commitment and job performance is strongest for new employees and is weaker for more experienced employees. There is a negative correlationship between organisational commitment and absenteeism as well as turnover.

Research studies have demonstrated that employees from different cultures are committed to their organisations in different ways.

- Normative commitment was higher in the Chinese sample rather than in the Canadian and South Korean samples.
- Affective commitment was also found to be higher in China than in Canada and South Korea.
- Recent research has also shown that organisational commitment is probably less important as a work-related attitude than it was once.

4. Perceived Organisational Support (POS): It is defined as the degree to which employees believe the organisation values their contribution and cares about their well-being. People perceive their organisation as supportive when:

- Rewards are deemed fair.
- When employees have a voice in decisions.
- When their supervisors are seen as supportive.

It has also been observed that employees with strong POS perceptions are likely to have higher levels of Organisational Citizenship Behaviour (OCB) and Job Performance. Organisational Citizenship Behaviour (OCB) is an informal form of behaviour in which people go beyond what is formally expected of them to contribute to the well-being of their organisation and those in it.

5. Employee Engagement and Job Engagement: Employee engagement can be defined as an individual's involvement with, satisfaction with and enthusiasm for, the work he/she does. Highly engaged employees have a passion for their work and feel a deep connection to their company. Disengaged employees do not put their energy or effort, they only put their time. It has been observed that employees who demonstrate higher than average levels of engagement showed:

(a) Higher levels of customer satisfaction

(b) Were more productive

(c) Had higher levels of profits and

(d) Had lower levels of turnover and accidents

Watson and Waytt's Survey report has revealed that in Asia-Pacific region, the key factors that lead to engagement include:

- Customer focus
- Compensation and benefits
- Communication

In India, the key driver of engagement is performance management rather than communication. It has also been observed that:

- Highly engaged employees are committed and focused.
- They were also more likely to be top performers.
- They tend to stay for a longer time in their companies.
- Engaged employees were five times less likely to have accidents and when it did occur, it was much less serious and less costly.

Increase in engagement lead to drop in grievances and increase in highly satisfied customers. Job engagement occurs when there are:

- Clear job guidelines.
- Personal control/autonomy over job performance.
- Performing work consistent with one's identity.

The various job attitudes such as organisational commitment, job involvement, perceived organisational support, etc., are highly correlated to each other.

2.5 SUMMARY:

In this unit we have discussed the nature and definition of attitudes and the main components of attitudes. The three main components of attitudes that we discussed were Affective Component, Behavioural Component and Cognitive Component. We have also discussed whether behaviour always follows from attitudes. We have discussed the concept of cognitive dissonance and the concept of moderating variables with reference to attitudes. We had also discussed some of the most powerful moderators of the attitude behaviour relationship. Following this we had discussed the major job related attitudes. The five major job related attitudes include Job Satisfaction, Job Involvement, Organisational Commitment, Perceived Organisational Support and Employee Engagement or Job Engagement.

2.6 GLOSSARY:

Attitudes: Attitudes represent beliefs, feelings and action tendencies towards objects, ideas or people.

Cognitive Dissonance: It refers to any incompatibility between two or more attitudes or between behaviour and attitudes. It is defined as an unpleasant internal state that results when individuals notice inconsistency between two or more of their attitudes or between their attitudes and their behaviour.

Moderating Variable: The moderating variable is one that has a strong contingent effect on the independent variable and dependent variable relationship.

Job involvement: It refers to the degree to which a person identifies with a job, actively participates in it and considers performance important to self-worth. It refers to the degree to which employees immerse themselves in their jobs, invest time and energy in them and view work as a central part of their overall lives.

Organisational Commitment: It refers to a state in which an employee identifies with a particular organisation and its goals and wishes to maintain membership in the organisation.

Employee Engagement: Employee engagement also called as Job Engagement can be defined as an individual's involvement with, satisfaction with and enthusiasm for, the work he/she does.

Perceived Organisational Support (POS): It is defined as the degree to which employees believe the organisation values their contribution and cares about their well-being.

2.7 SUGGESTED READINGS:

Robbins, S. P., Judge, T. A., & Sanghi, S. (2009). Organizational Behavior. (13th ed.), Pearson Education, Dorling Kindersley, New Delhi

Muchinsky, P.M. (2003). Psychology Applied to Work.(7th ed.). Wadsworth/ Thomson Learning

Landy, F. J., & Conte, J. M. (2004). Work In The 21st Century. (International ed.), McGraw Hill co.

2.8 QUESTIONS:

1. Define Attitude and discuss the main components of Attitude.
2. Write short notes on the following with reference to job satisfaction:
   - Cognitive Dissonance
   - Moderating Variables
3. Discuss major job attitudes and its effects.
4. Define or explain the following terms
   i. Attitudes
   ii. Cognitive Dissonance
   iii. Moderating Variable
   iv. Job involvement
   v. Organisational Commitment
   vi. Employee Engagement
   vii. Perceived Organisational Support (POS)

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3

TOPIC - II

ATTITUDES AND JOB SATISFACTION – II

UNIT STRUCTURE:

3.0 OBJECTIVES:

This unit has the following objectives.

- To understand the concept and nature of job-satisfaction
- To know the various measures of job-satisfaction
- To discuss the various causes of job-satisfaction
- To explain the various implications of Job-satisfaction/job-dissatisfaction
- To understand the global implications of Job-satisfaction by discussing cross cultural data.

3.1 INTRODUCTION:

In this unit we would discuss the concept of Job-satisfaction, which is one type of job attitude. Job-satisfaction describes a positive feeling about a job resulting from an evaluation of its characteristics. Psychologists have been concerned with measurement of job satisfaction, what causes job satisfaction and the impact of satisfaction and dissatisfaction on employee's behaviour at workplace. Towards the end of the chapter, we will discuss about the global implications of job satisfaction.

Job satisfaction is an important element of work related attitude. It can be defined as a set of favourable or unfavorable feelings and emotions with which employees view their work. Job satisfaction is also defined as the sum total of attitudes a worker has towards his company, job content, supervision, salary and rewards, working environment, co-workers and other work related factors. The term job satisfaction is used to refer to attitude of a single employee. The term used to refer to over all group satisfaction in morale.

3.2 MEASURING JOB SATISFACTION:

An employee's assessment of how satisfied he/she is with the job is a complex summation of a number of discrete job elements, because a person's job includes many things, some of which are as follows:

i. Handling paperwork
ii. Writing a program code
iii. Waiting for customers
iv. Driving a truck
v. Interacting with co-workers, bosses, clients, customers, etc.
vi. Following organisational rules and policies
vii. Meeting performance standards
viii. Living with working conditions that are often less than ideal, etc.

Two important widely used approaches to measurement of job satisfaction include:

1. Single global rating: The single global rating method is a response to one question, such as "overall how satisfied you are with your job on a five point scale":

2. A summation score made up of a number of facets: The second approach which consists of a summation of score made up of a number of job facets is more sophisticated. It identifies key elements in a job and asks for the employee's feelings about each. Typical elements include:

- Nature of work
- Supervision
- Present pay
- Promotion opportunities
- Relations with coworkers

Respondents rate these elements on a standardised scale and researchers add the ratings to create an overall job satisfaction score. Some researchers believe that the approach using summation score gives a more accurate evaluation of job satisfaction.

How satisfied are people in their jobs? Research studies carried out during the last few years in USA and most developed countries have pointed out that most people are satisfied with their jobs.

Satisfaction levels have found to vary considerably depending upon which facets of job satisfaction one measures. People, on an average, have been found to be satisfied with following three things:

- Their overall job
- Their work itself
- With their supervisors and coworkers

In general, people are found to be less satisfied with their pay and with promotion opportunities. Studies conducted in the Asia-Pacific region have also found compensation and benefits to be a major source of complaint among employees. One study covering more than 500 companies in a dozen Asian countries found that only 30 per cent of the employees were satisfied with compensation benefits.

3.3 CAUSES OF JOB-SATISFACTION:

Research studies have revealed that following factors contribute to job satisfaction (not necessarily in the same order).

i. Challenging and stimulating work environment
ii. Nature of work
iii. Pay
iv. Advancement opportunities
v. Supervision
vi. Co-workers
vii. Jobs that provide training opportunities,variety, independence and control.

Research studies have also found that pay/salary and job satisfaction are highly correlated, especially among people who live in poor countries. However, once an individual reaches a level of comfortable living, the relationship virtually disappears. One's personality variables also influence the experience of job satisfaction. It has been noted that people who are less positive about themselves are less likely to like their jobs. People who have positive core self-evaluations, i.e., who believe in their inner worth and basic competence are more satisfied with their jobs than those with negative core self-evaluations. Not only have they seen their work as more challenging and fulfilling but they are also more likely to gravitate towards challenging jobs. Those who have negative core self-evaluations generally set less ambitious goals and are more likely to give up when they encounter difficulties. Those who have negative core self-evaluations are likely to land up in boring, repetitive jobs leading to experience of job dissatisfaction.

3.4 IMPLICATIONS OF JOB-SATISFACTION / JOB-DISSATISFACTION:

One model that helps to explain the implications of employee dissatisfaction includes four types of behaviour: "Exit, Voice, Loyalty, and Neglect".

Exit: This response occurs when employees prepare to leave the organisation. Such employees look for new jobs, positions, organisation, etc. They seek voluntary retirement, go on long, indefinite leave or resign from jobs.

Voice: This response involves making constructive attempts to improve the situation/conditions. They suggest improvements; discuss problems with supervisor/ boss/management, etc. They also undertake some form of union activity, indulge in agitation, etc.

Loyalty: This response involves passively but optimistically waiting for conditions to improve. They do not criticise the management / boss. They often stand by the organisation in the face of external criticism and they have faith in the management and trust them and the organisation to "do the right thing".

Neglect: This response involves passively allowing the conditions to worsen. It leads to behaviours such as absenteeism, coming late to work, reduced effort, increased error rate, poor quality of output, etc.

Exit and neglect response lead to following three types of workplace behaviour:

1. Reduce productivity
2. Increased absenteeism
3. Increased turnover

Voice and loyalty are constructive response to dissatisfaction. It demonstrates employee's tolerance. Union members express dissatisfaction in following ways:

- Grievance procedure
- Contract negotiation

The following outcome of employee satisfaction and/or dissatisfaction at workplace is worth noting and will be discussed briefly.

1. Job satisfaction and job performance
2. Job satisfaction and OCB
3. Job satisfaction and customer satisfaction
4. Job satisfaction and absenteeism
5. Job satisfaction and turnover
6. Job satisfaction and workplace deviance
7. Perception of managers about employee satisfaction/ dissatisfaction

We would discuss each of these briefly.

1. Job satisfaction and job performance: High positive correlationship has been observed between job satisfaction and job performance. Happy workers have been found to be most productive workers. Recent reviews of more than 300 studies by Judge *et al.* (2001) have found that the correlationship between job satisfaction and job performance is very strong. It has also been observed that organisations with more satisfied employees tend to be more effective than organisations with fewer satisfied employees.

2. Job satisfaction and Organisation Citizenship Behaviour (OCB): Job satisfaction has been found to be a major determinant of an employee's OCB. Satisfied employees are more likely to talk positive about the organisation, help others and go beyond normal expectations in their job. Satisfied employees often go beyond their call of duty because they want to reciprocate their positive experiences. Some research studies have revealed that job satisfaction is moderately correlated with OCB. People who are more satisfied with their jobs are more likely to engage in OCB. Those who are satisfied also perceive fairness in their jobs in terms of outcomes, procedures and treatment.

3. Job satisfaction and customer satisfaction: One of the important questions that have been often asked is that is employee satisfaction related to positive customer outcomes. The answer as provided by large number of research studies is "yes". It has been observed that satisfied employee increases customer satisfaction and loyalty. Satisfaction of employees in service organisation is of great importance because in such an organisation, customer retention and defection are highly dependent on how front-line employees deal with customers. Satisfied employees are more likely to be friendly, upbeat and responsive which customers appreciate. Satisfied employees establish good rapport and bonding with customers. It has also been observed that dissatisfied customers can increase employee's dissatisfaction. Employees who have regular contacts with such customers often report that rude, thoughtless or unreasonably demanding customers adversely affect employee's job satisfaction. Many service organisations are highly obsessed with pleasing their customers. These organisations include:

- FedEx
- Southwest Airlines
- Four Seasons
- American Express
- Office Depot, etc.

Since these organisations are primarily concerned with pleasing their customers, they also tend to see to it that their employees are satisfied. They make active attempts to keep the satisfaction levels of their employees high. In order to achieve employee satisfaction and customer satisfaction, these organisations indulge in following:

- Hire upbeat and friendly employees.
- Train employees in the importance of customer service.
- They reward customer service.
- They provide employee work climate.
- They regularly track employee satisfaction through attitude surveys.

4. **Job satisfaction and absenteeism:** There is a moderate to low negative corelationship between satisfaction and absenteeism. Dissatisfied employees are more likely to miss work, go on leave — either medical or long unpaid leave, etc. High absenteeism is detrimental for the efficient working of an organisation. Company's resources cannot be fully utilised if more people remain absent. Increase absenteeism is a sign of dissatisfaction. Absenteeism can also drain an organisation's resources because replaced employees will have to be paid overtime or double salary. Replaced employees, in place of those who are absent, may also not be efficient as the regular employees.

5. **Job satisfaction and turnover:** Turnover is defined as the proportion of employees leaving an organisation during a given period of time (usually one year). Job satisfaction is negatively correlated with turnover. Correlation is stronger than that found for absenteeism. Turnover among employees is influenced by following factors:

- Availability of alternative job opportunities.
- Length of tenure with the organisation.
- Level of performance, i.e., whether you are a poor or high performer.

Job satisfaction is more important in influencing poor performers to stay than in retaining superior performers.

Satisfied employees generally do not think about quitting the jobs. Higher rate of turnover is generally found among employees who have lower satisfaction. Some important factors that are associated with high job turnover are as follows:

- Lack of self-fulfillment.
- Not receiving due recognition for one's work.
- Experiencing continued conflict with a supervisor or peer.
- Reaching personal plateau in one's career.

High employee turnover has many negative consequences; some of which are as follows:

- The cost of replacing an employee, especially experienced employee, is generally very high.
- Loss of co-worker due to turnover may lead to demoralising effect on the remaining workers.
- Work and social patterns are often disrupted until proper replacement is found.

High turnover can affect business, customer relations and stability in functioning. A manager in whose department there is a high turnover would reflect poorly on the manager. It would indicate that concerned manager either lacks the necessary human relations skill or something is wrong with his strategy that is the cause of his high turnover in his/her department.

In spite of its negative consequences, high employee turnover have many functional effects. It provides opportunities for internal promotion. Some important characteristics of employers with lower employee turnover are as follows:

- They clarify job expressions.
- Provide opportunities for employees to excel.
- They use their employee's talents in optimal manner.
- They offer recognition and praise regularly.
- They demonstrate and make their employees feel that the employer cares for them and has concern for them.

6. Job satisfaction and workplace deviance: Job satisfaction has also been found to be highly correlated with the following:

- Unionisation attempts
- Substance abuse
- Stealing at workplace
- Undue socialising
- Tardiness

Researchers opine that these behaviours are a part of a problem called as “deviant behaviour at workplace” also called as employee withdrawal.

7. Perception of managers about employee satisfaction/ dissatisfaction: Managers often overestimate the degree to which employees are satisfied with their jobs. Manager’s perception is different from how employees perceive satisfaction/ dissatisfaction. In one study, Holland (2007) found that 86 per cent of senior managers believed their organisation treated its employees well but only 55 per cent of the employees agreed. Similarly, 55% of managers thought morale was good in their organisation, compared to only 38 per cent of employees.

3.5 GLOBAL IMPLICATIONS

How do people manifest and react to job satisfaction in different countries. There are not much cross-cultural differences with respect to job satisfaction. Two important questions concerning global implications and job satisfaction are as follows:

(i) Are employees in western cultures more satisfied with their jobs?

(ii) How do Asian employees fare in terms of satisfaction and engagement?

We would discuss each of these briefly.

***(i)* Are employees in western cultures more satisfied with their jobs?** Job satisfaction is important across cultures, though there is less cross-cultural differences. One significant cross-cultural difference is with respect to levels of job satisfaction. It has been observed that employees in Western cultures have higher levels of job satisfaction than those in eastern countries. Benz and Frey (2003) found that employees of Denmark, Switzerland and USA had the highest levels of job satisfaction compared to Russia.

***(ii)* How do Asian employees fare in terms of satisfaction and engagement?** Indian workers have been found to be least satisfied with their compensation benefits. It has also been found that compared to employees in other Asian countries, Indian workers are happier with:

- Their work environment
- Teamwork
- Supervision
- Training at workplace

With respect to employee engagement, it has been found that European workers score highest in levels of engagement followed by workers in Asia-Pacific region. USA workers were found to be least engaged. Engagement was higher in Europe due to following reasons:

- Shorter work weeks
- Work-life balance
- Vacation time

In Asia, workers are engaged due to following factors:

- Buoyancy in economy
- Optimistic job outlook

Within Asia-Pacific region, India leads in engagement levels which were found to be 78% followed by Philippines and Japan. China was found to score lower on engagement levels.

3.5 SUMMARY:

In this unit we have discussed the concept and nature of Job-satisfaction and the measurement of Job-satisfaction. Two widely used approaches to measurement of job-satisfaction were discussed. These included Single global rating and a Summation score made up of a number of facets.

Job satisfaction of people varies with respect to three aspects of their job which include their overall job, their work itself and satisfaction with respect to their supervisors and coworkers. It has been observed that in general, people are found to be less satisfied with their pay and with promotion opportunities.

Implications of job-satisfaction and dissatisfaction were discussed with reference to four types of behaviour which include “Exit, Voice, Loyalty, and Neglect”. Implications of job satisfaction was also discussed with respect to wide variety of behavious such as job performance, OCB, customer satisfaction, absenteeism, turnover, workplace deviance and perception of managers with regard to employee satisfaction and dissatisfaction.

Towards the end of this unit we had discussed global implications of job-satisfaction especially with respect to how do people manifest and react to job satisfaction in different countries.

3.7 GLOSSARY:

Organizational Citizenship Behavior (OCB): As defined by Organ (1988) refers to "individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and in the aggregate promotes the efficient and effective functioning of the organization" (p.4).

Turnover: It is defined as the proportion of employees leaving an organisation during a given period of time (usually one year).

3.8 SUGGESTED READINGS:

Robbins, S. P., Judge, T. A., & Sanghi, S. (2009). Organizational Behavior. (13th ed.), Pearson Education, Dorling Kindersley, New Delhi

Muchinsky, P.M. (2003). Psychology Applied to Work.(7th ed.). Wadsworth/ Thomson Learning

Landy, F. J., & Conte, J. M. (2004). Work In The 21st Century. (International ed.), McGraw Hill co.

3.9 QUESTIONS:

1. What is job satisfaction? Discus its measurement and causes.
2. Discuss the impact of employee satisfaction and dissatisfaction at workplace.
3. Write a note on “Exit, Voice, Loyalty and Neglect” with reference to implications of employee dissatisfaction.
4. Write a note on Global implications and job satisfaction.
5. Write a note on:
    a. Job satisfaction and turnover
    b. Job satisfaction and customer satisfaction

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4

TOPIC - III

MOTIVATION CONCEPTS

Unit Structure:

4.0 OBJECTIVES

- To understand the definition and characteristic of Motivation.
- To understand the Model of Motivation.
- To understand the Need Hierarchy Theory.
- To conceptualize the Two Factory Theory.
- To understand the Theory X and Theory Y.

2.1 INTRODUCTION

Motivation is one of the most frequently discussed topics in OB. Many people view motivation as a personality trait which is not true. Motivation is the result of the interaction of the individual and the situation. Motivation is a complex process. Human being are motivated to work for varied reasons such as power, money, pride, etc. Man has many motives to work and it becomes difficult for the managers to motivate employees. If he has to succeed in this, he should be fully aware of the various process and different theories of motivation. In this unit we will try to know about process and model of motivation. We will also discuss the different early theories of motivation which are based on needs and drives.

4.2 DEFINITION OF MOTIVATION

Human beings work for various reasons, some work for money, some work for position and power, some work to express their creative urge, some for the sheer pleasure that work gives them and so on. All most all our conscious behaviour is motivated.

The term 'motivation' has been derived from the word 'motive'. Motive refers to the inner drive or intention that makes a person to do something or to behave in a certain way. It is the process that account for an individual's intensity, direction, and persistence of effort toward attaining a goal.

According to Berdson and Steine. "a motive is an inner state that energises, activates or moves and that direct or channels behaviour towards goals".

The following are the features of motivation:

1) **Motivation is an Act of Managers:** Managers motivate their subordinates by providing monetary and /or non-monetary incentives.

2) **Motivation can be positive or negative:** Positive motivation can be stimulated by providing positive incentives such as higher power, position, etc. Negative motivation implies the use of punishment, penalties, etc.

3) **Motivation is goal oriented:** If properly motivated, employees put in their best possible efforts in order to achieve the designed goals.

4) **Motivation is complex in nature:** Different persons behave differently to a given set of incentives. Therefore, managers must constantly study human behaviour at work in order to provide right set of incentives.

5) **Motivation is system oriented:** It is a combined effect of three groups of factors; (a) Forces operating within a person, i.e., his needs, values, etc. (b) Forces operating within the organisation, i.e., nature of job, working conditions, relationship, etc.Forces operating in the external environment, i.e., culture, customs, religion, etc.

A Model of Motivation

John Newstrom and Keith Davis have developed a model of motivation which makes an attempt to explain the nature of motivation.

According to this model; motivation involves the following steps:-

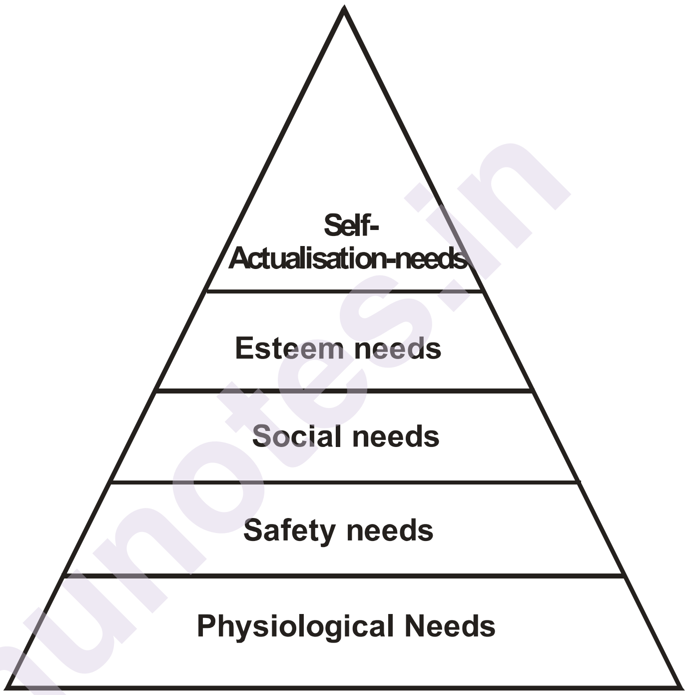
1) The process of motivation begins with an unfulfilled need or drive. For example, the need for a promotion.
2) The unfulfilled need create tension in the individual.
3) In order to reduce the tension the individuals engage in some activity (effort).
4) The effort will lead to performance. The performance is affected by the individual's ability.
5) The performance will result in the individual getting the desired reward (the promotion). Thus, the need for promotion is satisfied and tension reduced.
6) In due course, new needs will emerge and the entire process will be repeated all over again.

4.3 EARLY THEORIES OF MOTIVATION – NEED HIERARCHY THEORY

Need Hierarchy Theory:

Abraham Maslow (1943) proposed that all humans have a basic set of needs and that these needs express themselves over the life span of the individual as internal drives. The needs get linked to behaviour through the process of deprivation and activation. Deprivation leads to dominance, dominance leads to activations, activation leads to relative gratification, gratification leads to submergence of this need and another need gets dominated. This cycle goes on through out our lives. As one need gets satisfied and rises to take its place and it is a never ending process.

Maslow suggested that every person has five basic need sets. These needs are arranged in a hierarchy. These need sets are arranged from the lowest or most basic to the highest or most advanced one.



Maslow's Hierarchy of Needs

4.3.1 Physiological Needs: These are the basic survival needs of human behaviour. It includes food, air, water, sex, sleep, etc.

4.3.2 Safety Needs: These are the second in hierarchy of needs. It includes freedom from a dangerous work environment and economic security such as job security, retirement plan, etc.

4.3.3 Social Needs: These are the third in hierarchy of needs. It refers to the need for belonging, love, social involvement at work, etc. No body would prefer to live in isolation from the rest of the society or group. They prefer to be caused and loved by others i.e., family, workmates, friends, superiors and others.

4.3.4 Esteem Needs: These are the fourth in hierarchy of needs and refers to ego needs. People want that others should respect, practice and recognise them. It is a need for achievement, competence, reputation, appreciation, etc.

4.3.5 Self- Actualisation Needs: These are the highest level of needs. These needs refer to an individual's desire to develop his or her capacities to the fullest. According to Maslow only few people would ever completely satisfy this need. Such needs induce a person to accomplish something special which others have not done.

4.3.6 Importance of Need Hierarchy Theory:

1) The theory enables the managers to study human behaviour in different situations and at different times. It helps to frame proper wage policies to satisfy the physiological needs of the employee.

2) The study of security needs helps the managers to make the employees permanent to satisfy their safety (Job security, Safety and Health measures) need.

3) Modern managers are fully conscious of the importance of affiliation needs of the employees. To satisfy this need, organisations encourage participation in social events such as picnics, sports, parties with work mates, etc.

4) By giving promotions better designation, leadership, etc. managers can satisfy the esteem needs of the employees.

5) This theory enables the managers to provide challenging Jobs to dynamic and innovative employees and satisfy self actualisation needs.

4.3.7 Critical Appraisal:

1) All individuals need not have the same set of needs.

2) Needs need not follow the pattern of hierarchy. For example, religious leaders may go on fast for days to realise their self actualisation need.

3) Needs need not be the only determinant of behaviour. Other factors such as experiences, expenditure, perceptions, etc., also direct and affects the behaviour.

4) Over simplification of needs. Maslow has provided an over simplification of human needs.

His theory is important because it was the first theory to acknowledge that different people might have different needs in the work place. This theory gave rise to many other theories of motivation such as the two factor theory, ERG theory, etc.

Check your progress

1. What are the different types of needs?
2. Evaluate Need Hierarchy Theory.
3. Explain Physiological needs.

4.4 TWO FACTOR THEORY

Frederick Herzberg and his associates conducted a survey on 200 accountants and engineers in 1950. The respondents were asked to report favourable and unfavourable job experiences. They were asked to report when they felt exceptionally happy about their jobs and also when they felt exceptionally unhappy about their job. They were also asked to describe the conditions that led to those conditions.

Herzberg found that factors producing motivation were entirely separate and different from factors responsible for lack of motivation. For example, although unpleasant working conditions may hinder motivation, pleasant working conditions may not motivate employees. Based on the result of this study, it was concluded that two separate factors influenced motivation. These two factors were –

1) Hygiene Factors
2) Motivational Factors

4.4.1 Hygiene Factors:

Hygiene Factors are needed to bring a person from dissatisfaction to neutral state. They are also called as "MAINTENANCE FACTORS". The hygiene factors include salary and wages, bonus and other incentives, working conditions, job security, etc. These factors are mainly related to JOB CONTEXT. These factors are also called as "EXTRINSIC FACTORS". When these factors are satisfied, they tend to eliminate dissatisfaction, but they do little to motivate a person for better performance. In other words, improving hygiene factors reduce job dissatisfaction but it may not increase job satisfaction.

4.4.2 Motivational Factors:

Motivational Factors are needed to motivate a person for better performance. They are also called as "MOTIVATORS". They include achievement, responsibility, work itself, recognition, delegation, etc. These factors are related to "JOB CONTENT". These factors are also called as "INTRINSIC FACTORS". When these factors are satisfied, they motivate a person to grow and develop, after resulting in higher efficiency.

The two-factor theory threw a new light on the importance of job contents. Until then, whenever any management faced the problem of low employee morale, the management answer was always the same – higher wages, better working conditions and more benefits. Even then the employees were not motivated and the management did not understand the reason.

According to Herzberg, HYGIENE FACTORS are necessary to maintain the human resources of a company, but they are not sufficient to motivate the employees. It is the motivators that are important.

4.4.3 Criticism:

The finding of this model are not universally applicable as the study was on upper level white collar employees.

No overall measure of satisfaction was utilised. A person may dislike part of his job, yet think the job is acceptable. This theory ignores situational variables.

There is no absolute distinction between the two major factors. Maintenance factors may be motivators to some people and motivators may be maintenance factors to others.

2.4.4 Inspite of the above Criticism, Herzberg's theory is appreciated and widely known due to the following reasons.-

1) The method of job enrichment is the contribution of this theory.

2) This theory offers specific action recommended for managers to improve motivational levels.
3) This theory throws light on job content as a dominant source of employee motivation.

Despite criticism, this theory is a great contribution to the field of organisational motivation.

Check your progress

1. Evaluate Two Factor Theory of motivation.
2. Explain Hygiene factor of this theory.
3. Write 50 words about motivation.

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4.5 THEORY X AND THEORY Y

Douglas McGregor proposed 2 distinct views of human beings: one basically negative, labelled Theory X, and the other basically positive labelled Theory Y. After viewing the way in which manager dealt with employees McGregor concluded that a manager's view of the nature of human beings is based on a certain grouping of assumptions and that he or she tends to mould his or her behavior toward employees according to those assumptions.

Under Theory X, the four assumptions held by managers are:

1) Employees inherently dislike work and whenever possible, will attempt to avoid it.
2) Since employees dislike work, they must be coerced, controlled, or threatened with punishment to achieve goals.
3) Employees will avoid responsibilities and seek formal direction whenever possible.

4) Most workers place security above all other factors associated with work and will display little ambition.

In contrast to these negative views about the nature of human beings, McGregor listed the four positive assumptions that he called Theory Y.

1) Employees can view work as being as natural as rest or play.
2) People will exercise self direction and self-control if they are committed to the objectives.
3) The average person can learn to accept, even seek, responsibility.
4) The ability to make innovative decisions is widely dispersed throughout the population and is not necessarily the sole province of those in management positions.

Theory X assumes that lower order needs dominate individuals. Theory Y assumes that higher-order needs dominate individuals. McGregor himself held to the belief that Theory Y assumptions were more valid than Theory X. Therefore, he proposed such ideas as participative decision making, responsible and challenging jobs and good group relations as approaches that would maximise an employee's job motivation.

Unfortunately, there is no evidence to confirm that either set of assumptions is valid or that accepting Theory Y assumption and altering one's actions, accordingly, will lead to more motivated workers.

4.6 SUMMARY

In this unit we discussed many views of individual motives and needs. Despite their differences, the theories intersect at several points. Alderfer and Maslow, determined the hierarchy of needs, whereas Herzberg proposed two categories of needs.

According to Maslow, human needs are arranged in a hierarchy of importance from physiological to self actualization. Alderfer's ERG theory is a refinement of Maslow's original hierarchy of needs. In Herzberg's two factor theory, satisfaction and dissatisfaction are two dimensions of motivation.

4.7 GLOSSARY

- Physiological needs – Needs that are satisfied externally; physical and safety.

- Theory X – The assumption that employers dislike work are lazy and irresponsible.
- Theory Y – The assumption that employees like work, are creative and responsible.

4.8 SUGGESTED READINGS

1. Lultans, F., (2005). Organisational Behaviour (10th Ed)., McGraw Hill.
2. Greenberg J, and Bqran R.A. (1997) Behaviour in organisations, 6th Ed. Prentice-Hall International Inc.

4.9 QUESTIONS

1. Define motivation and explain Maslow's theory of motivation.
2. Explain in detail the two factor theory.
3. Write short notes on:
   a. Theory X and Theory Y
   b. Self-actualization Needs
   c. Process of Motivation

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TOPIC - III

MOTIVATION CONCEPTS - II

Unit Structure:

5.0 OBJECTIVES

- To conceptualise the expectancy theory of motivation.
- To understand the equity theory of motivation.
- To know about the goal setting theory of motivation.
- To understand the ERG theory of motivation.
- To integrate all the theories of motivation.
- To understand the global implications of it.

5.1 INTRODUCTION

We discussed a number of basic motivational concepts and theories. But these theories are unable to capture the complexity of human behaviour. The modern theories of motivation are sophisticated conceptualisations of motivation. These theories explains how people go about satisfying their needs and how people choose among behaviour alternatives. First, we will discuss the most complete motivational framework of all the expectancy theory. Next, we will discuss equity theory which says that people want to be treated fairly. Goal setting theory gives importance to valence, instrumentally and expectancy in the motivational process. ERG theory tries to overcome the weakness of Maslow's Need Hierarchy theory of motivation.

5.2 EXPECTANCY THEORY

This theory was proposed by Victor Vroom in 1964 and later refined by "Porter and Lawler". Vroom introduced three concepts which affects the motivation of the people.

- Valence
- Instrumentality
- Expectancy

5.2.1 Valence:

Valence is the strength of a person's preference for a particular outcome or reward. It is the "attractiveness of an out come". It refers to the extent to which a worker desires a goal. For example, if a worker wants a pay hike, then pay hike has a high valence for that worker.

Valence for a reward is unique to each worker and thus it reflects the importance of individual differences. Worker's valence for a reward is conditioned by experience, it may vary over a period of time, as old needs become satisfied and new one emerges.

Valence can be positive, negative or zero. Valence is positive when the worker prefers attaining the outcome as compared with not attaining it. Valence is negative when the worker prefers not attaining the outcome as compared with attaining it. Valence is zero when the worker is indifferent to the out come.

STRONG PREFERENCE	(INDIFFERENCE)	STRONG AVOIDANCE
-1	0	+1

In some cases workers find intrinsic valence in the work it self. They get satisfaction directly from their work through sense of completion of doing a task right or of creating something. These employees are self-motivated. Their outcomes are less controlled by the management

5.2.2 Expectancy:

The second element of the theory expectancy, had to do with an employee's belief that his particular behaviour (e.g., hard work) will lead to a particular outcome (e.g., a promotion). Expectancy is defined as the probability ranging from zero to one that certain efforts will lead to a certain outcome. If the employee feels that he has no chance of meeting the target then his expectancy is zero. On the other hand if the employee is confident of achieving the target then his expectancy lie between the two extremes.

+1	0
High Probability that efforts will Lead to Performance	Low Probability that efforts will Lead to Performance

The strength of expectancy affects motivation. For example, a salesman will work hard only if he feels that he will be able to attain the sales target. However, if he feels that no matter how much efforts he puts, he will not be able to attain the sales target then he will not put any efforts.

Effort – Performance Relationship = Expectancy

Self-efficacy:

One of the forces contributing to effort performance expectancy is an employee's self-efficacy. Self-efficacy is an employee's belief that he/she is capable of performing a task. Employees with high levels of self-efficacy believe that their effort will result in satisfactory performance. High self-efficacy creates a high expectancy assessment.

People with low self-efficacy suffer from imposter phenomena. They do not believe in their own ability and capability. They have low expectancy. They are filled with self-doubt, afraid to take risk and rarely ask for help.

5.2.3 Instrumentality:

The third element in Vroom's theory, instrumentality, is a subjective judgement made by an employee. It is the employees belief that a reward will be received once the task is completed. It deals with the relationship between performance and the attainment of a certain outcome. For example, a salesman desires for a promotion. However, the promotion is possible only if he achieves the sales target. The salesman will be motivated to work hard only if he expects that his efforts will lead to the achievement of the sales target and this will earn him a promotion.

0 1

The value of <u>instrumentality</u> ranges from 0 to 1. If the employee strongly believes that performance leads to promotion then instrumentality is high. On the other hand if the employee is not clear as to what determines a promotion, then instrumentality is low.

0 +1

Low probability that performance will lead to reward

High probability that performance will lead to reward

<u>Performance – Reward = Instrumentality:</u>

(a) This theory says that motivation is a product of all these three elements – Expectancy – Instrumentality – Valence. These three elements may combine in a number of combinations. Every employee has a unique combination of these three elements. This happens because experiences teaches us to value different rewards differently. Motivation is strongest when all these three elements are high.

(b) If any of the three elements is low then motivation will be low. Motivation will be <u>zero</u> if any of these three elements is <u>zero</u>. Motivation will be negative if his <u>valence</u> for the reward is <u>negative.</u> The table given below explains the motivational outcomes of different combinations.

Valence	Expectancy	Instrumentality	Motivation
+1	+1	+1	Strong Motivation
+1	+1	0	Moderate Motivation
+1	0	+1	Moderate Motivation
+1	0	0	Weak Motivation
-1	0	0	Weak Avoidance
-1	+1	0	Moderate Avoidance
-1	0	+1	Moderate Avoidance
-1	+1	+1	Strong Avoidance

5.2.4 The Impact of Uncertainty:

The expectancy model depends on the employee's perception of the relationship between effort, performance and rewards. However, many aspects of this relationship are uncertain. Uncertainty is due to the following causes:

1) There are various other factors in a situation and so the employees cannot be sure that a particular action will result in a desired reward. For example, an employee may desire a promotion but his chances of getting it may not only depend on his performance but also on the performance of others.

2) The employees actions lead to primary and secondary out comes. Primary outcomes result directly from action. Secondary outcomes follow the primacy ones. For example, a promotion with higher pay may be a primary outcome but the higher status that follows promotion is a secondary outcome. A person may work hard and get a promotion (primary outcome) but he may still not get the desired status (secondary). This makes the situation complex and adds to the uncertainty.

3) Many outcomes are controlled by others and employee is never sure how others will react. For example, an employee seeking a promotion cannot be certain that the management will recognise his performance and will promote him. This creates uncertainty.

5.2.5 Advantages and limitations of the expectancy model:

1) Effect of Mental Processes: This model helps mangers to think about mental processes through which motivation takes place. Thinking, reasoning, and perceptions strongly influence the motivation.

2) Importance to Individual differences: This model explains the importance of individual differences in motivation. It helps the managers to develop a motivational design keeping the individual employees needs in mind.

3) Creating Motivational Climate: This model encourages mangers to create a motivational climate by effective communication with employees. This can be done by finding out:

- Which rewards the employee values most.
- Whether the employee feel his effort will result in performances.
- Whether he feels that his performance will result in reward.

5.2.6 Limitations:

1) Cognitive Elements Ignored: VIE Theory ignored many non-cognitive elements in choice, such as personality and emotions.

2) Further testing required: This theory lacks solid research evidence and so further testing is needed. The role of intrinsic and extrinsic rewards, multiple outcomes from single effort, role of opportunities, etc., requires further testing and research.

3) Measures required: Reliable measures of valence expectancy and instrumentality need to be developed.

4) Limitations of time and resources: Many managers do not have the time or resources to use a complex motivational system based on this model.

Check your progress

1. Explain Instrumentality and Expectancy factors of this theory.
2. Discuss the criticisms of this theory.

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5.3 EQUITY THEORY

The Equity Model is based on social comparisons. This model recognises that employees work in a social system in which, each is dependent to some degree on the others. They observe one another, judge one another and make comparisons. According to the Equity Model employees are not only concerned with satisfying their needs, they also want their rewards to be fair. Rewards may be psychological, social and economic but they must be fair.

Inputs include all the elements that employees believe that contributes to the job their education, seniority, prior work experience, loyalty and commitment, time and effort, creativity and job performance.

Outcomes are the rewards, which they perceive they get from their jobs like pay, bonus, fringe, benefits, job security, social rewards and psychological rewards. When individuals make such comparisons, one of the three situations may arise, Equity, over reward inequity or under reward inequity.

1) **Equity:** When an employee compares the ratio of his outcomes to inputs with another employee and feels that it is equitable, he experiences equity. The employees feels that the ratio of his rewards or outcomes with his input is on par with the other employee with whom he is comparing himself. If employees perceive equity, they will continue to contribute at about the same level. The comparisons can be done with any other individual. The other individual may belong to the same organisation or to another organisation, may be working at the same position or may be in the same age group. This feeling of Equity can be expressed as follows:

$$\frac{\text{One's own outcomes}}{\text{One's own Inputs}} = \frac{\text{Other's outcomes}}{\text{Other's Inputs}}$$

2) **Over-reward Inequity:** When an employee compares the ratio of his outcomes to inputs with another employee and feels that he is getting more than the other, he experiences over reward inequity.

This can be represented as follows:

$$\frac{\text{One's own outcomes}}{\text{One's own Inputs}} > \frac{\text{Other's outcomes}}{\text{Other's Inputs}}$$

The employee feels that he is recurring more than what is due to him. He then experiences a state of imbalance and tension and would try to restore the balance.

He may use a number of behaviour reactions to deal with his inequality. These may be internal or external. Physical or psychological. These reactions can result in four combinations namely.

a) Internal, Physical: He works harder.

b) Internal, Psychological: He discounts the reward.

c) External, Physical: He encourages the other person to ask for more rewards.

d) External, Psychological: He changes the person (referent person) and chooses someone else with whom he is comparing himself.

3) Under Reward Inequity: When an employee compares the ratio of his outcomes to inputs with another employee and feels he is getting less than the other, he experiences under reward inequity. The employee feels that he is recurring less than what is due to him. This is expressed as follows:

$$\frac{\text{One's own outcomes}}{\text{One's own Inputs}} < \frac{\text{Other's outcomes}}{\text{Other's Inputs}}$$

He then experiences a state of tension and imbalance and he may try to restore the imbalance. He may use internal, external, physical or psychological reactions to restore balance. These reactions can result in four combinations.

a) Internal, Physical: He may lower productivity.

b) Internal, Psychological: He may inflate value of the reward.

c) External, Physical: He may bargain for more or quit.

d) External, Psychological: He may compare himself with someone else (change the referent).

The Equity Model threw new light on the area of motivation by recognising the influence of social comparison. Individuals are concerned not only with the absolute amount of rewards they receive for their efforts but also with the relationship of this amount to what others receive.

Research on the equity model has yielded favorable results. The results have been more supportive of under rewarded inequity but less so for over rewarded inequity.

The Equity model is not free from limitations. Some of the difficulties that managers encounter in using this model are:-

1) Difficulty in predicting inequity: Predicting inequity is often difficult because employees select a number of reference groups both inside and outside the organisation. Also employees compare themselves to standards that are most favourable to them. For example, educated employees emphasise on qualifications, while employees with longer service emphasise seniority as the dominant criterion.

2) Equity Sensitivity: Different individuals have different preferences for Equity. Some people prefer to be over – rewarded while others prefer to be under rewarded. Identifying which category an employee belongs to is not an easy task for mangers.

Check your progress

1) Explain inputs and outputs as elements of Equity model.
2) Discuss over-reward inequity of this theory.

5.4 GOAL-SETTING THEORY

This theory was proposed by Locke who emphasised on goal achievement as the base of motivation.

In the late 1960's, Edwin Locke proposed that intentions to work towards a goal are a major source of work motivation. That is, goals tell an employee what needs to be done and how much effort will need to be expended. The evidence strongly supports the value of goals. More to the point, we can say that specific goals increase performance, difficult goals, when accepted, result in higher performance than do easy goals, and that feedback leads to higher performance than does non-feedback.

The following four elements are important if goals are to motivate employees.

1) Specific Goals:

Specific goals are preferable to general goals. A specific goal is a clearly defined measurable goal. There in no ambiguity about it. Research has established that giving the employees specific goals is much better than simply telling them to do their best. When any person is given a specific production target, he tries to reach it. The goals should be specified in objective, quantitative terms. They should be accompanied by concrete action plans and targets.

2) Challenging Goals:

Difficult, challenging goals are preferable to easy mundane goals. A goal that is difficult but attainable increases the challenge of the job. Research has proved that only a challenging job content motivates the employees. Every person brings out the best in himself only when a challenge is involved, that challenge is an appeal to the self-esteem needs of the person. Everyone is anxious to prove that he or she is capable. That is the reason why challenging goals motivate people. However, if one gives them goals which are too difficult then they won't serve to motivate the employees.

3) Owned Goals:

Acceptable goals are preferable to imposed goals. Goals must not only be specific and challenging but it must be acceptable to the employees, certain requirements must be fulfilled.

a) Participation: The first requirement is to allow the employees to participate in the process of goal setting and decision making.

b) Psychological contracts: Psychological contracts means to get the employees to make a public commitment to the goals.

c) Supervisory support: Once the goals are given, the supervisors must ensure that the employees get the necessary support in terms of machinery, materials, working conditions procedures rules and regulations and guidance.

d) Rationale: It is necessary to explain to them the logic and the rationale behind the goals.

4) Performance Monitoring and Feedback:

This means providing feedback to the employees concerning goal attainment. Feedback helps the employee work with greater involvement and leads to feelings of satisfaction. Feedback arouses achievement motivation at work.

Performance monitoring – observing and inspecting employees work indicates to them that their work is important, their effort is needed and that the organisation values their contribution.

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

5.4.1 Critisism:

1. Research indicates that individual goal setting doesn't work equally well on all tasks.
2. On interdependent tasks, group goals are preferable.
3. Goal-setting theory is culture bound, its well adapted to countries like the united states and Canada because its key components align reasonably well with North American cultures.

   Overall conclusion is that under the proper conditions, they can lead to higher performance. However, there is no evidence that such goals are associated with increased job satisfaction.

Check your progress

1. Explain the role of specific goals to motivate an individual.
2. Discuss the criticism of goal-selling theory.

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5.5 ERG THEORY

Clayton Alderfer developed ERG model (1969, 1972) to overcome the weaknesses of Maslow's Need Hierarchy theory. Alderfer also believed in classifying needs of higher and lower levels. He suggested that instead of the five factor structure of Maslow, human needs are best thought of as arranged in three levels. He labeled these levels "EXISTENCE" (The physiological and security levels of Maslow), "RELATEDNESS" (Maslow love and esteem needs) and "GROWTH" (Self actualization needs). Hence, it is called ERG theory).

1) Existence Needs: These needs are similar to Maslow's physiological and safety needs. It includes food, clothing, shelter, better pay, good working conditions, job security, etc.

2) Relatedness Needs: These needs are connected with a person's inter-personal and social relationships. It includes to be loved and cared by others, interact with other people, receive public recognition and feel secured around people.

3) Growth Needs: It aligns with Maslow's esteem and self-actualisation needs. It includes praise and recognition from others and to realise one's potential to the fullest.

ERG theory emphasise that more than one need may be operative at the same time. The employer's behaviour is motivated simultaneously by more than one need unlike Maslow's theory, ERG theory includes "frustration-regression process" whereby, those who are unable to satisfy a higher level need, may return to concentrate on lower level need and then may progress again. For example, if existence and relatedness needs have been satisfied but growth need fulfillment has been blocked, the person will become frustrated and relatedness needs will again emerge as the dominant source of motivation.

The merit of ERG theory is that it takes the strong points of the earlier theories and is less limiting and less restricting. Human needs cluster more neatly around the three categories proposed by Alderfer than the five categories in Maslow's hierarchy. Over all, ERG theory represents a more valid version of the need hierarchy theory.

Check your progress

1. Explain the merits of ERG theory.
2. Discuss relatedness needs of this theory.
3. Explain existence needs of this theory.

5.6 INTEGRATING CONTEMPORARY THEORIES OF MOTIVATION

We have looked at a lot of motivation theories in this topic. The fact that a number of these theories have been supported only complicates the matter. But these theories are not all in competition with one another. Because one is valid doesn't automatically make the others invalid. Infact many of the theories presented in this chapter are complementary. The challenge is now to tie these theories together to understand their interrelationships. Its basic foundation is the expectancy model.

We begin by recognising that opportunities can aid or hinder individual efforts. The individual effort also has another leading into it. This flows out of the person's goals. Consistent with goal-setting theory, this goals-effort loop is meant to remind us that goals direct behavior.

Expectancy theory predicts that an employee will exert a high level of effort if he or she perceives that there is a strong relationship between effort and performance, performance and rewards and satisfaction of personal goals. Each of these relationships, in turn is influenced by certain factors. For effort to lead to good performance the individual must have the requisite ability to perform and the performance appraisal system that measure an individual's performance must be perceived as being fair and objective. The performance – reward relationship will be strong if the individual perceives that it is performance (rather than seniority, personal favorites or other criteria) that is rewarded. If cognitive evaluation theory were fully valid in the actual workplace, we would predict here that basing rewards on performance should decrease the individual's intrinsic motivation. The final link in expectancy theory is the rewards- goals relationship. ERG theory would come into play at this point. Motivation would be high to the degree that the rewards an individual received for his or her high performance satisfied the dominant needs consistent with his or her individual goals.

A closer look at the achievement need, intrinsic motivation and reinforcement and Equity theories shows that the high achiever is not motivated by the organisation's assessment of his or her performance or organisational reward's, high achievers are internally driven as long as the jobs they are doing provide them with personal responsibility, feed-back and moderate risks. They are not concerned with the effort performance rewards or rewards-goal linkages. Similarly, PF tasks create intrinsic motivation as a result of providing choice, competence, meaningfulness and progress then individual effort should be internally driven toward goals.

Reinforcement theory enters recognising that the organisations rewards reinforce the individual's performance. If management has designed a reward system that is seen by employees as "paying of" for good performance the rewards will reinforce and encourage continued good performance. Rewards also play the key part in Equity theory. Individuals will compare the rewards (outcomes) they receive from the inputs they make with the outcome - input ratio and inequalities may influence the effort expended.

5.7 GLOBAL IMPLICATIONS

Some specific implications can also be drawn regarding motivation across cultures. Maslow's hierarchy of needs. For example, has been shown to vary across some cultures and remain stable across others. In some countries such a Japan and Greece security needs are most important whereas social needs tend to dominate in Sweden and Norway. On the other hand the hierarchy seems to be fairly stable in Peru, India, Mexico, the middle East and parts of Canada.

Research has also found that the need for achievement, Herzberg's two factor theory and the expectancy theory of motivation all vary across cultures. For example, many U.S. Managers have a high expectancy that their hard work will lead to high performance. In contrast, Moslem managers believe their success is determined solely by God.

In goal setting needs to be taken in applying this theory because it assumes cultural characteristics that are not universal. This is true for many of the theories presented in this topic. Most current motivation theories were developed in the United States by Americans and about theories is the strong emphasis on individualism and quantity of life. For instance, both goal setting and expectancy theories emphasise goal accomplishment as well as rational and individual thought .

Maslow's need hierarchy argues that people start at the physiological level and then move progressive up the hierarchy in this order. Physiological, safety, social, esteem and self-actualization. This hierarchy, if it has any application at all aligns with American culture. Countries that score high on quality of life characteristics Denmark, Sweden, Norway, Netherlands and Finland would have social needs on top. We would predict for instance that group work will motivate employees more when the country's culture scores high on the equality criterion.

Another motivation concept that clearly has an American bias is the achievement need. The view that a high achievement need acts as an internal motivator presupposes two cultural characteristics – a willingness to accept a moderate degree of risk and a concern with performance. This combination is found in Anglo – American countries like the United States, Canada and Great Britain. On the other hand these characteristics are relatively absent in countries such as Chile and Portugal.

Equity theory has gained a relatively strong following in the United States. Since U.S. style reward systems are based on the assumption that workers are highly sensitive to Equity in reward allocations. And in the United States Equity is meant to closely tie pay to performance. However, recent evidence suggests that in collectivist cultures especially in the former socialist countries of Central and Eastern Europe employees expect rewards to reflect their individual needs as well as their performance. These findings suggest that U.S. style pay practices may need modification, especially in Russia and former communist countries in order to be perceived as fair by employees.

There are no cross cultural consistencies. For instance, the desire for interesting work seems important to almost all workers, regardless of their national culture. In a study of seven countries, employees in Belgium, Britain, Israel and the United States ranked “interesting work” number one among work goals. And this factor was ranked either second or third in Japan, the Netherlands and Germany. Similarly, in a study comparing job-Preference out comes among graduate students in the United Stated, Canada, Australia and Singapore growth, achievement and responsibility were rated the top three and had identical rankings. Both of these studies suggest some universality to the importance of intrinsic factors in the two factor theory.

5.8 SUMMARY

In this unit we have discussed different theories of motivation. Expectancy theory follows from the assumption that people are motivated to work toward a goal if they want it and think they have a reasonable chance of achieving it. Expectancy is the belief that effort will lead to performance, the performance outcome is certain result. Valence is the desirability to the individual of the various possible outcomes of performance. Equity theory assumes people want to be treated fairly. It says that people compare them own input-to-outcome ratio in the organisation to the ratio of a comparison other. If they feel their treatment has been relatively inequitable they take steps to reduce the inequity. Two factor theory, satisfaction and dissatisfaction are two distinct dimensions instead of opposite ends of the same dimensions. Motivation factors are presumed to affect satisfactions and hygiene factors to affect dissatisfaction. But motivation is also affected by different cross cultural factors.

5.9 GLOSSARY

- Self-efficacy – belief in one's capability to perform a specific task or reach a specific goal.
- Inputs – training, effort, skills and abilities that employees bring to or invest in their work.
- Outputs- compensation, satisfaction and other benefits employees derive from their work.

5.10 SUGGESTED READINGS

- Campbell, J.P. (1990a). The role of theory in industrial and organisational psychology, Consulting Psychologists Press.
- Frank J. Landy & Jeffry M. Conte., Work in the 21st Century. (2005). Tata McGraw Hill.

5.11 QUESTIONS

1. Elaborate on the Expectancy theory of Motivation.
2. Explain the ERG Theory of Motivation.
3. Discuss the Goal Setting Theory of Motivation.

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6

LEADERSHIP– I

Unit Structure

6.0 OBJECTIVES

After studying this unit you should be able to:

- Understand differentLeadership styles
- Know the nature of Leadership
- Study the relationship between Leaders and organization.
- Study leadership and related topics
- To know how Leadership style can influence work environment
- Understand the different theories retaled to leadership

6.1 INTRODUCTION: LEADERSHIP

As the Google example shows, leadership styles differ considerably. So which styles, and which people, are most effective? These are some of the questions we will tackle in this chapter. In this chapter, we look at what makes an effective leader and what differentiates leaders from nonleaders. First, we present trait theories, which dominated the study of leadership until the late 1940s. Then we discuss behavioral theories, popular until the late 1960s. Finally, we introduce contingency and interactive theories. Most of the research discussed in this chapter was conducted in English-speaking countries. We know very little about how culture might influence the validity of the theories, particularly in Eastern cultures. However, analysis of the Global Leadership and Organizational Behavior Effectiveness (GLOBE) research project has produced some useful preliminary insights that we discuss throughout. But first, let's clarify what we mean by leadership.

6.1.1 What is leadership?

We define leadership as the ability to influence a group of people toward the accomplishment of a vision or set of goals. The source of this influence may be formal, such as that provided by managerial rank in an organization. But not all leaders are managers, nor, for that matter, are all managers leaders. Just because an organization provides its managers with certain formal rights doesnot assure that they will lead effectively.

6.1.2 Nonsanctioned leadership:

Nonsanctioned leadershipis the ability to influence others that arises outside the formal structure of the organization_is often as important or more important than formal influence. In other words, leaders can emerge from within a group as well as by formal appointment. Organizations need strong leadership and strong management for optimal effectiveness. We need leaders today to challenge the status quo, to have a mission to accomplish, create visions of the future,and inspire organizational members to want to achieve the visions. We also need managers to formulate detailed plans, create efficient organizational structures, and oversee day-to-day operations.

6.2 TRAIT THEORIES

Trait theories are the theories that consider personal qualities and characteristics that differentiate leaders from nonleaders.

Throughout history, we have seen strong leaders—Buddha, Napoleon, Mao, Churchill, Roosevelt, Reagan—have been described in terms of their traits. Trait theories of leadership thus focus on personal qualities and characteristics of a person. We recognize leaders like South Africa's Nelson Mandela, Virgin Group CEO Richard Branson, Apple co-founder Steve Jobs, and American Express chairman Ken Chenault as charismatic, passionate, enthusiastic, and courageous. The search for personality, social, physical, or intellectual attributes that differentiate leaders from nonleaders goes back to the earliest stages of leadership research. Early research efforts to isolate leadership traits resulted in a number of dead ends. A review in the late 1960s of 20 different studies identified nearly 80 leadership traits, but only 5 were common to 4 or more of the investigations. By the 1990s, after numerous studies and analyses, about the best we could say was that most leaders "are not like other people," but the particular traits that characterized them varied a great deal from review to review.A breakthrough, of sorts, came when researchers began organizing traits around the Big Five personality framework. Most of the dozens of traits in various leadership reviews fit under one of the Big Five (ambition and energy are part of extraversion, for instance), giving strong support to traits as predictors of leadership.

A complete review of the leadership literature, when organized around the Big Five, has found extraversion to be the most significant trait of effective leaders, but it is more strongly related to the way leaders emerge than to their effectiveness. Sociable and dominant people are more likely to assert themselves in group situations, but leaders need to make sure they're not too assertive—one study found leaders who scored very high on assertiveness were less effective than those who were moderately high.Unlike agreeableness and emotional stability, conscientiousness and openness to experience also showed strong relationships to leadership, though not quite as strong as extraversion. Overall, the trait approach does have something to offer. Leaders who like being around people and in social surroundings and are able to assert themselves (extraverted), who are disciplined and able to keep commitments they make (conscientious), and who are creative and flexible (open) do have an apparent advantage when it comes to leadership, suggesting good leaders do have key traits in common. One reason is that conscientiousness and extraversion are positively related to leaders' self-efficacy, which explained most of the variance in subordinates' ratings of leader performance. People are more likely to follow someone who is confident and one who is going in the right direction. Another trait that may indicate effective leadershipis emotional intelligence (EI).

Emotional intelligence (EI) is the ability to perceive, interpret, demonstrate, control, evaluate, and use emotions to communicate with and relate to others effectively and constructively. Advocates of Emotional Intelligence argue that without it, a person can have outstanding training, a highly analytical mind, a compelling vision, and an endless supply of terrific ideas but still not make a great leader. Thus it is very important to be high on emotional intelligence inorder to be an effecvtive leader. This may be especially true as individuals move up in an organization. Why is Emotional Intelligence so critical to effective leadership? A core component of Emotional Intelligence is empathy. Empathetic leaders can sense others' needs, listen to what followers say (and don't say), and read the reactions of others. They understand other people from their point of view. They can keep them selves in other persons shoe and understand them. A leader who effectively displays and manages emotions will find it easier to influence the feelings of followers, by both expressing genuine sympathy and enthusiasm for good performance and by using irritation or annoyance for those who fail to perform. The link between Emotional intelligence and leadership effectiveness may be worth investigating in greater detail.Some recent research has demonstrated that people high in Emotional Intelligence are more likely to emerge as leaders, even after taking cognitive ability and personality into account, which helps to answer some of the most significant criticisms of this research. Based on the latest findings, we offer two conclusions. First, contrary to what we believed 20 years ago and thanks to the Big Five, we can say that traits can predict leadership. Second, traits do a better job predicting the emergence of leaders and the appearance of leadership than actually distinguishing between effective and ineffective leaders. The fact that an individual exhibits the traits and that others consider him or her a leader does not necessarily mean the leader is successful at getting the group to achieve its goals.

Example of personality trait and its effect on job performance :

The personal qualities and traits of Indra Nooyi make her a great leader. Nooyi is CEO and board chairman of PepsiCo, the second largest food and beverage firm in the world. She is described as funloving, sociable, agreeable, conscientious, emotionally stable, and open to experiences. Nooyi's personality traits have contributed to her job performance and career success. She joined PepsiCo in 1994 as head of corporate strategy and was promoted to president and chief financial officer before moving into the firm's top management position. Nooyi has been named one of the most powerful women in business and one of the most powerful women in the world.

6.4 BEHAVIOURAL THEORIES

Behavioural theories are theories proposing that specific behaviors differentiate leaders from nonleaders.

The behavioural theory of leadership lays emphasis on this fact that the leadership is the outcome of effective role of behaviour. It relies mainly on the acts of an individual rather than his traits. Under this approach leadership is described as what leaders do instead of what they are. This theory states that a leader to be effective should perform his function in such a way that will enable the group to attain its goals.

The failures of early trait studies led researchers in the late 1940s through the 1960s to wonder whether there was something unique in the way effective leaders behave. Trait research provides a basis for selecting the right people for leadership. In contrast, behavioral theories of leadership implied we could train people to be leaders.

The most comprehensive theories resulted from the Ohio State Studies in the late 1940s,which sought to identify independent dimensions of leader behavior. Beginning with more than a thousand dimensions, the studies narrowed the list to two that substantially accounted for most of the leadership behavior described by employees: initiating structure and consideration.

6.3.1 Initiating structure:

Initiating structure is the extent to which a leader is likely to define and structure his or her role and those of employees in the search for goal attainment. Everything is in order and organized for the well-being of the company. It includes behavior that attempts to organize work, work relationships, and goals. A leader high in initiating structure is someone who “assigns group members to particular tasks,” “expects workers to maintain definite standards of performance,” and “emphasizes the meeting of deadlines.” So, organizational goals are set and all the tasks are explained well to the employees. The work is divided according to the skills required for the task. Employess have to complete the given tasks on time and before the dead line. Monitoring and evaluation of the work is done by the group members and the leader.

6.3.2 Consideration:

Consideration is the extent to which a person’s job relationships are characterized by mutual trust, respect for employees’ ideas, and regard for their feelings. A leader high in consideration helps employees with personal problems, is friendly and approachable, treats all employees as equals, and expresses appreciation and support. Such leader will also take his emplyees opinion. In a recent survey, when asked to indicate what most motivated them at work, 66 percent of employees mentioned appreciation. Leadership studies at the University of Michigan’s Survey Research Center had similar objectives: to locate behavioral characteristics of leaders that appeared related to performance effectiveness. The Michigan group also came up with two behavioral dimensions: the employee-oriented leader emphasized interpersonal relationships by taking a personal interest in the needs of employees and accepting individual differences among them, and the production oriented leader emphasized the technical or task aspects of the job, focusing on accomplishing the group’s tasks. These dimensions are closely related to the Ohio State dimensions. Employee-oriented leadership is similar to consideration, and production-oriented leadership is similar to initiating structure. In fact, most leadership researchers use the terms synonymously. At one time, the results of testing behavioral theories were thought to be disappointing. However, a more recent review of 160 studies found the followers of leaders high in consideration were more satisfied with their jobs, were more motivated, and had more respect for their leader. Initiating structure was more strongly related to higher levels of group and organization productivity and more positive performance evaluations. Some research from the GLOBE study suggests there are international differences in preference for initiating structure and consideration.Based on the values of Brazilian employees, a U.S. manager leading a team in Brazil would need to be team oriented, participative, and humane. Leaders high in consideration would succeed best in this culture. As one Brazilian manager said in the GLOBE study, “We do not prefer leaders who take self-governing decisions and act alone without engaging the group. That’s part of who we are.” Compared to U.S. employees, the French have a more bureaucratic view of leaders and are less likely to expect them to be humane and considerate. A leader high in initiating structure (relatively task-oriented) will do best and can make decisions in a relatively autocratic manner. A manager who scores high on consideration (people oriented) may find that style backfiring in France. According to the GLOBE study, Chinese culture emphasizes being polite, considerate, and unselfish, but it also has a high performance orientation. Thus, consideration and initiating structure may both be important.

Leaders who have certain traits and who display consideration and structuring behaviors do appear to be more effective. Perhaps you’re wondering whether conscientious leaders (trait) are more likely to be structuring (behavior) and extraverted leaders (trait) to be considerate (behavior). Unfortunately, we can’t be sure there is a connection. Future research is needed to integrate these approaches. Some leaders may have the right traits or display the right behaviors and still fail. As important as traits and behaviors are in identifying effective or ineffective leaders, they do not guarantee success. The context matters, too.

6.4 CONTINGENCY THEORIES

Some tough-minded leaders seem to gain a lot of admirers when they take over struggling companies and help lead them out of the stagnations. Home Depot and Chrysler didn’t hire former CEO Bob Nardelli for his winning personality. However, such leaders also seem to be quickly dismissed when the situation stabilizes. The rise and fall of leaders like Bob Nardelli illustrate that predicting leadership success is more complex than isolating a few traits or behaviors. In their cases, what worked in very bad times and in very good times didn’t seem to convert into long-term success. When researchers looked at situational influences, it appeared that under condition a, leadership style x would be appropriate, whereas style y was more suitable for condition b, and style z for condition c. But what were conditions a, b, c? We next consider three approaches to isolating situational variables: the Fiedler model, situational theory, path–goal theory, and the leader-participation model.

6.4.1 The Fiedler Model:

Fred Fiedler developed the first comprehensive contingency model for leadership.The Fiedler contingency model proposes that effective group performance depends on the proper match between the leader's style and the degree to which the situation gives the leader control. It is very important to have a person- environment fit in order to function effectively.

Identifying Leadership Style:

Fiedler believes the individual's basic leadership style is a key factor in leadership success. He created the least preferred co-worker (LPC) questionnaire to identify that style by measuring whether a person is task or relationship oriented. The LPC questionnaire asks respondents to think of all the co-workers they have ever had and describe the one they least enjoyed working with by rating that person on a scale of 1 to 8 for each of 16 sets of contrasting adjectives (such as pleasant–unpleasant, efficient–inefficient, open–guarded, supportive–hostile). If you describe the person you are least able to work with in favorable terms (a high LPC score), Fiedler would label you relationship oriented. If you see your least-preferred co-worker in unfavorable terms (a low LPC score), you are primarily interested in productivity and are task oriented. About 16 percent of respondents score in the middle range 18 and thus fall outside the theory's predictions. The rest of our discussion relates to the 84 percent who score in either the high or low range of the LPC questionnaire. Fiedler assumes an individual's leadership style is fixed. This means if a situation requires a relationship-oriented leader and the person in the leadership position is task- oriented, either the situation has to be modified or the leader has to be replaced to achieve optimal effectiveness.

Defining the Situation:

After assessing an individual's basic leadership style through the LPC questionnaire, we match the leader with the situation. Fiedler has identified three contingency or situational dimensions:

1. **Leader–member relations** is the degree of confidence, trust, and respect members have in their leader.

2. **Task structure** is the degree to which the job assignments are procedurized (that is, structured or unstructured).

3. **Position power** is the degree of influence a leader has over power variables such as hiring, firing, discipline, promotions, and salary increases.

The next step is to evaluate the situation in terms of these three variables. Fiedler states that the better the leader–member relations, the more highly structured the job, and the stronger the position power, the more control the leader has. A very favorable situation (in which the leader has a great deal of control) might include a payroll manager who is well respected and whose employees have confidence in her (good leader–member relations); activities that are clear and specific—such as wage computation, check writing, and report filing (high task structure); and provision of considerable freedom to reward and punish employees (strong position power). An unfavorable situation might be that of the disliked chairperson of a volunteer United Way fundraising team. In this job, the leader has very little control.

Matching Leaders and Situations combining the three contingency dimensions yields eight possible situations in which leaders can find themselves (Exhibit 6-1). The Fiedler model proposes matching an individual's LPC score and these eight situations to achieve maximum leadership effectiveness. Fiedler concluded that task-oriented leaders perform better in situations very favorable to them and very unfavorable. So, when faced with a category I, II, III, VII, or VIII situation, task-oriented leaders perform better. Relationship oriented leaders, however, perform better in moderately favorable situations— categories IV, V, and VI. In recent years, Fiedler has condensed these eight situations down to three. He now says task-oriented leaders perform best in situations of high and low control, while relationship-oriented leaders perform best in moderate control situations. How would you apply Fiedler's findings? You would match leaders—in terms of their LPC scores—with the type of situation—in terms of leader– member relationships, task structure, and position power—for which they were best suited. But remember that Fiedler views an individual's leadership style as fixed. Therefore, there are only two ways to improve leader effectiveness. First, you can change the leader to fit the situation—as a baseball manager puts a right- or left-handed pitcher into the game depending on the hitter. If a group situation rates highly unfavorable but is currently led by a relationship-oriented manager, the group's performance could be improved under a manager who is task-oriented. The second alternative is to change the situation to fit the leader by restructuring tasks or increasing or decreasing the leader's power to control factors such as salary increases, promotions, and disciplinary actions. Evaluation Studies testing the overall validity of the Fiedler model find considerable evidence to support substantial parts of it. If we use only three categories rather than the original eight, ample evidence supports Fiedler's conclusions. But the logic underlying the LPC questionnaire is not well understood, and respondents' scores are not stable. The contingency variables are also complex and difficult for practitioners to assess.

Findings from the Fiedler Model:

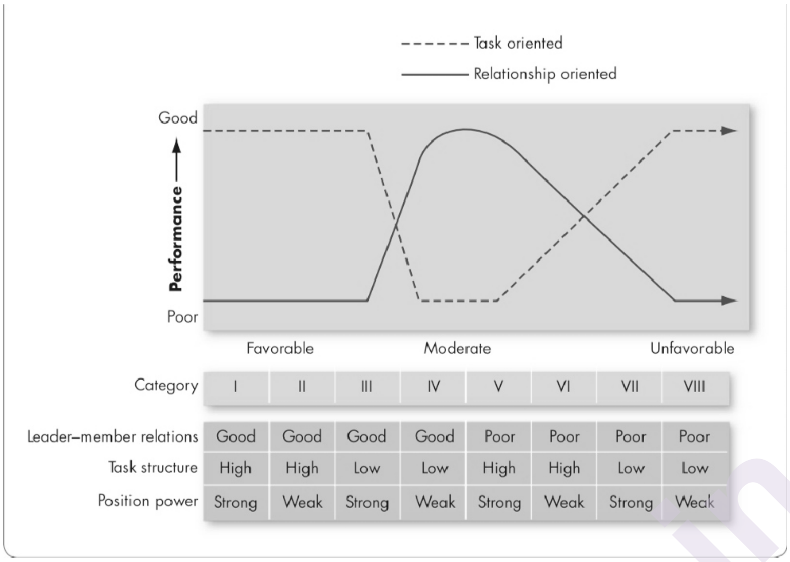

Exhibit 6.1

(Source - Based on Robbins, S.P. Judge , T.A. & Vohra,, N.(2013) Organizational Behavior (15th Edition)Pearson Education.)

Other Contingency Theories:

Although LPC theory is the most widely researched contingency theory, three others need to be mentioned.

6.4.2 Situational Leadership Theory:

Situational leadership theory (SLT) focuses on the followers. It says successful leadership depends on selecting the right leadership style contingent on the followers' readiness, or the extent to which they are willing and able to accomplish a specific task. A leader should choose one of four behaviors depending on follower readiness. If followers are unable and unwilling to do a task, the leader needs to give clear and specific directions; if they are unable and willing, the leader needs to display high task orientation to compensate for followers' lack of ability and high relationship orientation to get them to "buy into" the leader's desires. If followers are able and unwilling, the leader needs to use a supportive and participative style; if they are both able and willing, the leader doesn't need to do much. Situational Leadership Theory has intuitive appeal. It acknowledges the importance of followers and builds on the logic that leaders can compensate for their limited ability and motivation. Thus its important for the leader to act according to the demands of the organization, situation and the behhaviour of the employees.

The situation approach does not deny the importance of individual traits in leadership. But and that leadership will be different in different situations.It was discovered in a research study conducted by Bavelas and Barrett that no individual emerges as leader when all the participants have equal access to the information and that the individual commanding maximum information will sooner or later emerge as a leader

6.4.3 Path–Goal Theory:

Developed by Robert House, path–goal theory extracts elements from the Ohio State leadership research on initiating structure and consideration and the expectancy theory of motivation. It says it's the leader's job to provide followers with the information, support, or other resources necessary to achieve their goals. (The term path–goal implies effective leaders to clarify the paths to their followers and achieve work goals and make the journey easier by reducing hurdles.) According to path–goal theory, whether a leader should be directive or supportive or should demonstrate some other behavior depends on complex analysis of the situation. It predicts the following:

- **Directive leadership** yields greater satisfaction when tasks are ambiguous or stressful than when they are highly structured and well laid out.
- **Supportive leadership** results in high performance and satisfaction when employees are performing structured tasks.
- **Directive leadership** is likely to be perceived as redundant among employees with high ability or considerable experience.

Testing path–goal theory has not been easy. Testing path–goal theory has not been easy. A review of the evidence found mixed support for the proposition that removing obstacles is a component of effective leadership. Another review found the lack of support "shocking and disappointing." Others argue that adequate tests of the theory have yet to be conducted. Thus, the jury is still out. Because path–goal theory is so complex to test, that may remain the case for some time.

In a study of 162 workers in a document-processing organization, researchers found workers' conscientiousness was related to higher levels of performance only when supervisors set goals and defined roles, responsibilities, and priorities. Other research has found that goal-focused leadership can lead to higher levels of emotional exhaustion for subordinates who are low in conscientiousness and emotional stability.These studies demonstrate that leaders who set goals enable conscientious followers to achieve higher performance and may cause stress for workers who are low in conscientiousness.

6.4.4 Leader-Participation Model:

The final contingency theory we cover argues that the way the leader makes decisions is as important as what she or he decides.

Victor Vroom and Phillip Yetton's leader-participation model relates leadership behavior and participation in decision making. Like path–goal theory, it says leader behavior must adjust to reflect the task structure. The model is normative—it provides a decision tree of seven contingencies and five leadership styles for determining the form and amount of participation in decision making. Although Vroom and Jago have developed a computer program to guide managers through all the decision branches in the revised model, it's not very realistic to expect practicing managers to consider 12 contingency variables, eight problem types, and five leadership styles to select the decision process for a problem. As one leadership scholar noted, "Leaders do not exist in a vacuum"; leadership is a symbiotic relationship between leaders and followers. But the theories we've covered to this point assume leaders use a fairly homogeneous style with everyone in their work unit. Think about your experiences in groups. Did leaders often act very differently toward different people? Our next theory considers differences in the relationships leaders form with different followers.

Leader–member exchange (LMX) theory:

Think of a leader you know. Did this leader have favorites who made up his or her ingroup? If you answered "yes," you're acknowledging the foundation of leader–member exchange theory. Leader–member exchange (LMX) theory argues that, because of time pressures, leaders establish a special relationship with a small group of their followers. These individuals make up the ingroup—they are trusted, get a disproportionate amount of the leader's attention, and are more likely to receive special privileges. Other followers fall into theoutgroup. The theory proposes that early in the history of the interaction between a leader and a given follower, the leader implicitly categorizes the follower as an "in" or an "out" and that relationship is relatively stable over time. Leaders induce Leader Member Exchange by rewarding those employees with whom they want a closer linkage and punishing those with whom they do not. But for the Leader Member Exchange relationship to remain intact, the leader and the follower must invest in the relationship. Just how the leader chooses who falls into each category is unclear, but there is evidence ingroup members have demographic, attitude, and personality characteristics similar to those of their leader or a higher level of competence than outgroup members. Leaders and followers of the same gender tend to have closer (higher LMX) relationships than those of different genders. Even though the leader does the choosing, the follower's characteristics drive the categorizing decision. Research to test LMX theory has been generally supportive, with substantive evidence that leaders do differentiate among followers; these disparities are far from random; and followers with ingroup status will have higher performance ratings, engage in more helping or “citizenship” behaviors at work, and report greater satisfaction with their superior. One study conducted in both Portugal and the United States found that leader–member exchange was associated especially strongly with followers’ commitment to the organization when the leaders were seen as embodying the values and identity of the organization. These positive findings for ingroup members shouldn’t be surprising, given our knowledge of self-fulfilling prophecy. Leaders invest their resources with those they expect to perform best. And believing ingroup members are the most competent, leaders treat them as such and unwittingly fulfill their prophecy. Conversely, a study in Turkey demonstrated that when leaders differentiated strongly among their followers in terms of their relationships (some followers had very positive leader–member exchange, others very poor), employees responded with more negative work attitudes and higher levels of withdrawal behavior.Leader–follower relationships may be stronger when followers have a more active role in shaping their own job performance. Research on 287 software developers and 164 supervisors showed leader– member relationships have a stronger impact on employee performance and attitudes when employees have higher levels of autonomy and a more internal locus of control.

Leader – Member exchange Theory:

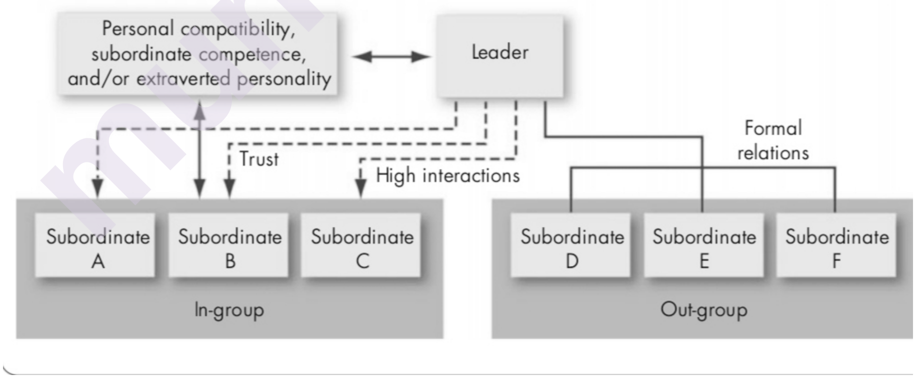

Exhibit 6.2

(Source - Based on Robbins, S.P. Judge , T.A. & Vohra,, N.(2013) Organizational Behavior (15th Edition)Pearson Education.)

Cross- Cultural Leadership Style:

While a great deal has been said about international differences in leadership styles and their effectiveness, another issue probably matters more for most organizations: How can we develop leaders who are effective across cultural boundaries? Is it possible to create a truly global leadership style that will extend across cultures? Some recent forays into the field of cross-cultural leadership highlight possibilities for how global organizations might proceed. Some of the leadership styles we have described in this chapter do seem to generalize across cultures. For example, research suggests charismatic leadership is effective in a variety of national contexts. In many cultures, terms like visionary, symbolizer, and self-sacrificer appear as descriptors of effective leaders, and positive leader– member exchanges also are associated with high performance across a variety of cultures. Culturally intelligent leaders are flexible and adaptable, tailoring their leadership styles to the specific and changing needs of the global workforce. Researchers agree that learning to be a global leader requires gaining active experience in dealing with multiple cultures simultaneously. These experiences give leaders a chance to observe how different leadership styles work with different groups of people and build confidence in working across cultural boundaries. Leadership development programs can also use 360-degree feedback from supervisors, colleagues, and subordinates to help leaders recognize when their behavior is not effective with certain populations of employees. Companies like PepsiCo and Ford have their most effective global leaders provide seminars to emerging leaders so they can describe practices that have been especially effective.

6.5 SUMMARY

Summary of Trait Theories and Behavioral Theories:

Leaders who have certain traits and who display consideration and structuring behaviors do appear to be more effective. Perhaps you're wondering whether conscientious leaders (trait) are more likely to be structuring (behavior) and extraverted leaders (trait) to be considerate (behavior). Unfortunately, we can't be sure there is a connection. Future research is needed to integrate these approaches. Some leaders may have the right traits or display the right behaviors and still fail. As important as traits and behaviors are in identifying effective or ineffective leaders, they do not guarantee success. The context matters, too.

Leadership plays a central part in understanding group behavior, because it's the leader who usually directs us toward our goals. Knowing what makes a good leader should thus be valuable in improving group performance.

- The early search for a set of universal leadership traits failed. However, recent efforts using the Big Five personality framework show strong and consistent relationships between leadership and extraversion, conscientiousness, and openness to experience.

- The behavioral approach's major contribution was narrowing leadership into task-oriented (initiating structure) and people-oriented (consideration) styles.

By considering the situation in which the leader operates, contingency theories promised to improve on the behavioral approach, but only LPC theory has fared well in leadership research.

6.6 QUESTIONS

A) Write long answers:

a) Discuss in detail about the Trait theories.

b) Discuss about the Behavioural Theories.

c) Explain how leadership style afffects the performance of the organization.

B) Write short notes:

a) What is Leadership

b) Leader- Member Exchange Theory

c) Path- Goal Theory.

d) Explain the Fiedler Model.

6.7 REFERENCES

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7

LEADERSHIP– II

Unit Structure:

7.0 OBJECTIVES

After studying this unit you should be able to:

- Understand the Language structure
- Know the nature of Language development
- Study the relationship between thinking and language.
- Study language and related topics

- To know how Language influences thinking
- Understand the concepts of emotional intelligence

7.1 INTRODUCTION: CONTEMPORARY LEADERSHIP THEORIES

In this section, we present two contemporary leadership theories—charismatic leadership and transformational leadership—with a common theme: they view leaders as individuals who inspire followers through their words, ideas, and behaviors.

7.1.1 Charismatic Leadership:

John F. Kennedy, Martin Luther King Jr., Ronald Reagan, Bill Clinton, Mary Kay Ash (founder charismatic leaders. What do they have in common?

What Is Charismatic Leadership?

Max Weber, a sociologist, defined charisma (from the Greek for "gift") more than a century ago as "a certain quality of an individual personality, by virtue of which he or she is set apart from ordinary people and treated as endowed with supernatural, superhuman, or at least specifically exceptional powers or qualities. These are not accessible to the ordinary person and are regarded as of divine origin or as exemplary, and on the basis of them the individual concerned is treated as a leader." Weber argued that charismatic leadership was one of several ideal types of authority. The first researcher to consider charismatic leadership in terms of OB was Robert House. According to House's charismatic leadership theory, followers attribute heroic or extraordinary leadership abilities when they observe certain behaviors. A number of studies have attempted to identify the characteristics of charismatic leaders: they have a vision, they are willing to take personal risks to achieve that vision, they are sensitive to follower needs, and they exhibit extraordinary behaviors.

Charismatic leadership is a relatively new and distinct paradigm. Since the 1970s, researchers have conducted studies on charismatic leadership in areas such as management, academia, the military, and government. Although researchers have used different approaches to study charismatic leadership, their findings have been fairly consistent. Through empirical investigation, researchers have uncovered the key features of charismatic leadership.

Charismatic leadership theory identifies the extraordinary characteristics that inspire devotion and motivation in followers and highlights the relationship between charismatic leaders and their followers. Studies describe charismatic leaders as highly influential and confident individuals who hold strong beliefs. They are change agents who communicate their vision to others, set high expectations, attend to the needs of their followers, and behave in unconventional ways. Researchers assert that charismatic leadership tends to manifest itself in crisis situations, when the leader is of high authority, when vague and complicated assignments are given, and when extrinsic rewards are not offered. These circumstances provide opportunities for charismatic leaders to implement change and to promote their vision.

Charismatic leaders are inherently motivated and committed to setting and meeting their goals. They are naturally diplomatic and work in partnership with their followers to identify organizational issues and undertake challenges and risks. They maintain a collective identity while providing a sense of direction that helps followers achieve both organizational and personal goals.

7.1.2 Key Characteristics of a Charismatic Leader:

1. Vision and articulation. Has a vision—expressed as an idealized goal—that proposes a future better than the status quo; and is able to clarify the importance of the vision in terms that are understandable to others.

2. Personal risk. Willing to take on high personal risk, incur high costs, and engage in selfsacrifice to achieve the vision.

3. Sensitivity to follower needs. Perceptive of others' abilities and responsive to their needs and feelings.

4. Unconventional behavior. Engages in behaviors that are perceived as novel and counter to norms.

Are Charismatic Leaders Born or Made?

Are charismatic leaders born with their qualities? Or can people actually learn to be charismatic leaders? Yes, individuals are born with traits that make them charismatic. In fact, studies of identical twins have found they score similarly on charismatic leadership measures, even if they were raised in different households and had never met. Personality is also related to charismatic leadership; charismatic leaders are likely to be extraverted, self-confident, and achievement oriented and open to new experiences. Consider Presidents Barack Obama and Ronald Reagan: like them or not, they are often compared because both possess the qualities of charismatic leaders. Most experts believe individuals can be trained to exhibit charismatic behaviors. After all, just because we inherit certain tendencies doesn't mean we can't learn to change. One set of authors proposes a three-step process.

First, develop an aura of charisma by maintaining an optimistic view , be optimistic about your goals ; using passion as a catalyst for generating enthusiasm; and communicating with the whole body, using nonverbal gestures and not just with words.

Second, include others by creating a bond that inspires them to follow.

Third, bring out the potential in followers by tapping into their emotions. The leaders shoukd be empathetic towards their followers.

The approach seems to work, according to researchers who have asked undergraduate business students to "play" charismatic. The students were taught to articulate an overarching goal, communicate high performance expectations, exhibit confidence in the ability of followers to meet these expectations, and empathize with the needs of their followers; they learned to project a powerful, confident, and dynamic presence; and they practiced using a captivating and engaging voice. They were also trained to evoke charismatic nonverbal characteristics: they alternated between pacing and sitting on the edges of their desks, leaned toward the subjects, maintained direct eye contact, and had relaxed postures and animated facial expressions. Their followers had higher task performance, task adjustment, and adjustment to the leader and the group than did followers of noncharismatic leaders.

7.1.3 How Charismatic Leaders Influence Followers:

How do charismatic leaders actually influence followers? Evidence suggests a four-step process. It begins with articulating an appealing vision, a long-term strategy for attaining a goal by linking the present with a better future for the organization. Desirable visions fit the times and circumstances and reflect the uniqueness of the organization.

Second, a vision is incomplete without an accompanying vision statement, a formal articulation of an organization's vision or mission. Charismatic leaders may use vision statements to imprint on followers an overarching goal and purpose. They build followers' self-esteem and confidence with high performance expectations and belief that followers can attain them. Next, through words and actions the leader conveys a new set of values and sets an example for followers to imitate. One study of Israeli bank employees showed charismatic leaders were more effective because their employees personally identified with them. Charismatic leaders are also cooperative and exhibit mutual support.

A study of 115 government employees found they had a stronger sense of personal belonging at work when they had charismatic leaders, increasing their willingness to engage in helping and compliance-oriented behavior. Finally, the charismatic leader engages in emotion-inducing and often unconventional behavior to demonstrate courage and conviction about the vision. Followers "catch" the emotions their leader is conveying.

Does Effective Charismatic Leadership Depend on the Situation?

Research shows impressive correlations between charismatic leadership and high performance and satisfaction among followers. People working for charismatic leaders are motivated to exert extra effort and, because they like and respect their leader, express greater satisfaction. Organizations with charismatic CEOs are also more profitable, and charismatic college professors enjoy higher course evaluations. However, charisma appears most successful when the follower's task has an ideological component or the environment includes a high degree of stress and uncertainty. Even in laboratory studies, when people are psychologically aroused, they are more likely to respond to charismatic leaders. This may explain why, when charismatic leaders surface, it's likely to be in politics or religion, or during wartime, or when a business is in its infancy or facing a life-threatening crisis. Franklin D. Roosevelt offered a vision to get the United States out of the Great Depression in the 1930s. In 1997, when Apple Computer was floundering and lacking direction, the board persuaded charismatic co-founder Steve Jobs to return as interim CEO and return the company to its innovative roots.

Another situational factor apparently limiting charisma is level in the organization. Top executives create vision; it's more difficult to utilize a person's charismatic leadership qualities in lower-level management jobs or to align his or her vision with the larger goals of the organization. Finally, people are especially receptive to charismatic leadership when they sense a crisis, when they are under stress, or when they fear for their lives. Charismatic leaders are able to reduce stress for their employees, perhaps because they help make work seem more meaningful and interesting. And some peoples' personalities are especially susceptible to charismatic leadership. Consider self-esteem. An individual who lacks self-esteem and questions his or her self-worth is more likely to absorb a leader's direction rather than establish his or her own way of leading or thinking.

7.1.4 Research on Charismatic Leadership:

Researchers have documented the positive effects of charismatic leadership. For example, they have found that followers of charismatic leaders not only support and trust their leader but also strive to accomplish their manager's mission. They often learn from their leader and emulate his or her behavior. Studies suggest that followers embrace a charismatic leader and his or her mission because of the leader's self-confidence, exceptional persona, extraordinary vision, ideology, and motivation to maximize his or her subordinates' potential. Typically, followers experience higher satisfaction than do counterparts without charismatic leaders. However, findings from previous studies show that charismatic leaders can also create divisions within the groups they lead, display an authoritative management style, and focus on trivial matters.

The Dark Side of Charismatic Leadership:

Charismatic business leaders like AIG's Hank Greenberg, GE's Jack Welch, Tyco's Dennis Kozlowski, Southwest Airlines' Herb Kelleher, Disney's Michael Eisner, and HP's Carly Fiorina became celebrities on the order of David Beckham and Madonna. Every company wanted a charismatic CEO, and to attract them boards of directors gave them extraordinary independence and resources—the use of private jets and multimillion-dollar penthouses, interest-free loans to buy beach homes and artwork, security staffs, and similar benefits befitting royalty. One study showed charismatic CEOs were able to leverage higher salaries even when their performance was mediocre. Unfortunately, charismatic leaders who are larger than life don't necessarily act in the best interests of their organizations. Many have allowed their personal goals to override the goals of the organization. The results at companies such as Enron, Tyco, WorldCom, and HealthSouth were leaders who recklessly used organizational resources for their personal benefit and executives who violated laws and ethical boundaries to inflate stock prices and allow leaders to cash in millions of dollars in stock options. Research has shown that individuals who are narcissistic are also higher in some behaviors associated with charismatic leadership. It's not that charismatic leadership isn't effective; overall, it is. But a charismatic leader isn't always the answer. Success depends, to some extent, on the situation and on the leader's vision. Some charismatic leaders—Hitler, for example—are all too successful at convincing their followers to pursue a vision that can be disastrous.

7.1.5 Limitations of Charismmatic Leadership Theory:

Despite the amount of research that has been conducted on charismatic leadership theory, the exact definition of charismatic leadership remains uncertain. Some researchers assert that leaders are considered charismatic when followers perceive their leader as possessing extraordinary characteristics and when followers develop strong ties with their leader; however, such attributes are based on several presumptions: the quantity of components demonstrated in a leader's behavior, the significance of the components, and the amount of influence of the components. Some of these components include the leader's focus on the organizational environment, future goals, and likeability. Some researchers affirm that charismatic leadership exists when a leader affects a follower's attitude and drive, even if the follower does not characterize the leader as exceptional or charismatic. Alternatively, others argue that a leader's traits, followers, and situation collectively determine whether charismatic qualities are present.

Researchers suggest that charismatic leadership is not essential or necessary. Some argue that an organization's vision is created through the collaborative efforts of leaders and subordinates, and some insist that major transformations within organizations occur as a result of transformational leaders. Still others argue that charismatic leadership is needed during turbulent or stressful times—for example, when a company experiences a reduction in its workforce or when an organizational merger occurs.

Charismatic leadership theory fails to provide a well-defined explanation of the significance of underlying influence processes. Some theorists propose that personal identification is the primary influence process, whereas others contend that collective identification and internalization are the dominant influence processes. They claim that followers become loyal to their leader and eagerly execute the leader's tasks and objectives. These devoted followers work diligently to gain their charismatic leader's approval and tend to emulate their leader's behavior.

On the other hand, others contend that collective identification and internalization are the dominant influence processes. They claim that if internalization is the dominant influence process and followers are goal oriented, the attainment of goals will be an integral part of their self-confidence. Consequently, followers will work assiduously to fulfill their goals and exhibit more loyalty to their tasks than to the charismatic leader. Followers will likely refrain from executing the leader's unrealistic goals and presumably reject objectives that infringe on their principles.

Unfortunately, there is not a shared understanding of the fundamental behaviors of charismatic leadership. Although the majority of studies on charismatic leadership address leader behaviors, there is presently no agreement among theorists regarding the essential behaviors of charismatic leadership, nor is there a clear understanding of the relationship between leader behavior and the rationale behind that behavior. Most of the behaviors seem to have been identified by their association with socialized leadership effectiveness rather than their link to qualities of charisma.

Additionally, there seems to be a greater focus on socially accepted behaviors than on manipulative behaviors. Some charismatic leaders engage in manipulative behaviors by inflating situations so as to depict a crisis, reprimanding others for their mishaps, and overstating their accomplishments. These manipulative behaviors often create dependent followers and a propensity for leaders to be viewed as experts.

7.2 TRANSFORMATIONAL LEADERSHIP

Transformational leadership is a form of influence based on a developmental relationship that elevates others to higher levels of moral and professional development, promotes adaptability and change, and results in performance beyond expectations.

Transactional leadership:

Transactional leadership is a form of influence based on an exchange relationship in which the leader provides direction and rewards in exchange for a follower's delivery of agreed-upon performance. Together, these leadership styles can foster adaptability and responsiveness to changes in markets, broaden collective skill sets for generating more creative solutions to problems, and challenge and develop people more fully. Such processes are necessary for productivity and profitability in organizations.

A stream of research has focused on differentiating transformational from transactional leaders. The Ohio State studies, Fiedler's model, and path–goal theory describe transactional leaders, who guide their followers toward established goals by clarifying role and task requirements.

Transformational leaders inspire followers to transcend their self-interests for the good of the organization and can have an extraordinary effect on their followers. Andrea Jung at Avon, Richard Branson of the Virgin Group, and Jim McNerney of Boeing are all transformational leaders. They pay attention to the concerns and needs of individual followers; they change followers' awareness of issues by helping them look at old problems in new ways; and they excite and inspire followers to put out extra effort to achieve group goals.

Transactional and transformational leadership complement each other; they aren't opposing approaches to getting things done. Transformational leadership builds on transactional leadership and produces levels of follower effort and performance beyond what transactional leadership alone can do. But the reverse isn't true. So if you are a good transactional leader but do not have transformational qualities, you'll likely only be a mediocre leader. The best leaders are transactional and transformational.

7.2.2 Characteristics of Transactional and Transformational Leaders:

Transactional Leader:

Contingent Reward: Contracts exchange of rewards for effort, promises rewards for good performance, recognizes accomplishments.

Management by Exception (active): Watches and searches for deviations from rules and standards, takes correct action.

Management by Exception (passive): Intervenes only if standards are not met.

Laissez-Faire: Abdicates responsibilities, avoids making decisions.

Transformational Leader:

Idealized Influence: Provides vision and sense of mission, instills pride, gains respect and trust. **Inspirational Motivation**: Communicates high expectations, uses symbols to focus efforts, expresses important purposes in simple ways.

Intellectual Stimulation: Promotes intelligence, rationality, and careful problem solving.

Individualized Consideration: Gives personal attention, treats each employee individually, coaches, advises.

Outcomes of Transactional / Transformational Leadership

Transformational and transactional CR leadership can have a variety of positive outcomes. Such leadership makes followers feel satisfied with their leader, empowered, and self-motivated, and leads them to do more than what is included in their job descriptions. As a result, followers often report earning promotions. Such leadership motivates followers to exert extra effort and be more creative and effective in their jobs. It also helps to reduce followers' stress and burnout.

For groups, transformational leadership produces enhanced collective confidence, morale, and cohesion.

It results in enhanced group productivity, effectiveness, and creativity, and satisfaction with the leader and task. It can also build shared leadership, defined as "leadership by the team," in which leadership functions are distributed among members.

Organizational outcomes that result from transformational leadership include innovation, retention, organizational commitment, business unit goal attainment, unit financial performance, market share and customer satisfaction, and occupational safety.

Full Range of Leadership:

Laissez-faire is the most passive and therefore least effective of leader behaviors. Management by exception—active or passive—is slightly better, but it's still considered ineffective. Management-by-exception leaders tend to be available only when there is a problem, which is often too late. Contingent reward leadership can be an effective style of leadership but will not get employees to go above and beyond the call of duty.

Only with the four remaining styles—all aspects of transformational leadership—are leaders able to motivate followers to perform above expectations and transcend their self-interest for the sake of the organization. Individualized consideration, intellectual stimulation, inspirational motivation, and idealized influence all result in extra effort from workers, higher productivity, higher morale and satisfaction, higher organizational effectiveness, lower turnover, lower absenteeism, and greater organizational adaptability. Based on this model, leaders are generally most effective when they regularly use each of the four transformational behaviors.

How Transformational Leadership Works:

Transformational leaders are more effective because they are more creative, but also because they encourage those who follow them to be creative, too. Companies with transformational leaders have greater decentralization of responsibility, managers have more propensity to take risks, and compensation plans are geared toward long-term results—all of which facilitate corporate entrepreneurship. One study of information technology workers in China found empowering leadership behavior led to feelings of positive personal control among workers, which increased their creativity at work. Companies with transformational leaders also show greater agreement among top managers about the organization’s goals, which yields superior organizational performance. The Israeli military has seen similar results, showing that transformational leaders improve performance by building consensus among group members.

Transformational leaders are able to increase follower self-efficacy, giving the group a “can do” spirit. Followers are more likely to pursue ambitious goals, agree on the strategic goals of the organization, and believe the goals they are pursuing are personally important. Just as vision helps explain how charismatic leadership works, it also explains part of the effect of transformational leadership. One study found vision was even more important than a charismatic (effusive, dynamic, lively) communication style in explaining the success of entrepreneurial firms. Finally, transformational leadership engenders commitment on the part of followers and instills greater trust in the leader.

7.2.3 Evaluation of Transformational Leadership:

Transformational leadership has been impressively supported at diverse job levels and occupations (school principals, teachers, marine commanders, ministers, presidents of MBA associations, military cadets, union shop stewards, sales reps). One study of R&D firms found teams whose project leaders scored high on transformational leadership produced better-quality products as judged 1 year later and higher profits 5 years later. Another study looking at employee creativity and transformational leadership more directly found employees with transformational leaders had more confidence in their ability to be creative at work and higher levels of creative performance. A review of 117 studies testing transformational leadership found it was related to higher levels of individual follower performance, team performance, and organizational performance.

Transformational leadership isn't equally effective in all situations. It has a greater impact on the bottom line in smaller, privately held firms than in more complex organizations. The personal nature of transformational leadership may be most effective when leaders can directly interact with the workforce and make decisions than when they report to an external board of directors or deal with a complex bureaucratic structure. Another study showed transformational leaders were more effective in improving group potency in teams higher in power distance and collectivism. Other recent research using a sample of employees both in China and the United States found that transformational leadership had a more positive relationship with perceived procedural justice among individuals who were lower in power-distance orientation, which in turn related to a stronger transformational leadership-citizenship behavior relationship among those higher in power distance. Transformational leaders also obtain higher levels of trust, which reduces stress for followers. In short, transformational leadership works through a number of different processes.

7.3 WHAT IS AUTHENTIC LEADERSHIP?

Mike Ullman, JCPenney CEO, argues that leaders have to be selfless, listen well, and be honest. Campbell Soup's CEO Douglas R. Conant is decidedly understated. When asked to reflect on the strong performance of Campbell Soup, he says, "We're hitting our stride a little bit more (than our peers)." He regularly admits mistakes and often says, "I can do better." Ullman and Conant appear to be good exemplars of authentic leadership. Authentic leaders know who they are, know what they believe in and value, and act on those values and beliefs openly and candidly. Their followers consider them ethical people. The primary quality produced by authentic leadership, therefore, is trust. Authentic leaders share information, encourage open communication, and stick to their ideals. The result: people come to have faith in them. Because the concept is new, there has been little research on authentic leadership. However, it's a promising way to think about ethics and trust in leadership because it focuses on the moral aspects of being a leader. Transformational or charismatic leaders can have a vision and communicate it persuasively, but sometimes the vision is wrong (as in the case of Hitler), or the leader is more concerned with his or her own needs or pleasures, as were Dennis Kozlowski (ex-CEO of Tyco), Jeff Skilling (ex-CEO of Enron), and Raj Rajaratnam (founder of the Galleon Group).

7.4 LEADING FOR THE FUTURE: MENTORING

Leaders often take responsibility for developing future leaders. Let's consider what makes mentoring valuable as well as its potential pitfalls. Mentoring A mentor is a senior employee who sponsors and supports a less-experienced employee, a protégé. Successful mentors are good teachers. They present ideas clearly, listen well, and empathize with protégés' problems. Mentoring relationships serve both career functions and psychosocial functions. Traditional informal mentoring relationships develop when leaders identify a less experienced, lower-level employee who appears to have potential for future development.The person will often be tested with a particularly challenging assignment. If he or she performs acceptably, the mentor will develop the relationship, informally showing the person how the organization really works outside its formal structures and procedures.

Why would a leader want to be a mentor?

Many feel they have something to share with the younger generation and want to provide a legacy. Mentoring also provides unfiltered access to the attitudes of lower-ranking employees, and person can be an excellent source of early warning signals that identify potential organizational problems. Are all employees in an organization equally likely to participate in a mentoring relationship? Unfortunately, In the United States, upper managers in most organizations have traditionally been white males, and because mentors tend to select person similar to themselves in background, education, gender, race, ethnicity, and religion, minorities and women are less likely to be chosen. "People naturally move to mentor and can more easily communicate with those with whom they most closely identify." Senior male managers may also select male protégés to minimize problems such as sexual attraction or gossip. Many organizations have created formal programs to ensure mentoring relationships are equally available to minorities and women. Although begun with the best intentions, these formal relationships are not as effective as informal ones.

Poor planning and design may often be the reason. Mentor commitment is critical to a program's effectiveness; mentors must see the relationship as beneficial to themselves and the protégé. The protégé, too, must feel he or she has input into the relationship; someone who feels it's imposed on him or her will just go through the motions. Formal mentoring programs are also most likely to succeed if they appropriately match the work style, needs, and skills of protégé and mentor. You might assume mentoring is valuable for objective outcomes like compensation and job performance, but research suggests the gains are primarily psychological.

One review concluded, “Though mentoring may not be properly labeled an utterly useless concept to careers, neither can it be argued to be as important as the main effects of other influences on career success such as ability and personality.” It may feel nice to have a mentor, but it doesn’t appear that having a good mentor, or any mentor, is critical to your career. Mentors may be effective not because of the functions they provide, but because of the resources they can obtain: a mentor connected to a powerful network can build relationships that will help the protégé advance. Most evidence suggests that network ties, whether built through a mentor or not, are a significant predictor of career success. If a mentor is not well connected or not a very strong performer, the best mentoring advice in the world will not be very beneficial.

7.4.1 Career and Psychological Functions of the Mentoring Relationship:

Career Functions:

- Pushing to get the protégé challenging and visible assignments
- Coaching the protégé to develop his or her skills and achieve work objectives
- Providing explosure to influential individuals within the organisation
- Protecting the protégé from possible risks to his or her reputation
- Sponsoring the protégé by nominating him or her for potential advances or promotions
- Sponsoring the protégé by nominating him or her for potential advances or promotions
- Acting as a sounding board for ideas the protégé might be hesitant to share with a direct supervisor.

Psychosocial Functions

- Counseling the protégé to bolster his or her self-confidence
- Sharing personal experiences with the protégé
- Providing friendship and acceptance
- Acting as a role mode

7.5 FINDING AND CREATING EFFECTIVE LEADERS

How can organizations find or create effective leaders? Let's try to answer that question.

Selecting Leaders:

The entire process organizations go through to fill management positions is essentially an exercise in trying to identify effective leaders. You might begin by reviewing the knowledge, skills, and abilities needed to do the job effectively. Personality tests can identify traits associated with leadership—extraversion, conscientiousness, and openness to experience. High self-monitors are better at reading situations and adjusting their behavior accordingly. Candidates with high emotional intelligence should have an advantage, especially in situations requiring transformational leadership. Experience is a poor predictor of leader effectiveness, but situation-specific experience is relevant. Because nothing lasts forever, the most important event an organization needs to plan for is a change in leadership. Recently, Apple's board of directors has been very concerned with identifying a successor to Steve Jobs. Other organizations seem to spend no time on leadership succession and are surprised when their picks turn out poorly.

Training Leaders:

Organizations spend billions of dollars on leadership training and development. These efforts take many forms—from $50,000 executive leadership programs offered by universities such as Harvard to sailing experiences offered by the Outward Bound program. Business schools, including some elite programs such as those at Dartmouth, MIT, and Stanford, are placing renewed emphasis on leadership development. Some companies, too, place a lot of emphasis on leadership development. Goldman Sachs is well known for developing leaders; BusinessWeek called it the "Leadership Factory." How can managers get maximum effect from their leadership-training budgets?

First, let's recognize the obvious. Leadership training of any kind is likely to be more successful with high self-monitors. Such individuals have the flexibility to change their behavior.

Second, what can organizations teach that might be related to higher leader effectiveness?

7.6 SUMMARY

In summary, transformational leadership is more strongly correlated than transactional leadership with lower turnover rates, higher productivity, lower employee stress and burnout, and higher employee satisfaction. Like charisma, it can be learned. One study of Canadian bank managers found branches managed by those who underwent transformational leadership training performed significantly better than branches whose managers did not receive training. Other studies show similar results.

Probably not "vision creation" but, likely, implementation skills. We can train people to develop "an understanding about content themes critical to effective visions." We can also teach skills such as trust building and mentoring. And leaders can be taught situational-analysis skills. They can learn how to evaluate situations, modify them to better fit their style, and assess which leader behaviors might be most effective in given situations. BHP Billiton, Best Buy, Nokia, and Adobe have hired coaches to help top executives one on one to improve their interpersonal skills and act less autocratically. Behavioral training through modeling exercises can increase an individual's ability to exhibit charismatic leadership qualities. Recall the researchers who scripted undergraduate business students to "play" charismatic. Finally, leaders can be trained in transformational leadership skills that have bottom-line results, whether in the financial performance of Canadian banks or the effectiveness of soldiers in the Israeli Defense Forces.

Summary and Implications for Manager:

- Research on charismatic and transformational leadership has made major contributions to our understanding of leadership effectiveness. Organizations want managers who can exhibit transformational leadership qualities and who have vision and the charisma to carry it out.
- Effective managers must develop trusting relationships with followers because, as organizations have become less stable and predictable, strong bonds of trust are replacing bureaucratic rules in defining expectations and relationships.
- Tests and interviews help identify people with leadership qualities. Managers should also consider investing in leadership training such as formal courses, workshops, rotating job responsibilities, coaching, and mentoring.

7.7 QUESTIONS

A) Write long answers:

a) Discuss in characteristics of charismatic leader.

b) Discuss about the characteristics of transactional leader.

c) Explain the characteristics of transformational leader.

d) How is mentoring valuable to leadership? What are the keys to effective mentoring?

e) How can organizations select and develop effective leaders?

B) Write short notes:

a) How Charismatic Leaders Influence Followers

b) Selectin g Leaders

c) Training Leaders

d) Career and Psychological Functions of the Mentoring Relationship

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