
BLOCK 4
Life in Organisations and
Organisational System

ignou
THE PEOPLE'S
UNIVERSITY

UNIT 10 ORGANISATIONAL CONFLICT: MEANING, PROCESS AND TYPES*

Structure

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- 10.1 Introduction
- 10.2 Organisational Conflict: Meaning and Definitions
- 10.3 Changing Perspective on Organisational Conflict
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10.0 OBJECTIVES

After reading this Unit, you should be able to:

- Explain the meaning and definitions of organisational conflict;
- Know the causes and steps in the process of organisational conflict;
- Discuss different types of organisational conflict; and
- Identify the conflict management in an organisation.

10.1 INTRODUCTION

Human relationship is complex. Little wonder, it is difficult for the management of an organisation to keep its work groups together in harmony. Despite managerial efforts, differences may develop and conflicts may arise among the members of the organisation. Conflicts can occur between two or more individuals, two or more groups or between an individual and a group. Conflict can also take place among organisations, societies and even nations. In other words, conflict is an inseparable aspect of people's as well as organisations' life. In this Unit, we shall have a discussion on the meaning, process and types of organisational conflict.

10.2 ORGANISATIONAL CONFLICT: MEANING AND DEFINITIONS

The concept of conflict has a multitude of meanings and connotations. Conflict

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is born of a disagreement, differences or divergence which may lead to a dispute. Conflict is not synonymous with a quarrel or a fight. The root cause of conflict may lie in the clash of ideas, attitudes or interests. Conflict may be latent or perceived but in the organisation context, invariably it is between individuals, or between individuals and group or between one group and another.

An accepted meaning of organisational conflict is disagreement by individuals or groups within the organisation. The conflict can centre on factors ranging from resource allocation and divisions of responsibility to the overall direction of the organisation. According to Coser(1956), “conflict is a struggle over values and claims to status, power and resources in which the aims of the opponents are to neutralise, injure or eliminate the rivals”. Hocker and Wilmot(1985) define conflict, from a communication perspective, as “an expressed struggle between atleast two interdependent parties who perceive incompatible goals, scarce rewards and interference from other parties in achieving their goals”. According to Wikipedia, “organisational conflict is a state of discord caused by the actual or perceived opposition of needs, values and interests between formal authority and power and the individuals and groups affected”.

Organisational conflict is also known as workplace conflict. In simple terms, organisational conflicts allude to the result of human interaction that starts when one member of the organisation discerns that his/her goals, values or attitude are incompatible with those of other members of the organisation. The incompatibility in opinions can come into being, within a member, between two members, or between groups of the organisation. Conflict does not come only when values or needs are incompatible. The disagreement in opinions arises between groups due to differences in their attitudes, beliefs, values or needs.

From the above definitions, it is obvious that there is no single accepted definition of conflict. Conflict can mean many things to many people. Each person has a distinct way of thinking and behaves differently than others in similar situations. Leung rightly concludes that conflict can affect everyone to varying extent.

10.3 CHANGING PERSPECTIVES ON ORGANISATIONAL CONFLICT

The old approach to conflicts was to emphasise the avoidance of it. With experience, this view has undergone a sea-change. It is now realised that in industrial life, conflicts are inevitable and in usual occurrence. It is not possible to completely eliminate conflict. There is a view that all conflicts are not harmful, yet they need to be resolved effectively in order to deal with a crisis.

Some may consider conflict as an exciting opportunity for personal growth. Since conflict is unavoidable and inevitable, managers should be able to recognise the source and also know its constructive and destructive potential. Mary Parker Follet (1868-1933) an organisation thinker, who was far ahead of her times, on the basis of her empirical research and observation, had observed that conflict can be useful or functional in an organisation in promoting creativity, understanding and harmony in an organisation. She observed: “It is possible to conceive conflict as not necessarily a wasteful outbreak of incompatibilities, but a normal process by which socially valuable differences register themselves for

the enrichment of all concerned”. Thus, Follett accords an important place to the problems of conflict in her writings. She advances the idea of “constructive conflict”. To Follett, conflict is neither good nor bad and has to be considered without passion or ethical prejudgements (Follett, 1924).

Besides, Melville Dalton (2013) in his eminent book Men who Manage also underscores the need for viewing conflict in a more objective and positive manner. It certainly is not always dysfunctional. Recent studies on organisation have changed the negative views pertaining to conflict. Several studies have highlighted the positive potential of the conflict in organisations. The outcome of these studies is as follows:

- Fundamental differences do exist in organisations; management should recognise this as a fact.
- Conflicts are natural, good and necessary for organisation.
- Conflict can stimulate innovative thinking when properly dealt with.
- Due to timid behaviour people blame the conflict.

10.4 CAUSES OF CONFLICT

It is important to differentiate sources and causes of organisational conflicts. While the former explain the place from which conflict emanates, the latter explain the conditions which cause conflict to emerge and become an issue of concern. Fajana(2000) identifies two sources of conflict and they include internal sources and the external sources. Internal sources refer to factors that are inherent within the framework of an organisation, whereas external sources are outside the four walls of an organisation.

Conflict can occur as a result of structural or personal factors. The structural factors includes specialisation, use of common resources, goal differences, authority relationships, roles, expectations and jurisdictional ambiguities. Specialists have little knowledge of each other’s job responsibilities and treat their contribution as greater than that of others. This approach can lead to conflict among departments and functionaries. Employees have to share the common resources due to scarcity that led to conflict situation. In organisations, the departments will have different or incompatible goals. This goal differentiation can also create conflicts. It is generally found that strict executives have conflicts with their employees. In organisations, in superior- subordinate relationship, role conflicts arise between them if roles are not clearly determined. Jurisdictional ambiguities or performance criteria often lead to conflicts.

In addition to above causes, the following reasons also lead to organisational conflict:

- **Managerial expectations:** Every employee is expected to meet the targets imposed by his/her superior and when these expectations are not fulfilled within the stipulated time, conflict arises.
- **Communication disruption:** One of the major cause of conflict at the workplace is disruption in the communication. For instance, if an employee requires certain information from another, who does not respond properly, conflict sparks in the organisation.

- **Misunderstanding:** Misunderstanding of information can also cause the emergence of disputes in organisation, in the sense that if one person misinterpreted some information, it could lead to series of conflicts.
- **Lack of accountability:** When the team members' responsibilities are not clear, no member feels accountable and this situation leads to conflict in the team.

Poor management, unfair treatment, unclear job roles, inadequate training, poor communication, poor work environment, lack of equal opportunities and harassment are also major causes for organisational conflict. In some organisations, personality clashes, unrealistic demands and expectations, business values, unresolved workplace issues and increase in workload can create conflicts.

After identifying the above causes related to organisational conflict, we can categorise the factors influencing conflicts in an organisation:

1. **Unclear responsibility:** If there is lack of clarity regarding who is responsible for which section of a task or project, conflict takes place. To avoid this situation, the roles and responsibilities of the team members should be stated clearly and also agreed upon.
2. **Interpersonal relationship:** Every member of an organisation possesses distinct personality which plays a crucial role in resolving conflict in an organisation. Conflicts at the workplace are often caused by interpersonal issues between the members of organisation.
3. **Scarcity of resources:** One of the main reasons for occurrence of conflict in an organisation is the inadequacy of resources like time, money, materials etc., due to which members of the organisation compete with each other, leading to conflict between them.
4. **Conflict of interest:** The lack of integration between individual goals and organisational goals leads to conflict of interest as an individual may fight for his personnel goals; this hinders the overall success of the organisation.

In brief, conflicts emerge at the workplace due to individual and inter-individual factors. Individual-related factors relate to incongruities in attitudes, beliefs and personality orientations. Inter-individual conflicts arises when a manager breaches certain norms of the organisation.

Check your progress 1

- Note:**
- i. Use the space below for your answers.
 - ii. Check your answers with those given at the end of the Unit.

1. Explain the meaning and definitions or organisational conflict.

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2. Discuss various causes for organisational conflict.

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10.5 CONFLICT PROCESS

Conflict as a process consists of five stages that reveals how conflict begins, grows and unfolds among individuals or groups. The stages are viz.

Stage I. *Potential opposition or incompatibility:* The conflict process is the presence of conditions that create opportunities for conflict to develop. These cause or create opportunities for organisational conflict to rise. The three conditions that lead to conflicts are communications, structure and personal variables.

Stage II. *Cognition and personalisation:* In this stage parties decides the nature and emotions of the conflict.

Stage III. *Intentions:* These are general guidelines for parties in a conflict situation. There are five conflict-handling intentions viz. competing, collaborating, avoiding, accommodating and compromising. These are explained below:

- **Competing:** When one person seeks to satisfy his or her own interests regardless of the impact on the other parties.
- **Collaborating:** In collaborating, the intention of the parties is to solve the problem by clarifying differences rather than discussion of various viewpoints; a state of affairs in which the parties to a conflict each wish to satisfy all.
- **Avoiding:** A person may recognise that a conflict exists and want to withdraw from it.
- **Accommodating:** It is willingness of one party to accommodating opponent's interests above his or her interests.
- **Compromising:** A situation in which each party to a conflict is willing to give up something.

Stage IV. *Behaviour:* This stage includes, actions and reactions made by the conflicting parties. Conflict is visible in the stage.

Stage V. *Outcomes:* It is an action-reaction inter-play between the conflicting parties. The conflict is constructive when it improves the quality of decisions, stimulates creativity and innovations, encourage interest and curiosity among the group members. Conflict is dysfunctional when uncontrolled opposition breeds discontent, which acts to dissolve common ties and eventually leads to the distraction of the group.

10.6 TYPES OF CONFLICTS

As we mentioned earlier, conflict can occur as a result of structural or personal factors; different scholars have tried to classify them into various forms. Organisational conflict can be classified into two distinct categories — internal and external. Internal conflict is personal to the person involved. External conflict is observed in outside forces that cause tension for the person. The first classification of conflicts is related to relationship, task and process.

1. **Relationship conflict:** The conflict arises out of interpersonal tension among employees.
2. **Task conflict:** It is related to a discord among members, pertaining to nature of work to be performed.
3. **Process conflict:** Clashes among the team members due to the different opinions on how the work should be completed.

Conflicts such as intra-individual, interpersonal, and inter-group conflicts are integral to organisational conflict. These conflicts are discussed below:

1. Intra-individual conflict

Within every individual there are usually number of conflicts, number of competing needs, roles, and drives. These complicate the human adaptation process and often result in conflict. In simple terms, intra-individual conflict stems from frustration with goals and roles.

2. Interpersonal conflict

Besides the intra-individual aspects of conflict, the interpersonal aspects of conflicts also form an important dynamics of interactive behavior. Interpersonal conflict is one that can result when two or more persons are interacting with one another. According to Whetter and Cameron (2000), there are four sources of interpersonal conflict, viz: 1. Personal differences, 2. Information deficiency, 3. Role incompatibility, and 4. Environmental stress. The dynamics of individuals interacting with one another through the response categories of forcing, accommodating, avoiding, compromising and collaborating is of crucial significance. There are conflict resolution strategies associated with each of the above response categories. However, most conflict resolutions end up based on three basic strategies viz. the lose-lose, win-lose, and win-win approaches. Actually the win-win is the most effective strategy.

3. Intergroup conflict

Interpersonal behavior and intergroup behavior are conceptually similar. An understanding of the theoretical framework for intergroup behavior is a prerequisite for examining the conflict that often results. Intergroup behavior occurs whenever individuals belonging to one group interact, collectively or individually, with another group or its members in terms of their reference group identification. Several antecedent conditions such as competition for resources, task interdependence, jurisdictional ambiguity and status struggles have been identified for explaining inter-group conflict. To avoid inter-group conflict, we can employ four stages, namely 1. Avoidance, 2. Diffusion, 3. Containment and 4. Confrontation.

In simple terms, organisational conflicts broadly can be classified into following four types:

1. Internal conflicts

- a. ***Conflict within the individual:*** It is usually value-related, where role-playing expected of the individual does not conform with the values and beliefs held by the individual. In addition to these value conflicts, a person may be faced with a role-conflict within an individual conflict. These can also arise when a person has to choose between two equally desirable alternatives or between two equally undesirable goals.
- b. ***Interpersonal conflict:*** Interpersonal conflict involves conflict between two or more individuals. It is a most common and recognised conflict. This conflict can become more acute when the scarce resources cannot be shared and must be obtained. Another type of interpersonal conflict relates to disagreements over goals and objectives of the organisation. In addition to conflicts over the nature and substance of goals and objectives, conflicts can also arise over the means for achieving these goals and objectives. These interpersonal conflicts are often results of personality clashes.

2. Group conflicts

- a. ***Conflict between the individual and the group:*** All formal and informal groups establish certain norms of behaviour and operational standards that all members are expected to adhere to. An individual member may want to remain within the group for meeting his social needs but may disagree with the group goals and the methods to achieve such goals.
- b. ***Intergroup conflict:*** An organisation is an interlocking of network of groups, departments, sections and work teams. The inter-group conflicts are not so much personal in nature as they are due to factors inherent in the organisational structure. One of the most common conflicts is between the line and the staff members of the organisation. Both line and staff groups are interdependent in an organisation that causes inter-group conflict. These inter-group conflicts can also be caused by inconsistent rewards for performance given to different units and groups.

3. Structural conflicts

There are four types of structural conflicts: 1. Hierarchical conflicts, 2. Functional conflicts 3. Line-staff conflicts and 4. Formal–informal conflicts.

- a. ***Hierarchical conflict*** develops among various levels of organisational structure. This conflict may develop within top, middle and lower managements. The best example of this type of conflict is between superior and subordinates or between management and workers.
- b. ***Functional conflict*** develops between the various functional departments of the organisation. For example a conflict may erupt between the production and marketing departments or finance and material departments in an organisation.
- c. ***Line-staff conflict*** is a general phenomenon in an organisation. Line agencies possess authority and make policy decisions, whereas staff agencies are only

implementing agencies. As a result, conflict develops between them over formulation and implementation of various activities and programmes.

- d. *Formal–informal conflict* is a conflict between formal groups and informal groups. Formal groups have specific norms and structures, whereas informal groups are invisible but play a key role in achieving organisational goals. The conflict develops between these groups while implementing the organisational procedures.

4. Inter-organisational conflict

Conflicts also occur between organisations which are dependent upon each other in one way or the other. These may be related to policy issues, procurement, and distribution of resources.

10.7 CONFLICT MANAGEMENT

As stated earlier, conflicts are inevitable in life, in organisations or even between nations. Thus, to handle conflict successfully, basic skills and knowledge are essential. These include identifying the conflict elements, behavior and contradictions, creating awareness about conflict between confronting parties and evolving solution with the involvement of confronting parties. The following are some of the ways to manage conflicts for constructive purpose:

- Handle the conflict positively.
- Formation of official grievance machinery.
- Concentrate on the causes of the conflicts rather than their effect.
- Conflicting groups should get equal opportunity to express their points of view.
- All parties must actively participate to resolve the conflicts in the interest of organisation.

There is a difference between resolving a conflict and managing a conflict. Resolving a conflict ends the dispute by satisfying the interests of both the parties. Managing a conflict contains specialised interaction that prevents a dispute becoming a battle. Managing a conflict attends to personal issues so as to allow for constructive relationship, even though the objective issues may not be resolvable.

Check your progress 2

- Note:**
- i. Use the space given below for your answers.
 - ii. Check your answers with those given at the end of the Unit.

1. Explain different steps in the conflict process.

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2. Discuss different types of organisational conflicts.

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10.8 CONCLUSION

Conflict is an inseparable aspect of people's as well as organisations' life. Conflict is born of a disagreement, differences or divergence that leads to a dispute. In simple terms, organisational conflict means a disagreement by individuals or groups within the organisation. The old approach to conflict was to emphasise the avoidance of it. With experience this view has undergone a sea-change. Conflict is now seen as having the potential for promoting positive growth in organisations. The conflict process consists of five stages that show how conflict begins, grows and unfolds among individuals or groups with different goals, interests or values of the organisation.

Conflict can occur as a result of structural or personal factors. The structural factors include specialisation, use of common resources, goal differences, authority relationships, roles and expectations and jurisdictional ambiguities. Personal factors includes attitudes, beliefs, personality-orientation and human frailties. Organisational conflict can be classified into two distinct categories—internal and external. The types of conflicts like intra-individual, interpersonal and inter-group conflict take place within the organisational environment. Organisational conflicts broadly can be classified into four types viz. i) Internal conflicts, ii) Group conflicts, iii) Structural conflicts and iv) Inter-organisational conflicts. Since conflicts are inevitable in organisations, conflict management is necessary to resolve them for constructive purpose.

10.9 GLOSSARY

- Organisational conflict** : It is a disagreement by individuals or groups within the organisation.
- Lose-Lose** : It is an approach to conflict resolution in which both parties lose.
- Win – lose** : It is a strategy of resolving conflict in which one party attempts to marshal its forces to win, while the other loses.
- Win-win** : In this strategy energies and creativity are aimed at solving the problems rather than beating the other party.

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10.11 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress Exercise 1

1. Your answer should include the following points:

- Conflict has a multitude of meanings and connotations. Scholars and administrators are uncertain about its meaning and strategies to cope up with it.
- Conflict is born of a disagreement, differences or divergence which lead to a dispute.
- Conflict does not come only when values or needs are incompatible.

2. Your answer should include the following points:

- Managerial expectations.
- Communication disruption.
- Misunderstanding.
- Lack of accountability.

Check Your Progress Exercise 2

1. Your answer should include the following points:

- Cognition and personalisation
- Intentions
- Behaviour
- Outcomes

2. Your answer should include the following points:

- Intra-individual conflict.
- Interpersonal conflict.
- Inter-group conflict.
- Inter-organisational conflict.



UNIT 11 NEGOTIATION: CONCEPT, PROCESS AND APPROACHES*

Structure

- 11.0 Objectives
- 11.1 Introduction
- 11.2 Negotiation, Mediation and Arbitration
- 11.3 Batna and Zopa
- 11.4 The Process of Negotiation
- 11.5 Different Approaches to Negotiation
- 11.6 Some Common Tactics
- 11.7 Conclusion
- 11.8 Glossary
- 11.9 References
- 11.10 Answers to Check Your Progress Exercises

11.0 OBJECTIVES

After reading this Unit, you should be able to:

- Understand the concept of negotiation;
- Ascertain the BATNA and ZOPA of a negotiation;
- Understand the different steps in the negotiation process; and
- Understand the difference between traditional and modern approaches to negotiation.

11.1 INTRODUCTION

Negotiation is a discussion the objective of which is to reach an agreement. Normally the discussion happens between people who have different aims and interests. Formal negotiations are usually carried out in the business context or in politics, but informal negotiations can happen anywhere, anytime, between anyone. For example, negotiations can happen in sales and legal proceedings, but also in cases like marriage, divorce etc. And then there are people who have made negotiation their profession: hostage negotiators, peace negotiators etc.

11.2 NEGOTIATION, MEDIATION AND ARBITRATION

Negotiation is the process of discussing something with someone in order to resolve differences, to protect one's self-interests or to create win-win situations for all the stakeholders. When a neutral third party assists the negotiating parties

to fulfil the objectives of a negotiation, it becomes mediation. In the case of arbitration, the decision will be made by the third party and the other parties are expected to accept the decision.

11.3 BATNA AND ZOPA

The term BATNA (Best Alternative to Negotiated Agreement) was coined by Roger Fisher and William Ury (1991) who first used it in their bestseller, *Getting to Yes: Negotiating Without Giving In*. The negotiator negotiates to get a result that is better than what he can get without negotiating. If there are a range of outcomes that are possible without a negotiation, one of them should be chosen as the best among them. It is the best alternative to the negotiated agreement and is called the BATNA for the negotiation in question. Suppose you are negotiating with a potential buyer the price of a house that you want to sell. You have been offered INR 70 lakh by the other party to the negotiation, whereas your hope is that you will be able to realise INR 80 lakh for the house. If you already have an offer from someone else to buy your house for INR 75 lakh, you have the option to sell it to him if the negotiation fails. Thus selling the house to that third party for INR 75 lakh is your BATNA. Only if you are offered anything above your BATNA (INR 75 lakh) during the negotiation, it is beneficial for you. If it is less than your BATNA, you should not concede, since you can walk away from the negotiation and can still sell the house for INR 75 lakh to the other party.

Now imagine that the opposite side in the negotiation (the party who wants to buy your house) has the option to buy a similar house in the same locality for INR 78 lakh. Buying that house for INR 78 lakh is his BATNA. Only if you offer your house to him at a price that is less than INR 78 lakh is he likely to accept your offer.

You are not likely to sell below INR 75 lakh (your BATNA). The other party is not likely to buy above INR 78 lakh (his BATNA). The deal will go through if the negotiated price falls in the range INR 75 lakh to INR 78 lakh. This range is called ZOPA (Zone of Possible Agreement) or the bargaining range.

Thus, the maximum value that the negotiation can generate is INR three lakh. Both the parties will agree to split it in some proportion, if the deal goes through. For example if the deal is concluded at a selling price of INR 78 lakh, the seller gets INR three lakh, more than his BATNA, and hence the value that the negotiation generated for him is INR three lakh, whereas the buyer got the house at a price equal to his BATNA. If the deal is struck at INR 75 lakh the buyer gets the house at a price which is lower than his BATNA by INR three lakh. Thus the value for him is INR three lakh. If the deal was struck at say INR 77 lakh, there is value for both the buyer and the seller. The buyer could sell at a price which is INR two lakh higher than his BATNA and the seller got the house for a price which is INR one lakh lower than his BATNA. The bottom-line is that in all the cases, the combined value that the parties get is INR three lakh.

A ZOPA results when there is an overlap between each party's BATNA. With no overlap, a negative bargaining zone will result, and hence the negotiation is bound to fail. However, it is possible to overcome this issue by 'enlarging the

pie'. If a car seller's BATNA is INR five lakh and the buyer's BATNA is INR 4.75 lakh, a deal cannot be struck because the seller will not sell below INR five lakh and the buyer will not buy if the price is above INR 4.75 lakh. However if, during an open conversation between the parties, the seller comes to know that the prospective buyer plans to paint the car at an estimated cost of INR one lakh, to change the colour to one of his liking, and if the seller assures that he can get the prospective buyer a discount of 35% (INR 35000) at a paint shop run by the seller's relative if he pays INR 5.05 lakh for the car, the sale can easily go through; although the prospective buyer has to pay INR 5.05 lakh for the car, he will save INR 35000 by way of the discount at the paint shop, and hence the effective cost is only INR 4.70 lakh, which is in fact INR 5000 less than his BATNA of INR 4.75 lakh. At the same time, the seller receives INR 5000 more than his BATNA. Thus integrative negotiations can create win-win situations by enlarging the pie of benefits.

Check Your Progress 1

Note: i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

- 1. Define Negotiation and differentiate between Negotiation, Mediation and Arbitration.

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- 2. What are BATNA and ZOPA?

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11.4 THE PROCESS OF NEGOTIATION

According to Robins and Judge(2019), the negotiations process is made up of five steps: (1) preparation and planning (2) definition of ground rules (3) clarification and justification (4) bargaining and problem solving, and (5) closure and implementation.

- a) During the preparation and planning stage, the negotiator makes it clear to himself what he is negotiating for and why. Although this sounds too obvious, this is an absolute necessity without which the negotiation can go astray. He needs to identify his 'main' goals and should, if possible, figure out the main goals of the other party as well. An understanding of why this negotiation has become necessary in the first place will let him understand

what is the likely position that will be taken by the other party and what are the concessions that he can get from him. The negotiator should also ascertain what his BATNA is, and what the possible BATNA of the other party is.

If you have a strong BATNA, and if the opposite side's BATNA is weak, you will normally get an upper hand during the negotiation. There is difference of opinion about whether it will benefit you to reveal your BATNA to the other side during the negotiation. It is generally believed that revealing the BATNA can be advantageous if the BATNA is a strong one. Once the other party comes to know that your BATNA is strong, it is unlikely that he will make unreasonable demands. But the opposite is also true: if the other party becomes aware that your BATNA is weak and that you do not have much of a choice he will start to dictate terms during the negotiation. It follows that it will help you to know whether the other party's BATNA is strong or weak (although it is not easy to know it precisely).

Collecting data about the other party (including information about his BATNA) can be of great help in strategising for an upcoming negotiation. But it is equally important to know your alternatives, as it will decide how desperate you are while going into the negotiation. More often than not, perceptions come into play while trying to ascertain what one's BATNA is. Often a party may feel that he has a strong BATNA, when in reality it is not so strong. For example, a political party may feel that it need not concede to the demands of other parties in a coalition regarding seat-sharing, if it feels that they can win the elections even if they go it alone. In other words, they feel that their BATNA (contesting the elections alone) is a strong one and hence they may walk out of the negotiation. But the perception can often turn out to be wrong. Hence while preparing for a negotiation, it is not enough that you know your BATNA, but you should also ensure that it is a reasonably certain one.

- b) Before beginning the actual negotiation, the ground rules for the same are to be defined. It is just like setting the rules of a game before the game begins. At this stage, matters like the scope of the negotiation, what can be discussed, what cannot be discussed, who will represent the negotiating parties, what steps, if any, are to be taken if the negotiation fails, the place(venue) and time of negotiation etc. will be defined.
- c) During the 'Clarification and Justification' stage, both the parties try to justify why they have taken the stand that they have taken. They exchange information with each other to enable them to understand each other's perspectives. This will ensure transparency and will set the stage for a fruitful negotiation.
- d) The 'Bargaining and Problem Solving' stage is the most important part of the negotiation process. This is when the actual negotiation take place. Both sides bargain with each other, and during the process they make concessions as well so as to take the negotiation forward. The problem solving abilities of the negotiators come to the fore, as they try to find solutions that are acceptable to all the parties.

- e) The negotiation comes to an end in the 'Closure and Implementation' stage. The decisions that have been taken and the mutually acceptable solutions that have been devised are usually incorporated in a formal written agreement. The steps to be taken to implement the decisions are also finalised at this stage.

Rober Heller and Tim Hindle (1996) suggest the following guidelines for a successful negotiation:

1. A negotiator should be clear in his priorities and be ready to concede less important points.
2. Being flexible is a sign of strength, not weakness. One should identify issues that are open to compromise and those that are not.
3. Objectives should be realistic.
4. Key information should be collected through research in advance of the negotiation.
5. It will be prudent to pay close attention to the other party's proposal and understand its intricacies. Try to understand the agenda of the opposition, including its hidden agenda. Continue your understanding during the course of negotiation.
6. One should begin a negotiation with uncontroversial general points and stress the need for agreement.
7. One should engage only in constructive arguments.
8. Keep an eye on the body language and tone of the opposition's negotiators. One should use repetition and positive body language to stress key points.
9. It will not be advisable to concede ground unless you receive something in return.
10. To break an impasse, matters may be referred to an arbitrator to mediate.
11. Agreements finalised at a negotiation's finalisation should be recorded. One should be assertive, not aggressive while closing a deal.
12. Negotiation should be undertaken in a time-frame but should not be unnecessarily speeded up. Otherwise, important issues could be ignored. In case, negotiations are not finalised in a meeting, fix the next date. Deadlock, if any, should be resolved patiently and wisely.
13. An action plan for implementation of decisions, arrived at should be drawn in mutual consultation.
14. Schedule of updates in future should be formulated at the end of negotiation.
15. Negotiations should be conducted in an atmosphere of goodwill and respected for each other's dignity. Emotional intelligence can help the whole process of negotiations.

11.5 DIFFERENT APPROACHES TO NEGOTIATION

Negotiations can be sub-divided into Distributive negotiation and Integrative negotiation. Distributive negotiations are those in which both the parties try to get the upper hand by scoring over the other. The parties perceive that one side's gain is the other side's loss and hence they try to push the opposite side back as far as possible and to 'defeat' them. They believe that there is a pie of benefits of a fixed size that is to be shared between the parties, and all efforts are made to get as big a slice of the pie as possible. Thus distributive negotiations inevitably lead to win-lose situations.

By contrast, integrative negotiations can lead to win-win situations. The parties to an integrative negotiation believe that it is possible to 'expand the pie' and hence it is possible for each party to receive a bigger slice than what would have been possible without the negotiation. In such negotiations, one side's gain is not necessarily from the other side's loss. Integrative negotiations that are open and transparent take place in an atmosphere of trust and lead to innovative and constructive solutions that will benefit everyone.

Let us consider the example of a negotiation between the management of a company and a trade union leaders, for a proposed wage-hike. If the negotiation tends to be a distributive one, both sides will bargain hard and try to snatch as much as benefit as possible from the other side. The management will try not to allow any wage hike or to increase wages as little as possible. On the other hand, the trade unions will demand very high levels of wages. Every rupee conceded by the management will directly affect the profits of the company and hence it is in the interests of the management not to show largesse. Here one party's gain is the other's loss.

But an integrative negotiation for the same purpose will take a totally different form. During such a negotiation, all the stakeholders - the management representatives and the trade union leaders - will probably sit and discuss what the employees can do for the betterment of the company so that the resulting increase in profits can offset the additional expenses incurred for paying higher wages. This way the size of the pie gets expanded and both parties eventually benefit. Such win-win outcomes are the hallmark of integrative negotiations.

Many one-off negotiations tend to be distributive. They are transactional in nature and a long term relationship between the negotiating parties is not envisaged. Price negotiations between the seller and buyer of a house is a likely candidate for a distributive negotiation. Once the deal is closed, no more transactions are likely to take place between the two parties. Hence establishing a relationship is not at all a priority, neither for the seller nor the buyer.

Negotiations between parties who are in a relationship or who aspire for a long-term relationship are likely to be integrative. The relationship between an employer and an employee is undoubtedly a long-term one, except in the case of casual contract labourers. Neighbouring countries who come to the negotiation table would like to have a peaceful and harmonious relationship between them. Such an environment is a fertile ground for conducting an integrative negotiation.

Samuel Beckett has written in his world famous play ‘Waiting for Godot’ that “the tears of the world are a constant quantity. For each one who begins to weep somewhere else another stops. The same is true of the laugh.” This possibly is true of distributive negotiations atleast to some extent, but in integrative negotiations all the parties can afford to laugh together.

But it is not that you need to make concessions very early during an integrative negotiation. Doing so will, in fact, hamper an ideal integrative negotiation as it will prevent the parties from exploring all options to arrive at the most beneficial solution.

Traditional negotiation style tends to be more distributive than integrative. It envisages a win-lose outcome and it is not necessary that you will always end up on the winning side. And even if you win, more often than not, it results in short-term gains only, as the relationship between the parties turns sour after the bitter ‘fight’ in which all tactics (including intimidating, pressurising and lying) are used to extract as much concessions as possible. Since it is the existing pie that gets distributed in some proportion; the negotiation does not create any value.

Modern approach to negotiation focuses on value creation, long-term benefits and relationship building. Since additional value gets created, win-win solutions are possible. To achieve this, however, it is absolutely necessary that both sides figure out and appreciate the drivers (the real reasons) behind the demands/positions of the other party. Consider, for example, a case where a high performing employee of the department of which you are the head, wants to move to another department citing that he is frequently getting bored in his present role. You enter into a discussion with the employee to sort out this matter, since you know that the other department is not of strategic importance to the organisation and that the employee who is of high caliber will be under-utilised there. But the employee is adamant and insists on leaving. In a typical traditional negotiation, either you or the employee will win, which is an undesirable result. If the employee’s arguments prevail and he moves to the other department, the organisation stands to lose. If you manage to put your foot down and prevent the employee from leaving, he will become demotivated and may do more harm than good to your department. Thus, the outcome is not very enviable, whichever way the negotiation goes. But if you have a modern style of negotiation, you will engage with the employee and try to find out whether the stated reason for leaving is the actual driving force. Imagine you found out that the real reason behind the employee’s desire to leave is the fact that he is not able to get along well with his immediate supervisor. This is a matter which you can do something about. You can either attempt a rapprochement between the employee and the supervisor, or can move the employee to another team within the department. Either way, the interests of both the parties are satisfied. Such win-win solutions result from the modern approach of interests-based value creation.

11.6 SOME COMMON TACTICS

The American Management Association (AMA) has identified the following five common negotiating tactics used by some negotiators, and has advised to always be on guard against these tactics while negotiating:

Highball/Lowball: A negotiator using this tactic will start the negotiation with an extreme demand which upsets the calculations of the other party. If you think the other side is being unreasonable, you need to ask them to revise their offer.

Bogey: The negotiator will pretend that a relatively unimportant issue is very important for him. At the end, he will give upon his demand pertaining to this issue, as if he is making a great sacrifice. Knowing the other side's actual priorities can help you counter this tactic.

Snow Job: The negotiator will overwhelm you with unnecessary facts and figures causing an information overload. You will get distracted and perhaps will not fully understand what the other party is telling you. This tactic can be countered by focusing on the required information alone.

Nibble: A negotiator using the 'nibble' tactic will ask for a small concession just before the deal is about to be struck. Even if this was never discussed earlier, and even if it was never even in the scope of the discussion, you will tend to agree to the demand fearing that the negotiation during which so much effort has been expended will fail unless you concede. To avoid falling into this trap, you need to continuously remind the opposite side to discuss all matters of interest during the discussion stage itself.

Lack of Authority: Certain negotiators will not have the authority to take decision. This will allow them to avoid making on-the-spot concessions, even while extracting concessions from the other side (if they are represented by someone high up in the hierarchy). This tactic can be countered by insisting that you will negotiate only with the person who has the necessary authority.

Check Your Progress 2

- Note:** i) Use the space given below for your answers.
ii) Check your answers with those given at the end of the Unit.

1. What are the steps in a Negotiation process?

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2. List out the common tactics of Negotiation.

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11.7 CONCLUSION

Man has been negotiating since time immemorial. Probably, Kings, politicians and business people used to negotiate to resolve their differences. It involves persuading people. Everyone should be good at negotiating. Negotiation helps to reach agreements, meet one's goals and build relationships. In an organisational setting, it helps to avoid conflicts and build harmonious relationships among all stakeholders.

11.8 GLOSSARY

- BATNA** : It expansion of the BATNA is “Best Alternative to a Negotiated Agreement”. It stands for best alternative to a negotiated agreement.
- ZOPA** : Zone of Possible Agreement (ZOPA) is the range in which an agreement is satisfactory to both parties involved in the negotiation process. It is the range between each parties Reservation Values and is the overlap area that each party is willing to pay in a negotiation

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11.10 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Negotiation: Concept,
Process, and
Approaches

Check Your Progress Exercise 1

1. Your answer should include the following points:

- Negotiation is the process of resolve differences.
- Resolving the differences through the third party is called mediation.
- The decision will be made by the third party and the other parties are bound to accept the decision is called arbitration.

2. Your answer should include the following points:

- The negotiator negotiates to get a result that is better than what he can get without negotiating. If there are a range of outcomes that are possible without a negotiation, one of them should be chosen as the best among them. It is the best alternative to negotiated agreement and is called the BATNA.
- A ZOPA results when there is an overlap between each party's BATNA. With no overlap, a negative bargaining zone will result, and hence the negotiation is bound to fail. However, it is possible to overcome this issue by 'enlarging the pie'.

Check Your Progress Exercise 2

1. Your answer should include the following points:

- Preparation and planning
- Definition of ground rules
- Clarification and justification
- Bargaining and problem solving
- Closure and implementation.

2. Your answer should include the following points:

- Highball/Lowball
- Bogey
- Snow job
- Nibble
- Lack of authority

UNIT 12 CHANGE: PROCESS AND MANAGEMENT*

Structure

- 12.0 Objectives
- 12.1 Introduction
- 12.2 Forces Stimulating Change
- 12.3 Resistance to Change
- 12.4 Sources of Resistance to Change
- 12.5 Managing Change
- 12.6 Lewin's Three Step Model to Change
- 12.7 Kotter's Eight Step Plan for Implementing Change
- 12.8 Conclusion
- 12.9 Glossary
- 12.10 References
- 12.11 Answers to Check Your Progress Exercises

12.0 OBJECTIVES

After reading this Unit, you shall be able to:

- Understand what change is, and what are the factors stimulating change;
- Understand why changes get resisted;
- Figure out how to manage change; and
- Understand the methods suggested by Lewin and Kotter for implementing change.

12.1 INTRODUCTION

Change is the process of adjustment through which individuals, groups and organisations move from status quo to a better state in response to internal and external factors. Organisational change refers to the process, as well as the effect, of changing an organisation's strategies, structure, processes, operational methods, technologies and culture as a result of external or internal pressures. Change is important to managers and organisations, as organisations that are hesitant to embrace change are unlikely to survive in a competitive environment.

12.2 FORCES STIMULATING CHANGE

Economic Scenario: Changes in the macro economy often forces organisations to change. For example when the economy is in a slump, organisations have

to become lean. They have to cut down the extra layers of flab to remain in business. Many organisations change the traditional hierarchical model of organisational structures to flat ones at such junctures.

The inflation levels in the economy and the interest rate scenario also affect businesses considerably. High level of nonperforming assets (NPA) in a country's banking sector can squeeze credit availability to corporates as banks become hesitant to lend and cause organisations to respond by changing their funding structure and strategies. Layoffs, salary-cuts and freezing of wage hikes are common during the recessions.

In today's globalised world, it is not only the recession of the home country that can affect an organisation, but a recession anywhere in the world can impact organisations everywhere. Thus, it is not only the national economy but also the world economy that can cause changes in an organisation. The recession that followed the sub-prime mortgage crisis in the USA, affected organisations worldwide and caused them to change to adapt to the changing circumstances.

Consumer Demand: Demand is not a controllable factor. In the modern times, it has become almost impossible to understand the psyche of the consumer. They literally want the moon, and organisations are obliging. They know that they have to deliver the impossible, and that to satisfy their customers they have to change. Customers cannot be taken for granted anymore. As Mahatma Gandhi observed, "Customer is the king" and hence the organisations have to change in order to serve the king better.

Technology: Newer technologies are emerging almost every other day and are causing organisations to change their products, processes, distribution systems, borrowing methods and people. Many products have become obsolete (eg. pagers, video and audio cassettes, polaroid camera, floppy disks etc), processes have been automated, the internet has opened up new channels of distribution and possibilities of peer-to-peer (P2P) online lending, and last but not the least, jobs are changing. Many jobs are getting automated and are causing large scale downsizing of workforce. Artificial Intelligence (AI) is the new buzzword and the enormity of changes that will happen when the AI technology matures will be beyond even our wildest imagination.

Competition: Competition was always a driving force behind organisational change, but of late competition among businesses have become more intense. When a competitor enters the market, you do not have an option but to change. The dramatic entry of 'Reliance Jio' in the Indian tele-communications market has re-drawn the industry beyond recognition. Its rivals were forced to change their pricing strategies straightaway, without which they could have been wiped off the market, even though they were giants in their own right! It is worth remembering at this point what happened to Orkut when Facebook surfaced. Today Facebook and Google may appear invincible, but they will remain invincible only as long as they constantly prepare themselves to ward off the threats from competitors who will be getting ready in some part of the world to take them on.

Change in Workforce: The demographics and the expectations of the workforce have changed over the years. Collective bargaining is becoming a thing of

the past in many countries in many industries. Trade unions are losing their relevance. However, HR matters are not getting any easier. Today's worker is individualistic, and it is not easy to satisfy and motivate him. He is looking much beyond the salary that he is being paid. He wants recognition and meaningful work and wants to explore newer avenues. Organisations need to be on their toes and introduce changes, if required, to keep pace with the changing aspirations of employees.

Changes in Regulations: Organisations have no option but to change with the changes in rules and regulations of a country. The changes in regulations can be related to a wide variety of matters like labour laws, environmental issues, tax provisions, emission standards, antitrust laws, privacy etc. For example, the historic Supreme Court verdict on Aadhaar related matters has dealt a blow to the business model of private companies who were doing online-authentication using Aadhaar. Although the implications of the verdict are not yet clear, such companies will do well to consider changing their business model if required.

A dynamic management welcomes change initiatives from all sources – internal or external, and lower, middle or higher levels. Managers should respond positively to changes warranted by external forces and even encourage their staff to suggest ideas for organisational transformation.

A favourable climate for change makes an organisation increasingly competitive and strong. One should not wait for a crisis to introduce technological, structural or behavioural changes, in fact, change should be integral to organisational dynamics. Change-oriented personnel and change-centric practices can help raise the vitality of an organisation. Even customers should be invited to suggest organisational changes in various forms. Awareness sessions for customers and training sessions for the personnel can render crucial help in giving vitality to the change process.

12.3 RESISTANCE TO CHANGE

Paul R. Lawrence wrote in a 1969 issue of Harvard Business Review that one of the most baffling and problems which business executives face is employee resistance to change. The resistance can take many forms, and it may be covert or overt. According to Robins and Judge, even when employees are shown data from which it is crystal clear that they have to change, they try to seek out data that suggests that they are fine the way they are and that they need not change.

Overt resistances that gets manifested as soon as a change is introduced might appear very irritating to the introducer of the change, but the fact is that it is comparatively easier to deal with such resistances. Direct resistances to a change (or a proposed change) can be in the form of voicing of complaints and announcing a strike immediately after a change is introduced or proposed etc. In such cases, it becomes immediately evident that someone (the parties who are resisting the change) has become aggrieved due to the introduction of the change. The organisation often does not get this benefit in the case of covert attempts to resist the change, as they are very subtle. Such resistances may be in the form of loss of interest in doing the job, reduced motivation, low levels of Organisational Citizenship Behaviour, decrease in commitment to the organisation, increase in absenteeism citing flimsy reasons, intentions to quit,

badmouthing about the organisation to outsiders etc. These behaviours can go unnoticed for long (and often forever) thereby silently killing the organisation. They act like slow poison.

Reducing 'in-role' performance as a mark of protest against a change is difficult, as it is likely that the employees will get punished for the behaviour, in one form or the other. Hence they tend to reduce their extra-role behaviour (those behaviors which are not part of the formal job requirements). Extra-role behaviours are not (and often cannot be) prescribed in advance for a given job, but they are required for the smooth functioning of any social system, including an organisation. Examples of such behaviours are helping co-workers with a work-related issue, conserving the resources of the organisation, going that 'extra mile' for the organisation etc. Reducing such behaviour (often subconsciously and without malicious intent) as a response to change will go unpunished, but will certainly cause harm to the organisation.

Another case is that of deferred reactions to a change. Here the frustrations build up over a period of time in response to a series of changes (that are connected or not) and are vented out one fine day quite unexpectedly. In such cases the organisation might not be able to see the connection between the reaction and the root cause.

Managers should be intelligent enough to identify sources of resistance to change. When no open resistance is visible, one should look for hidden resistance and address it rationally. The management should find allies who can counter the critics of the change planned. Initially, if pilot schemes are undertaken, necessary modifications in the change plan can be introduced in the initial stages. The change programme should be an outcome of a collaborative effort. This will reduce the chances and intensity of resistance.

Check Your Progress 1

- Note:** i) Use the space given below for your answers.
ii) Check your answers with those given at the end of the Unit.

1. Define Change. What are the factors that stimulate change in an organisation?

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2. What is 'resistance to change'?

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12.4 SOURCES OF RESISTANCE TO CHANGE

One of the main reasons behind employees' resistance to change is the fear of job loss. Many changes, especially those involving technological advances and/or process reengineering, have the potential to save costs for the organisation by reducing manpower requirements. However, there are two sides to every coin. What is good for the organisation need not be so for the employees.

Even in cases where the management is not considering lay-offs, employees might feel threatened if they feel that they do not have the necessary skills and expertise to perform the new tasks (the tasks that became necessary, in place of the old tasks, due to the change). This will be all the more so, in organisations where pay (full, or at least a part of it) is linked to performance.

Many employees, especially the high performing ones, would have built up considerable expertise in job related matters as a result of years of hard work and experience. It is understandable that they would not like it when their competitive advantage (over others who do not have the expertise) evaporates into thin air all of a sudden. For example, the most sought after professionals in the banking industry were accountants a few decades back. However, with the advent of computerisation and the consequent automation (or let's say semi-automation) of financial accounting, accountants have become somewhat redundant in the branch banking. General ledgers, balance sheets, profit and loss statements etc are now available at the click of a button. It is not that accounting skills have become completely unnecessary in the banking sector. Banks do need accounting experts at the corporate level for a variety of purposes. However, a majority of bank employees are deployed at the branch level, and at that level, banks now need more operational level people and sales persons rather than intellectuals. These days, it is a given, and everyone has to come to terms with it. But it was not so in the eighties. There was stiff resistance to computerisation from trade unions in the banking, insurance and the telecom sectors. So much so that one of the trade unions even observed 1984 as anti-computerisation year.

And the changes in the banking sector are far from over even now. The concept of 'brick and mortar' bank branches (physical spaces) might itself go for a toss when delivery channels like the internet banking and mobile banking mature and penetrate more into the masses. Moreover, there are chances of robots taking over whatever physical branches that remain. In 2016, 'Lakshmi' a banking robot made its debut in Chennai. Banking robots can not only answer generic questions but also address specific queries relating to account balances etc by connecting to the Core Banking Solutions. They speak, gesture, turn around and engage with customers in a life-like manner. It is still early days, but once the technology matures, humans will start losing banking jobs. It goes without saying that the resistance will be intense, whether or not those who are opposed to the change succeed in stalling the change.

Old habits die hard. People have the tendency to cling to old habits, even when they know that there is nothing to be gained by clinging on to it, and nothing to be lost by changing. This tendency causes resistance to change.

Changes to the Power Structure: Changes in an organisation can lead to redefining the power equations and might lead to resistance, mostly in a covert manner. An example from the banking industry would be the case of growing prominence of the Risk Management function. Approving loan applications was once the exclusive prerogative of the Credit Department. Since granting of loans is the main source of income to a bank, the Credit Department was one of the most 'glamorous' departments in banks. They performed without hindrance and without questions being asked to them. However, during the beginning of this century, Indian banks recognised the need for an independent Risk Management Department to identify, assess and mitigate risks including credit risk. All of a sudden, the Credit Department found the absolute freedom that they used to enjoy being taken away. It became necessary to obtain sign-off of the Risk Management Department before sanctioning credit facilities, especially the big ones. This method was meant as a check and balance for the credit dispensing system. However, it curtailed the operational freedom of the Credit Department. There were inevitable conflicts of interests, as the Credit Department's aim was to increase the lending business, but the Risk Management Department's objective was to maintain the quality of credit portfolio above a certain pre-defined threshold level. To ensure that, the Risk Management Department is allowed to function freely without undue interference. Most banks ensure the segregation of line of reporting of the Heads of the Credit Department and the Risk Management Department. In certain banks, the Risk Management Department Head has direct access even to the Board, so as to help him maintain his independence. All these measures have translated into reduction of power of the Credit Department which understandably is not to their liking.

Even when organisations and employees know that not all is well, they are averse to change, as they can never be completely sure that the change will not make them worse off. Change replaces certainty with uncertainty, and most people are not comfortable with uncertainty. According to 'Narcotics Anonymous', a non-profit society, there is a certain distorted security in familiar pain. It seems safer to embrace what we know than to let go of it for fear of the unknown. Although they made this statement in a very different context, it is true of organisational change as well, and resistance thereto.

12.5 MANAGING CHANGE

Change management denotes the approaches to prepare and support individuals and organisations to implement organisational change. It is a planned and systematic approach to dealing with the transition.

The following aspects will help in successfully implementing a change:

Open Communication: All the stakeholders, especially those affected most by the change, need to know why change has become necessary. Unless the reasons behind the proposed change are communicated to them by the management in a transparent manner, resistance is bound to emerge. In the absence of clear communication from the top, rumour mongers might spread false information, in a bid to stall the change.

Fairness: However hard the management may try to sweeten a deal, the fact remains that most changes are painful. There is precious little an organisation can do about it in certain cases. But the least they can do to reduce resistance is to ensure that the change implementers are being perceived as fair by those affected by the change. For example, if a pay-cut is one of the items in a change-package, it will definitely help to sooth ruffled feelings if the pay-cut is implemented across the board. On the contrary, if only a certain class of employees have to take the hit, while others remain untouched, resistance will be intense.

Participation of Stakeholders: According to Abraham Maslow, the management should assume that “everyone prefers to feel important, needed, useful, successful, proud, respected, rather than unimportant, interchangeable, anonymous, wasted, unused, expendable, disrespected”. Management can give this feeling of importance to the employees by making them part of the decision making process. In some cases, this can even improve the quality of the decision. Even if it doesn’t, it will help the management, because a person who is part of the decision making process will find it extremely difficult to oppose the change when it is implemented. This is precisely the reason why the management takes trade union leaders into confidence while trying to implement change.

Provide Training and other Incentives: This is one of the methods to ensure employees’ support for and commitment to the change. The change might necessitate acquiring of new skills or sharpening of existing skills. Providing training to the employees will help allay their fears of becoming redundant and will equip them to face the changed circumstances. Management can also consider providing incentives to the affected employees as compensation for the hardships faced. Change management teams are usually constrained by limited budgets, and hence they may not be able to dole out liberal doses of incentives, but it will help if all stakeholders are atleast partially compensated in the beginning itself. While talking about the importance of focusing on investing in the general macroeconomic environment, it is often mentioned that “a rising tide lifts all boats” to indicate that improvements in the general economy will benefit all participants in that economy. The same might be true for organisations as well. If the change process succeeds, it is not only the owners and the management that benefit, but the employees as well. However, lower level employees may not be willing to look at such a long horizon, and therein lies the importance of immediate incentive plans.

Manipulating the Facts: This is a somewhat unethical tactic employed by some managements to reduce resistance to change. They either withhold or distort vital information so as to make those affected by the change to falsely believe that the change is very attractive and to make the hardships look less troublesome. Some organisations make empty threats to coerce the employees into accepting a decision. For example, they might tell employees that those who will not cooperate with the change will be laid off, even when they do not have an intention to do so. This amounts to manipulation as they are telling a lie to further their interests.

Brute Force: Occasionally, the management’s threats are not empty. They might really mean to lay off non-cooperative employees. Such use of force has

its drawbacks, hence it is used only as the last resort, when everything else fails. In such cases, management resorts to the “You are either with us, or against us” concept, implying that those who do not accept the change and cooperate will be treated as adversaries.

12.6 LEWIN’S THREE STEP MODEL TO MANAGE CHANGE

Kurt Lewin, one of the pioneers of organisational and applied psychology, proposed that for a change to be successful, it should follow three steps: Unfreeze, change and refreeze. Unfreezing involves enabling people to let go of the status quo. It is necessary to overcome the forces of resistance and conformity. Unfreezing can be achieved through increasing the driving forces that direct behaviour away from the status quo, decreasing the restraining forces that oppose the movement from the status quo, or a judicious mix of the two strategies.

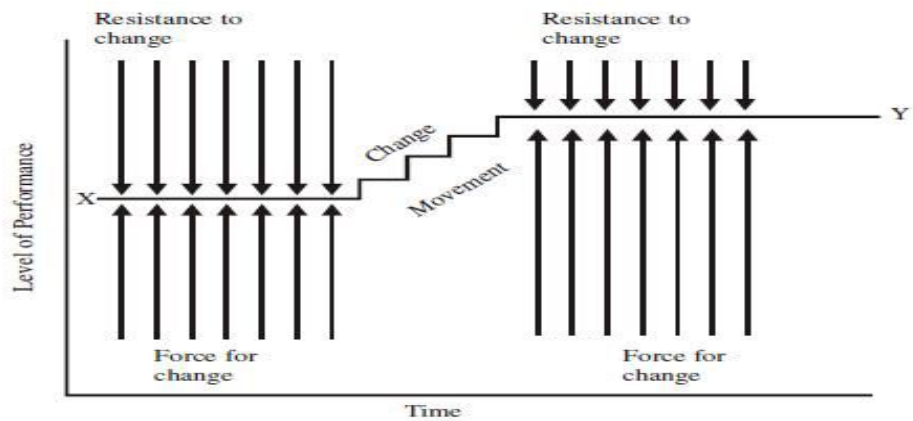


The second step is where the actual implementation of the change takes place. The change becomes real and people get exposed to the new reality. The employees learn new behaviours at this stage and start to settle down.

At the final stage of refreezing (some call it freezing), the changes are reinforced so that they become the new status quo, the new normal. If the management prematurely terminates the end-to-end change management process by ignoring the last step, it might find it difficult to sustain the change. Positive reinforcements like extra bonuses, monetary incentives etc are generally used to reinforce the new equilibrium.

Kurt Lewin developed the Force Field Analysis model to propose how the change process works. Although developed several decades back, Lewin’s Force Field Analysis model remains one of the important ways of viewing the change process. On one side of the Force Field Model are the driving forces that push organisations towards a new state. There are several driving forces like information technology, competition and demographics. Along with these external forces, there are internal driving forces also within the organisation, such as competition across divisions of the company and the leader’s need to impose his or her image on the organisation.

The other side of the Lewin’s model represents the restraining forces that try to maintain the status quo. These restraining forces are commonly called “resistance to change” because they try to block the change process. Stability occurs when the driving and restraining forces are roughly in equilibrium; that is, they are of approximately equal strength in opposite directions. Kurt Lewin suggests that efforts to bring about planned change in an organisation should approach change as a multistage process. His model of planned change that is made up of three steps— unfreezing, change, and refreezing— is shown in the following figure:



Source: Cited in Robbins & Judge, 2019.

12.7 KOTTER'S EIGHT STEP PLAN FOR IMPLEMENTING CHANGE

John Kotter (2012) analysed the common mistakes that organisations make while implementing change, and came up with eight steps for implementing change, which are listed below in a simplified form:

- 1) Establish a sense of urgency;
- 2) Form a powerful coalition of stakeholders;
- 3) Create a new vision;
- 4) Communicate the vision;
- 5) Empower to act on the vision;
- 6) Plan for, and create short-term wins;
- 7) Consolidate improvements; and
- 8) Reinforce the changes.

In the process of implementing change, honesty should be the only policy. Preparing all the stakeholders as active partners of change would need a systematic plan of training in various facets and forms. All the people in the organisation and even outside should be educated about the proposed changes and the change implementation plan should be formulated systematically and stage-wise.

Further, change-agents should be assigned responsibilities for facilitating the change process. The people responsible for and affected by change should be convinced about the likely positive consequences of change. People should feel that their respective roles are strategically important. Placing suggestion boxes in the organisation can help in obtaining appropriate feedback to the various components and stages of change.

Projects may have to be revised, reoriented or reinforced, depending on the feedback received from various stakeholders. As the organisation moves further, stretching targets can be set. Whenever objectives are revised, they

should be communicated clearly to everyone. Further, it should be ensured that every change programme continues to facilitate goal-achievement. Therefore, appraisal of change programmes should be continuous and rigorous.

Check Your Progress 2

- Note:** i) Use the space given below for your answers.
ii) Check your answers with those given at the end of the Unit.

1. Discuss Change Management.

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2. Explain Lewin’s three step model to Change Management.

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12.8 CONCLUSION

Organisations change for a number of different reasons. They often have to change their strategies, structure, culture, technology, HR practices etc. to meet their objectives and to sustain the achievement. Changes in one of these areas will often necessitate changes in the other areas. According to Peter Drucker (1963), “there is nothing quite so useless as doing with great efficiency something that should not be done at all”. Many organisations understand this, and they periodically assess and change (if required) what they are doing and how they are doing it. There are driving forces and opposing forces in relation to a change. Changes usually succeed when the driving forces are powerful and the organisation manages to temper down the opposing forces.

12.9 GLOSSARY

- Non-performing Asset** : A nonperforming asset (NPA) refers to a classification for loans or advances that are in default or are in arrears on scheduled payments of principal or interest. In most cases, debt is classified as nonperforming when loan payments have not been made for a period of 90 days.
- Artificial Intelligence** : Artificial intelligence (AI) is an area of computer science that emphasises the creation of intelligent machines that work and react like humans.

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12.11 ANSWERS TO SELF CHECK EXERCISES

Check Your Progress Exercise 1

1. Your answer should include the following points:

- Change is the process of adjustment through which individuals, groups and organisations move from status quo to a better state.
- Economic scenario
- Consumer demand
- Technology
- Competition change in workforce
- Changes in regulations

2. Your answer should include the following points:

- The resistance can take many forms, and it may be covert or overt.
- Direct resistances to a change (or a proposed change) can be in the form of voicing of complaints, announcing a strike immediately after change is introduced or proposed etc.

Check Your Progress Exercise 2

1. Your answer should include the following points:

- Change management denotes the approaches to prepare and support individuals and organisations to implement organisational change.
- Open communication
- Fairness
- Participation of stakeholders
- Provide training and other incentives
- Manipulating the facts
- Brute force

2. Your answer should include the following points:

- The first step of unfreezing can be achieved through increasing the driving forces that direct behavior away from the status quo, decreasing the restraining forces that oppose the movement from the status quo, or a judicious mix of the two strategies.
- The second step is where the actual implementation of the change takes place.
- The final stage of refreezing (some call it freezing), the changes are reinforced so that they become the new status quo, the new normal.

UNIT 13 ORGANISATIONAL CULTURE: MEANING, TYPES AND NATURE*

Structure

- 13.0 Objectives
- 13.1 Introduction
- 13.2 Organisational Culture: Meaning and definitions
- 13.3 Characteristics of Organisational Culture
- 13.4 Types of Organisational Culture
- 13.5 Maintaining Organisational Culture
- 13.6 Changing Organisational Culture
- 13.7 Learning Organisation
- 13.8 Conclusion
- 13.9 Glossary
- 13.10 References
- 13.11 Answers to Check Your Progress Exercises

13.0 OBJECTIVES

After reading this Unit, you should be able to:

- Understand the meaning, definitions and characteristics of organisational culture;
- Know the different types of organisational culture;
- Explain the steps to maintain and change organisational culture; and
- Understand the concept of learning organisation.

13.1 INTRODUCTION

In recent years, organisational behaviour has been recognised as a major dimension of organisational analysis. Research evidence indicates that various cultural values may have a significant impact on different facets of organisational management, particularly on employees' turnover and job performance.

Several factors contribute to the type of culture that is observed in large organisations and institutions. These range from depictions of relative strength to political and national issues. Organisations should strive for evolving a healthy organisational culture in order to increase productivity, growth, efficiency, and reduce counterproductive behaviour and turnover of employees. Research suggests that numerous outcomes have been associated either directly or indirectly with organisational culture. A healthy and robust organisational culture may provide various benefits. A Harvard Business School Study

(2003) reported that culture has a significant effect on an organisation's long-term economic performance. In view of growing significance of organisational culture in organisational functioning, an attempt is made in this Unit to know the meaning and definitions of organisation culture and how it can be maintained and changed in organisations. Further, an attempt is also made in this Unit to understand the concept of a learning organisation.

13.2 ORGANISATIONAL CULTURE: MEANING AND DEFINITIONS

The term 'culture' in the organisational context was first introduced by Dr. Elliott Jaques in his book, *The Changing Culture of a Factory* in 1951. In business, concepts like corporate culture and company culture are often used interchangeably. Organisational culture includes an organisation's values, norms, expectations and philosophy that guide members behaviour. According to Needle, organisational culture includes an organisation's vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits.

Ravasi and Schultz(2006) characterise organisational culture as a set of shared assumptions that guide behaviours. It is also the pattern of such collective behaviours and assumptions that are taught to new organisational members as a way to perceive, think and feel. Thus, organisational culture affects the way people and groups in organisation interact with each other, with their clients, and other stakeholders.

Edgar Schein(1985) defines organisational culture as "a pattern of basic assumptions – invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that has worked well enough to be considered valuable and, therefore, to be taught to new member as the correct way to perceive, think, and feel in relation to those problems."

Pacanowsky and O'Donnell(1982) describe organisation culture as:

- A concept created and residing in the minds of people.
- A submerged part of organisational iceberg.
- Pervasive, yet somewhat intangible phenomenon.
- The personality of organisation – its overall orientation, values, its unwritten codes and norms.
- Empirically, organisation culture cannot be identified and verified, rather only inferred, conjured and interpreted and defined.

Cambell et al. (1970) describe five characteristics which tap the essence of organisation culture:

- **Individual autonomy** – includes individual responsibility, independence, and opportunities for exercising individual initiative.
- **Structure** – degree of formalisation, centralisation, and direct supervision.
- **Reward orientation** – factors of rewards, promotion, achievement orientation, and emphasis on profits and sales.

- **Consideration** – warmth and support provided by superiors.
- **Conflict** – the degree of conflict present in interpersonal relationships between peers as well as the willingness to be honest and open about interpersonal differences.

Based on various definitions proposed by different management theorists, Schein(1992) arrives at six meanings ascribed to organisation culture viz.

- a) The dominant values which are espoused by the organisation.
- b) The philosophy that guides the decisions and policies of an organisation.
- c) Observed behavioural regularities in the interaction, language and rituals of the organisational members.
- d) The norms that evolve over a period of time in working groups.
- e) The rules of the game one must learn in order to survive and be accepted in the organisation.
- f) The feeling and climate that pervades and gets conveyed in the day-to-day functioning of the organisation.

In brief, organisational culture encompasses values and behaviours that contribute to the unique social and psychological environment of an organisation. It influences the way people interact, the context within which knowledge is created, the resistance people will have towards certain changes, and ultimately the way people share or do not share their knowledge. Organisational culture in a wider sense represents the collective values, beliefs and principles of organisational members. It is a product of factors such of history, market, technology, type of employees, management style, and national culture. Culture affects the way individuals make decisions, feel and act in response to the opportunities and threats affecting the organisation. Organisational culture is reflected in the way people perform tasks, set objectives, and administer the necessary resources to achieve goals.

13.3 CHARACTERISTICS OF ORGANISATIONAL CULTURE

The notion of organisational culture is quite complex to understand. Although there are a number of problems and disagreements associated with the conceptualisation of organisational culture, the above definitions recognise that organisation culture is a collective framework of shared norms and values that guide organisational participants' behaviour. In fact, there is research evidence to suggest that not only these cultural values are taught to newcomers, but newcomers also seek out and want to learn about their organisation's culture.

Organisational culture has the following characteristics:

1. **Observed behavioural regularities:** People working in organisation will adopt and use common language, terminology and rituals in their interactions.

2. **Norms:** Established standards of behaviour and norms related to work exist.
3. **Dominant values:** The organisation advocates major values and expects the participants to share among them.
4. **Philosophy:** The policies of the organisations determine how employees and customers are to be treated.
5. **Rules:** Strict guidelines are formulated for the admission of members of the group. New members must learn those guidelines to become full-fledged members of the group.
6. **Organisational climate:** It is related to physical layout of an organisation. It conveys an overall feeling about the interaction between members of the organisation and customers or other outsiders.

A healthy organisational culture has the following characteristics:

- Acceptance of and appreciation for diversity.
- Regard for fair treatment of each employee as well as respect for each employee's contribution to the organisation.
- Employees' pride and enthusiasm for the organisation and the work performed.
- Equal opportunity for each employee to realise their full potential within the organisation.
- Effective communication with all employees on policies and organisational issues.
- Strong organisational leaders with a clear sense of direction and purpose.
- Ability to compete in innovation, customer service as well as price.
- Lower than average turnover rates.
- Investment in learning, training and employee knowledge.

According to Ott(1989), organisation culture serves the following purposes:

1. It proves shared patterns of cognitive interpretations or perceptions, thus communicating to the organisational members how they are expected to think and behave.
2. It provides shared patterns of feelings, i.e. an emotional sense of involvement and commitment to organisational values and moral codes of things worth working for, or believing in, so that the organisational members know what they are expected to value and how they are expected to feel.
3. It defines and maintains boundaries, allowing identification of members and non-members.
4. It functions as an implicit organisational control system, prescribing and prohibiting certain behaviours.

Thus, essentially organisational culture can be seen as an integrative mechanism which serves to tie up the diversity of organisational experiences into a meaningful whole.

13.4 TYPES OF ORGANISATIONAL CULTURE

A common misconception is that an organisation has a uniform culture. According to this view, an organisational culture is a common perception held by the organisation's members. But all employees may not have common perception in the same degree. A brief analysis of different organisation cultures is made below:

i. Dominant and Subcultures

A typical organisation has a dominant culture as well as subcultures. A dominant culture is a set of core values shared by a majority of the members in an organisation. A subculture is a set of values shared by a small minority group in the organisation. Subcultures are a result of problems or experiences that are shared by members of a branch or department or unit. Most subcultures are formed to help a particular group members deal with specific day-to-day problems confronted by them. In case subcultures have a conflict with the dominant culture, organisation gets weakened.

ii. Strong and Weak Organisational Cultures

Strong culture exists in an organisation where the staff responds to the stimulus because of their alignment to organisational values. Conversely, there is weak culture where there is little alignment of the staff members with organisational values. In organisations which possess weak culture, control must be exercised through extensive procedures and the bureaucracy. Organisations which have strong and productive cultures may derive the following advantages:

- Better aligning the organisation with its vision, mission, and goals.
- High employee motivation and loyalty.
- Increased team cohesiveness among the organisation's various departments and divisions.
- Promoting consistency and encouraging coordination and control within the organisation.
- Shaping employee behaviour at work enabling the organisation to be more efficient.

iii. Adaptive and Unadaptive Cultures

According to Kotter and Heskett(1992), organisations have adaptive or unadaptive cultures. Normally, adaptive culture organisations perform much better than unadaptive culture organisations. Adaptive culture is characterised by managers paying close attention to all their constituencies, especially customers and taking risks that lead to success. On the other hand, unadaptive culture may significantly reduce an organisation's effectiveness, unabling the organisation form pursuing all its competitive / operational options.

iv. Functional and Dysfunctional Cultures

Some organisations have “functional” culture, while others have “dysfunctional cultures”. A functional culture is positive culture that contributes to an organisation’s performance and success. A dysfunctional culture, on the other hand, is one that hampers or negatively affects an organisation’s performance and success.

v. Rational Culture

Rational cultures focus on tasks and strategically planned organisation objectives/ performance, productivity and efficiency. Employees need goal-relevant competencies and skills, and they influence the organisational decision-making processes. Organisations which face competitive environment, like those dealing with consumer products, banking and financial services, often have a ‘rational culture’

vi. Developmental Cultures

Development cultures have innovative environments with futuristic orientation and emphasise growth and development of people, ideas and society. Organisations encourage people to be creative, develop multiple perspectives and to take risks in all job situations. Creative advertising firms, software organisations and research development departments are more conducive for nurturing developmental cultures.

vii. Consensual Cultures

These are highly team-oriented cultures. Their members are open, spontaneous and informal and build and maintain effective relationships. Supportive and participative leadership is required for managing this culture. Achievement of objectives in a set time limit is perceived as less important than to maintain a stable and harmonious system. Organisations such as small sized project teams, workshops, and educational institutions often have this culture.

viii. Hierarchical Cultures

This culture has a static and non-changing environment, where tasks are achieved through established rules, procedures and standard operating techniques. The leaders follow bureaucratic, cautious and rule-bound approach and exert greater power and influence. Risk-taking is not encouraged in this culture. Government organisations have this type of culture popularly known as bureaucratic culture.

Several models have been constructed to describe organisational culture. Organisational cultures vary widely from one organisation to another. Deal and Kennedy(1992) have developed one of the mostly comprehensive and widely known models of organisational culture. They define organisational culture as the way things get done around here. Besides, they created a model of culture that is based on four different types of organisations. Each focuses on how quickly the organisation receives feedback, the way members are rewarded and the level of risks taken. In simple terms, each type is characterised by a combination of two factors: the type of risks managers assume and the type of feedback that results from their decisions. These cultures are:

1. **Work-hard, play-hard culture:** This has rapid feedback /reward and low risks, resulting in stress coming from quantity of work rather than uncertainty.
2. **Tough -guy macho culture:** This has rapid feedback/ reward and high risk, resulting in stress coming from high risk and potential loss/ gain of reward. Its focus is on the present rather than the long-term future.
3. **Pressure culture:** This has slow feedback/reward and low risk, resulting in low stress, plodding work, comfort and security. In this culture, stress accrues from internal politics and flaws of the system.
4. **Bet-the-company culture:** This has slow feedback/ reward and high risk resulting in stress coming from high risk and delay, before knowing if actions have paid off.

Check Your Progress 1

Note: 1) Use the space given below for your answers.

2) Check your answers with those given at the end of the Unit.

1. Write the characteristics of organisational culture.

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2. Discuss different types of organisational cultures.

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13.5 MAINTAINING ORGANISATIONAL CULTURE

Organisational cultures can develop in a number of ways. The process usually has four steps viz:

- a) A simple person has an idea to establish a new organisation or enterprise. He is known as founder.
- b) The founder brings in other key people and form a core group. The core group shares a common vision with the founder.
- c) The founding core group initiates to act in concert to create an organisation. The group raises funds, space, building and so on.

- d) At this stage, others enter the organisation and common culture begins to evolve.

Once an organisational culture is evolved, there are a number of practices that can help to consolidate and accept the culture to maintain. Organisational cultures can maintain through steps of socialisation. The following are steps of socialisation in organisation culture:

Selection of entry level personnel: The first step is careful selection of entry level personnel by adopting standardised procedures.

Placement on the job: After the personnel are recruited, they have to be nurtured by a series of varying experiences in the organisation to move emotionally with their colleagues and contribute to group cohesiveness.

Job Mastery: The next step is mastery of one's Job. As personnel move along their career path, their performance is evaluated and additional responsibilities are assigned to them on the basis of the progress-achieved.

Measuring and rewarding performance: The next step of socialisation process consists of meticulous attention paid to measuring operational results and to rewarding individual performance.

Adherence to important values: The next step involves adherence to the organisation's important values. Identification with these values helps employees reconcile personal sacrifices made during their membership in the organisation.

Reinforcing the stories and folklore: It involves reinforcing the organisational folklore. This entails keeping alive stories that validate the organisation's culture and way of doing things. The folklore helps explain why the organisation does things in a particular way. One of the most common forms of folklore is stories with morals the organisation wants to reinforce.

Recognition and promotion: The final step is the recognition and promotion of individuals who have completed their jobs well and who can serve as role models to new people in the organisation.

13.6 CHANGING ORGANISATIONAL CULTURE

The drastic changes that occur in external environment force the organisations to change its culture, adapt to new conditions or to survive in a new environment. However, changing old cultures is very difficult. Despite significant barriers and resistance to change, cultures can be managed and changed overtime. This attempt to change culture can take different forms. There are a number of methodologies specifically dedicated to organisational culture change.

Cultural change, like social change, is a slow process. Planned cultural change requires conscious, sustained continuous efforts of all members in organisations. The following efforts need to be undertaken in an organisation to develop a new organisational culture.

Developing aligned and focused organisation is model of organisational culture. This organisation integrates its strategic initiatives to its mission,

vision, external environment, human resource systems, management practices and culture. Hence achieving this kind of organisation is a prerequisite for developing new organisational culture.

Managing the external environment is of prime importance in the model.

The organisation needs to be exposed to new information collected through surveys on specific aspects. The organisation's mission is the corner stone of day-to-day operations. It inspires commitment and enables employees to developing a performing work culture.

New leadership at the top of organisations provides reasons to change existing culture. The dominant, charismatic and visionary chief executives of organisations can act as the primary sources, transmitters and maintainers of organisational culture.

13.7 LEARNING ORGANISATION

The 'Learning Organisation' concept was coined by Peter Senge(1991) and his colleagues. Senge popularised the concept of the learning organisation through his book The Fifth Discipline. It developed as a result of the pressures facing modern organisations and enable them to remain competitive in the business environment. Advanced information technology and total quality management have almost become essential to modern organisations in order to gain entry into competition in the global market. Many authors emphasise the difficulty, or even impossibility, of defining a complete learning organisation. However, Watkins and Marsick(1992) define a learning organisation as "one that learns continuously and transform itself". According to Senge(1990), it is an organisation that is continuously expanding its capacity to solve problems more easily.

To become successful and gain a competitive advantage, organisations today and tomorrow must become learning organisations. A learning organisation has the following five characteristics:

1. **Systems thinking:** The idea developed from a body of work.
2. **Personal mastery:** The commitment by an individual to the process of learning.
3. **Mental models:** Assumptions and generalisations held by individuals and organisations.
4. **Shared vision:** It is important in motivating the staff to learn, as it creates a common identity that provides focus and energy for learning.
5. **Team learning:** It is an accumulation of individual learning. It improves problem solving capacity of the organisation through better access to knowledge and expertise.

Learning organisation has the following human oriented cultural values and characteristics:

- In an organisation, everyone can be a source of useful ideas, so personnel are given access to any information.

- Empowerment should be promoted in the entire organisational structure because the persons close to the problems usually possess the best ideas to solve them.
- Learning flows from top to bottom in organisational hierarchy. All employees benefit from this process.
- New ideas must be encouraged and rewarded.
- Mistakes in the organisation should be viewed as learning opportunities. Learning from failures is an important cultural value of employees.

Check Your Progress 2

- Note:** i) Use the space below for your answers.
ii) Check your answers with those given at the end of the Unit.

1. Explain the maintenance of organisational culture in an organisation.

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2. Briefly explain the concept of learning organisation.

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13.8 CONCLUSION

The study of organisational culture is an important dimension in organisational behaviour. Several factors can contribute to the type of culture in large scale organisations and institutions. These factors range from depictions of relative strength to political and national issues. A healthy organisational culture provides various benefits to the organisation.

The term ‘culture’ in the organisational context was first introduced by Dr. Elliott Jaques in his book, *The Changing Culture of a Factory* in 1951. Organisational culture includes an organisation’s expectations, experiences, philosophy as well as the values that guide members’ behavior. Organisational culture is quite complex to understand. A healthy organisational culture provides equal opportunity to each employee to realise their full potential within the organisation. It invests in learning, training and employee knowledge. Organisational culture is an integrative mechanism to tie up the diversity of organisational experiences into a meaningful whole.

Different types of cultures exist in organisations such as dominant and subcultures, strong and weak cultures, adaptive and unadaptive cultures,

functional and dysfunctional cultures, rational culture, developmental culture, consensual culture and hierarchical culture. Several models have been constructed to describe the multi-dimensionality of organisational culture.

Organisational cultures can develop in a number of ways. Once it is evolved, there are a number of practices that can help to consolidate and accept the culture to maintain. Organisation cultures can maintain through steps of socialisation. The changes that occur in external environment compel the organisation to change its culture. However, changing the existing culture is very difficult. There are a number of methodologies specifically dedicated to organisational cultural change. To become successful and gain a competitive advantage in the global economy, organisations today and tomorrow must become learning organisations.

13.9 GLOSSARY

Organisational Culture	:	It includes vision, values, norms, systems, symbols, language, assumptions, environment, location, beliefs and habits of an organisation.
Strong Culture	:	Staff responds to stimulus because of their total alignment with organisational values.
Weak Culture	:	Staff has little alignment with organisational values and responds very slow to stimulus.
Learning Organisation	:	Organisation go beyond merely adapting to change, instead it strive to anticipate and learn from change.

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13.11 ANSWERS TO CHECK YOUR PROGRESS EXCERCISES

Check Your Progress 1

1. Your answer should include the following points:

- Observed behavioural regularities
- Norms
- Dominant values
- Philosophy
- Rules
- Organisational climate

2. Your answer should include the following points:

- Dominant and subcultures
- Strong and weak organisational cultures
- Adaptive and unadaptive cultures
- Functional and dysfunctional cultures

**Life in Organisations
and Organisational
System**

- Rational culture
- Developmental cultures
- Consensual cultures
- Hierarchical cultures

Check Your Progress 2

1. Your answer should include the following points:

- Selection of entry level personnel
- Placement on the Job
- Job mastery
- Measuring and rewarding performance
- Adherence to important values
- Reinforcing the stories and folklore
- Recognition and promotion

2. Your answer should include the following points:

- A learning organisation learns continuously and transforms itself.
- Characteristics of learning organisations: Systems thinking; personal mastery; mental models; shared vision; and team learning.

UNIT 14 ORGANISATIONAL CHANGE AND DEVELOPMENT: CONCEPT AND TECHNIQUES*

Structure

- 14.0 Objectives
- 14.1 Introduction
- 14.2 Concepts of Organisational Change and Development
 - 14.2.1 Forces of Organisational Change
 - 14.2.2 Major types of Organisational Change
 - 14.2.3 Human response to Organisational Change
 - 14.2.4 Approaches to Change
- 14.3 Concept of Organisational Development
 - 14.3.1 Objectives of Organisational Development
- 14.4 Techniques of Organisational Development
- 14.5 Conclusion
- 14.6 Glossary
- 14.7 References
- 14.8 Answers to Check Your Progress Exercises

14.0 OBJECTIVES

After reading this Unit, you should be able to:

- Describe the concepts of organisational change and development;
- Understand the forces and types of organisational change;
- Identify the objectives of organisational development; and
- Explain the techniques of organisational development.

14.1 INTRODUCTION

Today organisations have been facing complex challenges like downsizing, diversity, knowledge and information explosion, global competition, technological innovations, total quality etc. It has resulted into the emergence of new rules, new boundaries, and new behavioural patterns in organisations. To understand these roles and awareness about behaviours and meet the challenges effectively, managers have to possess knowledge of the application of organisational behaviour.

All organisations, whether in public or private sector, work in a dynamic and changing environment. Organisations have always experienced both

*Contributed by Dr. Ch.C.Prasad, Assistant Director, Dr. B.R.Ambedkar Open University, Hyderabad.

evolutionary and incremental changes. Change within organisation refers to modification of the relationships, responsibilities, and behaviours of individuals in the organisation. In simple terms, change is a daily event in most work environments, for example, technology is constantly changing in jobs and organisations.

Change will not occur unless the need for change is felt. Organisations and individuals usually resist change; they do not accept change unless it is a must. Organisational change can be continuous or it may occur for distinct periods of time. Organisational change and development should be undertaken with the purpose of improving the whole or part of the organisation. The main goal should be to improve the work environment, train employees to adapt to the new work environment and make the organisation increasingly effective and successful. Organisational development is a dynamic technique that uses the behavioral science knowledge to cope with the change. In view of significance of organisational change and development in modern organisations, the present Unit is devoted to discuss the concept, importance and techniques of organisational change and development.

14.2 CONCEPTS OF ORGANISATIONAL CHANGE AND DEVELOPMENT

The study of organisational change and development is interdisciplinary in nature and draws from the disciplines of psychology, sociology, political science, economics and management. Organisational change implies the process of changing an organisation's strategies, process, procedures, technologies and culture as well as the effect of such changes on the organisation. Organisational change refers to the alteration of structural relationships and roles of people working in the organisation. It also refers to any transformation that occurs in total work environment. It is largely structural in nature. Organisational change calls for a change in the individual behavior of the employees, because organisations survive, grow or decay, on the basis of the changing behaviour of employees. Modern organisations are highly dynamic, versatile and adaptive to a multiplicity of changes. Organisation change may have the following three features:

- a) Change in any part of organisation disturbs the equilibrium of an organisation.
- b) Any change in organisation can affect the total organisation or its part, directly or indirectly.
- c) Change is a continuous and ongoing process in an organisation.

14.2.1 Forces of Organisational Change

There are some external and internal pressures that contribute to bringing change in an organisation. External pressures include : i) change in technology and equipment, ii) market situation, and iii) social and political changes. Technological advancements are the major cause of change. Each technological alternative results in new forms of organisation in order to meet the emergent needs. Changes in market situation like changing goals, needs and desires

of consumers, suppliers, unions etc. also make organisations to change their strategies and policies in tune with market situations. Relations between government and business or the inclusive growth and development or the drive for social equality are certain other external factors that may force the process of organisational change.

The internal pressures include: i) changes in the managerial personnel, ii) deficiencies in the existing systems of organisation, and iii) other factors. Changes in top management composition in turn may bring changes in managerial philosophies, style and skills. To compete and survive in a competitive environment, deficiencies in the existing systems such as lack of uniformity in the policies, obstacles in communication, any ambiguity etc, organisations have to be altered. Other factors like employees' desire to participate in decision-making, desire for higher wage rate, improvement in working conditions etc. also demand a change in the organisation. Stephen Rabbins summarises six forces that are acting as stimulants for change viz i) nature of the work force, ii) technology, iii) economic shocks, iv) competition, v) social trends, and vi) world politics. Klatt, Murdick and Schuster opine that each manager must be concerned with introducing four types of changes with human resource system viz.

1. Innovations by subordinates

Young managerial personnel will bring with them new sets of values that affect organisational goals and objectives. This poses new issues for managers who are committed to past values and attitudes. In progressive organisations, managers are encouraged to stimulate productive and creative thinking triggered by subordinates.

2. Changes which the manager initiate

The manager may introduce gradually changes in the existing systems of organisation. He may remove or modify some of the sub-systems, if he feels appropriate. He makes these changes with the cooperation, support and acceptance of subordinates.

3. Changes imposed by the top management

The top management of an organisation can internally impose the following changes:

- Changes in the transfers or promotions policies.
- Changes in work rules or work hours.
- A new procedure for preparing reports or reporting.
- Change from a manual procedure to an automatic process.
- Change to a new incentive system or compensation plan.

4. Changes induced by the environment

Environmental changes compel the organisations to bring changes in their managerial policies and programmes viz.

- New laws, regulations and policies formulated by the government.
- Technological advances.
- Changes in the environment competition.
- Resource crunch.
- Changing values and aspirations.

The effect of any change caused by the above factors brings changes or transformation in the formal organisation, informal organisation, roles, the attitudes of individuals and physical factors such as equipment, work process and office layout. Technological innovations produce a new organisation structure, new positions and fresh interpersonal relationships in organisations.

14.2.2 Major types of organisational change

Organisational change is a vague phenomenon unless one can think of change in terms of various types. There are different types, including the scope, pace, urgency and style of the planning for change. Different types of organisational change include :

- i. organisation-wide versus subsystem change;
- ii. transformational versus incremental change;
- iii. remedial versus developmental change; and
- iv. unplanned versus planned change.

Organisation-wide-change brings change in the entire organisational system-design, culture and overall strategies, whereas subsystem change is related to a change in a particular department or section. Transformational change is a radical and fundamental shift in the way the entire organisation operates. It is sometimes referred to as quantum change. In contrast, incremental change is making small adjustments over time to improve the performance of the organisation. Remedial change is intended to make a change in the current situation, for instance, to improve the poor performance or reduce burnout in the workplace, whereas developmental change is intended to make a successful situation even better. Unplanned change can happen when a sudden crisis occurs in the organisation, whereas planned change takes place when leaders in the organisation recognise the need for a change and proactively formulate a plan to accomplish the change.

14.2.3 Human response to organisational change

When organisations initiate change, both managers and employees react to it. The reaction to change depends on the outcomes of the change, particularly its impact on need satisfaction. Sometimes peoples' attitudes also play a significant role in determining human response to change. Generally, we can find three responses to change viz.

- i) **Resistance:** People resist a change when it is unfavorable for them.
- ii) **Indifference:** People do not react to change either positively or negatively when they feel change is nothing to do with them.

iii) **Acceptance:** People, when they perceive that the change is favourable for them, will accept the change. It is in two ways, first people accept change and adopt and second, people anticipate change and plan for it.

Organisational development is a dynamic technique using the behavioural science knowledge to cope with the change. Resistance to change can create many problems for managers like resignation of employees, increased absenteeism, employees' request for transfers, and reduction in productivity etc. Robbins(1991) has identified five reasons why individuals resist change viz. habit, security, economic factors, fear of the unknown and selective information processing. In addition, he identified six major sources of organisational resistance: structural inertia, limited focus of change, group inertia, threat to expertise, threat to established power relationships, and threat to established resource allocations.

Kotter and Schlesinger suggested the following tactics adapted by change agents in dealing with resistance to change:

- Resistance to change can be reduced through adequate education and communication to those affected by intended changes.
- Employees participation and involvement in decision making can reduce resistance, obtain commitment and increase quality.
- Facilitation and support to employees through counseling, guidance and training during the change process that overcome their fear and make them cope with change.
- Negotiation and agreement with employees act as a tactic to deal with potential resistance to change.
- Manipulation and co-optation tactics will help to reduce resistance to change and get the employees accept change. Distorting facts, holding undesirable information and creating false rumours are some of the tactics of manipulation. Co-optation implies by offering the potential workers and leaders, who resist change, a key role in the change decision.
- Coercion tactic is used by managers to force employees to accept a change decision.

We have to recognise that most changes that begin internally within the organisation have positive and progressive intentions. Further, the external forces may pressurise for changes at the workplace. Every change is responded to by the people working in the organisation. These responses may be positive or negative depending on the fact as how they affect people. One positive response to organisational change is that people work harder than before, leading to greater output. There are two negative responses of people towards organisational change viz. one is, people quit the organisation, as a result output reduces, and another is people become sullen and slow down the work leading to less output in the organisation. There is also neutral response of people towards change that is people work as hard as before, as a result of which, the output remains the same. Therefore, before introducing a change in the organisation, the manager must study and understand employees' attitudes to create a positive response. Three sets of factors—psychological, personal and social—govern the attitude

of people. Unless the behavioural patterns of the employees change, the intended change will have a little impact on the effectiveness of the organisation.

The question is, on the introduction of changes at workplace, what is their impact on the employees of the organisation? Judson(1966) suggests that three ways of adjustments must be made in every employee—in behavioural patterns, in psychological outlook and in social adaptation. Behavioural patterns must be adopted to fit new regulations, procedures and methods of operation. The psychological effect is the attitude developed by an employee towards change on the basis of his own ability to cope with its demands. The social adaptations change calls for alterations in the relationships between employees, their superiors, their subordinates and the informal groups. In addition to Judson's suggestions, change may also have an impact upon employees' job freedoms and constraints and on the new environment at the workplace. It is very interesting to observe that many managers still view adaptation to a work change as an individual problem rather than an organisational one, which the employee must sort out himself.

14.2.4 Approaches to change

There are mainly three well known approaches to managing change in organisations, namely i) Lewin's classic three step model of change process, ii) Action Research, and iii) Organisational Development (OD). We will briefly discuss these approaches:

- i) **Lewin's three-step model:** Kurt Lewin has suggested a three-phase process model for bringing change in people viz. --unfreezing, changing and refreezing. The essence of unfreezing phase is that the individual is made to realise that his beliefs, feelings and behaviour are no longer appropriate or relevant to the present situation in the organisation. Once convinced, people may change their behaviour. In the second phase, the convinced individual learns to behave in new ways. In this phase, individual is placed in a situation where new behaviour is demanded of him if he is to operate successfully. In the last refreezing phase, the individual has to practice and experiment with the new method of behaviour and see that it effectively blends with his other behavioural attitudes.
- ii) **Action Research:** Action Research provides a scientific methodology for managing planned change. It is a change process based on the systematic collection of data and then selection of a change action. The action research process consists of five steps: diagnosis, analysis, feedback, action and evaluation.

The action research provides two specific benefits. First it is problem-centered. The change agent objectively looks for problems and the type of problem determines the type of change action. Second, this research involves largely the employees in the process that minimises resistance to change.

- iii) **Organisational Development (OD):** Organisation development is a field of study that addresses change and how it affects organisations and individuals. Organisational development efforts bring about planned change

within organisations and teams. Although OD frequently includes structural and technological changes, its primary focus is on changing people, the nature and quality of their working relationships. It adopts some of the techniques for bringing about change in the organisation. The following section elaborately discusses organisational development.

Check your progress 1

- Note:** 1) Use the space given below for your answers
2) Check your answers with those given at the end of the Unit

1. Explain the meaning and forces of organisational change.

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2. Discuss different types of organisational change.

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14.3 CONCEPT OF ORGANISATIONAL DEVELOPMENT

Kurt Lewin is the founding father of organisational development (OD). It is a modern approach to the management of change and development of human resources in an organisation. It refers to a well-trained people with expertise to enhance improvement in organisations. Organisational development applies behavioural science knowledge to bring planned change within the organisation to achieve organisational effectiveness. One of the major goals of OD is to create an open environment for organisational learning. French and Bell(1999) offered a comprehensive definition of organisational development. According to them, organisational development is a long-range effort to improve an organisation’s problem-solving and renewal processes, particularly through a more effective and collaborative management of organisation culture, with special emphasis on the cultural of formal work teams, with the assistance of a change agent or catalyst and the use of the theory and technology of applied behavioural science, including action research. Burke(1997) has given a simple definition: “Organisational development is a planned process of change in an organisation’s culture through the utilisation of behavioural science technology research and theory”. After analysing the above definitions, we can summarise that the organisational development process has the following elements to manage change in an organisation:

- a) It brings planned change.
- b) It adopts the systems perspective.
- c) It designs short- and long-term plans for organisational improvement.
- d) It is intended primarily to change organisational processes rather than substantive content.
- e) It is oriented to solve problems in the organisation.
- f) It mainly focuses on human and social relationships.

14.3.1 Objectives of Organisational Development

The outcomes of organisational development efforts in an organisation are increased effectiveness, problem solving and adaptability for the future. The main goal of OD techniques is to integrate individual and organisational objectives. The following are goals of organisational development:

- a) to increase inter-personal trust and confidence among employees
- b) to increase employees' satisfaction and commitment level
- c) to confront problems instead of neglecting or ignoring them
- d) to manage organisational conflict effectively
- e) to enhance cooperation and collaboration among employees
- f) to increase organisational problem-solving.

Organisational development programmes are intended to achieve the following objectives:

- a) Making individuals in the organisation aware of the vision of the organisation
- b) Encouraging employees to solve problems instead of avoiding them
- c) Strengthening inter-personal cooperation, trust and communication for the successful achievement of organisational goals
- d) Encouraging every individual to participate in both planning and implementation
- e) Creating a congenial work atmosphere in which employees are encouraged to work
- f) Replacing formal lines of authority with personal knowledge and skills
- g) Preparing individuals to align with changes introduced in the organisation
- h) Creating an environment where employees not only accept change but also participate in change process.

In simple terms, organisational development introduces planned change by applying selected management techniques to achieve personal, group and organisational effectiveness. Robbins briefly identifies the following underlying values in most organisational development efforts:

- i) **Respect for people:** Individuals are perceived as being responsible, conscientious, and caring. They should be treated with dignity and respect.
- ii) **Trust and Support:** An effective and healthy organisation is characterised by trust, authenticity, openness and a supportive climate.
- iii) **Power equalisation:** Effective organisations deemphasise hierarchical authority and control.
- iv) **Confrontation:** Problems shouldn't be swept under the rug. They should be openly confronted.
- v) **Participation:** The more the people who are likely to be affected by change are involved in the decisions surrounding a change, the more will they be committed to implementing those decisions.

14.4 TECHNIQUES OF ORGANISATIONAL DEVELOPMENT

Following are some of the OD techniques for bringing about change in organisations:

i) Sensitivity Training

Sensitivity Training or T-groups (training groups) refers to a method of changing behaviour through unstructured group interaction. Members are brought together in a free and open environment in which participants discuss issues and study their interactive processes, loosely directed by a professional behavioral scientist.

ii) Survey Feedback

Survey feedback is a tool for assessing attitudes held by organisational members; identify discrepancies among members' perceptions, and solving these differences. Under the survey feedback approach, a questionnaire is usually completed by all members on relevant issues in the organisation and workplace.

iii) Process Consultation

In process consultation, a consultant works with organisation members to help them understand the dynamics of their working relationships in group or team situations. The consultant helps the group members to change the ways they work together and to develop the diagnostic and problem-solving skills they need for more effective problem solving.

iv) Team Building

Organisations are increasingly relying on teams to accomplish work tasks. Team building utilises high-interaction group activities to increase trust and openness among team members. This approach analyses the activities, resource allocations, and relationships of a group or team to improve its effectiveness. The team building can also address itself to clarifying each member's role on the team.

v) **Inter-group Development**

Inter-group development seeks to change the attitudes, stereotypes and perceptions that groups have of each other. This approach seeks to improve inter-group relations through a method that emphasises problem-solving.

Check your Progress: 2

Note: 1) Use the space given below for your answers.

2) Check your answers with those given at the end of the Unit.

1. Write the objectives of organisational development.

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2. Discuss the techniques of organisational development.

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14.5 CONCLUSION

Modern organisations have been facing complex challenges as a result of globalisation and working in dynamic environment. To survive in changing environment, changes have to be made within the organisation. Change within an organisation refers to modifications of the relationships and behaviour of individuals functioning in an organisation.

Organisation and individuals usually resist change; do not accept it unless it is must. Organisational change and development should be undertaken with the purpose of improving the whole or part of the organisation. The main goal should be to improve the work environment, train employees to adopt new work culture and make the organisation more effective and successful. Organisational development is a dynamic technique that uses the knowledge of behavioural sciences to cope with the change

There are different types of organisational change. We can generally find three responses to the change – Resistance, Indifference and Acceptance. A change agent adopts some tactics to deal with resistance to change. Unless the behavioural pattern of the employees changes, the intended change will have a little impact on the effectiveness of the organisation.

There are three main approaches to managing change in organisation namely, Lewin’s classic three-step model, Action Research and Organisational

Development (OD). Organisational development is a modern approach to the management of change and development of human resources in an organisation. It adopts some of the interventions/techniques like sensitivity training, survey feedback, process consultation, team building, inter-group development etc. for bringing change in the organisation in order to survive in a dynamic environment.

14.6 GLOSSARY

- Change Agent** : The individual leading or guiding the process of change in an organisational context.
- Sensitivity Training** : A personal growth technique that emphasises increased sensitivity in interpersonal relationships.
- Action Research** : The methods through which agents learn what improvements are needed and how the organisation can best be aided in making such improvements.
- Refreezing** : Transforming a new behavioural pattern into the norm through reinforcements and support mechanisms.

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14.8 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress Exercise 1

1. Your answer should include the following points:

- Organisational change refers to the alteration of structural relationships and roles of people working in the organisation.
- It also refers to any alteration that occurs in total work environment.
- External Forces: change in technology and equipment; market situation; and social and political changes.
- Internal Forces: changes in the managerial personnel; deficiencies in existing systems of organisation; and other factors.

2. Your answer should include the following points:

- Organisation-wide versus subsystem change.
- Transformational versus incremental change.
- Remedial versus developmental change; and unplanned versus planned change.

Check Your Progress Exercise 2

1. Your answer should include the following points:

- Increase the inter-personal trust and confidence among employees.
- Increase employees' satisfaction and commitment level.
- Confront problems instead of neglecting or ignoring them.
- Manage organisational conflict effectively.
- Enhance cooperation and collaboration among employees.
- Increase organisational problem-solving.

2. Your answer should include the following points:

- Sensitivity Training
- Survey Feedback
- Process Consultation
- Team Building
- Inter-group Development

UNIT 15 STRESS MANAGEMENT: NATURE, CONSEQUENCES AND MANAGEMENT*

Structure

- 15.0 Objectives
- 15.1 Introduction
- 15.2 Nature of Stress
- 15.3 Sources of Stress
- 15.4 Consequences of Stress
- 15.5 Managing Stress
- 15.6 Conclusion
- 15.7 Glossary
- 15.8 References
- 15.9 Answers to Check Your Progress Exercises

15.0 OBJECTIVES

After reading this Unit, the student should be able to:

- Understand the meaning and nature of stress management;
- Describe potential sources of stress and its consequences;
- Discuss individual and organisational approaches toward managing stress; and
- Discuss the Karmayoga approach to reduce stress.

15.1 INTRODUCTION

With the emergence of human resource policies and practices, the dimension of stress management has shot into prominence. Earlier studies on stress were initiated by Walter Cannon and Hans Selye who used animal studies as the basis for work-related stress (Cannon, 1939 & Selye, 1956). Their main thrust was to assess and measure the physiological responses of animals to external influences such as weather conditions including heat and cold, prolonged stay and surgical procedures. Their continued observations over a long period of time became the basis of the study of stress in human beings. Selye in his book *The Stress of Life* (1956), for example, observed that stress in human beings is the result of distinct life stressors. More traditionally, stress is associated with certain uncertainties that are experienced by an individual in his life and work. Its causes can be attributed to factors like failures, disappointments, humiliations etc. Recent evidence suggests that external factors do not have much role to play in causing stress in humans, instead their effect is the outcome of the perceptions and emotional feelings of the individuals.

*Contributed by Dr. R.K.Sapru, Professor of Public Administration (Retired), Panjab University, Chandigarh.

Meaning of Stress

In simple words, stress is a pressure or tension resulting from internal or external compulsion. It is something which causes mental tension or strain. Oxford Dictionary of English (Indian edition) defines stress as “a state of mental or emotional strain or tension resulting from adverse or demanding circumstances.”

Robbins, Judge and Sanghiteine view stress as a “dynamic condition in which an individual is confronted with an opportunity, demand, or resource related to what the individual desires and for which the outcome is perceived to be both uncertain and important” (Robbins, et.al., 2007). This indeed is a complicated definition.

According to Ivancevich and Matterson (1986), “Stress is the interaction of the individual with the environment. It is an adaptive response, mediated by individual differences and/or psychological process; that is a consequence of any external (environmental) action, situation or event that places excessive psychological and/or physical demands upon a person”.

Besides affecting work efficiency, stress can lead to physical discomfort, emotional strain, and relationship conflicts. Needless to emphasise, employees who are experiencing a high level of stress may become victims of depression and accidents. But so long as one works in a detached spirit, one’s mental balance is not disturbed.

15.2 NATURE OF STRESS

Some important aspects of the nature of stress are briefly discussed here.

1. Positive and negative aspects of stress

Working people in organisations (public as well as private) have different ways of reacting to stress. In one situation, stress (not excessive) may be a motivating factor for an employee. Although stress is analysed in terms of negative consequences, it has also some positive role to play in human life. Thus, stress can work as a healthy motivator.

Stress is an opportunity when it offers potential gain. Many professionals often see stress as a positive influence to rise to the occasion and perform at their best. They see the pressures of heavy workload as positive challenge that enhances the quality of their work and the satisfaction they get from their job. However, excessive and prolonged pressure and demands that exceed the employee’s perceived resources, capabilities and skills to cope should not be understood as a ‘healthy pressure’ or ‘good stress’ but rather as negative stress.

2. Linkages of stress with demands and resources

The second stress is associated with demands and resources. Demands are expressed as pressing requirements, pressures or even uncertainties that individual employees encounter in the workplaces. For example, the demand of working beyond the permissible hours, causes stress.

On the other hand, resources are means that are employed as devices for resolving the demands. When demands are not met, because of certain constraints, stress

builds up. For example an employee faces pressure of strain or tension when he undergoes annual performance review of his work or job, even though this may be good enough to get him a promotion or a higher responsibility. An extremely poor review might even result in dismissal of the person from the service. There must be uncertainty over the outcome (result). It is mentioned here that level of stress varies from one employee to another. However, unselfish performance of actions does not cause stress.

3. *Stress as an additive phenomenon*

Third, stress is regarded as an additive phenomenon (Selye, 1956). Stress builds up when each new and persistent stressor adds to an individual's stress level. So a single stressor may be relatively unimportant, but if it is added to an already high level of stress, it can cause severe tension. When we desire to analyse the total amount of stress an individual is under, we have to sum up his opportunity stresses, constraint stresses, and demand stresses. In this way, when stressors are reviewed individually stress is found to be an additive phenomenon.

15.3 SOURCES OF STRESS

What are the factors that act as potential sources of stress? In other words, we have to analyse sources that create stress for employees in the organisation. There are three categories of potential stressors: environmental, organisational, and personal. In addition to these three sets of factors, we have to understand as to what causes stress for an individual. When stress is experienced by an individual, its symptoms can appear as physiological and behavioural outcomes.

Environmental factors

There is a growing consensus that stress is caused by a dynamic interaction between the employees and their environment, and is often triggered by a variety of uncertainties. In other words, environmental factors have an important role to play in causing stress. It should be noted that all organisations (public as well as private) today confront a dynamic and changing environment. This forces these organisations to adapt or face closure problem. Economic crises (eg. stock market collapse) create economic uncertainties and shocks. When the economy is contracting, for example, people become increasingly anxious about their job security.

Likewise, political uncertainty tends to create stress among Indians working in foreign countries like the United States and Australia. Terrorism is an increasing source of environmental-induced stress in the twenty-first century. The events of 9/11 and subsequent colour-coded terror alerts have increased stress for persons working in skyscrapers. Attending large public events have heightened concerns about security in the United States.

Technological change is another environmental factor that can induce stress. With the use of mobile phones and computers, business competition has also comparatively increased considerably. However, it is realised that technological changes and innovations are a threat to several employees and cause them stress.

Organisational factors

Certain organisational factors contribute to an increase in job stress; some of these are : pressures to finish the work in a short period, increase in workload, and a demanding and insensitive boss. Individuals with more challenging jobs have less anxiety, depression and physical illness than those with less challenging jobs. Role conflict and ambiguity over job expectations also cause work-related stress. A classic structural source of stress is when the unity of command is broken and employees have to interact and deal with more than one head. Other organisational factors that cause employee stress include excessive rules and regulations, ambiguous communication and unpleasant working conditions such as extreme temperatures, poor lighting, or lack of toilet and water facilities. In addition, interpersonal demands cause unnecessary pressures by other working individuals. Such role conflicts may give rise to expectations that could be very difficult to satisfy. Further, poor social support from friends and colleagues add to stress, particularly among employees who are prone to high blood pressure.

Personal factors

Personal factors also create stress for employees. This category includes factors related to an employee’s personal life. Typically, these factors pertain to family disputes, personal, social and economic problems, personality distinctions, etc. Stress symptoms in this personal category show that individuals hold family and personal relationships exceptionally dear.

Since employees share their personal problems at the workplace, a complete understating of employee stress needs consideration of these personal issues. Some employees are economically poor and have wants that exceed their financial resources. Thus lack of financial resources is a big problem and acts as a stimulating factor for generating mental stress of the employees.

Personal factors that cause stress are lack of sleep, poor eating habits and inadequate physical exercises. Day to day challenges such as managing peer pressure, high cost of health treatment and failed relationships also force persons to remain stressed.

Check your progress 1

Note: 1) Use the space given below for your answers.

2) Check your answers with those given at the end of the Unit.

1. Explain the meaning and nature of stress.

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2. Discuss the sources of the stress.

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15.4 CONSEQUENCES OF STRESS

Since the 1980s, stress has been widely recognised as one of most problematic health problems. What symptoms indicate that an employee is experiencing a high level of stress? It should be noted that stress is highly individualistic phenomenon in nature. Some individuals have enough energy to tolerate stress and thrive in the face of life stressors. Certain employees do not do well in their job unless they experience the challenge of stress.

An employee who is experiencing a high level of stress may become depressed, accident prone, or argumentative. He has great difficulty in making routine decisions. Globally, stress and depression are the top causes of illness and disability. Stress symptoms can be grouped under three general categories: physiological, psychological, and behavioural (Schuler, 1980).

Physiological indications

Early research on human stress became a concern of health specialists. This research led to the conclusion that there is a link between physiological symptoms and stress. The evidence suggests that stress could lead to heart attacks, high blood pressure and changes in metabolism. But there was no clarity as to the linkage between stress and particular physiological symptoms. Traditionally, researchers concluded that there were few, if any, consistent relationship (Beehr & Newman, 1978) between them. This is attributed to the complexity of the symptoms and the difficulty of objectively measuring them. However, evidence in some studies suggests that stress may have harmful physiological effects.

Psychological indications

Psychological symptoms are of greater significance and can cause dissatisfaction and dismay. Job-related stress is a major contemporary challenge affecting occupational health and safety. Job dissatisfaction, in fact, is “the simplest and most obvious psychological effect” of stress (Beehr & Newman, 1978). Here it may be added that stress has other psychological symptoms which include tension, strain, anxiety, worry, nervousness, etc. Evidence also suggests that when employees are asked to do jobs in which there is role ambiguity, stress and discontent increase.

Behavioural symptoms

Much of the present-day concern with stress has been directed at behavioural symptoms. Behaviour-related stress shows also in a number of ways. Stress symptoms or outcomes in this category include changes in productivity and turnover, changes in eating habits, increased smoking or consumption of alcohol, rapid speech and sleep disorders (Cropanzano, Rupp & Byran, 2003). Research on stress-performance relationship suggests that some stress is necessary for optimal performance, but too much stress can have negative consequences, including lower performance.

15.5 MANAGING STRESS

Many approaches and techniques have been developed and applied in the domain of stress analysis. More recently, research has been conducted on the prevention of stress and its management. A number of self-help approaches to stress-prevention and resilience-building have been developed, drawing mainly on the theory and practice of cognitive-behavioural therapy (Robertson, 2012).

Meaning of stress management and its approaches

Before we discuss the approaches that deal with the managerial aspects of stress, the term ‘stress management’ requires a definition. It is defined as “a wide spectrum of techniques and psychotherapies aimed at controlling a person’s level of stress, especially chronic stress,” usually for the purpose of improving everyday functioning (from Wikipedia). This definition is quite comprehensive and includes negative as well as positive consequences of stress. In the terminology advocated by Hans Selye, ‘eustress’, is a stress whose consequences are helpful. Stress management and prevention must involve the development of strategies that comprehensively address the antecedents of work stress (psychological and organisational hazards) and their effects on employee health.

With a view to developing an effective stress management strategy, it is necessary first to identify the factors that are vital to a person controlling his stress, and to identify the intervention techniques which effectively target these factors. Lazarus and Folkman’s explanation of stress focuses on the transaction between people and their external environment known as the ‘Transactional Model’. This model maintains that stress may not act as stressor if a person does not see the stressor as a threat but rather as a positive or challenge stress. However, the stress effect is reversed once stress is handled properly.

There are a few approaches that a manager or administrator can consider with a view to reducing stress levels.

Individual approaches

Individual approaches to addressing job stress have been influenced by J.E. Newman and T.A. Beeh. Under these approaches, an employee can resort to individual strategies that have proven effective. These, among others, comprise time management techniques, increasing physical exercises and the social support network.

Under the individual approaches, time management techniques are of considerable importance. In this context, an understating and use of basic time management principles can help individuals overcome anxiety and strain. Some important time-management maxims are: “(i) making daily lists of activities to be accomplished; (ii) prioritising activities as per importance and urgency; (iii) scheduling activities according to the priorities set; and (iv) knowing one’s daily cycle and handling the most demanding parts of job during the high part of cycle when one is most alert and productive” (Tracy, 2004).

Physical exercises also, to a large extent, reduce stress levels. Exercises such as running, walking, jogging, swimming, and riding a bicycle have long been resorted to and suggested by physicians as ways to deal with strain and stress.

Personal tension that causes stress can be reduced through methods such as meditation and pranayama. The point is to gain a state of deep relaxation in which one feels physically and mentally detached from the immediate environment. Deep relaxation for 15 to 20 minutes a day releases tension and produces in man a sense of detachment. Focussed, rhythmic monosyllabic vibrations, when internalised, can augment positive energy that reduces stress.

Stress levels can also be brought down through social support network. Evidence suggests that having friends, family, or work colleagues play a catalyst role in reducing stress. As a matter of fact social support network works as a means for stress reduction. Employee counselling can also provide stress relief.

Organisational approaches

An organisation can take responsibility for reducing stress levels. Management strategies that have proven effective in this respect include improved personnel policies, specifically relating to recruitment, training and placement. Emphasis has to be given to increased employee involvement, improved organisational communication, more employee sabbaticals, establishment of corporate wellness programmes and clubs for recreation.

Effective organisational communication plays an important role in moderating the stress-response relationship. It is a means to shape employee perceptions. It reduces uncertainty by lessening role-ambiguity and role conflict.

In organisations, particularly in the private sector, certain jobs are more stressful than others, but it is found that employees differ in their response to stressful situations. In general, employees with a little experience succumb to stress conditions. It is important that personnel policies take into account recruitment and placement of individuals. With training and advanced courses, individual's capability and self-efficacy can increase and can lessen job-related stress.

Employees do better when they have specific and challenging tasks and get adequate feedback on how well they are progressing. Specific goals can reduce stress to a large extent. Further, goal feedback not only reduces uncertainties about actual work performance but also provides relief from stress. It is important that employees are given an opportunity and say in the decisions that directly affect their working. This may result in the reduction of role stress.

Enriching and redesigning jobs can afford an opportunity to the employees of owning responsibility and of giving more autonomy in job performance. Consequently, the employee gets ample control over job performance and that indirectly contributes to stress relief.

Some of the well-known organisations have started wellness programmes that focus on the employees' total physical and mental condition (Leonard, 2001). These programmes help employees abandon bad habits like smoking and alcohol use. The idea behind such programmes is that employees should take personal responsibility for their physical and mental health. Typically, these organisationally supported wellness programmes increase employee's self-efficiency and lessen job strain and stress.

Karmayoga approach

Karmayoga means unselfish performance of work. *Karmayoga* is an alternative approach to stress relief. The Bhagavad Gita emphasised the need for performing action in a spirit of detachment. When we cultivate the spirit of detachment from results of our action, stress level subsides.

The Gita advocates detachment from desires and not an abandonment of action or work. So long as we work in a detached spirit, our mental balance is not disturbed. This evenness of mind in success or failure, possessed by one who is engaged in the performance of his proper duties, would reduce levels of stress. Therefore, one should strive for yoga which is skill in action.

While doing his work, an employee will be deflected from disinterestedness if he thinks of fame or money or any such extraneous consideration. Therefore, the fruit of action should not be the motive. We must work with a perfect serenity with an indifference to results. He who acts liberated from anger, sensitiveness and attachment and passion, does not face stress than one whose action is dictated by his whims. Victory or defeat, success or failure, should not disturb the doer as there are willed by the Universal Spirit. Whatever happens, the individual should accept it without attachment or aversion. The question of employee stress does not arise when *Karmayoga* approach is followed. A similar advice is given by the famous raj rishi, Roman emperor Marcus Auerilius in his monumental work, *Meditations*.

Check your progress 2

- Note:** 1) Use the space given below for your answers.
2) Check your answers with those given at the end of the Unit.

1. Elaborate the consequences of the stress.

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2. Discuss different types of stress management.

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15.6 CONCLUSION

Employee stress is recognised as an increasing problem in public and private organisations, although job stress should not necessarily imply poor work performance. Nor can it be a certain negative influence on employee performance.

In some cases, evidence suggests that low to moderate levels of stress enables several employees to perform their jobs better by increasing their work intensity and ability to react. Experiencing challenges in employees' work can energise them psychologically and physically and encourage them to learn new skills. Feeling challenged by one's work is an important ingredient in developing and sustaining a psychologically healthy work environment. The evidence also suggests that a high level of stress, or even a moderate stress, sustained over a long period, eventually takes its toll, and causes decline in performance. As stress causes anxiety and induces physical and mental problems, it must be managed effectively.

15.7 GLOSSARY

- Stress** : A dynamic condition in which an individual is faced with pressure of physical or mental strain or tension.
- Demands** : Responsibilities, pressures, including uncertainties that persons face in the workplace.
- Wellness programmes** : Organisationally supported programmes that focus on the employees' physical and mental health.

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15.9 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress Exercise 1

1. Your answer should include the following points:

- Stress is a pressure or tension resulting from internal or external compulsion.
- Stress is something which affects the mental health of human being.
- Positive and negative aspects of stress
- Linkages of stress with demands
- Resources stress as an additive phenomenon

2. Your answer should include the following points:

- Environmental factors
- Organisational factors
- Personal factors

Check Your Progress Exercise 2

1. Your answer should include the following points:

- Physiological indications
- Psychological indications
- Behavioural symptoms

2. Your answer should include the following points:

- Individual approaches
- Organisational approaches
- Karmayoga approach

UNIT 16 MODELS: CHALLENGES AND OPPORTUNITIES*

Structure

- 16.0 Objectives
- 16.1 Introduction
- 16.2 Organisational sub-systems
- 16.3 S - R model (Stimulus - Response model)
- 16.4 R - S model (Response - Stimulus model)
- 16.5 ABC Model
- 16.6 S - O - R Model
- 16.7 S - O - B - C Model
- 16.8 System Model
- 16.9 Autocratic, Custodial, Supportive and Collegial models: Opportunities and Challenges
 - 16.9.1 Autocratic Model
 - 16.9.2 Custodial Model
 - 16.9.3 Supportive Model
 - 16.9.4 Collegial Model
- 16.10 Conclusion
- 16.11 Glossary
- 16.12 References
- 16.13 Answers to Check Your Progress Exercises

16.0 OBJECTIVES

After reading this Unit, you should be able to:

- Understand the different models of organisational behaviour; and
- Understand the challenges and opportunities associated with the models.

16.1 INTRODUCTION

Models help us understand complex things and ideas in an easy and simple manner. Organisational Behavioural models are frameworks that explain why people, individually and in groups, behave the way they do while working in an organisation. Organisational Behavioural models help to predict the actions, and reactions to stimuli, of individuals, dyads and teams in an organisational setting.

*Contributed by Dr. Lishin Moothery Joshy, Associate Professor, SCMS Cochin School of Business, Cochin.

16.2 ORGANISATIONAL SUB-SYSTEMS

An organisational system consists of three sub systems: People, Technology and Structure. The people subsystem consists of elements like individuals, dyads and groups. Individuals carry out the tasks that are necessary to attain organisational objectives. While they do so, they interact with their superiors (superior-subordinate relationship) and with other members in their workgroups. Technology subsystem provides the mechanism to convert inputs into outputs (products and/or services). Structure defines how the organisation is set up in terms of hierarchies, jobs, reporting lines etc.

16.3 S - R MODEL (STIMULUS - RESPONSE MODEL)

The S - R model is attributable to Russian psychologist, Ivan Pavlov who proposed the Classical Conditioning theory. Classical conditioning causes a response to be attached to a stimulus that did not induce the same response before conditioning. There are four key terms associated with Classical Conditioning: Unconditioned Stimulus (US), Unconditioned Response (UR), Conditioned Stimulus (CS) and Conditioned Response (CR).

Unconditioned stimulus (US) unconditionally and automatically triggers a natural response, by default. The response that gets triggered when Unconditioned Stimulus is introduced is called Unconditioned response (UR). Conditioned stimulus (CS) is initially a neutral stimulus and hence does not trigger the desired response initially, but after conditioning takes place it triggers a Conditioned Response (CR).

Pavlov noticed that the dog that he used in his experiment used to salivate when presented with food. Here, presenting food is the unconditioned stimulus and salivating is the natural response to it (the unconditioned response). This is something that need not be taught to the dog; it occurred naturally to him. Pavlov subsequently noticed that the dog associated his assistant with the food, and that it began to salivate as soon it heard the footsteps of the assistant. Pavlov instantly recognised the power of this discovery and tried to confirm it with the use of another neutral stimulus (ringing a bell). Ringing a bell can be considered a neutral stimulus in the context of this experiment, as ringing the bell, by itself, cannot induce salivation. Pavlov then made it a practice to ring the bell while feeding the dog. Over a course of time, the dog started salivating as soon as it hears the bell, even if food was not presented. This was a conditioned response. This discovery later got developed into classical conditioning theory.

The conditioned response can be made extinct as well, by breaking the association. When the bell was rung a large number of times without presenting food, the association got broken and the dog stopped salivating when the bell was sounded.

In an organisational setting, for example, motivating an employee can be used as a method to elicit a desired outcome (say, making an employee put in extra effort to attain perfection in a particular task) from him. In this case, 'motivation' is the stimulus and 'Putting in extra effort' is the response.

16.4 R - S MODEL (RESPONSE - STIMULUS MODEL)

R - S model is based on Operant conditioning theory proposed by American Psychologist, B.F. Skinner. Operant conditioning occurs through rewards and punishments for behaviour, when a person makes an association between a particular behaviour and a consequence. According to Oxford dictionary, the word 'operant' means 'involving the modification of behaviour by the reinforcing or inhibiting effect of its own consequences.' This model is based on principles of 'Hedonism', according to which, pursuit of pleasure is the most important objective of humans. It is the net pleasure (Pleasure minus Pain) that humans try to maximise. This being so, it follows that desirable behaviour can be elicited in an organisational setting by increasing 'pleasure' or reducing 'pain' as a reward for exhibiting behaviour that the organisation wants. According to Skinner, it is not only the 'cause' that matters, but the 'consequences' too. Behaviour that has pleasant consequences is likely to be exhibited over and over again. Skinner called this the 'reinforcement' of behaviour. Conversely, if the consequences are unpleasant, it is not very likely that the behaviour will be exhibited repeatedly. Thus, consequences can be a 'reinforcer' or 'punisher'. Consequences that are neither reinforcers nor punishers do not affect the likelihood of the behaviour being repeated, and are hence termed 'neutral operants'.

An example from an organisational setting would be one in which the superior rewards an employee with permission to leave the workplace one hour earlier than usual, if the products produced by him during the day is of sublime quality. This will work as an inducement for the employee to produce excellent quality products, and he is likely to strive for it every day. Thus, 'permission to leave one hour earlier' is a 'reinforcer' as it leads to repetition of desirable behaviour.

On the other hand, a superior who has the habit of allotting extra work to employees who finish their already allotted work ahead of schedule, will cause the employees to work slowly, because the employees will learn from experience that working fast has an unpleasant consequence. However, punishments can bring out desirable behaviour too. For example, if shabby work is punished with say, a reduction in perks, employees are more likely to do a decent job. In a similar manner, reduction in unpleasant consequences can also draw out desirable behaviour.

16.5 ABC MODEL

ABC model combines the features of S - R and R - S models by using three constructs, Antecedents, Behaviours and Consequences. Antecedent is that which takes place before the behaviour is exhibited. Antecedent is the action or circumstances that trigger the behaviour. Consequence is the response that follows the behaviour. As per the ABC model it is the consequences that 'maintain' the behaviour.

An antecedent (A) is a cue or a signal that stimulates an individual to perform a particular behaviour. Behaviour (B) itself is of two types, 'Reflexive' and 'Operant'. Reflexive behaviour is involuntary and it comes naturally without

the need for learning it. For example, we get startled when we hear a loud sound when we are not expecting it. Operant behaviours are voluntary and are learnt through operant conditioning. Consequences (C) immediately follow behaviour.

16.6 S - O - R MODEL

S-O-R model consists of stimulus as an independent variable, organism as mediator, and response as the dependent variable. According to Robert Woodworth, who is credited with coining the expression Stimulus-Organism-Response, the response to a stimulus depends on the emotional and mental state of the organism. Thus 'Organism' mediates the relationship between stimulus and response. Same stimulus can bring out different responses in different individuals. Similarly, same stimulus can bring out different responses even in the same individual under different mental states of the individual.

For example, in an organisational setting, since no two individuals are alike, different employees will desire different rewards. A reward, which is very much valued by one employee, may not be that desirable for another employee. Similarly, a mode of punishment which is very much dreaded by one employee may not be a frightful one for another employee. For example, an employee might be very pleased if he is given a new challenging job role with more responsibilities as a reward for performing excellently in his present job role. However, another employee who prefers routine jobs and hates to shoulder responsibilities might not only not like the reward, but may actually see it as a punishment. This, of course, is an extreme example. However, even when all employees share a common view as to whether a certain intervention is a reward or a punishment, the degree to which they desire it or despise it will invariably differ from one employee to another.

An example for differing reactions to punishment is one where an employee is transferred to an office at a distant place in the country as a means of punishment. An employee who has family commitments at the present place of posting will certainly find this punishment very disturbing, whereas a bachelor, or for that matter any employee, who is not so bound to the present place of posting, will view the punishment as just a minor irritation.

Since the way in which the reward or the punishment is perceived is different for different employees, the responses are also likely to be different. This is the core aspect of S - O -R model.

It is also likely that the same individual may respond differently to the same stimulus under different circumstances (mental/emotional state). For example, an employee who would usually value 'recognition' from his superior by way of a 'pat on the back' or a 'word of praise', may not care much on a day on which he is particularly disturbed due to some family issues.

16.7 S - O - B - C MODEL

S - O - B - C model is more comprehensive in that it incorporates factors from many other models. S stands for stimulus, O for Organism, B for Behaviour and C for Consequences. In some versions, S stands for Situation which has an

even wider scope than Stimulus. As per this model, the stimulus can be overt or covert. Similarly, even the behaviour and consequences too may be overt or covert.

Check Your Progress 1

- Note:** i) Use the space given below for your answers.
ii) Check your answers with those given at the end of the Unit.

1. Explain S-R and R-S models of the Organisational Behaviour.

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2. Discuss the features of S-O-R.

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16.8 SYSTEM MODEL

According to Ivan Pavlov, “it is clear to all that the animal organism is a highly complex system consisting of an almost infinite series of parts connected both with one another and, as a total complex, with the surrounding world, with which it is in a state of equilibrium”. It can easily be seen that the same is true with a modern day organisation as well.

According to Oxford dictionary, the word ‘system’ means “a set of things working together as parts of a mechanism or an interconnecting network”. In this sense, an Organisation can also be called a ‘system’, since it is comprised of several units (including individuals) that work together to achieve a common goal. The organisational system has several subsystems within it. The way in which the subsystems/units are organised within the Organisational system determines the ‘structure’ of the organisation. In the formal organisational system (FOS), hierarchy, specialisation and division of labour are key elements. The organisation draws its objectives and its resources from the society. Individuals form a key element within the organisational system.

In the system model, an individual employee is not viewed in isolation; the model aims at integrating all employees into the organisational structure to utilise their expertise. Thus each employee will have a well defined role to play within the system. The management has to hold together the subsystems and individuals together and ensure that each unit is working in a manner which best contributes to the formal organisational system.

16.9 AUTOCRATIC, CUSTODIAL, SUPPORTIVE AND COLLEGIAL MODELS: OPPORTUNITIES AND CHALLENGES

The four models mentioned in Keith Davis's article, 'Evolving models of Organisational Behaviour' published in 1968 in 'The Academy of Management Journal' are Autocratic model, Custodial model, Supportive model and Collegial model. While models like S - R model, S - O - R model, S - O - B - C model etc relate to micro level behaviours connected with particular stimulus and response thereto, Autocratic, Custodial, Supportive and Collegial models describe the management style/orientation employed by the organisation.

16.9.1 Autocratic Model

In the autocratic model, the managers issues commands to the employees and extracts obedience in a ruthless manner. In an autocratic set up it is easy for management to exercise control over the activities within the organisation.

Opportunities

1. Autocratic model is very useful to get routine things done, especially if the manager is a taskmaster.
2. Autocratic model does get results, although moderate.
3. It is useful under certain extreme scenarios like organisational crisis, wars etc.
4. Even under normal circumstances, autocratic model cannot be written off completely. It can co-exist with other models to deliver optimum results.
5. There is a well-established line of control. Some inexperienced workers prefer to work in an organisation that has employed the autocratic model, as ambiguities are minimum in this model.
6. Autocratic model is the best model to deal with unmotivated and lasy workers.

Challenges

1. Those who are in charge should have the power to threaten (usually implicitly) the employees with dire consequences if they do not comply with orders. In the absence of such power, the model will fail.
2. Autocratic model envisages tight control of employees and is hence disliked by employees for obvious reasons.
3. The employees tend to be obedient, but they do not respect the manager much. Hence, although they deliver (minimum) performance, they do so reluctantly.
4. Most employees dislike being micro-managed. There are many employees who are skilled and are highly motivated to work even without being directed. Such employees may lose their morale and motivation when

autocratic model is employed. Management may find it difficult to get cooperation from these employees.

5. One-way communication from superiors to subordinates is an essential feature of autocratic model. This one-way channel prevents employees from providing feedback to the management. Thus it can lead to a situation where those at the top get cut off from the ground realities in the organisation.
6. Employees are forced to obey when they do not want to obey. This can frustrate the employees, and the pent up frustrations can explode at inopportune moments costing the organisation dearly.
7. Even when the frustrations are kept under wraps by the employees for fear of being rebuked, they might try to find out ways to do harm to the supervisor/organisation stealthily.

16.9.2 Custodial Model

The custodial model emerged as an improvement over the autocratic model, given the drawbacks of the latter. Custodial model envisages dependence of employees on the organisation instead of on the manager. Under the model, the organisation provides benefits that go beyond mere sustenance.

Opportunities

1. The employees of an organisation which employs the custodial model are better off than the employees working in an autocratic organisation, and are hence more satisfied and at peace.
2. Studies have shown that those organisations which shifted from autocratic model to custodial model experienced better results like less attrition, less absenteeism, less healthcare costs etc.
3. Custodial model is an improvement upon the autocratic model. An organisation that employs the custodial model can consider it a base from which to further improve its practices.

Challenges

1. In the custodial model, the employees become somewhat satisfied with the inducements provided, but are not motivated enough to perform at the maximum potential. At best, one can expect only 'passive cooperation' from such employees.
2. Not only are the employees not motivated to improve their capacities, they do not even perform, usually, at their full capacity.
3. Organisations which do not have the economic resources at their disposal to provide benefits envisaged under Custodial model cannot employ the model.
4. Employees become too much dependent on the organisation that they could not leave the organisation even when they want to quit. This can lead to a situation where the employee continues with the employer reluctantly with less than optimum results for the organisation.

16.9.3 Supportive model

Supportive model is one in which good leadership takes the place of monetary rewards as the main motivator. It provides the employees with an environment in which their capabilities will be nurtured in the interests of the individual and the organisation. It is assumed that, given the right kind of support, employees will perform well without being micro-managed.

Opportunities

1. Supportive model envisages an organisation as a social system and the worker as the most important element in it. This understanding paves the way for better utilisation of human capabilities.
2. The supportive model views a worker as a complex personality (rather than as a simple, undemanding, easily replaceable tool) and arranges an environment to help the employees develop. This works in favour of both the employee and the organisation.
3. 'Status' and 'recognition' needs of employees working in organisations that employ supportive model will be met and hence they are likely to become more motivated to work.
4. The custodial model requires substantially more money than the autocratic model. However, by contrast, the difference between supportive model and custodial model is more in terms of culture than in terms of money required to implement the model. Hence, resources available at the organisation's disposal is not a constraint for employing supportive model.

Challenges

1. A perfect supportive model is likely to exist only in theory. It is not very easy to put theory into practice.
2. Satisfaction of self-esteem needs, which is possible in supportive model, though a sought after benefit in rich countries, may not be of much value in a developing country, as the employees in a developing nation who might be having only a hand to mouth existence, may not be concerned much about ideas like 'self esteem'.

16.9.4 Collegial model

The dictionary meaning of the word 'collegial' is 'relating to or involving shared responsibility, as among a group of colleagues'. In the collegial model everybody in the organisation work as a team. Manager is more of a coach, than a boss. It is the performance of the team that matters, not that of the individual or the coach.

Opportunities

1. Collegial model works very well in environments like that of research laboratories that are characterised by unprogrammed intellectual work.
2. The managers create an atmosphere of partnership and hence the employees feel wanted and useful. This motivates the employees to a very great extent.

3. The employees view the managers as joint contributors and not as a superior. Since they feel that there is no one to impose discipline from the top, they resort to 'self-discipline', which can do wonders on the productivity front.

Challenges

1. Collegial model can be used only where its usage is appropriate. For example, it is not suitable in an inflexible environment like that of an assembly line.
2. Managers cannot be complacent that collegial model is the best and cannot be surpassed. It is certainly not true. As insights into human behaviour gets deeper and deeper, newer and newer models will get evolved.

Check Your Progress 2

Note: i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

1. What are the opportunities and challenges associated with autocratic and custodial models?

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2. Discuss supportive and collegial models of Organisational Behaviour.

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16.10 CONCLUSION

Knowledge about S - R model, R - S model, ABC model, S - O - R model and S - O - B - C model etc help to predict and manipulate the responses of various players in an organisation to conditioned and unconditioned stimulus. It also tells us about the variables that might moderate the relationship between stimulus and response.

Knowledge about human behaviour is increasing as days pass, and hence we need newer Organisational Behaviour models to use this new knowledge. Thus, autocratic model evolved into custodial model which in turn developed to supportive model and eventually to collegial model. A model a manager believes in will guide his managerial actions within the organisation. Since his managerial actions will have a direct bearing on the well being and productivity of his subordinates, study about organisational behaviour models has tremendous practical utility as well.

It is not possible, neither desirable, to reach to a conclusion as to which the best model is. It depends on the circumstances, the type of organisation, type of task to be accomplished, current level of need-satisfaction of employees etc. The models in the order of their evolution (autocratic, custodial, supportive and collegial) closely correspond to different levels of Maslow's hierarchy of needs. Autocratic model satisfies the physiological needs of employees, while it does not provide adequate overall security. It caters to the bare minimum sustenance needs alone. Custodial model emerged in response to this shortcoming. It fulfills the security needs of employees. Supportive model goes one step further to satisfy the self-esteem needs while collegial model aims at the satisfaction of self-actualisation needs.

The fact that one model is employed, does not automatically mean that other models are shunned. Quite often, different models co-exist in the same organisation at the same time. A point worth noting is that models have evolved to become more democratic and employee friendly.

16.11 GLOSSARY

- Collegial** : This term related to relationship between employees in the organisation or people who work together. It denotes the shared responsibility in the organisational set up.
- Operant Conditioning** : Operant conditioning is a learning process through which the strength of a behavior is modified by reinforcement or punishment. It is also a procedure that is used to bring about such learning.

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16.13 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress Exercise 1

1. Your answer should include the following points:

- S-R is called as a Stimulus - Response Model.
- It is based on the Classical Conditioning Theory.
- Ivan Pavlov who proposed the Classical Conditioning theory.
- It causes a response to be attached to a stimulus that did not induce the same response before conditioning.
- R-S is called as a Response - Stimulus Model.
- This model is based on Operant conditioning theory.
- It is proposed by American Psychologist, B.F. Skinner.
- Operant conditioning occurs through rewards and punishments for behaviour, when a person makes an association between a particular behaviour and a consequence.

2. Your answer should include the following points:

- It is called as a Stimulus-Operant-Response Model.
- It consists of stimulus as an independent variable, organism as mediator, and response as the dependent variable.
- The stimulus depends on the emotional and mental state of the organism. The same stimulus can bring out different responses even in the same individual under different mental states of the individual.
- The way in which the reward or the punishment is perceived is different for different employees, the responses are also likely to be different.

Check Your Progress Exercise 2

1. Your answer should include the following points:

- Autocratic model, the managers' issues command to the employees and extracts obedience in a ruthless manner.
- Custodial model emerged as an improvement over the autocratic model, given the drawbacks of the latter.
- Challenges and opportunities of autocratic model and custodial model.

2. Your answer should include the following points:

- Supportive model is one in which good leadership takes the place of monetary rewards as the main motivator.

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System**

- It envisages an organisation as a social system and the worker as the most important element.
- It views a worker as a complex personality.
- The collegial model is related to or involving shared responsibility, as among a group of colleagues.
- In this model organisation work as a team. Manager is more of a coach, than a boss.
- It works very well in environments like that of research laboratories that are characterised by unprogrammed intellectual work.
- This model can be used only where its usage is appropriate. For example, it is not suitable in an inflexible environment like that of an assembly line.



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SUGGESTED READINGS

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 Course code Original Schedule of Exam Re-schedule of Exam

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IGNOU DIGI NEWS
 18th Dec 2019
 Dr. P. Vijayakumar from School of Agriculture was the Trainer and Assessor for the training programme. Various aspects of Food Safety with special focus on Hygienic and Sanitary procedures to be followed by Food Business Operators were covered in the training programme. IGNOU is one of the Food Safety Standards Authority of India (FSSAI) approved Training Partner.

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