

EMPLOYEE SELECTION

PRINCIPLES AND TECHNIQUES

Unit Structure :

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1.0 OBJECTIVES:

By the end of this unit you should be able to understand:

- Several issues in the recruitment process
- Several procedures in selection program
- Fair employment practices
- Techniques for conducting job and work analysis
- Basic knowledge about assessment centers

1.1 THE MAN-FORCE PLANNING PROCESS: AN INTRODUCTION

Workforce planning is a systematic process to identify the human resource requirement to meet the organization's goals. It also helps in developing the strategies to meet these requirements. It is a continuous process. It ensures that organization has the right number of people in the right jobs at the right time. It allows for a more effective and efficient use of workers. Many organizations have developed models for workforce planning. It typically includes five steps:

- 1) Identify the firm's business strategy.
- 2) Articulate the firm's talent philosophy and strategic staffing decisions.
- 3) Conduct a workforce analysis.
- 4) Develop and implement action plans.
- 5) Monitor, evaluate and revise the forecasts and action plans.

1.2 WHAT'S YOUR IDEAL JOB ?

Following are the factors that are personally important for more than 3000 job seekers (Howard, Erker, & Bruce, 2007).

Opportunities to learn and grow	78%
Interesting work	77%
Good manager/boss	75%
Organization you can be proud to work for	74%
Opportunity to advance	73%
Promise of stability/job security	70%
Creative or fun workplace culture	67%
Compatible work group/team	67%
Balance between work and personal life	65%
Opportunity for accomplishment	64%

Some factors that influence the job preference are as follows.

1. Age and Generation: Generation Y (born after 1980) is likely to prefer flexible work schedule. They like the work that allows them to express their creativity. They may prefer co-workers who make, work more fun. They also have a need to stay connected through instant messaging, games and other instant media. They are multitaskers and like to work in team. They expect immediate recognition and rewards. They expect their company to provide them latest technology for communication, higher pay and

meaningful and challenging work. They do not think that they should prove themselves initially by doing lower level routine tasks. (Balderrama, 2007; Barreto, 2007; Erickson, 2006).

2. Level of education: College graduates, high school graduates and those who do not complete high school, all have different expectations. Even graduates from different field have different expectation for e.g. an engineering student's job preference differs from a commerce student's job preference.
3. Economic conditions: When economy is down, new employees are likely to be more interested in pay and secure jobs. They may be willing to continue job even if it is not satisfactory. However, when economy is high and easy jobs are available, challenging work and growth opportunities may become preference.
4. Discrepancy between expectation and reality: Freshers generally have unrealistic job expectations. These unrealistic expectations lead to lower job satisfaction and commitment. Thus many people leave their first job.

1.3 THE RECRUITMENT PROCESS

The I-O psychologists are concern with several issues in the recruitment process:-

1.3.1 Sources of Recruiting

1. The traditional recruiting sources are:

- Online search service
- Newspapers advertisements
- Employment agencies and search services
- Placement services of professional associations
- Job fairs
- Outplacement agencies
- On college campus
- Referrals from current employees

From many years organizations have used referrals from current employees. The employees are given bonus for successful referrals. It is an easy, reliable and a low cost approach. A study at a call center found that applicants referred by high performing current employees were more likely to be accepted than those referred by low performing employees.

2. The new recruiting sources:

Web based recruitment:

It provides information about available jobs as well as information about the organization.

Advantages of recruiting websites for the organization:

1. Organization can provide large information in a cost effective way.
2. It gives the impression that the organization is sophisticated and up-to-date especially to young workers.
3. Companies can make job offers more rapidly.

Advantages of recruiting websites for job seekers:

1. Job seekers can quickly learn about the prospective employer.
2. Application cost can be reduced by online submission of an applicant form and other materials.

Studies:

A study of 48 college students indicated that students were able to learn quickly and easily about organization's culture and value from its website. For e.g. one can come to know from the website that the company emphasis on teamwork, growth, expansion, decisiveness, creativity, and/or innovation (Braddy, Meade, & kroustalis, 2006).

Another study on 814 college students found that the information and images presented by the organization on its recruitment site influenced students' intention of joining the organization (Allen, Mahto, & otondo, 2007).

Virtual job fairs: In virtual job fairs the company presents material about their organization and information about job vacancy online. Hewlett – Packard, Microsoft, and Verizon have conducted virtual job fairs. Those who attend an online job fair can communicate with the company's executive through software similar to instant messaging (Athavaley, 2007).

1.3.2 Recruiter Characteristics

Psychologists have found that college students' choice of their first job is influenced by the characteristics of recruiter. These characteristics are smiling, nodding, maintaining eye contact, showing empathy, warmth and thoughtfulness. Some studies have found that the recruiter's characteristics influenced more than the job characteristics. The applicants judged the successful recruiter (who brought more new employees to the organization) as, more personable, friendly and helpful. The recruiter's personality was more important than recruiter's status, race or gender (Chapman, Uggerslev, Carroll, Piasentin, & Jones, 2005).

Other research at on-campus placement centers found that during interview college seniors preferred recruiter to provide information about the company and answer questions rather than spending time talking about irrelevant topics.

1.3.3 On-Campus Recruiting

Less than half-corporate recruiters receive training in the interview techniques. The recruiters, who are not trained, tend to make following errors during the interview:

- 1) Form positive or negative impression about applicant's qualifications in the first few minutes.
- 2) Spend more time with applicants, they believe, are qualified and less time with applicants they reject, based on superficial judgment.
- 3) Do not follow the guideline for an interview and fail to discuss important issues with the applicant.
- 4) To find good people for their company, recruiter may present an idealized picture of their organization and the job.

Difficulties faced by the on-campus recruiters:

- 1) Finding job candidates having realistic view of the business world.
- 2) Candidates forming false image of the job and the organization.
- 3) Due to lack of experience candidates do not know what questions should be ask to the recruiter.
- 4) To make a good impression, candidates may hide attitudes and characteristics they think a recruiter might not like.

The above errors and difficulties leads to imperfect match and dissatisfaction at work if the applicant is selected as an employee for the company.

Ways to avoid misleading situations:

- 1) Greater honesty.
- 2) Recruiter and candidate need to be open about good and bad points.
- 3) Present a realistic preview of the job.

1.3.4 Realistic Job Preview (RJP):

Realistic job preview is a technique for providing information about a job to prospective employees, including information about the task and context of the work. Realistic job preview provides as accurate information as possible about the job. It can be supplied through a brochure, written script of the job, a film or video or on-the-job work sample. The purpose of realistic job preview is to familiarize

prospective (future) employees with both positive and negative aspects of the job and to reduce over expectation about the job.

Research has shown that the use of realistic job preview increases job satisfaction, job performance, organization commitment, and reduced turnover (employee leaving organization). (Ganzach, Pazy, Ohayun, & Brainin, 2002; Kammeyer-Mueller & Wanberg, 2003). It also reduces the number of applicants initially accepting the jobs. Only those who are really interested will apply and continue.

1.4 AN OVERVIEW OF THE SELECTION PROCESS

A successful selection program includes several procedures.

1.4.1 Job and Worker Analysis

The first step in selection process is to develop job analysis. Job analysis helps to find out specific skills required for the job. It also finds out the qualification of worker necessary for the job. Once these abilities are specified, the human resource manager must find methods to identify these characteristics. If the skill requirements are complex and the job is more demanding, complex selection methods will be used. (Wilk & Cappelli, 2003).

Each applicant should be evaluated on their background characteristics and aptitudes based on job and worker analysis. Specific questions can be asked. Psychological tests can be administered. Cutoff scores can be established (decided).

1.4.2 Recruitment Decisions

The next step is recruitment decisions. The recruitment can be done through print or online ads, employment agencies, referrals etc. The method that provides better selection ratio can be used. Selection ratio is the relationship between the number of people to be hired and the number of people available for hiring. Selection ratio affects the criteria set for basic requirements. If there is a shortage of applicants and if the jobs must be filled within a few weeks, the cutoff may be lowered and recruitment campaign needs to be expanded. Also higher wages need to be offered with more benefits and improved working conditions to attract and retain new employees.

1.4.3 Selection Techniques

Various techniques to identify the suitability of the applicants are: application blanks, interviews, letters of recommendation, assessment centers, and psychological, drug and physical strength tests based on the job's requirement. Combinations of these methods are used in the hiring process.

After the employees are appointed, their performance should be monitored to check the success of the selection process used. It is called predictive validity. For example, after 6 months of the appointment of a new employee, correlation between supervisor's rating of the new employee's performance and earlier selection rating should be calculated. If a good employee, who received high rating by supervisors, had scored high on selection rating and the poor employee, who received low rating by supervisors, scored just near the cut off score on selection rating, it means that the selection techniques were able to distinguish between potentially good and poor workers. The human resource department can use these criteria to select the best people for the job.

1.5 FAIR EMPLOYMENT PRACTICES

Employee selection programs must follow the regulations of the Equal Employment Opportunity Commission (EEOC), established in 1972, and the provisions of the 1964 and 1991 Civil Rights Acts. All job applicants, regardless of race, religion, gender, or nation, are guaranteed equal opportunities in seeking and maintaining employment. Discrimination in hiring is unethical, immoral and illegal. Although discrimination has reduced over the past few decades, examples of prejudice and discrimination can still be found at the workplace.

Studies:

- 1) Employers were 50% more likely to call applicant with “White-sounding names” for selection process even though the background information were the same for all applicants (Ferdman, 2003).
- 2) Hispanic employees with Spanish accent reported experiencing discrimination even in the area where more than half the population was Hispanic (Wated & Sanchez, 2006).
- 3) In the U.S. government civil service, selection panel involved people of different race and genders. They reacted more favorably to female job applicants but more negatively to Black and Hispanic applicants for high level management positions.
- 4) African-American men applicants were less likely to be hired by African-American male selectors than by female and White selectors. (Powell & Butterfield, 2002).

1.5.1 Adverse Impact on Minority Groups

When a minority group is treated badly as compare to a majority group, they are target of adverse impact in the selection process. If a company had 100 white and 100 black applicants and it hired 80 white

and only 20 black applicants, this could be challenged in court for different rejection rates for minority and majority groups. When the selection rate for a minority group is less than 80% of the selection rate of majority group, it is evidence of adverse impact. Such actions can be challenged in the court.

1.5.2 Reverse Discrimination

To meet the federal guidelines, an organization may increase the selection of minority group and deny equal opportunities to majority group; this is called as reverse discrimination. It occurred in graduate and professional schools, where some White applicant's who scored higher were denied admission and minority applicants with lower score were admitted. Equal opportunity programs can stigmatize the persons hired or promoted. Those dissatisfied employees, employers and political leaders, who believe that unqualified people are hired based on minority status, go against the Equal Opportunity Program.

1.5.3 Increasing Diversity at Work

Today most organizations, especially fortune 100 companies, show photographs of women, ethnic and racial minorities in their selection campaigns to attract a diverse workforce (applicants) and show their company's commitment to diversity. However, full acceptance of women and minority employees in many workplaces is yet to be achieved.

1.5.4 Other Targets of Discrimination

In an organization various groups can become target of discrimination.

1.5.4 (a) Discrimination Against Older Workers:

Most employers prefer young workers. But research by I-O psychologists have consistently found that compared to young workers, older workers are often

- More productive
- Have lower absenteeism and turnover rate
- Do not suffer from poorer health
- Do not lack activities
- Do not have declining mental abilities
- They are good organizational citizens
- Show less drug use, tardiness and aggression
- They are better able to control their emotions on the job (Ng & Feldman, 2008).

Still, some evaluators do performance appraisal based on age rather than actual work performance. On such occasions older workers receive negative performance evaluations.

The Age Discrimination in Employment Act of 1967 denied employment opportunities to people in the 40 to 65 year age group; however it is increased to 65 to 70 in 1978.

1.5.4 (b) Discrimination Against Workers with Disabilities

Disabled persons have the highest unemployment. Only 1/3 of all disabled people have full time jobs. The Vocational Rehabilitation Act of 1973 made it mandatory for organizations to recruit, hire and promote qualified disabled persons. The 1990 Americans with Disabilities Act (ADA) prohibits discriminating against qualified individuals with disabilities in job application, compensation, job training, and other conditions of employment. The Act requires employer to make reasonable accommodation for the disabled individuals if it does not put any undue hardship on normal business operations. For example, a cashier with lupus (a tubercular disease) was provided with stool to sit and work at a supermarket. Similarly visually impaired job applicants and employees can be provided oral or Braille instructions and furniture can be modified for people using wheelchair. By providing such special accommodation to disabled employees, other employees may believe that they have to work harder because the disabled employee is working for less.

Findings by I-O Psychologists:

- Disabled employees perform as well as or better than enabled employees.
- Companies like DuPont, 3M, McDonnell Douglas, McDonald's and Marriotte routinely hire disabled employees and employees with mild to moderate cognitive impairments.
- Less than 20% of mentally disabled have job and the kind of jobs they have are janitor, gardener, grocery store clerk etc.

1.5.4 (c) Discrimination Against Female Worker

Women still face discrimination at jobs which are traditionally considered as male job and they are still paid lesser than men for the similar kind of work.

Studies:

- Pregnant job seekers face greater overt hostility and discrimination than non-pregnant women.
- There was more hostility found when pregnant women applied for masculine job and less at traditionally feminine jobs. (Hebl, King, Glick, Singletary, & Kazama, 2007)

- More bias was found in job selection against women who were mothers. (Heilman & Okimoto, 2008)

1.5.4 (d) Discrimination Based on Sexual Orientation

No Federal Civil Rights legislation protects gay man and lesbian women from workplace discrimination. Some states include sexual orientation among the protected categories in their civil rights. Companies like AT&T, Xerox, Lockheed and Levi Strauss sponsor support groups for their gay employees. IBM and Citigroup offer standard fringe benefits to partners of employees in same - sex relationship.

Research found that gays and lesbians who believed that their work environment allows them to publicly acknowledge their sexual identity, received favorable reactions from co-workers and fair treatment from supervisor were high in job satisfaction and low in anxiety. (Griffith & Hebl, 2002).

1.5.4 (e) Discrimination Based on Physical Attractiveness

Many people believe that physical attractive persons have more desirable personal and social traits such as sociability, dominance, and are mentally healthier. Hiring decisions in companies are influence by physical attraction of the applicants. However, it has decreased over the past few decades.

Studies have found that height of an employee correlate with rating they receive on job performance, leader emergence and income (Juge & Cable, 2004). Studies have also revealed that sales person at a retail shop smiles less, gives less eye contact, is less friendly, interacts less and is less polite towards obese customers (King, Shapiro, Hebl, Singletary, & Turner, 2006).

1.6 JOB AND WORK ANALYSIS

Purpose of job and work analysis:

- To describe nature and component of the tasks.
- To provide information about tools and equipment used.
- To provide information about the operations performed.
- To identify the education and training required.
- To provide information about the wages paid.
- To provide information about unique aspects of the job.

Work analysis focus on the skills and tasks that can be transferred from one job to another. Today employee must develop various skills that can be applied to different jobs.

Uses of Job and work analysis:

- To establish a training program.
- To design job and workspace for better performance.
- To uncover safety hazards and dangerous procedures.
- To follow Equal employment opportunity program successfully.
- To justify the qualification demands during the selection process.
- To fight against discrimination charges.

Techniques for conducting Job and work analysis: Previously compiled analysis like Occupational Information Network (O*NET) is one of the techniques for conducting job and work analysis. It defines, classifies, and describes variety of occupations. It is inexpensive, friendly and is useful in other cultures too. It provides the following information for each job:

- Personal requirements: The skills and knowledge required to perform the work.
- Personal characteristics: The abilities, interests, and values needed to perform the work.
- Experience requirements: The work activities and context, including the physical, social, and organizational factors involved in the work.
- Labor market: The occupational outlook and pay scales for the work.

Other techniques for conducting job and work analysis include interviews, questionnaires, observation, activity logs and critical incidents.

1.6.1 Interviews:

Subject matter experts such as the worker, the supervisor and the trainer are interviewed. They are told about the purpose of the interview and importance of full and honest answers to the questions being asked. The questions are carefully planned and clearly worded to get maximum information about the job.

1.6.2 Questionnaire :

Two types of questionnaires are used in job analysis.

1. Unstructured Questionnaire: This is an open-ended questionnaire where the subject matter experts describe the component of job in their own words.
2. Structured Questionnaire: In structured questionnaire people are provided with description of tasks, procedures and working

conditions. They are asked to rate the item or select the items that are related to the jobs. The limitation of this method is that people can be careless in providing rating.

The Position Analysis Questionnaire (PAQ) is a widely used questionnaire. It has 194 job elements organized in 6 categories: Information input, mental processes, work output, relationships with other persons, job context and other job activities and conditions.

1.6.3 Direct Observation:

The Job analyst observes the representative sample of workers at various times throughout the workday. It helps to record if any factors such as fatigue influence the performance. The analyst remains unnoticeable so that the worker's performance is not influenced by his/her presence. The observation can be done through electronic monitoring.

1.6.4 Systematic Activity Logs:

In activity log, the workers and supervisors record details of their activities. It can provide information that is otherwise not obtainable.

1.6.5 Critical Incidents:

Critical-incidents technique helps to identify

- Unique behaviors that lead to successful job performance.
- Behaviors that distinguish good workers from poor workers.
- Behaviors that lead to desirable or undesirable consequence of job.
- Areas where retraining might be needed.

1.7 BIOGRAPHICAL INFORMATION

It is a common method of employee selection. It is used because experiences and personal traits can predict work behavior and potential for success. There are various ways to collect biographical information.

1.7.1 Application Blanks:

Some companies use paper application blank and others use application to be completed online. Home Depot, Blockbuster and Target use 'in-store kiosks'. Some companies provide a realistic job preview, short videos to show what the job is like.

Some features of the application blanks:

- Series of true - false and multiple choice questions are asked regarding personality and ethics.
- Same questions are asked again with different wordings.

- Color code scores are assign for the applicants.
- Green: Good applicants that the manager may wish to interview even before they leave the store.
- Yellow: Borderline
- Red: Poor, less likely to be selected.

A major problem in online as well as paper application blank is honestly in response is. Many organizations contact former employers to crosscheck accuracy of biographical data. However, most companies do not provide information about ex-employee's performance evaluation and just give basic information due to fear of lawsuits.

1.7.2 Bio-data Inventories :

Bio-data inventory is a more systematized, longer and seeks more detailed information compare to application blank. FBI uses 47-items bio-data inventory, which asks applicants to choose the alternatives that describe them best. They are warned to answer honestly. They are informed that not answering honestly will negatively affect their score.

Research is required to correlate background information with job success. Research has found that bio-data inventory has high predictive value. Nevertheless, faking is a problem.

To reduce faking applicants are informed that their,

- Answers will be checked.
- A scale to detect faking is built into the questionnaire.
- The scoring system will cut points for dishonest answers.

Limitations :

- It is not used extensively.
- Managers do not have the time, money or expertise to develop the inventory.
- Some people are doubtful about the research findings about the use of bio-data inventories.
- Researchers have not communicated the value of bio-data inventories effectively.
- There is a gap between research and application in I-O psychology.
- Failure in realization that although initial cost of development of inventory is high, it saves money in the long run.

1.8 INTERVIEWS

Interview is the most widely used employee selection technique. Even employers prefer it, as it provides the chance to meet the applicant before offering the job. Interview is a two-way process, which allows the company to evaluate suitability of the applicant for the job, and the applicant can check whether the company and the job are right for him or her. Research has shown that applicants have positive attitude towards interview. (Posthuma, Morgeson, & Campion, 2002)

1.8.1 Making a Good Impression

Research has shown that interviewers are influenced by subjective impression of applicants. Perceived attraction, sociability, skill at self-promotion and such personal qualities are some of the factors that influenced the hiring decisions.

Job applicants use four impression management techniques:

- Ingratiation: Applicants praise interviewer to develop liking for self, e.g. you compliment interviewers dress or agree with his/her viewpoint.
- Self-promotion: Applicants praise themselves e.g. glorifying self-accomplishment.
- Self monitoring: People observe, regulate and control self image that they display in public. They present themselves best as per the social climate around them. High self monitors tend to receive more promotion and higher performance rating than low self monitors. (Day, Schleicher, Unckless & Hiller, 2002)
- Lying: 90% of seniors reported that they faked answers in the interviews.

Four types of interview commonly used are the unstructured interview, the structured interview, the situational interview and the puzzle interview.

1.8.2 Unstructured Interview

In unstructured interview the format and questions are left to the interviewer. Thus, it is possible that two interviewers will have different opinion about the same applicant.

Limitation:

- It lacks consistency.
- The interviewer may be interested in different information about the applicants.
- The recommendation might be based on bias and prejudice.
- Predictive validity and reliability is low.

Study :

In a classic study (1929), 12 experienced sales managers independently interviewed and rated 57 applicants. There was a lack of consistency in the rating. Some who were given first rank by one interviewer were given last rank by the other.

It is important that the interviewers be trained in interviewing skills. The trained interviewers are:

- Less likely to discuss the non-job related issues.
- Bring out more valuable information from the job applicants.

1.8.3 Structured interviews

In a structured interview, the set of questions to be asked are decided before and the same questions are asked to all applicants. The process of the interview is standardized and there is less chance of interviewer's bias. The applicant's responses are recorded. It provides a more reliable basis for comparison. It is a valid predictor of job success and makes hiring decisions easy.

Although valid, it is rarely used. The reasons are as follows:

- Developing a structured interview is viewed as expensive and time consuming.
- It takes away the interviewer's freedom.
- There is a lack of communication between researchers and managers about its usefulness and research findings.

1.8.4 Situational Interviews

A situational interview is designed to measure specific job behaviors that are required for successful job performance.

Steps in preparing a situational interview:

1. Prepare a list of critical incidents that differentiate successful employees from non-successful employees.
2. The incidents are converted into questions.
3. Decide the scoring system.

Advantages :

- Once constructed, it is easy to administer and interpret.
- It is clear and directly related to job behaviors.
- It increases the motivation of the job applicants to answer accurately and completely.
- It correlates positively with measures of later job performance.
- It is more valid than a structured interview.
- It is often used to select skilled and semi-skilled workers.

1.8.5 Puzzle Interview

In puzzle interview, applicants are asked to solve puzzles. It helps to measure critical thinking, creativity, flexibility of thought and ability to reason under pressure. Companies like law firms, banks, insurance companies, airlines, advertising agencies and military uses puzzle interviews. There is little research to validate this form of interview.

1.8.6 Online Interview:

Computer software is design for an online interview. For a position, the same multiple-choice questions are asked in the same sequence to all the applicants. The advantage of an online interview is that questions on sensitive issues are easy to ask which otherwise create hesitation in a face-to-face interview. Most applicants find it comfortable and they respond to it honestly. It saves time. Personal interviews are conducted only after the applicant passes the online interview. Target, Macy's, Home Depot and other large retail chains routinely use online interviews.

1.8.7 The Interviewer's Judgments

Many factors can bias interviews judgment.

1. **Prior Information:** Some prior information such as recruiter evaluations, application blanks, online screening results, or the results of the psychological test can make interviewer develop positive or negative attitude towards the applicants.
2. **The Contrast Effect:** A person's place in interview schedule influences their chances of selection. The interviewers evaluation of the applicant may depend on their slandered of comparison. After interviewing three poor candidates, the interviewer is likely to evaluate the next candidate more positively than he/she is.
3. **Interviewers' Prejudices:** Interviewer's personal liking and disliking can influence their judgment. For e.g. man who thinks women are incapable of some jobs may evaluate female applicants negatively for the job. In a recent study using videotapes it was found that, police officers interviewing other police personnel for promotion showed racial bias. (Buckley, Jackson, Bolino, Vers, & Field, 2007). Interviewers are likely to select applicants who display some traits and they refuse to consider other abilities. It is called as halo effect. Also applicants, who share the same interest as interviewer, are more likely to get selected.

1.9 REFERENCES AND LETTERS OF RECOMMENDATION

Some time back and even currently in some organizations, employee selection programs involve getting information about applicants from people who know them for e.g. teachers, former

employers, co-workers etc. The purpose was to see others impression about the applicants. It also helps in verifying the applicant's information. But sometimes people purposely provide misleading references. The past employers prefer to be kind and give only favorable references. The current employer may want the employee to leave and so write very good letter of recommendation. Teacher write positive letter, as they know that students can read it. Many past employer do not want to provide evaluative information due to fear of lawsuits. Due to all these limitations, references are not highly used as a selection technique.

1.10 ASSESSMENT CENTERS

This is a widely used method of selection. It was also called situational testing. In the Assessment centers:

1. 6 to 12 candidates are placed in simulated job situation to evaluate their skills and ability in stressful situations.
2. A series of exercise are given over a few days.
3. The exercises are similar to the actual job problems.
4. Applicants are extensively interviewed.
5. They may also be given psychological tests such as intelligence and personality tests.
6. The most commonly used techniques are In-basket exercise and leader less group discussion.

1.10.1 The In-Basket Technique:

In this technique, applicants are provided with a basket similar to the basket or tray or computer files found on the manager's table. The basket has similar problems and questions that are generally found on manager's tray such as email messages, orders etc. Applicants have to work on it in a given time limit. A trained assessor observes how systematically each applicant handle the problems, questions and how he/she delegates the authority etc. The applicants are asked to justify their decision.

1.10.2 Leaderless Group Discussions

In this technique, applicants form a group and discuss an actual job problem. How they interact and what leadership and communications skills they display is observed. Some stressful situation is also created to see who can work well under stress. In the leaderless group discussion exercise at AT&T, a group of 6 candidates are given the role of manager and are asked to discuss on how to increase profit. Generally, one person takes leaders role. His/her

leadership qualities are assessed. Other play the role of co-manager and their cooperation skills are measured.

1.10.3 Oral presentations and Role playing

Oral presentations and role playing are used as techniques in the assessment centers. In oral presentation, the applicants are given some materials and information about some aspect of the job. They have to organize and present it to the group. In role playing the applicants act out the role of manager in simulated job situation. The applicant's behavior can be videotaped and evaluated later.

1.10.4 Predictive Validity of Assessment Centers

Researchers have found the assessment centers techniques useful in predicting job success of the entry level position, managers and executives.

Studies :

- In a study on police force in Israel high correlation between results of assessment center and training and job performance were found (Dayan, Kasten, & Fox, 2002).
- In US and Netherlands performance in assessment center correlated with job performance, job satisfaction, promotion, and salary increases (Jansen & Stroop, 2001; Waldman & Korbar, 2004).
- In Ireland, performance in assessment center predicted match between employee's personal characteristics and organization's culture (Garavan, 2007).
- In Meta analysis, performance in assessment center correlated with supervisor's ratings of on the job performance (Hermelin, Lievens, & Robertson, 2007).
- Another Meta analysis identified 4 dimensions of the candidate's ability i.e. to solve problems, to influence others, to organize and plan and to communicate effectively. This dimensions support the predictive validity of the assessment center technique. (Arthur, Day, McNelly, & Edens, 2003)
- Some research found no significant different between White and Black applicants on the assessment center tasks (Goldstein, Yusko, & Nicolopoulos, 2001), but other research found that Black applicants scored lesser than Hispanic or female applicants (Dean, Roth, & Bobko, 2008).
- In a study on Army officers in Britain, assessment center rating for women were higher than men on factors such as drive, determination, oral and social interaction skills as well as on leadership skills like helpfulness, sensitivity and kindness (Anderson, Lievens, van Dam, & Born, 2006).

- In Canada, older managers who scored high in dominance and exhibition scale also scored higher in assessment center performance than young managers. This may be because older managers expressed those traits in a more mature and effective manner in the assessment center tasks than young managers (Krajewski, Goffin, Rothstein, & Johnston, 2007).

1.10.5 Employee Attitudes Toward Assessment Centers

The candidates, who receive poor evaluation, do not accept assessment center technique for selection method. Poor score in assessment center may end the career of the employee. Who have had an excellent record for many years. Some believe that success in assessment center depends on articulate and personable skills rather than on actual managerial skills. Performance at assessment center can influence the candidates self perception especially about their interpersonal and administrative skills.

1.11 LET US SUM UP

This unit has provided an introduction to the workforce planning process. We studied how various factors influence the job preference. We also learned several issues like traditional and new sources of recruitment, recruiter's characteristics, on campus recruitment and realistic job preview, in the recruitment process. After learning issues in recruitment process we learn selection process which includes procedures such as job and worker analysis, recruitment decisions and various selection techniques. We also discussed the importance of fair employment practices, it related law, and how various groups are target of discrimination. We also learn purpose, uses and techniques used in job and worker analysis. We ended with discussion on biographical information, types of interviews, reference and recommendation letters and assessment centers as various methods of employee selection.

1.12 Glossary

Adverse impact: when a group of job applicants or employees is treated markedly worse than the majority group in staffing decisions.

Assessment center: A method of selection and training that involves a simulated job situation in which candidates deal with actual job problems.

Critical incidents technique: A means of identifying specific activities or behaviors that leads to desirable or undesirable consequences on the job.

Halo effect: The tendency to judge all aspects of a person's behavior or character on the basis of a single attribute.

In-basket technique: An assessment center exercise that requires job applicants to process memos, letters, and directives found in a typical manager's in-basket.

Job analysis: The study of a job to describe in specific terms the nature of the component tasks performed by the workers.

Realistic job preview: A recruitment technique that acquaints prospective employees with positive and negative aspects of a job.

Reverse discrimination: The phenomenon that may occur when recruiting, hiring, promoting and making other human resources decisions in favor of members of a minority group result in discrimination against members of the majority group.

Selection ratio: The relationship between the number of people to be hired and the number of people available to be hired.

Work analysis: The study of certain tasks and skills that workers can transfer from one job to another.

1.13 MODEL QUESTIONS

- Q.1 Discuss several issues in the recruitment process which I-O psychologist are concern about.
- Q.2 Discuss several procedures for a successful selection program.
- Q.3 Write a detail note on fair employment practices.
- Q.4 What are the various techniques for conducting job and work analysis?
- Q.5 Write a note on biographical information.
- Q.6 Discuss various types of interview.
- Q.7 Discuss various techniques used in assessment centers.

1.14 Reference

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2

PERFORMANCE APPRAISAL-1

Unit structure :

- 2.0 Objectives
- 2.1 Introduction
- 2.2 Fair employment practices
- 2.3 Meaning, definition of Performance appraisal
 - 2.3.1 Objective and subjective Performance appraisal
- 2.4 Methods of Performance Appraisal
 - 2.4.1 Objective Performance Appraisal Techniques
 - 2.4.2 Judgmental Performance Appraisal Techniques
- 2.5 Let us sum up
- 2.6 Glossary
- 2.7 Question Pattern
- 2.8 Suggested Reading

2.0 OBJECTIVES:

After going through the unit you would be able to:

Explain the meaning and concept of performance appraisal

Describe why performance appraisal is conducted and is necessary in the organization

Highlight the objective techniques of performance appraisal

Discuss the subjective techniques of performance appraisal

2.1 INTRODUCTION:

Success of any organization depends upon the employee's job satisfaction and their job involvement and commitment to the job. It is found that employee's job satisfaction and commitment are related to fair employment practices in the organization. In this unit the important principles of fair employment practices will be discussed. Fair appraisal of performance is one of the important

principles of fair employment practices. Performance appraisal is a very important subject matter of study within the scope of industrial psychology. For appraising the performance of employees people and organizations meet friendly together. This meeting is important; it can lead to various degrees of effectiveness and ineffectiveness in integration of both employees and organization depending on different factors. In this unit the meaning and definition of performance appraisal will be explained. This discussion is followed by the need of performance appraisal in the organization. How the performance of the employee is appraised will also be described in the techniques of performance appraisal. Psychologically, it is a powerful organizational tool that has important impact on the minds of the employees.

2.2 FAIR EMPLOYMENT PRACTICES.

Fair employment practices are actions to ensure organization complies with present existing laws and rules. All organizations that have employees exercise employment practices either by using law or on other basis as development, administration.

Some important principles of fair employment practices are:

1. Employees should be recruited and selected on the basis of merit such as skill experience or ability to perform the job regardless of age, race, gender, religion, family status or disability.
2. Employees should be treated according to their knowledge, qualification and experience.
3. Employer should give employees equal opportunity for training and development based on their strength and needs.
4. Incentives and awards should be based on their ability, performance, contribution and experience.

SELECTION CRITERIA :

Employers should apply objective selection criteria for all aspects of employment as recruitment, training, promotions, postings and dismissal and transfer. This will help to ensure that employees are fairly assessed on their suitability/merits.

Example, their qualification, experience, specific skills and employee's willingness to do the job.

1. **RECRUITMENT:** Fair recruitment idea should be used at different stages. This will ensure that the best suitable

candidate is recruited on the basis of his/her ability. Recruitment staff should be trained and avoid discriminatory practices. Example clear job selection criteria should be mentioned in the advertisement. As age, race, marital status and religion are not the criteria for selection. If any particular language is required it should be stated clearly. Required qualification and experience should be stated. During the interview, the interviewers should ask relevant questions according to the post requirement and record their assessment of the applicant's ability to meet the selection criteria.

2. **SALARY** : Employers should pay the employee's wages according to the value of the job, qualification of employees and their performance regardless of age, gender, race, religion and family status.
3. **APPRAISAL, PROMOTION AND TRAINING** : Employers should apply fair and objective performance appraisal system to evaluate the performance of the employees. This performance appraisal helps manager to take decisions regarding the employee's promotion, training, transfer, development and salary structure.

Employers should inform all the eligible employees the conditions and procedure for posting and training. The eligibility criteria should also be regularly reviewed to ensure that they are not discriminatory.

4. **DISMISSAL** : Employers should keep correct record of employee's performance and behavior. This record helps manager to take decisions to dismiss an employee. A decision to dismiss an employee is important factor for organization so fair and objective criteria should be adopted to dismiss any employee. It should be based on poor performance absentecisam and misconduct of employee.
5. **GRIEVANCES HANDLING** : Employer should handle all the complaints of discrimination seriously, conduct proper investigation and respond to the affected person. Observation should be conducted confidentially and related people should be treated fairly.

Employees who perceive that they have been discriminated against, should seek explanation from the employer. This will give the employer an opportunity to explain his decision and take right action.

Fair employment practices should be used in organization because these are beneficial for both organizational advantage

and employer and employee relation. Successful implementation of fair employment practices requires the cooperation and commitment of employers and employees.

CHECK YOUR PROGRESS :

Answer the following:

1. Define fair employment practices.
2. Describe the principles of fair employment practices.
3. Describe fair recruitment criteria in employee's selection.

2.3 MEANING AND DEFINITION OF PERFORMANCE APPRAISAL:

Performance appraisal is a system of measuring both qualitatively and quantitatively performance of employees at the workplace. The performance is evaluated against such factors, initiative, leadership abilities, supervision, dependability, cooperation, judgement etc. It is a systematic way of measuring both work related behavior and potential of the employees. This method includes the use of forms and procedures that are developed for the purpose. This evaluation helps in taking the decisions about the employees regarding the promotion, special increments, transfers and salary changes.

Michael Crino defines “performance appraisal as the process of assessing the quantitative and qualitative aspects of an employee’s job performance.”

Flippo defines “performance appraisal as the systematic, periodic and an impartial rating of an employee’s excellence in matters pertaining to his present job and his potential for a better job.”

Dale Yoder defines “performance appraisal that includes all formal procedures used to evaluate personalities, contributions and potential of group members in a working organization. It is a continuous process to secure information necessary for making correct and objective decisions on employees.

The performance appraisal system is important but in order to achieve its purpose it should be followed by training and development and an effective reward punishment system.

Performance appraisal affects the effectiveness of the other organizational activities. The way the performance appraisal is operated determines the effective utilization of human resource available to the organization.

2.3.1 OBJECTIVES OF PERFORMANCE APPRAISAL:

Performance appraisal consists a wide variety of explicit and implicit purposes in an organization.

Kapadia conducted survey in Bombay. He concluded some explicit purposes like salary, administration, promotion and counseling. Some of the major objectives of performance appraisal are:

- 1. SALARY ADMINISTRATION: Performance appraisal is used to determine the salary of the employees. In some organizations, on the basis of performance appraisal, increment is given to the employees, including incentive, bonus and rewards.**
- 2. PROMOTION: Performance appraisal provides full information about the employee's work in the organization that will enable the management to select persons for promotion more intelligently.**
- 3. EMPLOYEE TRAINING AND DEVELOPMENT DECISIONS: Performance appraisal provides the information about the employee's weakness, strengths and skills. This information can be used to determine whether the employee requires training or any development. If the employee is weak in any particular area then training can be provided accordingly. Manager can organize the development programme according to that information.**
- 4. PLACEMENT: Employee's performance is measured by exposing them various tasks in the areas of finance, marketing, accounting etc. On the basis of their performance they are placed in the field in which they performed best.**
- 5. VALIDATION OF SELECTION PROCEDURES: __Different techniques are used in the organization for recruiting the employees such as interviews, psychological tests, application blanks and so on. Such techniques are used to predict probable applicant's performance on the job. Performance appraisal determines the validity of various selection devices.**
- 6. FEEDBACK: __According to the motivational theories knowledge of the result is important source for motivating employees in desired direction. It is also the source of**

satisfaction. Employee's skill ability can be identified and corrected through additional training. The appraisal thus facilitates self development.

7. **HUMAN RESOURCE PLANNING:** Performance appraisal helps in human resource planning. It provides the information regarding the existing talent in the organization and helps to take the decisions for the future human resource requirement of the organization. Appraisal summary helps to make the management inventory. which can provides knowledge of the future human resource requirement of the organization.
8. **HIGHER MORALE OF THE EMPLOYEES:** Performance appraisal information is necessary to improve the morale of the employees because through the appraisal system they are aware that their services are recognized and rewarded by the management.
9. **DISCRIMINATION BETWEEN EFFECTIVE AND INEFFECTIVE EMPLOYEES:** The appraisal techniques provide the information regarding the performance of the employees in the organization; this information enables the management to distinguish between effective and ineffective performers. Effective performance can be promoted or they may be rewarded with higher pay and incentives.
10. **COMPENSATION DECISION:** It is useful to compensate the employees in the terms of increased pay and other incentives. It is important in the case of managerial jobs. The better performers are often rewarded with merit pay.

CHECK YOUR PROGRESS:

Fill in the blanks:

1. Performance appraisal is a system of measuring both _____ and _____ performance of employees at the workplace.
2. _____ is one of the important objectives of performance appraisal.

Answer the following:

1. Define performance appraisal.
2. Why performance appraisal is necessary in the organization?

2.4 METHODS OF PERFORMANCE APPRAISAL:

Performance appraisal has become a continuous process by which employee's understanding of his/her progress is measured. It is an on going activity for all managers and their subordinates. It is classified in 2 ways:

- A. Objective
- B. Subjective.

2.4.1. OBJECTIVE PERFORMANCE APPRAISAL TECHNIQUES:

Objective techniques are those techniques that can be used directly from the employee's activities regarding the particular job by the use of personal data such as absenteeism and advancement.

1. **QUALITY AND QUANTITY:** Qualitative and quantitative measures are the good indicators of performance. Qualitative performance can be appraised by using some criteria like number of errors in the work, the percentage of work output that is done again or rejected.

Quantitative performance can be appraised by using some criteria like number of units produced, processed and sold.

Sales manager may use the same appraisal criteria like, number of clients satisfied, complaint received etc.

2. **TIMELINESS:** Whether employee is completing his work on time or not. In other words how he is able to perform the task. Standard speed is another criterion of performance appraisal. In manufacturing company the number of units produced per hour is the indicator. In field of service the average customer's downtime is a good indicator of timeliness.
3. **COST AND PROFIT:** If the employee has some degree of control over costs, the cost of work performed can be used as a measure of appraisal. Cost measures like avoid wastage, good maintenance, less labor cost. Profit measures include savings in time, income etc.
4. **ABSENTEEISM:** If percentage of absenteeism is high then organization resources can not be fully utilized. High absenteeism shows the employee's dissatisfaction. Absentees are account for loss in organizational resources as other employees are replaced for that work and they will have to be paid overtime. The new employees are not efficient as the regular employees.
5. **ADHERENCE TO POLICY:** Employees are expected to follow the policy, rules and regulations. Deviations from the policy,

rules and regulations show that employee's goals and objectives are not well , simple and clear.

6. **PRODUCTIVITY MEASUREMENT:** Measurement is taken on the basis of production. It provides feedback to management and employees. It tells us about high or low productivity but does not reveal us about why productivity is high or low. Productivity measurements first began in USA and were then adopted by Japan and European countries.
7. **GOSSIP AND OTHER PERSONAL HABITS:** Sometimes they are not included in the techniques of performance appraisal, but some personal habits like gossip, may have negative impact on their job performance and interfere with the performance of others. Goals are clearly defined for reducing their frequency of wrong habits.
8. **MEASURE OF RESISTANCE:** Conflict and grievance are a common phenomenon to measure resistance. Grievance means complaints. Lodging complaints against the manager make us aware about his efficiency and the dissatisfaction among his employees.
9. **ELECTRONIC PERFORMANCE APPRAISAL:** Many organizations have programmed their computers to monitor the employee's on the job activities. Every time a worker produces a unit of work. It is automatically counted and stored, provides an objective measure of job performance. Mostly workers who use computer terminals are subject to this continuous monitoring and appraising of their job performance by the "electronic supervisor." It provides immediate and objective feedback and reduces bias in performance evaluation.

But it disturbs the privacy and may increase stress and reduce job satisfaction.

In repetitive jobs such as much assembly line work, subjective judgments may have less impact. In such example a straight forward record or quantity of output is used as a good measure of job performance.

2.4.2 : JUDGMENTAL PERFORMANCE APPRAISAL TECHNIQUES:

Jobs on which the employees do not produce a countable product are more difficult to assess. To determine how effective an employee is, often judgment about an employee is collected from a wide variety of sources and combined together. Usually it is obtained from an employee' supervisor, colleagues, subordinates and the manager.

1. **WRITTEN ESSAYS:** Probably the simplest method of evaluation is to write a narrative description of an employee's strengths, weakness, past performance, potential and suggestions for improvement. This method does not include any quantification. While the method helps the raters the freedom to narrate in their own way. It often becomes highly subjective and shows considerable variation among raters.
2. **CRITICAL INCIDENTS METHODS:** It measures the performance of the employees according to the events and episodes that occur in the course of performance that are known as critical incidents.

The supervisor keeps a record of the particular event that can be recalled and used for performance appraisal. The critical incidents represent the good and bad performance of the employee. These critical incidents are then ranked in order of the importance. This method eliminates vague expressions and general remarks.

DIAGRAM NO 1

Employee	Rate1	Rate2	Rate3	Mean rank
A	2	1	3	2
B	2	2	1	1.5
C	3	1	3	2.3
D	4	4	4	4

3. **RANKING METHODS:** In the ranking method each employee is compared with all the other employees. The rater is supposed to rank all the employees from high (best) to low on the basis of the performance. The employee who is best is given the highest rank and the employee who is worst is given the lowest rank. After taking rank from all the raters, the rank is averaged and then the relative ranking of each member in the group is determined. In this method the raters feel difficulty when a large number of individuals are to be ranked. This method does not disclose about how good the best is or how bad the worst is.
4. **PAIRED COMPARISON:** In this method each employee is compared with every other employee in the group. At a time

two employees are compared and the judgment is made about which of the pair is superior. The rater has to pick up which is better on the basis of the given dimension. Result is declared by the number of times which employee is selected as better of the pair. After making all the comparison rank list is obtained that is based on the worker's score in each comparison. Example if manager evaluates 5 employees by this method, comparing each employee with other employee, 10 paired comparisons are made because there are 10 possible pairs.

$$\text{Formula is used} = \frac{N(N-1)}{2} = \frac{5(5-1)}{2} = \frac{5(4)}{2} = \frac{20}{2} = 10$$

N represents the number of persons to be evaluated.

This is simple judgmental technique. The manager has to consider only on pair of employee at a time. Sometimes if number of employees to be evaluated is large then it becomes very complex. Therefore, this technique is useful for small group.

5. **GRAPHIC RATING SCALE:** According to Stephen P Robbins "graphic rating scale is an evaluation where the evaluator rates performance factors on an incremental scale." In this method different job related factors are represented by a horizontal straight line that indicates the range of that factor range from poor to excellent or from always to never. The rater has to put a tick mark at the point on the rating scale which according to the rater is applicable to the employee. This is done for each employee for each of the factors. Employee's performance is usually evaluated on a 5 to 7 point scale.



It is a standardized, quantitative method of performance appraisal.

6. **FORCED DISTRIBUTION METHOD:** In this method rater is forced to assign a definite % of the employees in each one of the several predetermined categories. This method is used when the number of employees to be evaluated is large.

Knowledge variable	Superior	10
	Above Average	40

Average	30
Below Average	10
Poor	10

7. **FORCED CHOICE METHOD:** The form consists several sets of pair phrases. Some of which may be positive or favorable & some are negative. Then the rater has to choose the statements in terms of how well the statement describes the employee. Rater is asked to rate which is the most & least descriptive of a worker. In all cases the rater is forced to choose among the items that are equally desirable or equally undesirable. The aim of the forced choice method is to remove the tendency of a rater to give high, low rating to all the employees.

Examples

Good work

Cool under all circumstances

Dishonest

Careful & regular

Avoid work

Does not listen to suggestions

Hard working

8. **CHECKLIST METHOD:** This is the adaptation of method developed by Thurstone for measuring attitudes. The scale represents the set of statements about the employee & his behavior. The rater's task is to check all the statement & indicate whether the behavior of an employee is positive or negative to each statement. A final rating is obtained by averaging the scale values of items that he has checked, to describe the worker. This procedure enables the rater to give more precise answer. This scale does not overcome the rater bias; this is because the rater does not know the exact scale values.
9. **MANAGEMENT BY OBJECTIVE:** Management by objectives (MBO) has been developed by Peter Drucker (1954) & by Douglas Mc Gregor (1960). It has been developed as modern method of performance appraisal. When people are dissatisfied with traditional methods some managers do not take interest in employee's performance evaluation. Sometimes employees think that they are not correctly

evaluated by the managers. MBO involves clearly defined goals of an employee in agreement with his superior. It gives focus on how well employee is achieving the goal. This method focuses attention on the result & the strategy to achieve the result. The superior plays supportive role. The atmosphere is characterized by empathy, mutual respect, and equality. MBO method consists some steps:

- A. During the first step the goals are decided or established by mutual agreement between the supervisor and the subordinate. The goals are set to evaluate the performance of each employee in the organization.
- B. The standard is set for evaluating the performance of the employee.
- C. In this phase the employee & the supervisor meet & discuss the extent to which goals were achieved. Achieved goals are compared with the objectives set by the organization. After that supervisor discuss the problems ask the reasons for the objectives that were not achieved.
- D. The supervisor attempts to solve any problems that the subordinate faces & establishes new strategies for achieving the objectives.

This method is not applicable for the hourly paid workers & assembly line workers whose jobs are less flexible. It is applicable to technical, professional, supervisory, personnel.

Psychologically, it has wider impact on personnel. In practice it is successful in some companies & not in all companies. Examples Hindustan Lever Limited uses this technique of appraisal.

10. BEHAVIORALLY ANCHORED RATING SCALES: The aim of BARS is to identify critical incidents of performance of job. It is defined by Stephen P Robbins as “an evaluation method where actual job related behaviors are rated along a continuum. The original behaviorally anchored rating scale is developed by Smith & Kendall. BARS combines major elements from the critical incidents.
 - A. In this method first supervisors prepare a list of critical incidents. Then these critical incidents are grouped of small clusters. These are performance dimensions such as leadership, creativity, solves immediate problems, Plans. All dimensions consist some critical incidents.
 - B. Group of experts are called & presented with the critical incidents that are selected initially. They are asked to

reassign these incidents in the same dimensions. The critical incidents that are reassigned by majority of managers are involved again in the same dimension, & remaining incidents are removed.

- C. The rating is taken from the experts for involving critical incidents on 7 to 9 point rating scale. Critical incidents those are rated high by experts are retained.
- D. Finally the critical incidents that are evaluated & rated high by experts serve as behavioral dimensional scales.

The validity & reliability of this scale is high as it minimizes the errors in performance appraisal. The critical incidents are based on real behavior & useful. But BARS is time consuming as it consists different steps to find out the accurate performance of employees. Some important characteristics of BARS are:

Employees who use this scale only they should evaluate the performance of the employees by using this scale.

The scales are related with the actual behavior of the employee.

The success of BARS Scale depends upon the observational skill of the supervisors in identifying behaviors of employees. The critical incidents that are noted by the managers, if they are not proper, the performance based on these critical incidents may be wrong.

CHECK YOUR PROGRESS:

Answer the following:

1. Discuss some important objective performance appraisal techniques.
2. Define objective performance appraisal techniques. Differentiate between objective and judgmental performance appraisal techniques.
3. Explain MBO technique.
4. What is the full form of BARS?

2.5 LET US SUM UP:

An organization's human resource policies and practices represent important forces for shaping employees' behavior and attitude. In this chapter we discussed the influence of fair employment practices and performance appraisal on employees. All organizations that have employees exercise employment

practices either by using written law or on other basis. Employer should be fair in employee's selection, training, in giving incentives, reward and opportunity.

Performance appraisal is a very important subject matter of study within the scope of industrial psychology. Performance appraisal is a system of measuring both qualitatively and quantitatively performance of employee at the workplace. In this unit we have explained the objectives of performance appraisal. A major goal of performance evaluation is to assess accurately an individual's performance contribution as a basis for making reward allocation decision. Different performance appraisal methods have been described.

Objective techniques are those techniques that can be used directly from the employee's activities regarding the particular job like the use of personal data such as absenteeism and advancement`.

Judgmental performance appraisal techniques:

To determine how effective an employee is, often judgment about an employee is collected from a wide variety of sources and combined together.

2.6 GLOSSARY:

TIMELINESS : Whether employee is completing the task on time or not. In other words whether he is maintaining standard speed.

PERSONAL TRAITS : The characteristics of the employee like leadership quality, ability to produce innovative ideas, ability to make the decision in the complex situations.

MORALE : It refers to team spirit & togetherness of people for a common purpose.

OBJECTIVE PERFORMANCE APPRAISAL : measurement of employee's activities regarding the particular job or the use of personal data such as absenteeism & advancement.

SUBJECTIVE PERFORMANCE APPRAISAL : To determine the performance of employee; often judgment about an employee is collected from a wide variety of source & combined together.

RECRUITMENT : Recruitment is a process to discover the sources of man-power to meet the requirement of the staffing schedule & to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of effective personal.

MBO : Management by Objective is also used to measure the performance of employees, especially belonging to management ranks.

WEBSITE:

<http://www.bpubs.com/eg/cgi/jump-cgi>

<http://www.con/listdisadvantageperfromanecappraisal>

2.7 QUESTION PATTERN:

Answer the following questions:

1. What is performance appraisal? Discuss the important objectives of performance appraisal.
2. Explain the important objective techniques of performance appraisal.
3. Explain different judgmental performance appraisal techniques.
4. Write short note on:
 - A. Fair employment practices.
 - B. BARS
 - C. MBO
5. Define the following terms:
 - A. Performance appraisal
 - B. Fair employment practices
 - C. Feedback
 - D. Human resource planning
 - E. Timeliness

2.8 SUGGESTED READING:

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3

PERFORMANCE APPRAISAL-2

Unit Structure :

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Performance appraisal methods for managers
- 3.3 Sources of bias in performance appraisal
- 3.4 Ways to improve performance appraisal
- 3.5 The post appraisal interview.
- 3.6 Performance appraisal: a poor rating
- 3.7 Let us sum up
- 3.8 Glossary
- 3.9 Question Pattern
- 3.10 Suggested Reading

3.0 OBJECTIVES:

After going through the unit you would be able to:

1. To describe the performance appraisal methods for managers
2. To discuss the sources of bias in performance appraisal
3. To describe the important ways to improve performance appraisal
4. To explain the importance of post performance appraisal interview.
5. To analyze the different weakness of performance appraisal.

3.1 INTRODUCTION:

It is found that employee's job satisfaction and commitment are related to fair employment practices in the organization. In the previous unit the important principles of fair employment practices have been discussed. Performance appraisal is a very

important subject matter of study within the scope of industrial psychology. Performance appraisal is a system of measuring both qualitatively and quantitatively performance of employees at the work place. This method includes the use of forms and procedures that are developed for the purpose. In the earlier unit concept, methods and objectives of performance appraisal have been explained.

In this unit some important performance appraisal methods for managers will be discussed. It is found when managers measure the performance of the employees a number of errors and biases can take place. The problems in performance appraisal, post appraisal interview and the disadvantages of performance appraisal system in the organization will be explained in this unit.

3.2 PERFORMANCE APPRAISAL METHODS FOR MANAGERS:

Mostly performance appraisal techniques are used to evaluate the performance of low & middle level employees, but some additional methods of appraisal are also required for higher level personnel. Because senior executives are rarely evaluated. They rarely receive feedback or judgments about the quality of their job performance from other employees. So there is need to use some other performance appraisal techniques for managers.

1. THE ASSESSMENT-CENTRE TECHNIQUE : A number of evaluations are brought together to judge or evaluate the employee's performance in different situations. Evaluators use different criteria like paper & pencil test, interviews, and management games, group problem solving. This technique has been used to identify managerial potential. Evaluators observe & rank the performance of all the employees. Some important features of this methods are:
 - a. Different criteria such as management games, role playing, in-basket-exercise, group discussion are used to evaluate the performance.
 - b. Experience managers are used as judge or evaluator.
 - c. Employees are evaluated individually & collectively. Assessments are done generally to determine employee's potential.

This method consists of some weaknesses. Such as it is too much expensive as organizations have to spend money for the assessment. It is also time consuming.

It promotes a healthy competition among the employees. If the report is negative then it may demoralize an employee & may negative impact on the behavior & work of an employee.

- 2. EVALUATION BY PEERS-PEER RATING: Peer performance appraisal is one of the reliable sources of appraisal. It is the technique in which managers at the same rank assess one another's abilities & performance.**
 - a) First peers get in touch with each other. Through this interaction they get knowledge of an employee's job performance.**
 - b) They rate the peer performance according to the independent judgments. They are free to give multiple judgments about the performance of peers.**
 - c) Average of all rating is taken to evaluate the correct judgment about the employee.**

The average of all rating is taken so it is more reliable than a single evaluation. But on the other hand peer evaluation may suffer from coworker's unwillingness to judge one another. Sometime employees may not appraise each other honestly.

- 3. EVALUATION BY SUPERIORS: In this technique the evaluator writes about descriptive essay about the individual's performance. This technique is frequently used for the performance appraisal of managers.**
- 4. SELF EVALUATION: In this technique managers can appraise their own abilities & job performance. They are asked to rate themselves according to their strengths & weaknesses. The basic assumptions behind self rating are that every one knows better himself/herself than others. But it is found in this technique managers show greater leniency while rate themselves. Managers who overestimated their abilities they perform more poorly on the job than managers whose rating of their own abilities were more accurate.**

It is found through the researchers that there is a wide discrepancy between individual's knowledge about himself/herself & the rating given by others about his job performance.

- 5. 360 DEGREE APPRAISAL: In this method employees receive their performance feedback from different sources as boss, colleagues, peers, & their own subordinates in the organization. This method of performance appraisal is very beneficial to managers because it provides them a wider range of performance related feedback that helps to know**

employees strength & weaknesses. It improves communication between employees & their customers & inter-personnel skills of employees. The purpose of 360 degree appraisal is to provide accurate information about employee's performance by taking feedback from diverse sources. It is found by survey that mostly Indian organizations use this method. In India different organizations such as Infosys, Wipro, and Reliance have began to use this technique to evaluate the performance of their employees. By collecting the feedback from variety of sources, 360 degree technique attempts to improve the quality of the performance appraisal. It consists some drawback; this is the most comprehensive & expensive to measure performance. A lot of time is required to appraise the performance of employees.

CHECK YOUR PROGRESS:

Answer the following:

1. What is peer –rating?
2. Discuss 360 degree appraisal technique.
3. Why the methods of performance-appraisal for manager are necessary?

3.3 SOURCES OF BIAS IN PERFORMANCE APPRAISAL:

When managers appraise the performance of the employees a number of errors, biases, prejudices can take place in the process.

1. **LENIENCY ERROR:** Every evaluator has his or her own value system that acts as a standard. It means every rater sets some rating criteria and rates according to that. Some raters give a high rating that is really deserved by the employee. This type of error is called positive leniency error. However sometimes the rater gives a low rating than is really deserved. This type of error is called negative leniency error. If all the individuals in an organization were appraised by the same person than there would be no problem. Difficulty arises when we have different raters with different leniency errors making judgment.
2. **HALO EFFECT:** It is the tendency of the evaluator to evaluate the whole performance of the employee on the basis of a single trait. According to Bernardin and Beatty halo effect is a tendency to rate high or low on all factors due to the

impression on high or low rating on some specific factors. Tendency to rate higher is called halo effect and the tendency to rate lower is called horn effect. Halo effect for example when employee is friendly, he is liked by all that he might be good in performance. Horn effect for example if an employee is reserved and rude than we can evaluate that he is not good in his work and he is not having skills and ability to perform the job.

3. **CENTRAL TENDENCY:** It is tendency to give average rating to all the employees. It means evaluate avoids to give extreme high or low score for the performance. They rate all the employees more or less in the same manner so it is very difficult to discriminate the employees on the basis of their performance. They follow safe policy because of lack of knowledge about the job. Such ratings do not provide any useful information about the employee's performance.
4. **LOGICAL ERROR:** It is the tendency of the evaluator to relate one trait with other trait logically. Evaluator thinks that if the employee is good in one trait then he will be good on the other trait also or he thinks that if the employee is bad on one trait then he will be bad on other trait too. This type of an error is called logical error.
5. **SIMILARITY ERROR:** The raters rate high those employees who have similar qualities as raters have. For example raters who perceive themselves polite and friendly evaluate others by looking some traits.
6. **RECENCY ERROR:** Some evaluators rate the employees on the basis of recent performance instead of recalling their over all or whole performance during the entire period. This type of error is called recency error. For example if any favorable action has taken place recently the employee will be given a high rating and if an employee due to bad health performs poorly during few days then he may be evaluated by poor rating.
7. **CONSTANT ERROR:** It is the tendency of the evaluator to give employee's consistently high rating than other raters. It is found because some evaluators are more demanding than others.
8. **RATERS PERSONAL PREJUDICE:** Personal prejudice can also affect the evaluator's judgment towards an employee. Example if any employer likes any person or any group he rates high but if evaluator does not like the group, employee,

he gives low rating. It is found because of personal prejudice employee does not get correct feedback from the managers.

3.4 WAYS TO IMPROVE PERFORMANCE APPRAISALS:

Performance appraisal system should be effective as a number of crucial decisions are taken on the basis of ratings given by the appraiser.. All organizations use appraisal system for objectives such as salary increase, promotion training needs. The ideal approach to performance appraisal is that in which correct judgment is given about the performance of the employee. A variety of techniques are used to make the performance appraisal system more objective.

1. **MULTIPLE RATERS' VIEW:** If any employee is rated by 10 to 15 rater than the probability of getting accurate information increases. Example if a person has been rated by 13 supervisors excellent and by 2 poor, out of 15, we can discount the value of poor evaluation. In this way by increasing the number of evaluator, we increase the chances of achieving more valid and reliable evaluation.
2. **SELECTING CORRECT APPRAISAL METHOD:** Sometimes organization has to face problem of selecting correct or best appraisal method according to the demand. Manager should select best method of performance appraisal according to the particular type of job that will increase the validity and reliability in performance appraisal.
3. **TRAINING APPRAISERS:** We find some biases in performance appraisal such as halo effect. Evidence indicates that training of appraisers can make them more accurate raters. Errors such as halo and leniency have been minimized or eliminated in workshops where managers can practice and rate behavior. These workshops run from one to three days.
4. **SELECTIVE RATING:** Beforl conducting the appraisal system manager should find out whether the evaluator is having enough knowledge in this particular field or not. If raters make evaluations on only those dimensions on which they are in a good position to rate we increase the inter rater agreement and make the evaluation a more valid process.
5. **PERFORMANCE BEHAVIORS IN A DIARY:** By keeping and maintaining the records of specific critical incidents for each employee evaluator can evaluate more accurately. These records reduce the chances of errors like halo and leniency.

6. **USE MULTIPLE CRITERIA:** Successful performance in most jobs require a number of dimensions or criteria to be identified and evaluated. If job is more complex the more criteria should be evaluated and identified. To make performance appraisal effective, the employee's performance should be evaluated on number of criteria.

CHECK YOUR PROGRESS:

Answer the following questions:

1. What is halo effect?
2. What is leniency error:
3. Discuss the different methods to improve performance appraisal.
4. Fill in the blanks:
5. _____ is the tendency of the evaluator to relate one trait with the other logically.
6. _____ is the tendency to give average ratings to all the employees.

3.5 THE POST APPRAISAL INTERVIEW:

It is necessary to communicate employees how they have performed. In order to provide employees the means for self-improvement, the job performance ratings and the recommendations of the appraisers, managers must take time to schedule a meeting with their subordinates. Employees require knowing how they are doing and how they can improve themselves. This process is called post performance appraisal interview. The performance appraisal interview includes discussion between the supervisor and worker. Supervisor provides worker's feedback in this discussion. It is found negative feedback during post appraisal interview can make employees angry and lead them to reject any criticism.

The post performance appraisal interview has some objectives:

The important objective of the post performance appraisal interview is to stimulate employees to improve their job performance.

To give the employee an opportunity to express what he feels about the rating system given to him.

To develop cordial relationship between the subordinates & the supervisor.

To make employees aware about their knowledge and performance.

REACTION TO CRITICISM:

Sometimes if workers are told that they ask assistance too frequently, they may stop doing so and, as a result, make more mistakes. In such instances criticism can lead to poor performance.

It may be unrealistic to believe that untrained supervisors possess the skill to diagnose the reasons for a worker's unsatisfactory job performance. If feedback were provided frequently and were not restricted to the post performance appraisal interview, employee motivation to change job behavior could be enhanced.

IMPROVING POST APPRAISAL INTERVIEW: The effectiveness of the post appraisal interview can be enhanced by using certain guidelines.

- 1. USE EFFECTIVE COMMUNICATION SKILLS: Good communication skills are essential because it ensures that both parties have understood what has been said.**
- 2. CAREFUL PLANNING: Manager must plan and make agenda before meeting the employee for the post appraisal interview. He must know what information on that he is going to provide. He should be prepared for the questions and issues that the employee may ask.**
- 3. BEHAVIOR OF EMPLOYEES: The supervisor should focus on specific job problems rather than on the employee's personal traits and attitudes as employees take criticism of their personality traits more personally.**
- 4. ENCOURAGE EMPLOYEE PARTICIPATION: Employees should be encouraged to participate actively in the interview by asking the question, challenge without fear of retribution.**
- 5. EMPHASIS ON DEVELOPMENT: Manager should focus towards the development of the employee. Employees should not feel that the purpose of interview is to rebuke him but rather to explore ways of helping him towards the growth and progress.**
- 6. POSITIVE ENDING: The post appraisal interviewer should adopt a positive, constructive attitude. The employee and the supervisor should establish jointly specific goals to be achieved in the period before the next appraisal. Before ending the**

interview, the manager should summarize what happened what has been agreed also.

3.6 PERFORMANCE APPRAISAL: A POOR RATING

Performance appraisal has been criticized on a lot of grounds:

- a. **Performance appraisal is affected by office politics.**
 Manager may not assess his subordinates fairly. Sometime instead of evaluating the employee on his actual behavior, the manager might give his feedback on the basis of his personal or disliking.
- b. **Some performance appraisal does not solve its real purpose for which it is conducted.**
- c. **Indifferent organization employee's pay rise and promotion is dependent on it, so there is no way that he will bring out the problem areas in his work, when doing self assessment. Even his superior too might find it uncomfortable to judge the subordinate, since they are working together on a daily basis in the organization.**
- d. **Sometimes performance appraisal can cause souring of relations between the people in the office, leading to creative production of unproductive work environment.**
- e. **Performance appraisal program demands and depends too much on supervisors.**
- f. **Some raters can be tough and some lenient. Some departments have highly competent people whereas others have less competent people.**
- g. **Personal bias can replace organizational standards. Because of the bias, some non competent employees may get a favored treatment.**
- h. **No performance appraisal system can be effective if the appraised do not know the criteria under which they have been appraised and judged.**

Inflated performance appraisal gives employees a false sense of security and deprives them of the opportunity to improve.

SOME OTHER DISADVANTAGES HAVE BEEN DISCUSSED BY DAVID GUFFIN:

1. **Traditional performance appraisal involves a supervisor and a supervisee both of which have limited perspectives. If a manager is busy supervising several people, as well as tasks**

and other projects, there will be limited time to take full scope and practice of performance of the supervisee. Today many industries use 360 degree feedback, which takes into account the relationships that an employee has with peers, customers, clients and supervisors.

2. Performance appraisals are usually done once in a year and are connected to increase in salary. This is disadvantage that employees generally live in fear and experience anxiety when the review time comes up.

Besides these factors other factors that are responsible for poor rating is that for conducting fair and accurate performance appraisal, manager will need to keep accurate records and documentation through out the appraisal period. If manager does not have proper record, it can be easy to forget about the incident or record.

Example of performance appraisal system in government organizations: Performance appraisal in government organizations is not directly linked to reward training or promotion due to which the approach towards the whole process remains unprofessional.

The most common method of performance appraisal that is used in most of the government organizations is confidential report written by the supervisor.

Most of the methods used for measuring the performance the employees are not quantifiable in nature, making it difficult to measure the performance.

In government organizations, team's appraisal is not possible.

EXAMPLES OF OTHER COMPANIES:

EICHER MOTORS LIMITED: This group has interests in tractors light commercial vehicles, motorcycles, footwear. The performance appraisal method is used in EML to assess a person's performance and to identify his developmental needs. This system was good in paper but it does not have its effective implementation system. So there is no better scale to judge the performance appraisal system.

L&T :- L&T is one of the largest organizations of the country. L and T are divided into various groups depending on its operations. L and T and PPW are part of group. It specializes in the manufacture of earth moving equipment. It uses self appraisal feedback from others. The appraisal process is progressing towards 360 degree appraisal. This would help a long way in increasing motivation and commitment towards the organization.

M/S SCHENCK AND JENSON AND NICHOLSON LTD.:

M/S Schenck and Jenson and Nicholson Ltd. Is a manufacturing company, which specializes in automatic weigh feeding machines. It has a technological collaboration with Schenck A.G. Germany. Its machines have found place in companies like Tisco, SAIZ. The PA process demonstrates the development oriented focus of the management. The PA is supported to be an interactive session to serve as a forum for career planning and development. The main objective is to help improve the productivity of employees and inculcate the importance of teamwork and creativity in them.

Dabur uses very constructive performance appraisal process while evaluating employees. Its evaluation is based on quantitative wise and objective wise. In Dabur India Ltd. the performance appraisal system is carried out annually.

CHECK YOUR PROGRESS:

Answer the following questions:

- 1. What is post performance interview?**
- 2. Explain why post performance interview is necessary in the job.**
- 3. How effectiveness of post performance interview can be enhanced?**
- 4. Why sometimes performance appraisal is criticized.**

3.7 LET US SUM UP:

In this unit some methods of performance appraisal have been discussed to evaluate the managers or high level personnel like assessment center technique, 360 degree appraisal technique and evaluation by peers. When manager evaluates the performance of the employees a number of errors and biases can take place. All these errors like leniency error, halo effect, central tendency, logical error, similarity error, recency error, constant error and rater's personal prejudice have been described. Performance appraisal system should be effective as a number of crucial decisions are taken on the basis of the ratings given by the appraiser. All organizations use appraisal system for some objective like salary increase, promotion, training needs.

For getting good and effective result, performance appraisal system should be improved by using important strategy like multiple rater's view, selective rating, and performance behaviors

in a diary. Feedback works as a motivation for employees in the organization. For better results employees must know how they are performing. So it is necessary to communicate employees how they have performed. This is done through post performance appraisal interview. The post performance appraisal interview includes discussion between supervisor and worker. Supervisor provides worker's feedback in this discussion. The objectives and reactions of post appraisal interview also have been described in this unit. How post performance interview can be improved and effective has also been described in this unit. Finally the important weakness of performance appraisal system has been described and how this system is used in government & in a private sector organization has been explained

3.8 GLOSSARY:

Inflated performance appraisal : to give positive and good feedback to the employee's in spite of bad performance

Prejudice : dislike that we have towards a person, based on the membership of particular group

Constant error : it is the tendency of the evaluator to give employee's consistently higher rating than other raters.

Self-Evaluation : In this technique managers can appraise their own abilities & job performance. They are asked to rate themselves according to their strengths' & weakness.

360 degree appraisal : In this method employees receive their performance feedback from different sources as boss, colleagues, peers & their own subordinates in the organization.

Logical Error : It is tendency of the evaluator to relate one trait with other trait logically. Evaluator thinks that if the employee is good in one trait then he will be good on the other trait also.

Multiple Criteria : For measuring the performance of employees multiple dimension should be identified & evaluated.

WEBSITE:

<http://www.bpubs.com/eq/cgi/jump-cgi>

<http://www.con/listdisadvantageperformanecappraisal>

3.9 QUESTION PATTERN:

Answer the following questions:

1. What are the various problems encountered in performance appraisal?
2. How manager can improve performance appraisal system?
3. Explain the different method of performance appraisal for manager.
4. Discuss the importance of post appraisal interview in performance appraisal.
5. Write short notes on:
 - a. Method to improve performance appraisals
 - b. The Assessment center technique
 - c. 360 degree appraisal
 - d. Purpose of post appraisal interview
 - e. Performance appraisal: A poor rating
6. Define the following terms:
 1. Halo effect
 2. Leniency error
 3. Logical error
 4. Post appraisal interview
 5. Recency error
 6. Multiple raters' view

3.10 SUGGESTED READING:

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4

TRAINING AND DEVELOPMENT

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4.3.9 Evaluating Organizational Training Programmes

4.4 Summary

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4.6 Model Questions

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4.0 Objectives of the Unit

- 1 Learner can explain the rationale for the need for training and development in Organizations.**
- 2 Learner can explain ways in which the organization and the employee can benefit from training and development programmes**
- 3 Learner can explain the various types of training and development programs at the workplace.**
- 4 Learner can explain how people learn**
- 5 Learner can list and explain the general principles of learning**
- 6 Learner can apply his knowledge of how people learn, to suggest an appropriate training program for an organization.**
- 7 Learner can prepare the logistics for a training program 3**
- 8 Learner can select an appropriate tool for the evaluation of training program**

4.1 Introduction

When people join work force for the very first time they possess a wide variety of skills which they have consciously or unconsciously developed over the years. Since most of their time before they join the work-force has been spent in formal education, as students, the skills they have are geared to their requirements as students. Entering the world of work is often a shock for many. This is why internships and practical / field work form an important part of some educational programmes.

Educationists hope to ease their students' initiation into the world of work through this early exposure to the actual situation.

While these efforts do have some utility, most of the efforts at this time generalist in nature. They are not focused on any particular job or skills.

In other words, the majority of people entering the workplace for the first time are not really ready for the discipline and responsibility that is called for, and organizations feel the need to provide them with an induction programme.

As the employee takes his place in the routine of the work he does, he needs to develop and refine the specific skills that are called for in the tasks assigned to him. In addition, he needs to understand his colleagues, his superiors and subordinates, how they operate, and where and how he can best fit in into the scheme of things. All this calls for continuous development in areas related to both, technical skills as well as social (soft) skills.

Developing himself to become a more productive employee is his own responsibility. However, this cannot happen unless the organization provides an environment where this can happen.

The quality of employees and their development through training and education are major factors in determining long-term profitability of a business. If organizations hire and want to keep good employees, it is good policy to invest in the development of their employees' skills, so productivity can be increased.

Directions: Before proceeding to the next section answer the following question. When you have responded, check your answer from the text above.

Why should organizations invest in the training and development of their employees?

4.2 Objectives of Training and Development

The main objectives of staff training and development are to improve the qualities of the trainee. This happens when the organization's different needs and the best methods are taken into consideration while formulating the objectives of each training programme. Training objectives are important because they determine the design and content of the training programme. The objective of each training programme relates to the content and skill addressed in that training programme. The ultimate purpose of staff training programmes is to increase the efficiency

of the employees, their professional growth and a smoother and more effective operation of the organization

Directions: Before proceeding to the next section answer the following question When you have responded, check your answer from the text above.

What is the difference between ‘objectives of staff training and development’ and ‘objectives of a training programme’? 5

4.3 Benefits of Training and Development

Training and Development benefits both, the organization and the Employee in the Organization. Advantages to the two are listed below.

Reasons for staff training and development in organizations can be seen from the point of view of the organization as well as from the point of view of the employee:

4.3.1 Benefits to the Organization:

1. Leads to Optimum Utilization of Human Resources

Each person has strengths and weakness. Through appropriate training and development programmes, it is possible to draw out the best that an individual can do. Through a system of training and development each employee can be placed on the job for which he is best suited. In this each employee is able to reach his potential and this can lead to a high performing organization as well as to personal satisfaction of the employee

2 Leads to Development of Human Resources

The skills that individual employees possess, taken together, comprise the total skill set of the organization. Training and development of individual employees“ technical and behavioural skills provides an opportunity for the incremental increase of the total skill set of the organization.

3 Improves Quality of Work & Increases Productivity

Training and development of employees has a direct impact upon the quality of work output and productivity of the organization. The more trained and skilled the employee, a rational expectation is that the higher and better is going to be his performance with its direct impact upon productivity. This contributes to the long term goals of the organization. 6

4 Inculcates a Team Spirit

Through working and learning together, Training and Development initiatives in organizations help in inculcating the sense of team work, team spirit, and inter-team collaborations. It helps in inculcating the zeal to learn within the employees.

5 Improves Organizational Culture

With more effective and collaborating individuals making up the team, training and development contributes by creating a learning culture and improving the organizational health culture of the organization.

6 Improves Organization Climate

When employees train and learn together this helps build a positive feeling about the organization. The employees get these feelings from leaders, subordinates, and peers.

7 Improves the Quality of Work life

Improvement in the quality of work and productivity of the individual influences the work-life of the individual. This has a direct impact upon the organization as it helps the individual align his personal goals with those of the organization. The more these two are aligned the more is employee integrated into the organization.

8 Improves Health and Safety in the Organization

Training and development initiatives in the organization keep the employees updated and skilled in the required health and safety measures of importance in the organization. This prevents obsolescence and makes it easier for organizations to move and progress.

9 Improves the Image of the Organization

Having a training and Development programme in place helps in creating a better corporate image for the organization. 7

10 Helps Development of the Organization

Training and Development aids in organizational development .It helps in developing leadership skills, motivation, loyalty, better attitudes, and other aspects that successful workers and managers display.

As a result, organizations gets more effective decision making and problem solving through better trained individuals. The better trained employees can better understand and carry out organisational policies.

4.3.2 Benefits to the Employee

1 Helps in Development of Employee Skills

Through training and development, the employee adds to his own knowledge and skills, and so also, his value in the company where he works. With each training, not only does his knowledge and skill improve, but also his over all intellect and personality.

The fact is that each employee carries with him his old and new skills. The more the knowledge and skills he has, the more will be his worth to any organization so that he will increase his own earning potential with every new training that he receives.

Training and development also provide employees with opportunities to develop such skills as leadership, decision - making and other managerial requirements, on the job, so that their chances of advancement within and outside the company are improved

2 Leads to a Feeling of Self Worth and High Morale

When an employee can contribute more to the organization and he becomes aware of the ways in which he is responsible for the organizations improved health – and wealth, his feelings about himself, his self-worth improves. This contributes directly to his mental health and the effect is a multiplier one, 8

where the improved perception of self leads to an even more improved performance. He is able to derive greater job satisfaction from the work he does. With high self – worth, comes improvement in morale.

The improved morale has a direct impact on the way the employee addresses his work. A high morale leads to a positive approach to work and so a greater job satisfaction.

3 Helps the Employee Become Part of the Team

Through working and learning together, employees get to know and understand their colleagues which help them in better assimilation and in becoming a member of the „team“. It encourages them to learn to become, both, more collaborative in their own team as well as more competitive between teams.

4 Leads to an Improved Quality of Work life

Training and Development helps in improving the quality of work done by the employees which leads to an improved work-life. This has a direct impact upon the organization as it helps the individual align his personal goals with those of the organization. The more these two are aligned the more is employee integrated into the organization.

Directions: Before proceeding to the next section answer the following questions. When you have responded, check your answers from the text above.

- 1 How does staff training benefit the organization?
- 2 How does staff training benefit the employee?

4.3.3 The Scope and Goals of Organizational Training

4.3.3.1 The Scope of Organizational Training

There is no area of expertise or operation in any organisation where organizational training is not required. These can be broadly classified into technical skills (also called hard skills), human skills (also called soft skills) and conceptual skills. Organizational training would include all these areas and specific skills within each of these categories.

Organizational training also has a vertical spread, that is, training for individuals at all levels within an organization, from an entry level employee to the top management. The subjects of interest at different levels would, of course, be different. At the lowest level of hierarchy, technical skills would take precedence. At the middle level human skills would begin to become more important. At the highest level conceptual skills and human skills would be most important.

Technical skills include such skills as machine operation, calculation of material requirements for an operation, maintenance of machinery etc. Human skills include such skills as communication, negotiation, coaching, motivation etc. Conceptual skills include skills such as building organizational image, project management etc.

4.3.3.2 The Goals of Organizational Training

The goal of training is to impart knowledge /a skill. / positive attitude towards the work itself or towards the organization

The desired outcome of any training process is the learner"s increased knowledge or competency up to the desired level in the said skill. The specific skills that need to be developed are sometimes referred to as the key result areas (KRA). KRAs differ from organization to organization, person to person and from level to level.

Skills may be classified as „hard“ or „soft“. Hard skills refer to employee"s learning to perform a task. Soft skills refer to the employee"s learning to deal with other people.

The desired outcome of training is the achievement of a skill. The method to achieve that outcome is by communicating information, reinforcing the skill and testing for assessing skill levels achieved.

Directions: Before proceeding to the next section, answer the following question. When you have responded, check your answer from the text above.

What skills are required at different levels within an organization? Consider a printing press. Identify at least two skills that would be required by the employees at each of three different levels in the organization. 10

4.3.4 Staffing for Organizational Training

Training and Development of the employees is the joint responsibility of the managers /supervisors and the Human Resource Department of the organization. It is the manager / supervisor who is responsible for the work of the organization being completed efficiently and effectively. It is in their interest to see that the employees directly under their supervision have the skills and competencies required to do the jobs to which they are assigned. Since they cannot themselves take on this task of training and development, they work in close cooperation with the Human Resource Department.

Some organizations do have a training cell where employees are provided the necessary opportunities to develop their skills. This is generally in the areas of technical skills. However it is more common, especially for smaller organizations, to depute their employees to other training facilities. Alternatively, trainers or training organizations may be invited into the company to conduct training programmes to help train and develop employees. This is more common in the case of soft skills.

4.3.5 The Pre-Training Environment

Before any training programme can be introduced, and before any employee will take a training programme seriously, the organization needs to develop a culture within the organization where training and development is valued and rewarded.

When the rewards of training and development become clear to the employees, they will be motivated to improve their own performance through training and development. Observing the rewards of learning will also have a still more beneficial effect on the others who see this happening to their colleagues. They are likely to look for ways in which they themselves can improve and contribute to the organization.

4.3.6 How People Learn: Psychological Issues

Learning is defined as a “relatively permanent change in behaviour. Although each person learns in his own way, there are some things common in the way all people learn. Research in learning has brought out many of these findings which are of great interest to trainers and educationists. All training programmes expect people to learn something, and so, must be based on how people learn.

The important principles of learning and issues concerning learning are explained below:

4.3.6.1 The Learning Curve

When a learner is introduced to new information or a new skill, he may take several learning sessions to acquire that knowledge or skill. This process is known as the learning curve. The learning curve depicts the time it takes an individual to develop knowledge or a new skill. The learning curve is a graph that depicts the rate of learning. In other words, the learning curve is graphical representation of how the learning is proceeding over time.

The graph shows the learner’s progress in the mastery of a skill (against the time required). Performance of learning-tasks which are measurable are plotted against time to provide a two-dimensional graph. A sample of such a graph is shown below:

As seen from the above graphical representation, as the number of trials at learning increase, the performance increases. Learning begins at a slow pace, increases after some practice but after a time it may slow down. This shows up as a plateau on the graph. This is a typical S-curve. It serves to explain the progress of learning a new task. During the plateau period, the increase in learning is incremental (a little at a time). To move beyond the plateau learners need to make extra effort and the instructors may need spend time in motivating the learner to progress further. Reasons for the plateau include distractions while learning, waning motivation and boredom.

The learning curve aids us in understanding the learning process. They can serve as a means of comparing how learning is progressing in more than one group. It can also give insights into different methods of training.

When the learning task is difficult, it is assumed that the plateau indicates that consolidation is taking place and that the new learning is being integrated with existing knowledge.

Directions: Answer the question below before proceeding to the next section. Check your answer from the section above

In any new learning, explain the slow pace of learning in the beginning. Why does learning slow down again after some time?

4.3.6.2 Feedback in Learning

This is often referred to as KR or “Knowledge of Results”. Knowledge of our progress in learning is essential to progress in learning. When a learner knows that he is on track, his actions are reinforced and he is encouraged to continue in the way he was going. The tendency to give the same response is strengthened.

When he knows that his response is incorrect he knows that to get the result he wants he needs to change his response. Both positive and negative feedback have their use in learning. Learners look for feedback from their trainers and from other cues in their environment such as a smile or acknowledgement from the trainer or from others in the group.

Directions: Before proceeding to the next section answer the question below. Check your answer in the section above.

What role does feedback play in the progress of learning?

4.3.6.3 Distributed Learning

Distributed learning is also referred to as spaced practice learning. This implies that the whole learning is not attempted at one stretch continuously, but rather, it is done in several practice periods with intervals in between. Research has shown that distributed or spaced learning is more effective in terms of total time taken and the efforts put in. It is seen that short practice periods with frequent, but short, time intervals works best for most people.

Directions: Answer the question below before proceeding to the next section. Check your answer in the section above.

What is distributed learning? What does research say about ‘distributed learning’?

4.3.6.4 Transfer of Training

When skills acquired in learning one task can be used in another task this is referred to as “transfer of training”. A good example of this is when we learn to play tennis, we find it easier to pick up badminton. The skills acquired in one are transferred in to the new situation. In other words, when previous learning facilitates the next learning we refer to it as “positive transfer of training”. There may also be “negative transfer of training” when

previous learning interferes with new learning. An example of negative transfer of training is when you have learnt driving on the left side of the road and you are now required to drive on the right side of the road. You are likely to make a lot of mistakes and it will take that much longer to learn the new technique. However, when two tasks are completely unrelated there will be no transfer of training. The greater the number of identical elements between the old and the new learning tasks, the greater will be the positive transfer of training. The message in this is that in order to improve learning by the learner, trainers need to start from what the learners already know. They can bring out the similarities between the new learning and what the learners already know. By this they will make the new learning tasks easier for the learners.

Directions: Answer the question below before proceeding to the next section. Check your answer in the section above.

Form your own experience, give one example each of positive- and negative- transfer of training.

4.3.6.5 Part vs. Whole Learning

Cognitive Psychologists have been concerned with understanding what works best when the task to be learned is complex and large. Is it better for the learner to try and learn the whole task together or is it better for the task to be broken up into units and each unit of the task be addressed separately. Research in learning reveals that the total difficulty of any task depends upon the complexity of the task and the way the various sub-tasks are organised. Psychologists' studies reveal that if the task is well organised, trying to learn the whole together is more efficient and effective. However when the task is of low „organisation“ part training approach works better.

Often one can combine these approaches and some researchers have suggested a „whole – part – whole“ approach. Begin by understanding the whole and how the parts relate to each other in the whole. Then, take up each independent part and perfect it. Follow this up by putting all the learning of parts into a „whole“ picture. Such an approach to learning is likely to be most beneficial in the case of complex learning materials.

Directions: Answer the question below before proceeding to the next section. Check your answer in the section above.

In the case of a difficult and complex learning task, how can the trainer make the task easier to learn?

4.3.6.6 Active vs. Passive Learning

Research studies in learning have shown that best learning takes place when the learner actively participates in the learning process. Educationist Edgar Dale has explained that learners will remember and apply only 10% of what they read, but remember and apply 90% of what they do, during training.

This is depicted graphically by Edgar Dale in his “Cone of Learning”.

Source for figure “Cone of Learning”:
<http://blog.visualpurple.com>

Directions: Answer the question below before proceeding to the next section. Check your answer with the information provided in the section above.

Suggest three ways in which the knowledge of Dale’s ‘Cone of Experience’ can help trainers make their training more effective.

4.3.6.7 General Principles of Learning

Although each person is an individual and learns in his or her own way, research studies in learning, world-wide, have revealed that learning does follow some universal principles. This is true of learning by any individual, no matter where the learner comes from, or what the material to be learnt is. These general principles of learning are listed below:

1. Learners need to know where they are going and have a sense of progress towards their objectives. They need feedback on their progress. They need to know that the efforts they are making towards learning are having the intended effect. 16
2. The learning environment has to be one of trust, respect, openness and acceptance of differences. Each individual learns in his own way. His past experience with the material to be learnt and with learning in general plays a great role in how he will learn the new tasks / materials. Learners will learn best when they experience trust and when their differences as learners are respected and accepted.
3. Being aware of and owning the responsibility for learning lies with the learner. Others can only give information and support, and provide feedback. The learning is finally the responsibility of the learner. He can and will learn only when he himself is ready to learn. The facilitator or trainer thus also sometimes needs to motivate the learner to engage his mind in the learning.

4. **Learners need to participate actively in the learning process. Learning takes place best when the learner is actively engaged in the learning process. Interactive and participative learning works best for all learners. The more the involvement of the learner in the learning process, the better his learning is likely to be.**
5. **Learning should be related to and use the learner's experience and knowledge. When new learning is based on what the learner already knows, he is likely to learn better and faster. This can be made good use of when preparing a training programme. Trainers who base their training on past experience and existing competencies of the learner will be more effective than those who don't.**
6. **Learning is not only a basic capability but also a group of skills which can be developed and/or learned. Learning involves the acquisition of knowledge, the development of skills, as well refinement of attitudes and other affective components. Each of these can be separately addressed. Learning by the learner can be improved by working on the knowledge component, the skill component and the attitude components separately.**
7. **Facts, concepts and skills are learned in different ways. Methods used for learning facts, concepts and skills are different. Trainers who keep this in mind and who make use of the different methods based on the learning material are likely to be more effective.**
8. **Getting ideas wrong can be a valuable aid to developing understanding. Both positive as well as negative experiences of learning aid learning. We learn from our mistakes as well as from correct responses.**
9. **For learning to be processed and assimilated, time must be allowed for reflection. Learning is best accomplished when time is given to internalise knowledge and give it time to integrate with what the learner already knows.**

One should ideally move on to the next level of learning only after the earlier level has been understood.
10. **Effective learning depends on realistic, objective and constructive feedback. The trainer must continuously keep the learner informed of how he is progressing. In case of mistakes, it is not enough to point out the mistake but also to indicate how the behaviour / performance must be changed. This will ensure that learning is effective.**

Directions: Answer the question below before proceeding to the next section. Check your answer with the information provided in the section above.

List the ten general principles of learning and write one sentence for each to explain its implication in training.

4.3.6.8 The Training Process

The steps in any training process are:

1. Deciding on the Organizational Objectives

The organization has its own objectives which it hopes to achieve through its employees. The first step in deciding on what kind of programmes the organization should invest in is to prepare a list of these (There might be a ready list available, in which case this can be referred to).

2. Needs Assessment of the Organization

Based on the organizational objectives, one can find out the skills required to achieve these objectives.

3. Skill Gap Analysis

Skills available are matched with those required in the organization. Is there a gap?

4. Formulating the Training Objectives

Based on the gap in skills available, training objectives are formulated.

5. Selection of the Trainees

Trainees are selected on the basis of the gaps they can fill. This is done by matching the skills they possess and an evaluation of what they will be able to learn.

6. Selection of the Training Methods and Mode of Delivery

Based on the skills to be taught and the level of the trainees, appropriate methods are selected. In this way individual differences between learners are taken into account.

7. Choosing Evaluation Procedures

Once the training programme is in place, a method of evaluating the effectiveness of the programme is developed. Evaluation of the programme is based on performance of the trainees in the end-of-programme evaluation as well as long-term transfer of skills.

8. Administering the Training

The programme is conducted . A good programme ensures participative learning so that skills are better integrated in the trainees.

9. Evaluating the Training

At the end of the programme, the performance of the trainees is checked. Usually a feedback is collected from the trainees to understand their attitude and feelings about the new learning.

Directions: Answer the following question before proceeding to the next section. When you have responded, check your answers from the text above.

List out the steps in the training process. Which step do you consider the most important? Why?

4.3.7 Types of Training and Development Programmes

Training programmes can be categorised according to different criteria. This is done looking at the time / purpose for which the training programme is intended. A number of training schedules have been developed. These are explained below:

4.3.7.1 Induction / Orientation Training:

The aim of orientation training is to introduce the new employee to the company and its procedures and schedules. It is often referred to as „induction training“. As the name implies, the purpose of this training is to induct the new employee into the company. It may include informing new employees on any one or more of the following:

Background and history of the company,

Policies and the way in which the company functions,

Different departments and how they interact with each other,

Safety rules,

Ways of communicating with others in the company,

Products and services offered by the company.

Duties and rights of employees,

Facilities available to employees, and

How he is expected to represent the company.

One important reason for this induction exercise is to encourage a positive attitude towards the company for which the new employee will now be working.

It is sometimes used at times when new procedures or schedules are to be introduced and new and existing employees are to be inducted into the new procedures.

4.3.7.2 Vestibule Training

The purpose of vestibule training is to develop or enhance the skills required by employees in that particular industry. The training is usually delivered in a „simulated situation , that is , the job situation is duplicated somewhere outside and the employee is required to develop the skills he needs to do the job he is entrusted with.

This can be done through industrial attachments. An individual is placed within another area of relevant work, or organization. The effect is the acquisition of practical specialised skills.

4.3.7.3 On The Job Training / Coaching

In this kind of training the employee is given time to practice and develop the skills and competencies he needs at his workplace. The programme is usually systematically planned keeping in mind what the employee already knows and is usually done under the supervision of a senior or a manager to ensure that the employee is picking up the right methods. Sometimes an external supervisor / trainer may be employed. These trainers are usually experts in their jobs as well as experts in training methodology.

4.3.7.4 Apprentice Training

In industry, there are some trades which require very skilled workers. Examples of such trades are carpentry, drilling, plumbing and many more. Even when a new employee comes with the basic training , the specific skills required on the job can be learnt by making him an apprentice under a skilled tradesman (one who has been working in that same task for a considerable length of time). The apprentice works under the close supervision and guidance of the skilled tradesman and must reach a specified level of skill development before he can be allowed to work on his own.

4.3.7.5 Demonstration

Teaching by example, whereby the skilled worker performs the job and the unskilled person closely observes, so as to understand the job

4.3.7.6 Formal Training

A practical and theoretical teaching process which can be done within (in-house training) or outside (off-house training) the organization. Very often employees are sponsored to do such formal courses to build up the individual expertise available within the organization. These are usually conducted by universities, polytechnics or professional institutes.

4.3.7.7 Methods of Development

Within an organization the following methods are usually used for the development of employees:

Understudy : This is where an employee is taken on as an understudy of the person whom he will replace when this person retires. This is a good way to prepare the person next in line for a job. It eases the process of taking over.

Job Rotation : The employees is given an opportunity to work at different jobs so that he may develop competencies and skills required for each of these jobs. This ensures development of a wide variety of skills in each individual, who undergoes such development.

Self Development / Self Assessment : When an employee has a personal desire to improve himself , he takes on a number of courses or programmes to improve himself.

Directions : Before proceeding to the next section answer the following question. When you have responded, check your answer from the text above.

Explain the different methods of staff training and development.

In case an employee wants to develop himself to prepare for increased responsibility, how should he go about doing so?

4.3.8 Career Planning and Development

Career planning and development is the process of organised decision-making and action based on integrating the needs of the organization with the individual growth needs of the employee. It determines the progress of a person's employment in his career. It is thus a life – long process and is influenced by, and influences, the individual's psychological behavioural and experiential past

There are two levels at which career planning and development occurs

By the organization for its employees

By the individual (employee)

The purpose and objective in the two cases is different. However, in both cases, the ultimate aim of career planning and development is the development and progress of the individual (employee).

4.3.8.1 Organizational Efforts:

Organizational efforts at career planning and development of their employees are based on the premise that by encouraging their employees to grow and develop, the organization itself will become more efficient and effective. Organizations may do one or more of the following to accomplish this:

Job posting systems - where employees are encouraged to apply for new posts which come up within in the organization along with outside candidates

Mentoring of its employees – A mentor is a person who is considered to be a trusted counsellor and guide. Through their mentors employees come to understand the inner working of the organization. This close interaction between „mentor“ and „mentee“ allows the latter to network with people in various positions so that they get to understand the organization better. It helps to clarify any ambiguous expectations from the employees, and to find out the strengths and weaknesses of the new employees. Mentoring provides an opportunity to new employees to discuss their apprehensions with people in the organization.

A person may have more than one mentor over time. In the workplace, usually a senior person with experience can serve as a mentor to a junior employee.

It is commonly observed that managers serve as career counsellors to the employees directly under them. Managers are particularly suited to this role because they observe their subordinates and understand how they work, They can use previous information and appraisals to correctly evaluate the progress of the employee, and so guide them on future career pathways development programs also help for effective strategic succession planning within the company. Succession planning prepares employees for career advancement into senior-level positions after the employees holding those positions retire or transfer to other positions.

Providing career resource centres – The career resource centres provide opportunities to the employee to take charge of his own learning and development. It provides for learning resources appropriate to the needs of the employees. Most materials available at the resource centre are self paced, so that

the learner can progress at his own pace. Most importantly, it places the onus for learning and development on the employee himself. The aim is that the employee takes the decision on the direction of his career path, and takes the necessary action to proceed on the selected path. The resource centre merely serves to facilitate the continued development of the employee. Typically, the resource centre would provide educational information, opportunities for personal growth and job – finding skills for the employee.

Career development workshops – These are designed to help employees understand where they stand, their levels of satisfaction and reflections on how they would like their career to progress. It provides them with an opportunity to prepare realistic developmental plans for themselves and take the required steps towards achieving these. It encourages them to take responsibility for their own learning and development towards achieving their career goals. This will bring the required commitment into their development.

Human resource planning and forecasting – This is the process by which an organization analyses its own human resource needs in terms of skill requirements in the short– and long–term. These needs are prioritised and human resources are allocated to existing and future organizational needs.

Performance appraisals – Organizations can use “performance appraisals” as tools to determine and guide future growth opportunities for their employees. Performance appraisals can help in developing the individual’s development in the right direction. They also help him to understand his own strengths and weaknesses.

Developing a career path for each individual - A career path is the sequence of job experiences planned and allocated to an employee so that he gets all possible types of learning opportunities in the organization. It is expected that by these variety of experiences, the employee will understand all aspects of the job he is to do and will be able to easily move on to the next level of responsibility.

4.3.8.2 Individual Efforts

Many individuals are driven to improve and grow, Others may need to be motivated to develop themselves. Either way, when the employee is more productive, both, the individual as well as the organization benefits.

The various ways in which individuals may approach their own career development include the following:

Career planning – Where the individual (employee) works out a career plan for himself as well as a strategy to achieve this. He takes the initiative of finding out what he needs to do to achieve the career goals he sets for himself and goes about doing what is required.

The organization through its Human Resource Department encourages the employee to plan his career and provides any assistance he may need.

Career Awareness – The decisions related to their jobs is always with the employee. He decides whether to remain in an organization, whether to work hard and prove himself, whether to accept new responsibilities, and whether to go in for personal development activities in the organization. The organization merely facilitates this process. It does so by providing any information the employee may need to make career decisions and by providing a culture for growth and development, where employees can take advantage by making career plans so that their career goals are met.

Career Resource Centre Utilization – Most career resource centres will provide educational guidance and have available resource materials which will help the employees to determine their career interests, their values and their competencies.

Interests, Values and Competency Assessment – Several tests and inventories are available which can be used to help employees find out their own interests and competencies. These are usually maintained by the resource centre.

Career planning and development proceeds in four essential stages. These are:

- 1 Assessment of the individual:** Whether the career planning is initiated by the individual or by the organization, the very first step is to evaluate and assess the existing core skills possessed by the employee.
- 2 Preparing a career progress flow-chart:** The ideal career pathway for the employee is charted out (either by himself or by the organization). That is, a plan of how the employee will move from one job to the next is listed out.
- 3 Assessment of Skill requirements of the job:** Once the career pathway is charted out the skills set required in the new job (the next job for which the employee is being prepared) are

identified and the lacunae (skills that yet need to be developed) are listed and focused upon.

- 4 **Implementing the career development plan:** The employee trains himself (or the organization deposes him for the training) according to the requirements of the next job he is expected to take. The employees new skills are assessed before he is given the new job.

Directions: Before proceeding to the next section answer the following questions. When you have responded, check your answers from the text above.

- 1 **Why should an organization spend time and energy to plan the careers of its employees? How does an organization take care of the career path planning of its employees?**
- 2 **How can individuals plan their own career path in an organization?**
- 3 **What are the four stages of career planning and development?**

4.3.9 Evaluating Organizational Training Programs

It cannot be assumed that training will improve job performance. Workers may feel that the training has benefited them, but unless they show an improvement in efficiency or effectiveness in their jobs, we cannot say that the training has served its purpose. Training in organizations should be, and is, focused. The time spent by an organization on training of its employees must be fully accounted for. It must serve the purpose for which it is intended and hence the purpose of any industrial training is clearly specified in a set of “training objectives”. This makes it easier to evaluate the training programmes. If the objectives have been achieved, we may say the training has been successful. If, on the other hand, the training objectives have not been achieved, we may say that the training has not been successful and the employees may need to go for re-training.

Some of the questions to consider when evaluating a programme are:

Did the participants enjoy the training programme?

Did the participants learn the content of the training?

To what extent has their expertise in the skill / content matter increased?

Did the learners use this new learning in their work-place?

Did the new skills / learning improve the organizational performance (Business results)?

Did the investment made in the training programme pay off?

Testing the effectiveness of a training programme is not as simple as it may sound. Several important factors need to be considered such as: extent of employee improvement (short-term and long-term), time spent on the training, cost of the training (actual cost and cost of lost work time), attitudinal changes in the employees.

A suggested list of criteria which should be included when evaluating the programme are:

Better quality of production

Increase in number of persons who pass the required job standards

Reduction in time required to do a job

Decrease in defects of manufactured product

Decrease in absenteeism

Reduction in absenteeism

Reduction in operational costs

Reduction in wastage

Better performance of trained persons on their appraisals.

The training programme is most likely to fulfil the above criteria if it follows some basic principles in choice of the programme are adhered to:

The training programme should be based on the training needs of the employee(s)

Training methods used must be selected based on age and maturity of trainees

Opportunities for skill development should form part of the programme.

Standards of acceptable performance are laid out and conveyed to the trainees.

Opportunities for re-training and extra skill training should be available for those who need more time to develop the required skills.

Directions: Answer the following questions. When you have responded to all items, check your answers from the text above.

- 1 How does an organization decide whether the training provided to its employees has been effective (evaluate a training programme)?
- 2 What basic principles should be kept in mind by the organization while selecting a particular programme for its employees.

4.4 SUMMARY

The aim of every organization is to be effective and efficient. Organizations continuously strive to increase their productivity. This they can do when their employees become more efficient and productive. The objective of staff training and development is to increase the efficiency and effectiveness of the staff.

Organizations adopt several means to achieve this objective. Many motivated individuals take the initiative to train themselves for increasing responsibilities. Thus, staff training may be made available by the organization, or, an individual may opt for certain types of training which will prepare him to move forward in his career path.

Training programmes, to be effective, must learn from research in Education and follow the general principles of learning.

Since important resources are being spent on training and development, it is important that the programmes be evaluated. Programme evaluation is based on objective evaluation criteria.

4.5 GLOSSARY

Career path : A planned, logical progression of jobs within one or more professions throughout working life.

Conceptual skills : the skill of being able to see the organization as a whole and understand the relationships among various subunits, and visualize how the organization fits into its broader environment.

Effectiveness : Effectiveness in relation to training measures whether the intended objectives were achieved.

Efficiency : Efficiency measures how economically something is done - trying to achieve the maximum output for the minimum input

Feedback : In the context of „learning“ it means knowing how the learning is proceeding.

Forecasting : Predicting the short-term and long-term requirements of an organization

Induction Training : Training carried out at the time when an employee is first employed in an organization. The purpose is to familiarize him with the working and procedures as well as the values and rules and regulations of the organization.

Job rotation : Moving an employee from one job to another at the same level in order for him to develop the varied skills required for each job.

Key Result Area (KRA): The general areas of outcomes for which the department is responsible. It is important to identify these so that objectives and targets can be properly decided for the department

KR : Knowledge of Results (See “feedback”)

Learning : A relatively permanent change in behaviour.

Learning Curve : A graphical representation of the progress of learning.

Objectives of Training and Development : The general aims and objectives of training and development

Organizational Climate : Organizational Climate is a measure of the way in which members of the organization perceive the organization. It relates to their collective feelings about such things as trust, autonomy, cohesiveness, support, recognition, fairness etc. within an organization.

Organizational Culture : It is the general culture within a company or organization, and is sometimes also called corporate culture. It includes the set of values, beliefs and traditional ways of doing things that are typical of the organization

Orientation : See “Induction”

Productivity : Productivity is a measure of the output in terms of the input into any system. For example, Productivity of an assembly unit would be the ratio of the output of ready materials to the input of raw materials

Soft skills : Also known as behavioural skills or interpersonal skills. They include proficiencies such as communication skills, conflict resolution and negotiation, personal effectiveness, team building, influencing skills etc.

Staff Development : This includes processes, programs and activities through which the organization develops, enhances and improves the skills, competencies and overall performance of its employees and workers.

Technical skills : The specific skills required to do a specific task. Examples of technical skills include mathematical skills for an accountant, finger dexterity by a surgeon, tonal recognition by a musician, etc.

Training : Training is a learning process wherein the trainee acquires new knowledge, skills, concepts and attitudes or improves existing knowledge, skills, concepts and attitudes to improve his performance

Training Objectives : These are the specific objectives of a particular training programme. They usually would include details of the content of a programme as well as proposed methods of instruction.

Transfer of training : When skills learned in one situation are applied and used in another situation,

Understudy : A person who is engaged in studying a role or a job so as to be able to replace the regular performer when required.

4.6 MODEL QUESTIONS

- 1 Discuss the process of development. Explain the benefits of training and development.**
- 2 Explain the general principles of learning.**
- 3 Discuss the different ways in which organizations facilitate the training and development of their employees.**
- 4 Explain the steps in the Training process? How would an organization evaluate a training programme?**
- 5 Write short notes on :**
 - a. Objectives of Training and Development**
 - b. The learning curve**
 - c. Transfer of training**
 - d. Orientation programmes**
 - e. Apprentice training**
 - f. Dale's Cone of Experience**
 - g. Resource Centres**

h. Performance Appraisals

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5

LEADERSHIP STYLE AND BEHAVIOUR

Unit Structure

- 5.0 Objectives
- 5.1 Introduction
- 5.2 Meaning, definition and quality of modern leadership
- 5.3 Difference between leader and manager
 - 5.3.1 Importance of leadership
- 5.4 Behavioral theories of leadership
 - 5.4.1 Three Dimensional Theories
 - 5.4.2 Ohio State Studies
 - 5.4.3 University of Michigan of Studies
 - 5.4.4 The Managerial Grid
- 5.5 Style of Leadership
- 5.6 Fred Fiedler's is Contingency Model
- 5.7 The Situational model of Hersey and Blanchard
- 5.8 Let us sum up
- 5.9 Glossary
- 5.10 Question Pattern
- 5.11 Suggested Reading

5.0 OBJECTIVES:

After going through the unit you would be able to:

1. Define the concept and meaning of leadership
2. Highlight the quality of leadership
3. Differentiate between leader and manager
4. Explain the style of leadership

5. Explain managerial grid
6. Explain Fred Fiedler model of leadership
7. Explain Situational model of leadership

5.1 INTRODUCTION :

This unit is about the meaning, definition and concept of leadership. It explains the quality of modern leadership and behavior of leadership who is the manager, what are the differences between manager and a leader and how a leader behaves in different situations. All these concepts will be explained in this unit. This unit also explains about the importance of leadership in an organization and important attribute of successful organization is effective leadership and quality of a leader.

5.2 MEANING, DEFINITION AND QUALITY OF MODERN LEADERSHIP:

Leader is viewed as the person in the group who is capable of influencing group activities with regard to goal formation and goal accomplishment. Paul Hersey and Ken Blanchard defined leadership as the process of influencing group activities, towards the accomplishment of goals in a given situation. John Newstrom and Keith Davis defined leadership as the process of influencing and supporting others to work enthusiastically towards achieving objectives.

The leader may or may not have any formal authority. In this sense leadership is a broader term than management. Because management position comes with some degree of formally designated authority, an individual may assume a leadership role as a result of the position he or she holds in the organization.

QUALITY OF MODERN LEADERSHIP : Leadership is a key method of management. It is not a necessity that leader possesses outstanding talents. Essentially leader should be ready to take responsibility and possess will and aspiration for further development. A good leader will both inspire confidence and give a strong example of what we should aim at.

1. **GOOD PERSONALITY :** Good and healthy personality is an important quality of leader. Most good leaders have pleasing personality.

2. **APPRECIATE YOUR CO- WORKERS:** For good leader it is very important to motivate his follower. Effective leader always appreciates the hard work of the employees. If employees get appreciation then they will definitely continue to do the right thing.
3. **INNOVATIVE:** Good leader has the ability to innovate new things, methods in the organization. He should have the imagination to develop new ideas or new ways in handling the activities. Followers expect their leader to be innovative.
4. **AVOID AGREEMENTS:** Good leader avoids unnecessary agreements. If he is criticized by others then he does not get involved in the arguments. He listens to all the criticism politely and thinks about the problem and mistake and tries to improve.
5. **SELF CONFIDENCE:** A leader must have self confidence. By using self confidence he can solve problems and face challenging situations.
6. **LISTEN TO OTHERS:** A good leader should try to feel part of team rather than superior. If leader listens to his followers, they will definitely appreciate it. Sometimes leader receives good ideas and suggestion from his followers.
7. **HUMAN SKILLS:** A good leader is the one who has the ability to understand follower's human skill like perception, motivation and attitude. The knowledge of human skills is very important for the leader as he has to interact with his followers.
8. **PROPER JUDGMENT:** He must have the ability to judge the performance of his subordinates. Good leader can take proper judgment in complex situation and can solve complex problems.
9. **ACCEPTANCE OF HIS MISTAKE:** A good leader is ready to accept his mistake if he commits any mistake. People will appreciate a leader who can admit a mistake.
10. **CREATE A PARTICIPATIVE AND POSITIVE ATMOSPHERE:** It is found that a good leader uses participative approach and has a positive atmosphere. If leader uses autocratic approach by creating a climate of fear or competition, he will create problem for employees. He always allows his subordinates to participate in decision making.

Edward Deming has elaborated characteristics of modern leadership:

LEADERSHIP ACCORDING TO DEMING:

1. **Absence of autocracy**

2. Does not need directives
3. Listen employees himself
4. Helps employees
5. Trust employees
6. Helps people to find proper solution themselves
7. Activity, zeal, readiness to take responsibility
8. Employees trust him
9. Makes stress that he/she is not the most competent
10. Leader monitors the work of each team member and be in touch in case of some issues.

5.3 DIFFERENCES BETWEEN LEADER AND MANAGER

Leader and manager differ in motivation, personal history and how they think and act.

1. Managers tend to adopt impression if not passive, attitudes towards goals whereas leaders take a personal and active attitude towards goal.
2. Managers prefer to work with people they avoid alone activity because it makes them anxious. They relate to people according to the role they play in a sequence of events. Leaders who are concerned with ideas relate to people in more intuitive ways.

Managers achieve results by directing the activities of their subordinates. In country leaders inspired others to perform beyond their normal capabilities by creating a grand vision.

5.3.1. IMPORTANCE OF LEADERSHIP:

A leader not only commits his followers to organizational goals, he also pools needed resources, guides & motivates subordinates to reach the goal. Leader transforms potential into reality. This role is often seen in giant firms. In all the cases leadership is the ultimate act that identifies develops & uses the potential that is in an organization & its people. Leadership is not the mere using of people & the potential for realizing _an organization's goals. It has the ultimate aim of raising the level of human conduct & ethical aspiration of both the leader & the led.

IMPORTANCE OF CONTINUITY & ASSERTIVENESS:

Successive, strong leadership can alone produce good results in India, with all its diversity. To illustrate the point good leadership in the past has intermittently elevated the officers of

the President, The Chief Justice of India, The Central Vigilance Commission & the Sebi Chairman.

Similarly compare this fortunes of Reliance or a Wipro today the heavy-weight business groups that dotted the Indian Corporate world as more than their equals in 1991.

EXAMPLE: HOW INDIAN COMPANIES ARE NURTURING LEADERS

As the business environment changes rapidly, organization needs leaders who are an ideal with the change & also profit from it. Managers are required to quickly assess situations, look at new opportunities & put in place necessary strategies. “Organizations thus need people who are on the top of the things” says Rajeev Dubey president human Resources (HR) Mahindra & Mahindra Ltd, for this, “companies need to equip future leader with the latest know-how, resources & tools”

The Mahindra group for instance, offers a numbers of lifecycle programmes for leadership development at key transition point for managers. In 1999 the conglomerate set up an in-house management development centre Bodhi Viksha named after the tree under which the Buddha attained enlightenment to promote business values & leadership skills.

CHECK YOUR PROGRESS:

Fill in the blanks:

1. _____ defined leadership as the process of influencing and supporting others to work enthusiastically towards achieving objectives.

Answer the following:

1. Define leadership.
2. Differentiate between a leader and a manager.

5.4 BEHAVIORAL THEORIES OF LEADERSHIP:

A behavioral theory of leadership focuses on the specific behavior that differentiates leaders from non leaders.

There are two main assumptions underlying behavioral theories (1) leaders are made rather than born, (2) successful leadership is based on definable, learnable behavior. This approach focuses the behavior of successful leaders. Studies based on large samples can help in identifying statistically significant behavior that differentiable successful leader from ineffective leaders.

5.4.1 THREE DIMENSIONAL THEORIES :

Kurt Lewin & colleagues carried out leadership decision experiments in 1939, identifying the three styles of leadership.

AUTOCRATIC

Autocratic leaders keep all power with themselves. They make all the decisions themselves and structure the complete work situations for their employees. The employees are compelled to follow the leader's instructions.

Autocratic leaders are effective when there is no need for others contribution to the decision making and where the motivation of the people to implement the decision would not be affected.

DEMOCRATIC

They decentralize authority. They also give their subordinates considerable freedom in carrying out their duties & opportunities to participate in decision making. They motivate their subordinate to express their ideas & make suggestions.

Democratic leadership increases employee satisfaction & feeling of self worth. This style of leadership will not be effective if the employees are incompetent.

LAISSEZ-FAIRE:

Laissez-faire leaders do not set goals for the group but the members have to set goals for the group .They allow people to make their own decisions.

Laissez-faire leadership is successful when people are capable & motivated to make their own decisions.

Two most popular studies focused at behavioral style A Ohio State group & The University of Michigan group.

5.4.2 OHIO STATE STUDIES :

Ohio State studies begin in the late 1940. These studies sought to identify dimensions of leader behavior.

INITIATING STRUCTURE: Refers to the extent to which a leader is likely to define & structure his or her role of subordinates in the search for goal attainment. The leaders organize the group, decide the goal, assign the task and expect workers to maintain definite standards of performance.

CONSIDERATION: refers to the extent to which a leader is likely to have good relationship, mutual trust & respect for subordinates. They show concern for their behavior satisfaction. A leader high

in consideration could be described as one who helps subordinates with personal problems, in friendly approachable manner & treats all subordinates as equal.

5.4.3 UNIVERSITY OF MICHIGAN STUDIES :

The Michigan group also sought two dimensions of leadership behavior:

EMPLOYEE ORIENTED: One who gives importance to interpersonal relations. They always think about the subordinates needs & problems.

PRODUCTION ORIENTED LEADERS: One who gives emphasis on task accomplishment. They only think about production. They are associated with lower level of job satisfaction.

5.4.4 THE MANAGERIAL GRID :

Robert Blake & Jane Mouton developed the managerial grid. It is a useful tool for managers to identify their leadership style. This grid is based on two dimensions.

1. CONCERN FOR PEOPLE
2. CONCERN FOR PRODUCTION which represent the Ohio & state dimensions of consideration & initiating structure or the Michigan dimensions of employee oriented & production oriented.

BLAKE AND MOUTON'S MANAGERIAL GRID

CONCERN FOR PEOPLE AND

CONCERN FOR PRODUCTION

MANAGERIAL GRID OF BLAKE AND MOUTON

9 HIGH 8 CONCERN 7	<u>COUNTRY CLUB MANAGEMENT</u>		<u>TEAM MANAGEMENT</u>	
	THROUGHOUT ATTENTION TO NEEDS OF PEOPLE FOR SATISFYING RELATIONSHIP LEADS TO A COMFORTABLE FRIENDLY ORGANISATION ATMOSHPERE AND WORK TEMPO		WORK ACCOMPLISHMENT IS FROM COMITTED PEOPLE ; INTERDEPENDENCE THROUGH A 'COMMON STAKE IN ORGANISATION PURPOSE LEADS TO RELATIONSHIP OF TRUST AND RESPECT	
6 FOR			<u>ORGANISATION MAN MANAGEMENT</u>	
5			ADEQUATE ORGANISATION PERFORMANCE IS POSSIBLE THROUGH BALANCING THE	
4 PEOPLE			NECESSITY TO GET OUT WORK WITH	

			MAINTAINING MORALE OF PEOPLE AT A SATISFACTORY LEVEL						
3	<u>IMPOVERISHED MANAGEMENT</u>				<u>AUTHORITY OBEDIENCE MANAGEMENT</u>				
2	EXERTION OF MINIMUM EFFORT TO GET REQUIRED WORK DONE IS APPROPRIATE TO SUSTAIN ORGANISATION MEMBERSHIP				EFFIECIENCY ON OPERATIONS RESULTS FROM ARRANGING CONDITIONS OF WORK IN SUCH A WAY THAT HUMAN ELEMENTS INTERFACE TO A MINIMUM DEGREE				
1 LOW									
	1 LOW	2	3 CONCERN FOR PRODUCTION	4	5	6	7	8	9 HIGH

DIAGRAM NO 1

- A. COUNTRY CLUB MANAGEMENT: This style of leadership is characterized by maximum concern for people & minimum concern for production, leader focuses on subordinates comfortable.
- B. TEAM MANAGEMENT: This style of leadership is characterized by maximum concern for both people & production, subordinates are motivated for job involvement, & their leader is committed to his or her people & the task.
- C. ORGANIZATION MAN MANAGEMENT: This style of leadership is characterized by medium concern for both people & production. This is also known as middle road management. The leader concentrates only on getting the work done.
- D. IMPOVERISHED MANAGEMENT: This style of leadership is characterized by minimum concern for both people & production; leader put minimum effort toward getting the work done.
- E. AUTHORITY OBEDIENCE: This style of leadership is characterized by maximum concern for production & low concern for people. Such leaders are autocratic & expect for only task accomplishment. They do not think about employee's needs & satisfaction.

EVALUATION OF BEHAVIORAL THEORIES: Behavioral theories explain leadership in terms of the behavior exhibited by the leader. These theories identify consistent relationship between pattern of leadership behavior & group performance. Behavioral

theories do not consider the statistical factors that influence success or failure. For example Robert Crandall & Herb Kelleher have both been effective leaders of airlines, yet their styles are almost diametrically opposed. American & South west are very different companies operating in different markets with very different labor forces. The behavioral theories do not take situational factors into account.

CHECK YOUR PROGRESS:

Fill in the blanks:

1. The managerial grid was developed by _____.
2. Ohio state studies sought to identify two dimensions of leader behavior: _____ and _____.

Answer the following:

1. Explain the important three styles of leadership.
2. Discuss the managerial grid in detail .

5.5 STYLE OF LEADERSHIP :

Edwin Flippo defined leadership style as a pattern of behavior designed to integrate organizational and personal interest in pursuit of some objectives.

1. **AUTOCRATIC**

Autocratic leaders keep all power with themselves. They make all the decisions themselves and structure the complete work situations for their employees. The employees are compelled to follow the leader's instructions.

Autocratic leaders are effective when there is no need for others contribution to the decision making and where the motivation of the people to implement the decision would not be affected.

2. **DEMOCRATIC**

They decentralize authority. They also give their subordinates considerable freedom in carrying out their duties & opportunities to participate in decision making. They motivate their subordinate to express their ideas & make suggestions.

Democratic leadership increases employee satisfaction & feeling of self worth. This style of leadership will not be effective if the employees are incompetent.

3. **LAISSEZ-FAIRE:**

Laissez-faire leaders do not set goals for the group but the members have to set goals for the group .They allow people to make their own decisions.

Laissez-faire leadership is successful when people are capable & motivated to make their own decisions.

Two most popular studies focused at behavioral style A Ohio State group & The University of Michigan group.

4. **BUREAUCRATIC STYLE:** This style of leadership is followed in government departments. The bureaucrats often follow rules and regulations in totality. They strictly follow the principle, even in the case of urgency. Some important points to be noted are:
 - The bureaucrat takes the decision by following formalities or rules.
 - The relation between superior and subordinates are formal.
 - The bureaucrats do not consult from subordinates.
5. **SOCIOCRATIC STYLE :** Sociocratics believe that good relationship is more important than productivity. They try to keep the employees happy even at the cost of the organization. They produce pleasant atmosphere conditions to the employees. According to the leader, subordinate's needs should be satisfied first.

5.6 FRED FIEDLER'S CONTINGENCY MODEL

This model was developed by Fred Fiedler. According to Fiedler contingency model effective group performance depends upon the proper match between the leader's style of interacting with subordinates and the degree to which the situation gives control to the leader. As the situation varies the leadership style should also vary. Fiedler developed an instrument called the Least Preferred Coworker (LPC). Questionnaire to measure whether a person is task oriented or relationship oriented.

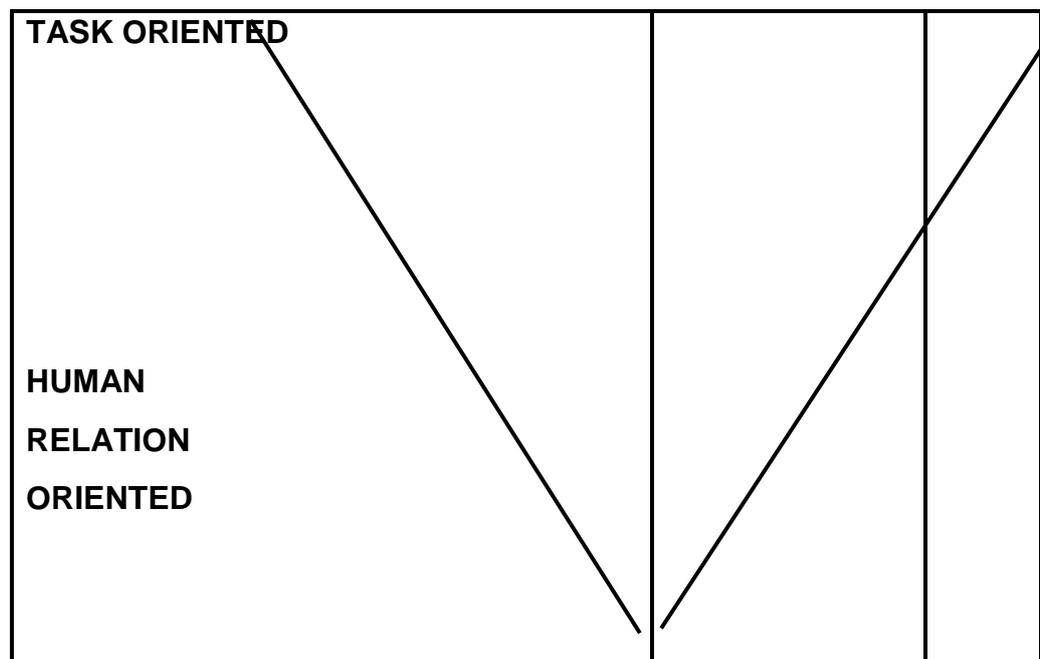
LPC questionnaire contains 16 contrasting adjectives (such as pleasant-unpleasant, efficient-inefficient, open-guarded, supportive-hostile). The questionnaire is given to the respondents & ask to think & describe the one person they least enjoyed working with by rating him or her on a scale of 1 to 8 for each of the 16 sets of contrasting adjectives. The responses are totaled; high score suggests that the leader has relation orientation style. In contrast low LPC score suggested that leader has task oriented leadership style. According to Fiedler an individual's leadership style is fixed. Now by using LPC scale two leadership styles have been identified.

TASK ORIENTED STYLE: here the leader is motivated to obtain high performance.

RELATIONSHIP STYLE: in this style the leader is motivated to establish good relations with the subordinates

The effectiveness of leadership is contingent on the favorable & unfavorable situation. The favorability or unavailability of the situation depends upon these factors

FRED FIEDLER'S CONTINGENCY MODEL OF LEADERSHIP



Very UNFAVOURABLE - unfavorable - FAVOURABLE VERY FAVOURABLE

DIAGRAM NO 1

LEADER MEMBER RELATIONSHIP: When there is good & positive relationship between the leader & the subordinates & leader enjoying support & loyalty of his subordinates & the leader influence is high. It means the extent to which the subordinates trust their leader.

POSITION POWER: Position Power means the formal authority & reward power. Authority consists to give instruction, command required for task accomplishment. Reward & punishment power means to give promotion, extra benefit salary incensement for good performance & punishment for poor performance i.e. the degree of position power over subordinates also make situation favorable & unfavorable.

TASK STRUCTURE: It means the extent to which the task & objectives of the group, the role of the subordinates & the methods, strategies of achieving their objectives are well defined & structured. If the group tasks, objectives & methods are defined & structured the situation is favorable for the leaders as it enable the leader to influence & control subordinates. When the task

method objectives are unstructured, the situation is unfavorable as the leader has less influence over subordinate's behavior.

In highly unfavorable situation all the three factors are high means leader enjoys support & loyalty has authority to control reward power & task is fully structured. On the other hand if all of three are low means leader is disliked, has very less control than the situation is highly unfavorable. Based on Fiedler's study of over 1200 group in which Fiedler compared relationship versus task oriented leadership style in each of the eight situational categories. According to him that task oriented leaders perform better in very favorable and very unfavorable situation. Relationship oriented leaders perform better in moderately favorable & unfavorable situation.

EVALUATION OF THE MODEL:

1. By using the Fiedler contingency model & LPC scores the types of leadership styles & situation can be determined.
2. We can change the leader according to the situation which would be suitable.
3. The situation can be changed to fit the leader. That could be done by restructuring tasks or increasing or decreasing the power of the leader to control factors such as salary increases, promotions.
4. Over all validity of this is model is positive.

Besides some merits, this model consists some negative point:

1. An LPC scale is not satisfactory. It is said that the score does not explain the leader behavior but suggests only his feelings towards his least preferred co-worker.
2. The contingency variables are complex & difficult to assess.

CHECK YOUR PROGRESS:

Fill in the blanks:

1. Contingency model is developed by _____.
2. LPC scale identifies two style _____ of leadership.

Answer the following:

1. What are the three factors that describe the favorability & unavoidability of situation?
2. Explain the style of leadership..

5.7 THE SITUATIONAL MODEL OF HERSEY AND BLANCHARD :

The situational model has been developed By Paul Hersey & Ken Blanchard. This model focuses on the role of followers. According to this model leadership is a two way process & therefore it is necessary to take the followers in to account. This model is used as training device at IBM computer in American Military Services.

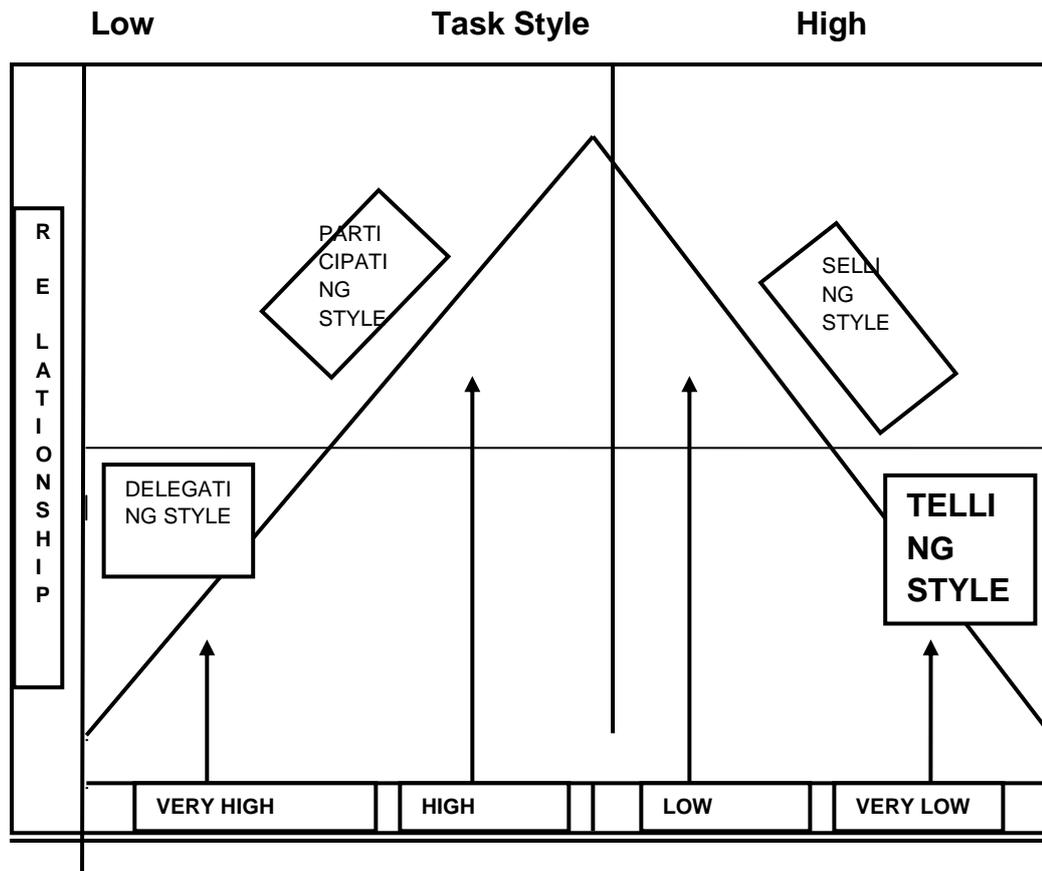
The leadership style in this model also based on three dimensions. Hersey & Blanchard add one more dimension in contingency model that is Maturity or Readiness.

1. **TASK STYLE:** In this dimension the leader organizes & defines roles for subordinates, decides the objectives, explains the task that each & every subordinate has to do. Leader describes all the methods that can be used by subordinates
2. **RELATIONSHIP STYLE:** In this dimension leader does not explain the methods & task but develop good relationship with the members of the group. The leader provides all type of social, psychological & emotional support to the followers.
3. **MATURITY OF THE FOLLOWERS :** It is the third important dimension that has been overlooked in most leadership theories. The term readiness or maturity means the ability & willingness to perform the specific task. The concept of maturity consists of two dimensions.
 - (A) **JOB MATURITY :** It refers the follower's ability knowledge, skill to perform, the task. It means the extent to which people know to perform the job.
 - (B) **PSYCHOLOGICAL MATURITY :** It refers to the willingness & motivation of subordinates to perform the task. It means if subordinates get opportunity to do the work he is interested to perform the work or not. Subordinates who are motivated & willing towards the work have self confidence.

The goals & knowledge of followers are important variables in determining effective leadership style. Hersey & Blanchard believe that the relationship between leader & subordinates moves through four phases as subordinates develop & gain maturity after sometime, the manager need to change this leadership style with each phase.

There are four leadership styles:

THE SITUATIONAL LEADERSHIP MODEL OF HERSEY AND BLANCHARD



1. TELLING STYLE: This is high task-low relationship style. It is effective when subordinates first enter the organization & have very low level of maturity. This time a high task orientation by the manager is required. Leader defines the role & task of the subordinates simultaneously; he makes them aware with the rules & procedures of organizations. At this stage people are both unable & unwilling to take responsibility to do something they are not confident.

2. SELLING STYLE: It is high task & high relationship style. At this stage subordinates begin to learn their task now again task orientation by the manager is required as subordinates are unable but willing to do the necessary job tasks. They are motivated but lack the appropriate skills. That's why in this style leader provides both direction & support to encourage the subordinates

3. PARTICIPATING STYLE: It is low task-high relationship style. In the third phase subordinates ability & achievement motivation are increased, they begin to understand the work & job. In this phase subordinates are able to do the work but some time unwilling to perform the work because of lack of confidence. For increasing the level of confidence & motivation the leader directly communicate with them & followers are encouraged to participate in decision making.

4. DELEGATING STYLE: It is low task & low relationship style. It is very effective when subordinates have very high level of maturity, means job maturity as well as psychological maturity. The leader provides little direction & support because this is the last phase & in this phase subordinates become more confident & experienced & are both willing & able to take responsibility.

EVALUATION: Like managerial Grid Hersey & Blanchard's approach includes a questionnaire instrument which presents twelve situations that generally depict the various levels of maturity of the group, respondents answer how they would handle each situation. These respondents follow the four styles. This theory takes into account the followers maturity level & the behavior to determine which leadership is most appropriate for the followers. According to this model the style of leadership is flexible & according to the ability of motivation level & willingness to do the job, change. This approach is valuable in training & development work.

This theory is also weak & criticized:

- 1** It does not explain to determine subordinates maturity & development level on a task. It is difficult task to assess the maturity level of followers.
- 2.** A recent empirical test did not find support for the predictions. This type of approach has limited utility for identifying or predicting leadership effectiveness.

CHECK YOUR PROGRESS:

Fill in the Blanks:

- 1.** The situational model is developed by _____.
- 2.** Situational model add one more dimension in contingency model that is _____.

Answer the following:

- 1.** Describe the four styles of leadership according to the situational model.
- 2.** What are the three dimensions of Hersey & Blanchard situational model?

5.8 LET US SUM UP:

Leadership refers to the process of influencing others towards the achievement of goals. Leadership plays important role in understanding group behavior. It is the leader who usually

provides the direction towards goal attainment. Essentially leader should be ready to take responsibility and possess will and aspiration for further development. A good leader will both inspire confidence and give a strong example of what we should aim for.

Difference between leader & manager has been described. Managers hold formal positions & use their position to influence others.

A leader may not only hold any official position but uses his informal influence on others. Leadership is very important for the organization. Leader transforms potential into reality.

There are different theories of leadership among these theories the most important discussed theories is behavioral theory.

Behavioral theory focuses on what the leaders do while influencing the behavior of the subordinates. Behavior theory describes the style of leadership. Contingency theory proposed that the effectiveness of a leader's behavior was contingent on the situation. Important contingency theory has been developed by Fred & Fiedler. According to Fred & Fiedler in contingency model effective group performance depends upon proper match between the leader's style of interacting with subordinates & the degree to which the situation gives control & influences to the leader.

The situation theory has been developed by Paul Hersey & Ken Blanchard. Situational model of leadership focuses on "readiness" of the followers. They suggested that the leader's style depends on the maturity level of subordinates.

5.9 GLOSSARY:

Autocratic : The leader who keeps all the power with himself and gives no opportunity to his followers

Laissez faire : Who does not set any goal but members have to set their own goal

Self confidence : The person who has faith in his own abilities.

Ambiguities : When the goals are not clearly defined

Flexibility : Ability to adopt the demands of the situation.

Employee Oriented : One who gives importance to interpersonal relations. They always think about the subordinates needs & problems.

Task Oriented : One who gives emphasis on task accomplishment. They only think about production.

Position power : Position power means the formal authority & rewards power. Authority consists to give instruction, command required for task accomplishment.

Job Maturity : It refers the follower's ability, knowledge, skills to perform the task. It means the extent to which people know to perform the job.

Psychological maturity : It refers to willingness to perform the task. It means if subordinates get opportunity to do the work he is interested to perform the work or not.

5.10 QUESTION PATTERN:

Answer the following:

1. Define leadership and explain in detail the behavioral theory of leadership.
2. Explain the managerial grid in detail with diagram.
3. Discuss some important qualities of modern leadership.
4. Explain contingency model in detail with diagram.
5. Write short notes on:
 - a. Style of leadership
 - b. Differences between leader and manager
 - c. Task oriented style of leadership
 - d. Relationship oriented style of leadership.
6. Define the following terms:
 - a. Leadership
 - b. Autocratic leadership
 - c. Laissez faire leadership
 - d. Role taking and role making
 - e. Job maturity

5.11 SUGGESTED READING:

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**Michael Vaz and Vinayak Paralikar: (1997) Management and
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Website: [http:// en.wikipedia.org/](http://en.wikipedia.org/). Behavior/ leadership example

6

THEORIES AND FUNCTIONS OF LEADERSHIP

UNIT STRUCTURE :

- 6.0 Objectives
- 6.1 Introduction
- 6.2 Leader member exchange theory
- 6.3 Vroom and Yetton's leader participation model
- 6.4 The Role of power
 - 6.4.1 The Role of Expectation in Leadership
- 6.5 Leadership functions
- 6.6 Pressures and problem of leaders
- 6.7 Diversity issues in management
- 6.8 Let us sum up
- 6.9 Glossary
- 6.10 Question Pattern
- 6.11 Suggested Reading

6.0 OBJECTIVES :

After going through the unit you would be able to:

1. Explain leader member exchange theory
2. Discuss Vroom and Yetton's leader participation model
3. Highlight the functions of a leader
4. Discuss the problems of a leader

6.1 INTRODUCTION :

In the earlier unit we have described the meaning, concept and quality of leadership. In this unit we shall discuss some important theories of leadership as Leader member exchange theory and Vroom and Yetton's leader participation model. All these theories propose different views of leadership. We shall also discuss how a leader can exert different types of power. This discussion will be followed by the functions of leadership.

6.2 LEADER MEMBER EXCHANGE THEORY:

According to other theory of leadership, leaders treat all their subordinates in the same manner. But George Graen & his associates have observed the leader member relationship that is the important basis of their theory. According to the leader-member exchange theory, leader deals & acts very differently towards different subordinates. Leader often develop relationships with each member of the group & this theory explains how those relationship with various members can develop in unique ways.

The leader –member exchange theory of leadership focuses on the two way relationship between leader & subordinates. This model is also known as vertical Dyad Linkage theory.

Leader-Member Exchange (LMX) theory describes that leader establishes special relationship with the subordinates of small group who often show the high levels of responsibility and access to resources. These individuals are called the member of in-group as they are supported and seek highest amount of leader's attention & favour & receive special privileges. These employees develop positive & good image before the leader by this ability & achievement & that's why they are very close & loyal to their leader. In this way these employees become the member of the in-group. On the other hand some employees who do not show the higher achievement & commitment to the job & do not work hard for the benefit of organization they fall into the member of out group. They get less freedom & support from the leader.

This theory proposes that the leader implicitly categorizes the subordinates in the member of in-group & the member of out-group and that relationship is relatively stable over time. These relationships begin just after a person joins a team & follows these three stages.

- 1. ROLE TAKING :** In the first phase the member joins the team & the leader evaluates the abilities, skills & knowledge of the subordinates. Then the leader provides the different opportunities to the subordinates by putting them into different role in which they could show this capability & prove their talent.
- 2. ROLE MAKING :** In the second phase the leader and subordinates take part in an unstructured and informal

negotiation. This informal negotiation is important for the interaction between leader and member. In this negotiation the members who are having similar behavior and attitude as the leader has, are more likely to succeed. In this negotiation some time same gender is more successful to develop good image before leader than opposite gender. In this role members are supposed to show the dedication and loyalty in return. They get benefit and power. Trust building and dedication are very important factor at this stage that discriminate the subordinates in group and out group.

3.ROUTINIZATION In the 3rd phase social exchange between the leader & member becomes established .Now on the basis of some traits & similarity in behavior, leader divides the member in in-group and out group .The members ,who are similar in many ways to the leader , work hard and build the trust become the member of in group .These employees are emphatic, reasonable ,patient and sensitive and are good as the view point of our leader .Other members who could not build the trust , aggressive and self centered become the member of out group.

LEADER-MEMBER EXCHANGE MODEL

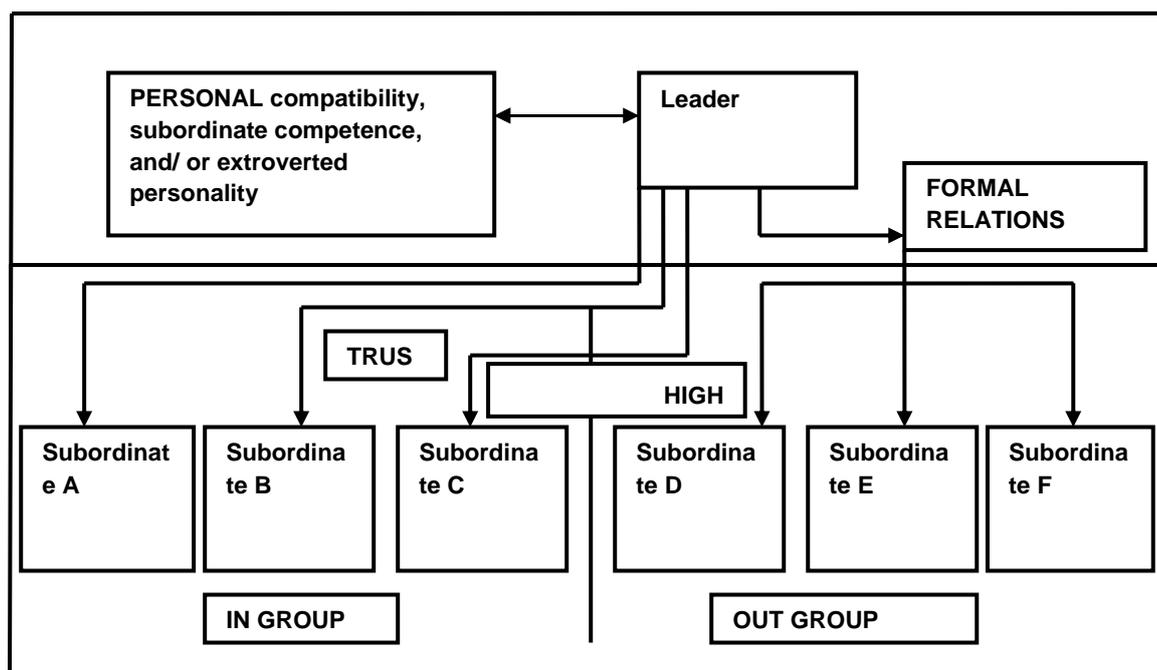


DIAGRAM NO 3

EVALUATION: It is not very clear that how the leader selects the subordinates for In-group and out group but there is evidence that the leader chooses the in group members because they have personal characteristics (for example age, gender, attitude) that are similar to the leader or higher level of competence than out

group members. LMR theory predicts that subordinates with in group show higher performance rating and greater satisfaction with their superior. LMX theory is better when the challenge of the job is extremely high or extremely low. This theory provides the proper evidence that the leader discriminates the members of in-group and out-group according to the performance and satisfaction of the subordinates. The main limitation of the leader member exchange theory is that it is not particularly helpful in describing the specific leader behavior that shows the good relationship between the leader and the subordinates.

CHECK YOUR PROGRESS:

Fill in the blanks:

1. Leader member exchange theory has been developed by _____.
2. According to this model, the relationship between the leader and the member begins just after a person joins the team and follows the three stages: _____, and _____.

Answer the following:

1. Describe the important concept of leader member exchange theory

6.3 VROOM AND YETTON'S LEADER PARTICIPATION MODEL:

Leader participation model has been developed in 1973 by Victor Vroom & Phillip Yetton that is related with leadership behavior and participation to decision making. According to this model in the organization the task is structured according to the objectives. And all the activities of the leader & subordinates depend upon the task structure. Even these situations also vary according to the task structure. The researcher discussed that leader has to adjust & change his behavior & style according to the task structure & related situation for gaining the effectiveness of his leadership style. This participation model provides the different rules for the leader to determine the amount of participation desirable in decision making according to the situation. It means how much participation in decision making is required by the leader vary in different situation & governed by some rules of participation model. As task structure & situation change, leader changes his leadership style & increases or decreases the amount of participation in decision making for the benefit of subordinates & organization, Vroom & Yetton, use a

decision-making frame work. They prepared two dimensions, decision quality & decision acceptance.

DECISION QUALITY refers to the selection of the best alternative among the different alternatives. It is possible when different alternatives are available.

DECISION ACCEPTANCE: It means the extent to which the follower accepts a decision made by a leader. when the quality of decision is very important. Leader always focuses on decision acceptance, whether it is being accepted by all followers or not.

Vroom & Yetton defined five different decision procedures & seven situational actors that influence the method are relativity logical.

- 1. AUTOCRATIC : 1 A1 Leader solves the problem & makes decision alone on the basis of available information.**
- 2. AUTOCRATIC II AII: In this style leader only collects the information from the followers & makes decision alone. Here he does not discuss the problem with the subordinates & not share the views. Followers are not allowed to generate different ideas.**
- 3. CONSULTATIVE 1 CI: Leader discusses & shares problem with follower's individually, getting their ideas suggestions but makes decision alone.**
- 4. CONSULTATIVE II CII: Leader discusses & shares the problem with the followers as a group. Here is the open communication between the leader & the group for collecting the ideas & suggestions than make decision alone.**
- 5. GROUP II GII: Leader discusses & shows the problem with the group. Employees are allowed to generate the large number of solution & evaluate the ideas & suggestions given by others. After that leader evaluates, seeks & accepts consensus agreement.**

SITUATIONAL FACTORS:

When decision quality is important & followers have useful information then A1 & A2 procedure are not the best methods.

When the decision quality is important but followers do not have sufficient information then G II procedure is inappropriate.

When decision quality is important & the leader lacks information or the skills to make the decision, then GII procedure is best.

When decision acceptance is important & followers do not want to accept an autocratic decision, then A1 & A2 procedures are inappropriate.

When decision acceptance is important but followers do not agree with one another, then A1 & A2 & CI procedures are not suitable, because they do not give opportunity for differences to be resolved.

When decision quality is not important but decision acceptance is critical then G II is the best method.

When the whole team, including the leader feels that decision quality is important & the decision is not good result from an autocratic decision style, then G II procedure is the most appropriate.

EVALUATION : Vroom & Yetton (1973) took the earlier generalized situational theories that presented how situational factors cause almost unpredictable leader behavior & reduced this to a more limited set of behavior. The normative aspect of the model is that it was defined more by relational logic than by long observation. Leader-participation model confirms that leadership researches should be directed at the situation rather than the person. It discusses about the autocratic & participative situations than about autocratic & participative leaders. The leader-participation model assumes the leader can adjust his or her style to different situations.

The model is suitable when there is a clear & accessible opinion about the decision quality importance & decision acceptance factors.

CHECK YOUR PROGRESS:

Fill in the blanks

1. Leader participation model has been developed in _____ by _____.
2. Answer the following
 1. What are the dimensions of Leader- Participation Model?

6.4 The Role of power

The concepts of power & leadership are interconnected. In organizational setting, leader must exert power to achieve individual, team & organizational goals. Leaders must be able to influence their followers to achieve greater performance. Leaders

regularly acquire & use power to accomplish specific work goals & to strengthen their own positions. There are a number of other reasons to explain why leaders pursue power & view it as an important part of their work. In a general sense, power acquisition & power use can have an impact on career progress, on job performance, on organizational effectiveness and on the life of numerous people. Kotter believes that in today's complex organizations, the concept of using formal power (that is legitimate authority) as a sole source of influencing behavior to make organizations more competitive, responsive & responsible. Accomplishing goals that influence the organization requires effective leadership linked to strong power bases.

Power Acquisition : How leader acquires power that depends upon leader's individual power. Leader derives power from both position & personal source.

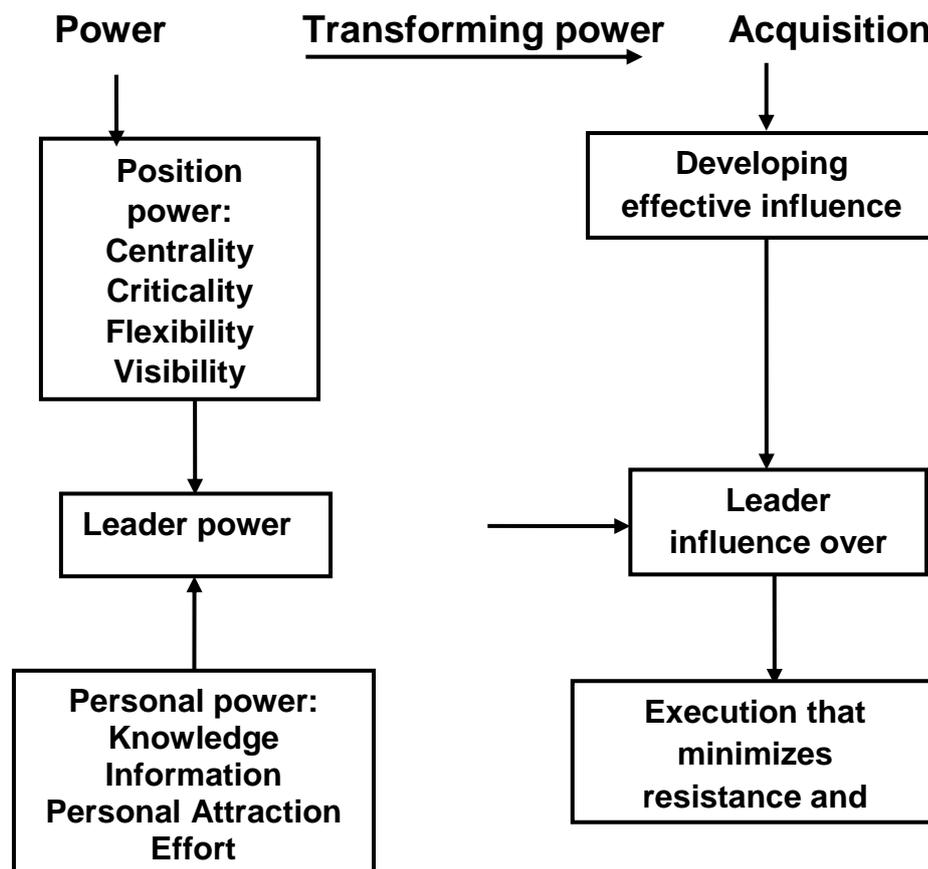


Diagram no 1

Leadership : the exercise of power.

Position power : Five key powers that have the ability to foster power in a leadership position.

Centrality, Criticality, Flexibility, Visibility and relevance stimulate acquisition by expansion. The power potential is based on horizontal relationships between positions and organizations activities.

CENTRALITY/ CRITICALITY : Leaders can secure a more central role in the work flow, influence the flow of information, and structure elements of his job responsibilities in a special way. He can expand his communication network.

FLEXIBILITY : Leader can enrich his job by eliminating routine activities, increasing task varieties, generating novel ideas and getting involved in decision making process.

VISIBILITY : Leader can increase his number of interaction with higher authorities by making important oral presentations, participating in problem solving teams and taking advantage of opportunities to enhance personal name recognition.

RELEVANCE : Leader has the opportunity to develop internal or external boundary spanning roles. Boundary spanning roles means to provide services and information to other work units and monitoring and helping activities inter and intra organizationally.

SOURCES OF POWER :

When we think about power, our minds go immediately to the central high level leaders exert from their positions. But power extends from beyond the formal authority that comes from a title. Leader at all levels have access to power often the power goes unorganized. Researches have identified seven bases of powers that leaders may exert:

- 1. The power of charisma is the influence that is gained by a leader's style personality.**
- 2. The power of position is the formal authority that derives from a person's position or designation in an organization.**
- 3. The power of information is the control that is generated through the use of evidence deployed to make an argument.**
- 4. The power of relationship is the influence that leader obtained through this formal and informal network of**

relationship from both inside and outside of their organization.

5. The power of expertise is the influence that is gained from developing and communicating specialized knowledge in special area.
6. The power of reward is the ability to reward or motivating the individuals for adhering the standards or expectations.
7. The power of punishment is the ability to punish or demotivate for failure to confirm to standards or expectations.
8. It is found after survey three powers, the power of expertise, information and relationship are leveraged sources of power. The least leveraged source of power is the power of punishment.

How leader leverage power effectively.

Some strategies have been given:

1. **Make relationships a priority:** Leader should understand others better and acknowledge the needs of others in order to build the social capital required to influence others now and in the future. Leaders should look for ways to re establish trust with others through face to face interaction and the sharing of honest feedback. He should be aware of how others perceive him and seek the ways to influence the perception by getting feedback.
2. **Maximize his communication network:** Leader should think about the people with whom he communicates. He should expand his communication network to find people who may be untapped sources of information.
3. **Be generous with information:** if a person is at central position, he should not keep information with him. He should share information broadly and with integrity.
4. **Make the most of his position:** position is not always power. To increase perceptions of his position power, find important ways to communicate his formal authority. He might include his title, on email signature and communicate in meetings.
5. **Develop his brand of charisma:** The key to better leveraging the power of charisma is to make small changes in his image while maintaining his authenticity. Develop the characteristics that make him who is he, but try to identify two or three behaviors that might increase your ability to connect with others.

6. **Be the expert:** Expert power comes from actual expertise or the perception of expertise. People should not be shy about putting your credentials on your business cards or on emails or talking about his experience and expertise.
7. **Tailor his power to reward others:** Many leaders mistakenly assume that leveraging reward power only means giving people more money. Leader should reward his team member in other ways. Ask his team members what they would find rewarding. Some team members may find a group picnic or routing highly rewarding.
8. **Punish with purpose:** In today's context of complex global organizations, many employees are frustrated by lack of accountability at all levels. When team members fail to live upto expectations, a good dose of corrective feedback can work wonders not only to get the job done, but also to establish more power for him. Communicate and enforce his standards, but be sure to provide support along the way.

Power plays a major part in the interactions occurring in organizational life. It can not be ignored if we hope to understand and improve the functioning of organization. Power over others is also especially inter wined with an understanding of leadership processes, with regard both to its appropriateness and limitations.

6.4.1 : ROLE OF EXPECTATION IN LEADERSHIP :

The expectation of people and themselves are important factors in how well people perform at work, known as the Pygmalion effect. In the business world, the Pygmalion effect refers to the impact of one person's positive expectation on another.

Essentially the more positive leader's expectations, the more positive results achieved by their people. If they are skillful and have high expectations, the self confidence of their direct report will improve. According to Prof. Dov Eden from Tel Aviv university's faculty management if a leader has high expectations then their direct reports have a three times greater chance of being above average.

A district office manager of a insurance company had observed that outstanding, insurance agencies grew faster than average agency.

Leader's expectations play a strong role in influencing behavior. If leader expect a lot from the employees he will get a lot. But his expectation should be realistic and achievable.

It is found that the people belong to different culture have different types of expectations from leaders. The Dutch place emphasis on egalitarianism and are skeptical of value of leadership. Arabs worship their leaders. The Malaysian leader is expected to behave in a manner that is humble, modest and dignified. American people seek empowerment from leaders who grant autonomy a delegate authority to subordinates. Some leadership traits are universally accepted that all over the world expect from the leader have these traits as integrity, trustworthy, honest, charismatic, visionary, inspirational, encouraging, dynamic, excellence oriented, coordinating and team oriented.

Ryan Scholz works leaders whose success is dependent on getting commitment and high performance from others. When leaders have positive expectations about followers they get benefit from followers in different ways.

1. Leaders solicit their opinions more frequently. They know that employees have valuable insight that could improve the productivity.
2. Leaders give them more positive feedback for doing good work and less criticism for making mistakes.
3. They allow people to do the job
4. Leaders truly expect exceptional performance from the people. In their hearts, they believe their people are capable of great things.
5. When leaders have positive expectations about followers, they get exactly that, they expect from the followers.

CHECK YOUR PROGRESS :

Answer the following questions:

1. How leader can acquire power?
2. How does a leader leverage the power effectively?

6.5 LEADERSHIP FUNCTIONS:

Leadership performs the following functions.

1. **FORMING GROUP:** Leaders form a group & encourage people to become its members. He also determines common goals that are to be achieved by group efforts.
2. **MOTIVATING MEMBERS:** The basic job of a leader is to inspire & motivate member of the group to achieve common goals.

3. **MORALE BOOSTING:** The leader boosts the morale of the members by reshaping, modifying, regulating the behavior of members.
4. **SATISFYING NEEDS OF MEMBERS:** The leader has to make adequate provisions to satisfy personal needs of the members.
5. **SUPPORT FUNCTIONS :** Leader also provides proper support to his followers by developing friendly interpersonal relations.
6. **ACCOMPLISHING COMMON GOALS:** Leader's work is to achieve common goal. For this purpose the leader has to exercise his influence over the member and get his work done by the followers in the direction of achieving common goals.
7. **REPRESENTING MEMBERS:** Leader's work is to protect and promote the interest of members against any outside challenge threats.
8. **IMPLEMENTATION:** The leader provides proper mechanism for bringing about and implementing changes in the group. He uses his ability and creativity to discover changes.
9. **RESOLVING CONFLICTS:** Leader solves the group problem. If any type of conflict arising in group he resolves the conflict by explaining common goals to the group member and integrating them.

6.6 PROBLEMS AND PRESSURES OF LEADERS:

Leaders can dramatically increase their levels of productivity and effectiveness by helping their employees cope with work place pressures. No matter how effective the leader is there will always be some form of stress or tension that exists at work. According to Chris L. Johnson, in today's business atmosphere, external pressure to deliver more with less work longer hours to be more innovative. What's the cost of this constant push? Employees and leaders' health may suffer from stress.

Some of the basic problems faced by leader's are:

1. **HOW TO PRODUCE A QUALITATIVE PRODUCT:** This is the 1st problem of leaders that what is to produce, how much to produce and where to be produce.
2. **LACK OF CAPITAL:** Lack of capital is often the critical problem faced by the leader. Without sufficient capital the

business often is constrained. Many leaders cannot overcome the obstacles in their business cash flow cycle and cannot understand why leaders cannot get sufficient finance for business.

- 3. LACK OF MANAGEMENT SKILLS: Lack of management skills is a problem that is difficult to deal with different size organizations. These areas of weakness could be in finance, human resource, marketing or any area where the current management does not have the expertise, or the time to deal with the issues. It can be solved by determining the weak areas and then developing a plan for dealing with those challenges.**
- 4. LACK OF FOCUS: Ignoring in their assessment of alternatives and opportunities.**
- 5. LACK OF PLAN: Failure to plan for the issues absorbing majority of your time.**
- 6. TO DEAL THE PROBLEM OF LABOR UNION: The labour is the group of people working for the betterment of the employees working in the organization. The leader has to decide how to fulfill the demands of the labor union in respect of salaries, bonuses and fringe benefits.**
- 7. UTILIZATION OF ORGANIZATIONAL RESOURCES: The leader makes various decisions about the organization resources that are man, money, material, machinery, market and methodology.**
- 8. LACK OF TEAM WORK OR COOPERATION: One of the most common causes of stress and pressure within a work environment is a lack of organization..**

The result of pressures and problems is stress. To reduce the causes of stress and to transform this energy to enhance performance, business organizations must identify and empower leaders to minimize stressors to think creatively. One way to this is for organizations to work mindfully. Consulting psychologists, system development and executive coaching are in a position to assist organizations to do just that. Mindfulness is an intentionally focuses awareness- a way of paying attention on purpose in the present moment and non judgmentally. Leaders regularly practicing mindfulness experience less stress, more resiliencies and a greater sense of clarity.

Large corporations are becoming aware of the benefit and mindfulness practices in the organizations. Firm such as Pacific Investment Management Co and technology leaders, Apple

computer, Yahoo! Texas Instruments have all instituted mindfulness training.

6.7 DIVERSITY ISSUES IN MANAGEMENT :

According to Thomas (1992), dimensions of work place diversity include, age, ethnicity, ancestry, gender, physical abilities, qualities, race, sexual orientation, educational background, geographic location, income, marital status, religious beliefs, parental status and work experience.. The success of any organization depends on the ability to manage diverse body of talent that can bring innovative ideas, perspectives and views to their work. The challenges and problems faced, of workplace diversity can be turned into a strategic organizational asset if an organization is able to capitalize the diverse talents. With the mixture of talents of diverse cultural backgrounds, genders, ages and life styles an organization can respond to business opportunities more rapidly and creatively, especially in global area.

According to Thomas (1992) one of the main reason of work place diversity management is the predisposition to pigeon hole employees. Placing them in different silo based on their diversity profile.

The globe project illustrates the complexity of culture for a leader. Den Hartog identified a number of leader's traits that are universally accepted and rejected. According to him there are different cultural specific traits that all the leaders are supposed to have according to their culture as cunning, sensitive, ambitious and status conscious. As autonomous leaders were perceives as more effective in Germany and Russia but less effective in Great Britain and France. Similarly while leaders who avoid conflict were seen in Sweden and Italy, they were regarded as less effective in the Czech Republic and Poland. Iranians seek power and strength in their leaders. Some leader's traits are universally accepted like integrity, charismatic team oriented excellence oriented and transformational. Globe analyses illustrates that transformational and charismatic leader behaves well in all over the world. This is good new for the multinational company.

The challenge of work place diversity is existed in multinational companies who have operations on global scale and employees of different countries, ethical and cultural backgrounds. Thus HR manager needs to be mindful and may employ a "think global, act local" approach in most

circumstances. The challenge of work place diversity is also prevalent amongst Singapore's small and medium enterprises (SME).

It is found by globe results that transformation and charismatic leadership is universally valued. So if a leader were to adopt a transformational or charismatic style with a work group, we would expect positive results and positive reactions.

Cox (1993) suggested in order to manage work place diversity HR manager needs to change from an ethnocentric view (our way is the best way) to a culturally relative perspective (let's the best of a variety of ways)

Thomas debated that multicultural leader, domestic or international, needs to understand and appreciate the difference between work group members. Thomas (1992) and Cox (1993) suggested several best practices that a HR manager can adopt in ensuring effective management of work place diversity in order to attain organizational goals.

1. **PLANNING A MENTORING PROGRAM:** In this mentoring programme the managers of different department provide feedback to their employees who are different from them. For the success of these programs it is important to provide practical training to these managers. The main objective of diversity mentoring program is to encourage members to move beyond their own cultural frame of reference to recognize and take full advantage of the productivity potential.
2. **ORGANIZING TALENTS STRATEGICALLY :** More and more companies are going global in their market expansions either physically or virtually, there is necessity to employ diverse talents to understand the various niches of the market. Manager must be able to organize the pool of diverse talents strategically for the organization. Manager must consider how a diverse workforce can enable the company to attain new markets and other organizational goals.
3. **CONTROL AND MEASURE RESULTS:** Manager must conduct regular organizational assessments on issues. Like pay, benefits, work environments, managements and promotional opportunities to assess the progress. He/she must develop appropriate measuring tools to measure the impact of diversity initiatives at the organization through feedback, surveys and other methods.
4. **MOTIVATIONAL APPROACHES:** in our changing workplaces and competitive market environment, motivated employees

and their contribution are the necessary currency for an organization, survival and success. So an organization must be able to utilize different motivational tools to encourage the employees to put in effort and increase productivity for the company.

CHECK YOUR PROGRESS:

1. Describe the important functions of leadership.
2. Explain some basic problem that leader has to face in the organization.
3. Describe different ways to reduce the stress of leaders.

5.8 LET US SUM UP:

Leadership plays a central part in understanding group behavior for it's the leader who usually provides the direction towards goal attainment. In this chapter we have described different theories of leadership that make leader effective. Leader member exchange theory is based on the premises that leaders have different relationship with different subordinates. Leader participation model is developed by Vroom and Yetton. This model provides a set of rules to determine the amount of participative decision making in different situations.

How leader can acquire the power is discussed in this chapter. It is found that the more positive leaders expectations the more positive results achieved by their people. Different culture employees have different types of expectations from the leaders. But some leadership traits are universally accepted. Some important functions that all the leaders are expected to perform as to form group to motivate employees etc. No matter how effective the leader is there will always be some form of tension that exists at work. Some problems faced by leaders have been discussed.

The success of any organization depends on the ability to manage diverse issues at work place.

Cox (1993) suggested in order to manage workplace diversity HR manager needs to change from an ethnocentric view to culturally relative perspective. Thomas and Cox suggested several best practices that a HR manager can adopt in ensuring effective management of workplace diversity in order to attain goals.

6.9 GLOSSARY:

1. **Pygmalion effect**: it is the impact of one person's positive expectation on another.
2. **Role taking**: to evaluate the ability and skill of the subordinates.
3. **Morale** :a feeling of confidence & satisfaction
4. **In Group** : The employees who show the high levels of responsibility access to resources & develop positive and good image before the leader by their ability & achievement are called the member of in-group.
5. **Out-Group** : some employees who do not show the higher achievement and commitment to the job and do not work hard for the benefit of organization they fall into the member of out-group
6. **Decision Quality** : It refers to the selection of the best alternative among the different alternative for making the decision.

6.10 QUESTION PATTERN:

Answer the following questions:

1. Explain leader member exchange theory of leadership with diagram.
2. How leader can acquire the power? Explain the different sources of power that leader has.
3. Describe the important functions of leadership.
4. Write short notes on:
 - a. Personal power
 - b. Sources of power
 - c. Power and influence theories
 - d. Characteristics of leadership
5. Define the following terms:
 - a. Centrality
 - b. Position power
 - c. Power of expertise
 - d. Lack of management power

- e. Legitimate power
- f. Workplace diversity

6.11 SUGGESTED READING:

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7

MOTIVATION, JOB SATISFACTION AND JOB INVOLVEMENT-I

UNIT STRUCTRE

- 7.0 Objectives
- 7.1 Introduction
- 7.2 Concept of Motivation
- 7.3 There are several approches to the study Motivation
 - 7.3.1 Need and Hierarchy Theory
 - 7.3.2 Two Factor Theory
 - 7.3.3 E.R.G Theory
 - 7.3.4 Need Achivement Motivation Theory
- 7.4 Process Theories of Motivation
 - 7.4.1 Behavior Modification Theory
 - 7.4.2 Expentancy Theory
 - 7.4.3 Equity Theory
- 7.5 Summary
- 7.6 Glossary
- 7.7 Suggested Readings

7.0 OBJECTIVES

After reading thise unit you will know

1. About the meaning of Motivation
2. About the different content theories of Motivation
3. About the different process theoeres of Motivation.

7.1 INTRODUCATION

Motivation is one of the most frequently discussed topic in organizational Behaviour. Many people view motivation as a personality trait which is not true. Motivation is the result of the intercation of the individual and the situation. Motivation is a complex process. Human beings are motivated to work for

different reasons such as power, money, pride etc. Man has many motives to work and it becomes difficult for the managers to motivate employees. If he has to succeed in this, he should be fully aware of the process and different theories of motivation. In this unit we will try to know about process and model of motivation. We will also discuss the different early theories of motivation which are based on needs and drives.

7.2 CONCEPT OF MOTIVATION

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

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

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

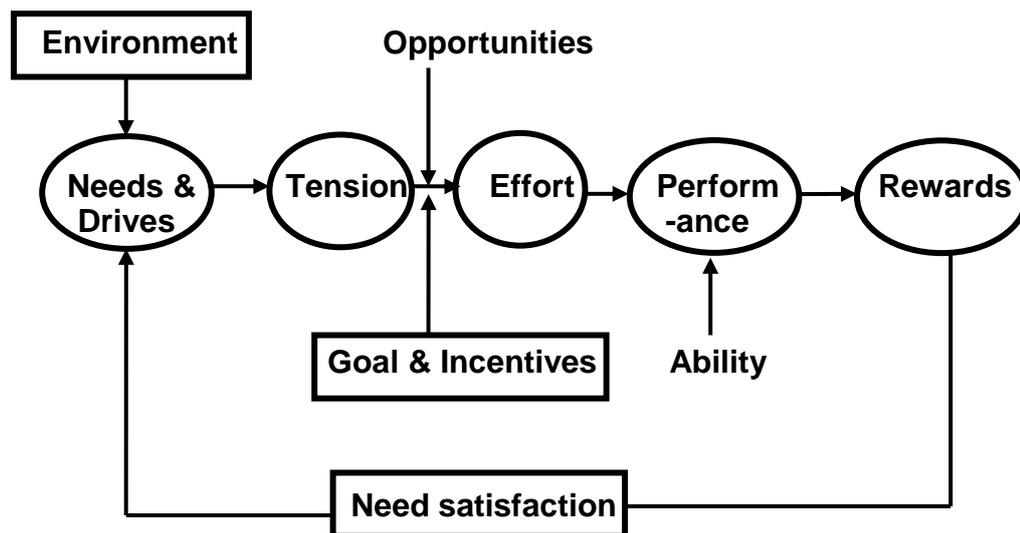
The following are the features of motivation.

1. **Motivation Can be positive or negative -**
Positive motivation can be stimulated by providing positive incentives such as higher power, position etc. negative motivation implies the use of punishment, penalties, etc.
2. **Motivation is Goal Oriented -**
If properly motivated, employees put in their best possible efforts in order to achieve the designed goals.
3. **Motivation is Complex in Nature -**
Different persons behave differently to a given set of incentives. Therefore managers must constantly study human behaviour at work in order to provide right set of incentives.
4. **Motivation is System Oriented -**
It is a combined effect of three groups of factors - forces operating within a person. i.e. his needs, values etc. forces operating within the organization, i.e. nature of job, working

conditions, relationship etc. and forces operating in the external environment, i.e. culture, customs, religion, etc.

Model of Motivation

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



According to this model; motivation involves the following steps-

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

7.3 THERE ARE SEVERAL APPROACHES TO THE STUDY OF MOTIVATION.

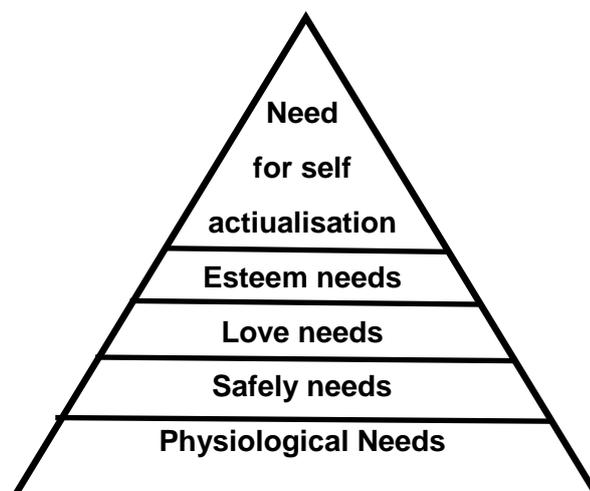
All the theories are classified into two categories - early theories and contemporary theories. Contemporary theories are further classified into - 1) Content and 2) Process theories. Content theories include Maslow's theory, Herzberg's theory, Alderfer's theory and McClelland's theory. Process theories include Vroom's Expectancy theory, Equity theory, Porter's Performance and Satisfaction model.

Content Theories - These theories use individual needs to help in understanding of job satisfaction and work behaviour. Few of the content theories are –

7.3.1 NEED HIERARCHY THEORY-

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

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



Moslow's hierarchy of needs

PHYSIOLOGICAL NEEDS

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

SEFTY NEEDS

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

SOCIAL NEEDS

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

ESTEEM NEEDS

These are the fourth in hierarchy of needs and refers to ego needs people want that others should respect, praise and recognize them. It is a need for achievement, competence, reputation appreciation etc.

Self actualisation Needs

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

IMPORTANCE OF NEED HIERARCHY THEORY-

1. The theory enables the managers to study human behaviour in different situations and at different times. It helps to frame proper wage policies to satisfy the physiological needs of the employee.
2. The study of security needs helps the managers to make the employees permanent to satisfy their safety (Job security, safety and health measures) need.
3. Modern managers are fully conscious of the importance of Affiliation needs of the employees. To satisfy this need, organization, encourage participation in social events such as picnics, sports, parties with work mates.
4. By giving promotions, better designation, leadership etc. managers can satisfy the esteem needs of the employees.
5. This theory enables the managers to provide challenging jobs to dynamic and innovatives employees and satisfy self actualisation needs.

CRITICAL APPRAISAL

1. All individuals needs do not have the same set of needs

2. Needs, need not follow the pattern of hierarchy, for example, religious leaders may go on fast for days, to realise their self actualisation need.
3. Needs, need not be the only determinant of behavior, other factors such as experience, expenditures, perceptions etc also direct and affects the behavior, Maslow has provided an over simplification of human needs.

But this theory is important because it was the first theory to acknowledge that different people might have different needs in the work place. This theory evoked many other theories of motivation such as Two factor theory. ERG theory etc.

Check Your Progress - 2

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

7.3.2 TWO FACTOR THEORY

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

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

- 1) Hygiene Factors
- 2) Motivational Factors.

1. HYGIENE FACTORS :

Hygiene Factors are needed to bring a person from dissatisfaction to neutral state. They are also called as "MAINTENANCE FACTORS". The hygiene factors include - salary and wages, bonus and other incentives, working conditions, job security etc. These factors are mainly related to JOB CONTEXT. These factors are also called as "EXTRINSIC FACTORS". When these factors are

satisfied, they tend to eliminate dissatisfaction, but they do little to motivate a person for better performance. In other words, improving hygiene factors reduce job dissatisfaction but it may not increase job satisfaction.

2. MOTIVATIONAL FACTORS

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

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

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

CRITICISM

1. The finding of this model are not universally applicable as the study was on upper level whitecollar employees.
2. No overall measure of satisfaction was utilized. A person may dislike part of his job, yet think the job is acceptable. This theory ignores situational variables.
3. There is no absolute distinction between the two major factors, maintainance factors may be motivators to some people and motivators may be maintainance factors to others.

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

- (1) The method of job enrichment is the contribution of this theory.
- (2) This theory offers specific action recommended for managers to improve motivational levels.
- (3) This theory throws light on job content as a dominant source of employee motivation.

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

Check your progress - 3

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

7.3.3 ERG THEORY

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

1) Existence Needs:

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

2) Relatedness Needs:

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

3) Growth Needs:

It aligns with Maslow's esteem and self-actualisation needs. It includes praise and recognition from others and to realize one's potential to the fullest.

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

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

7.3.4 NEED ACHIEVEMENT MOTIVATION THEORY

This theory was advocated by David C. McClelland and his associates in 1940. It says that each person has a need for all the three needs (Achievement, Power, Affiliation), but people differ in the degree to which the various needs motivate their behaviour.

The Three Needs are -

1. **NEED FOR ACHIEVEMENT** - Employees with high need for achievement derive satisfaction from reaching their set goals, succeeding at a task is very important to the high achiever! High achievers prefer immediate feedback on their performance and they take tasks of moderate difficulty rather than those that are either very easy or very difficult. They also prefer to work independently, so that successful task performance (or failure) can be related to their own efforts rather than to someone else's. According to McClelland, need for achievement can be learned.
2. **NEED FOR POWER** - Employees with high need for power derive satisfaction from the ability to control others. Being in position of influence and control gives them satisfaction.
3. **NEED FOR AFFILIATION** Employee's exhibiting this need as a dominant motive gets satisfaction from social and interpersonal activities. They need strong interpersonal ties and to "get close" to people psychologically. If there is choice between technically competent people and those who are their friends, these people choose their friends.

McClelland has highlighted the importance of matching the individual and the job. He welcomes the power of autonomy, variety, security, stability etc. Achievement needs can be raised by creating proper work environment. This theory have many practical applications.

But critics question whether motives can be taught to adults. The change may be only temporary.

CHECK YOUR PROGRESS-

1. Explain the different needs according to McClelland's theory?
2. Discuss ERG theory of Alderfer.

7.4 PROCESS THEORIES

These theories view motivation as an individual decision to act so as to put forth some given level of effort. These are three such theories, namely, expectancy theory, equity theory, and behaviour modification theory.

7.4.1 BEHAVIOUR MODIFICATION THEORY (REINFORCEMENT THEORY) -

This theory sees behaviour as being environmentally caused. B.F. Skinner's operant conditioning contributed toward the area of learning and motivation. This theory depends on the law of effect. This law states that people tend to repeat behaviour that are accompanied by favorable consequences and tend not to repeat behaviour that are accompanied by unfavourable consequences. These consequences are –

1. POSITIVE REINFORCEMENT

Positive reinforcement is a process by which people learn to perform behaviours that lead to desired outcomes. The behaviour which leads to positive reinforcement is strengthened and is likely to be repeated in the future.

2. NEGATIVE REINFORCEMENT-

In negative reinforcement people learn to perform acts that lead to the removal of undesired events. The behaviour is accompanied by removal of an unfavorable consequence. It is strengthened and likely to be repeated in the future.

3. PUNISHMENT

It is a process of decreasing undesirable behaviour by following it with undesirable consequences. It discourages the repetition of the behaviour.

4. EXTINCTION

It is the process of withholding some important positive consequences that previously followed desirable behaviour. When an act once rewarded is no longer rewarded now, tends to weaken and die out.

SCHEDULES OF REINFORCEMENT

Reinforcement may be either continuous or partial in nature. In continuous reinforcement all desired behaviours are reinforced. In partial reinforcement only some desired behaviours are reinforced. Partial reinforcement can be, Fixed Interval Schedule,

Variable Interval Schedule, Fixed Ratio Schedule, Variable Ratio Schedule.

The positive point of this theory is that it encourages organisations to understand employee behaviour. It improves the productivity and reduces absenteeism and errors.

But it ignores the inner state of the individual and concentrates only on what happens to a person when he takes some action. It ignores feelings, attitudes and other cognitive variables.

7.4.2 EXPECTANCY THEORY

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

- Valence
- Instrumentality
- Expectancy

Valence:

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

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

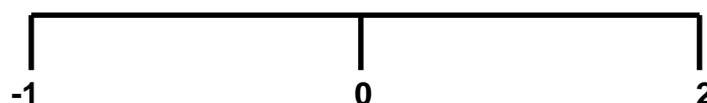
Valence can be positive, negative or zero. Valence is positive when the worker prefers attaining the outcome as compared with not attaining it. Valence is negative when the worker prefers not attaining the outcome as compared with attaining it. Valence is zero when the worker is indifferent to the out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

STRONG PREFERENCE

STRONG

(INDIFFERENCE)

AVOIDANCE



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

Expectancy:

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



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

EFFORT -PERFORMANCE RELATIONSHIP = EXPECTANCY**Self-efficacy:**

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

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

Instrumentality:

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

achievement of the sales target and this will earn him a promotion.



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



LOW PROBABILITY	HIGH PROBABILITY
THAT PERFORMANCE	THAT PERFORMANCE
WILL LEAD TO REWARD	WILL LEAD TO REWARD

PERFORMANCE -REWARD = INSTRUMENTALITY:

- (a) This theory says that motivation is product of all these three elements-Expectancy-Instrumentality-Valence. These three elements may combine in a number of combinations. Every t employee has a unique combination of these three elements. This happens because experiences teaches us to value different rewards differently. Motivation is strongest when all these three elements are high.
- (b) If any of the three elements is low then motivation will be low. Motivation will be zero if any of these three elements is zero. Motivation will be negative if his. Motivation will be negative if his valence for the reward is negative. The table given below explains the motivational outcomes of different combinations.

Valence	Expectancy	Instrumentality	Motivation
+1	+1	+1	Strong Motivation
+1	+1	0	Moderate
+1	0	+1	Moderate
Motivation			

+1	0	0	Weak Motivation
-1	0	0	Weak Avoidance
-1	+1	0	Moderate
Avoidance			
-1	0	+1	Moderate
Avoidance			
-1	+1	+1	Strong Avoidance

The Impact of Uncertainty:

The expectancy model depends on the employees perception of the relationship between effort, performance and rewards. However, many aspects of this relationship are uncertain.

Uncertainty is due to the following causes:

- 1) There are various other factors in a situation and so the employees cannot be sure that a particular action will result in a desired reward. For example, an employee may desire a promotion but his chances of getting it may not only depend on his performance but also on the performance of others.
- 2) The employees actions lead to primary and secondary out comes. Primary outcomes result directly from action. Secondary outcomes follow the primacy ones. For example, a promotion with higher pay may be a primary outcome but the higher status that follows promotion is a secondary outcome. A person may work hard and get a promotion (primary outcome) but he may still not get the derived status (secondary). This makes the situation complex and adds to the uncertainty.
- 3) Many outcomes are controlled by others and employee is never sure how others will react. For example, an employee seeking a promotion cannot be certain that the management will recognize his performance and will promote him. This creates uncertainty.

Advantages and limitations of the expectancy model:

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

2) Importance to Individual differences:

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

3) Creating Motivational Climate:

This model encourages managers to create a motivational climate by effective communication with employees. This can be done by finding out:

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

Limitations:

1) Cognitive Elements Ignored:

VIE Theory ignored many non-cognitive elements in choice, such as personality and emotions.

2) Further testing required:

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

3) Measures required:

Reliable measures of valence expectancy and instrumentality need to be developed.

4) Limitations of time and resources:

Many managers do not have the time or resources to use a complex motivational system based on this model.

Check your progress

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

7.4.3 EQUITY THEORY

The Equity Model is based on social comparisons. This model recognizes that employees work in a social system in which, each is dependent to some degree on the others. They observe one another, judge one another and make comparisons. According to

the Equity Model employees are not only concerned with satisfying their needs, they also want their rewards to be fair. Rewards may be psychological, social and economic but they must be fair.

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

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

1) Equity:

When an employee compares the ratio of his outcomes to inputs with another employee and feels that it is equitable, he experiences equity. The employees feels that the ratio of his rewards or outcomes with his input is on par with the other employee with whom he is comparing himself. If employees perceive equity, they will continue to contribute at about the same level.

The comparisons can be done with any other individual. The other individual may belong to the same organization or to another organization, may be working at the same position or may be in the same age group. This feeling of Equity can be expressed as follows:

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

2) Over-reward Inequity:

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

This can be represented as follows:

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

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

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

- a) **Internal, Physical:** He works harder.
- b) **Internal, Psychological:** He discounts the reward.
- c) **External, Physical:** He encourages the other person to ask for more rewards.
- d) **External, Psychological:** He changes the person (referent person) and chooses someone else with whom he is comparing himself.

3) Under Reward Inequity:

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

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

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

- a) **Internal, Physical:** He may lower productivity.
- b) **Internal, psychological:** He may inflate value of the reward.
- c) **External, Physical:** He may bargain for more or quit.
- d) **External, Psychological:** He may compare himself with someone else (change the referent)

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

7.5 SUMMARY

Motivation is an important concept that has been studied in detail. In its essence motivation comprises elements such as need, content, goals, reward, reinforcement etc. Several

approaches to motivation are there among the content theory Maslow's theory believes that there exists a hierarchy of needs and a person gets motivated to satisfy them in order to the hierarchy. Herzberg suggests that two distinct sets of factors affect motivation. Improve hygiene and Motivators so that motivation takes place. Alderfer has categorized the needs into - existence, relatedness and growth needs. McClelland's achievement motivation theory points out three needs - achievement, power and affiliation. For Vroom, motivation is the product of three variables - valence, instrumentality and expectancy. Adam's Equity theory stresses the person's perception of inequity.

Though there is no single theory to successfully explain the complexity of motivation, all of them collectively help to understand the behaviour of employees.

7.6 GLOSSARY

1. **Expectancy** - an individual's belief that a particular behaviour will lead to a particular outcome.
2. **Continuous reward** – system in which a reward is presented every time a correct response takes place.
3. **Need for a achievement** - The drive to excel, to strive to success.
4. **Positive Reinforcement** – It is a favorable consequence that follows a behavior and encourages repetition of the behaviour.
5. **Negative Reinforcement** : It is an unfavorable consequence that follows a behaviour and discourages repetition of the behaviour
6. **Job Satisfaction** : Positive attitude or emotional state resulting from the appraisal of one's job or job experience.

7.7 Suggested Readings

1. Sinha, J.B.P. (2008) Culture and Organisational Behaviour, New Delhi, Sage Publication.
2. Sekaran U. (2004) Organisational Behaviour: Text and Cases (2nd ed.) New Delhi : Tata McCrow-Hill

8

MOTIVATION, JOB SATISFACTION AND JOB INVOLVEMENT - II

- 8.0 Objectives
- 8.1 Introduction
- 8.2 Job satisfaction: The Quality of life at work
- 8.3 The Relationship between Job Satisfaction and Pay
- 8.4 Job Involvement and Organizational Commitment
- 8.5 Summary
- 8.6 Glossary
- 8.7 Suggested Readership

8.0 OBJECTIVES

After reading this unit you will be able to -

- 1) Understand the meaning and effects of job satisfaction.
- 2) Know about the job involvement and organizational commitment of employee.
- 3) Understand the relationship between job satisfaction and pay of an employee.

8.1 INTRODUCTION

A person can have thousands of attitudes, but Organizational Psychology is focussed on a very limited number of work attitudes. These work related attitudes tap positive or negative evaluations that employees hold about the aspect of work environment. Most of the researches have been concerned with three attitudes - job satisfaction, job involvement and organizational commitment. These attitudes are important because they affect job behaviour. An employee evaluates his work or co-workers based on his positive or negative attitudes. A person with high level of job satisfaction holds positive attitudes about the job. Employees with high level of job involvement

strongly identify with their work. A person with high organizational commitment identifies with the goals of his organization and wishes to continue with the organization.

8.2 JOB SATISFACTION : THE QUALITY OF LIFE AT WORK

Job satisfaction refers to an employee's general attitude toward his or her job. An employee with a high level of job satisfaction holds positive attitudes about the job, while an employee with low job satisfaction holds negative attitudes about the job. It is an affective attitude - a feeling of liking or disliking the job or a certain part of it.

An organization must try to improve the job satisfaction of its employees and benefits the employee and the organization. The job satisfaction affects the employees and the organization in different ways-

Performance : The relationship between satisfaction and performance is referred to as "performance-satisfaction-effort loop" which operates continuously. When an employee performs well, he will receive various rewards such as – economic, sociological and psychological. If the employee finds the reward fair which he deserves to get, he experiences satisfaction. This satisfaction results in greater commitment, greater effort and greater performance. But if an employee performs well and receives the reward which he feels is unfair, the experiences dissatisfaction. The dissatisfaction results in absenteeism, tardiness, theft, violence etc.

Satisfaction and turnover : Satisfaction is negatively related to turnover. Other factor such as labour-market conditions, alternative job opportunity etc. are important constraints on the turnover of the employees. When an employee is satisfied with the job, he will not think of quitting or searching for other job, he will not try to find alternatives and not leave. If the job is not challenging or gives no recognition or has bad relationship with his boss or co-workers, he will search for alternatives or will leave the job. It is loss for the organization as it spends valuable time and money on training. New employee has to be trained and he/she will take time to adjust in the organization.

Satisfaction and Absence and Tardiness : There is a consistent negative relationship between satisfaction and absenteeism. Absenteeism is high when job satisfaction is low. Among the dissatisfied employees, absenteeism is voluntary, the frequency

is high and usually takes place on the first and last day of the week. They don't plan to be absent, they find it easy to do so.

To reduce absenteeism employers can keep the leave record, (sick leave, vacation, holiday etc.). Employers can use incentives to reduce absenteeism. Some times dissatisfaction is reflected through tardiness. Tardiness is reporting late to the work for few minutes to few hours. It is an attempt to avoid the unpleasant job physically. It can affect the production and time management of the organization.

Satisfaction and OCB: Satisfaction of job positively affects the employees Organization Citizenship Behaviour (O.C.B.). Satisfied employees talk positively about the organization, help to others and go beyond the job expectations. It consists of volunteering to do extra work, sharing etc. This helps the organization to run successfully.

Satisfaction and theft : Employees may steal because they are frustrated, over-worked or feel exploited. They feel that they are taking revenge against their boss or the organization because they are ill-treated. Theft can be mild, e.g. using the office phone for a long distance call, taking away the stationary etc. or it may be serious, e.g. forging cheques or some other fraud. To overcome this problem. The organization should go to the root problems of employees dissatisfaction and wrong perception.

Satisfaction and violence : In the work-place, violence can be in form of verbal or non verbal aggression. Many workers are victims of workplace. Violence and work under the direct or indirect threat. Organization should be alert about the symptoms of employees' dissatisfaction, which may result into violence.

Causes of Satisfaction and Dissatisfaction :

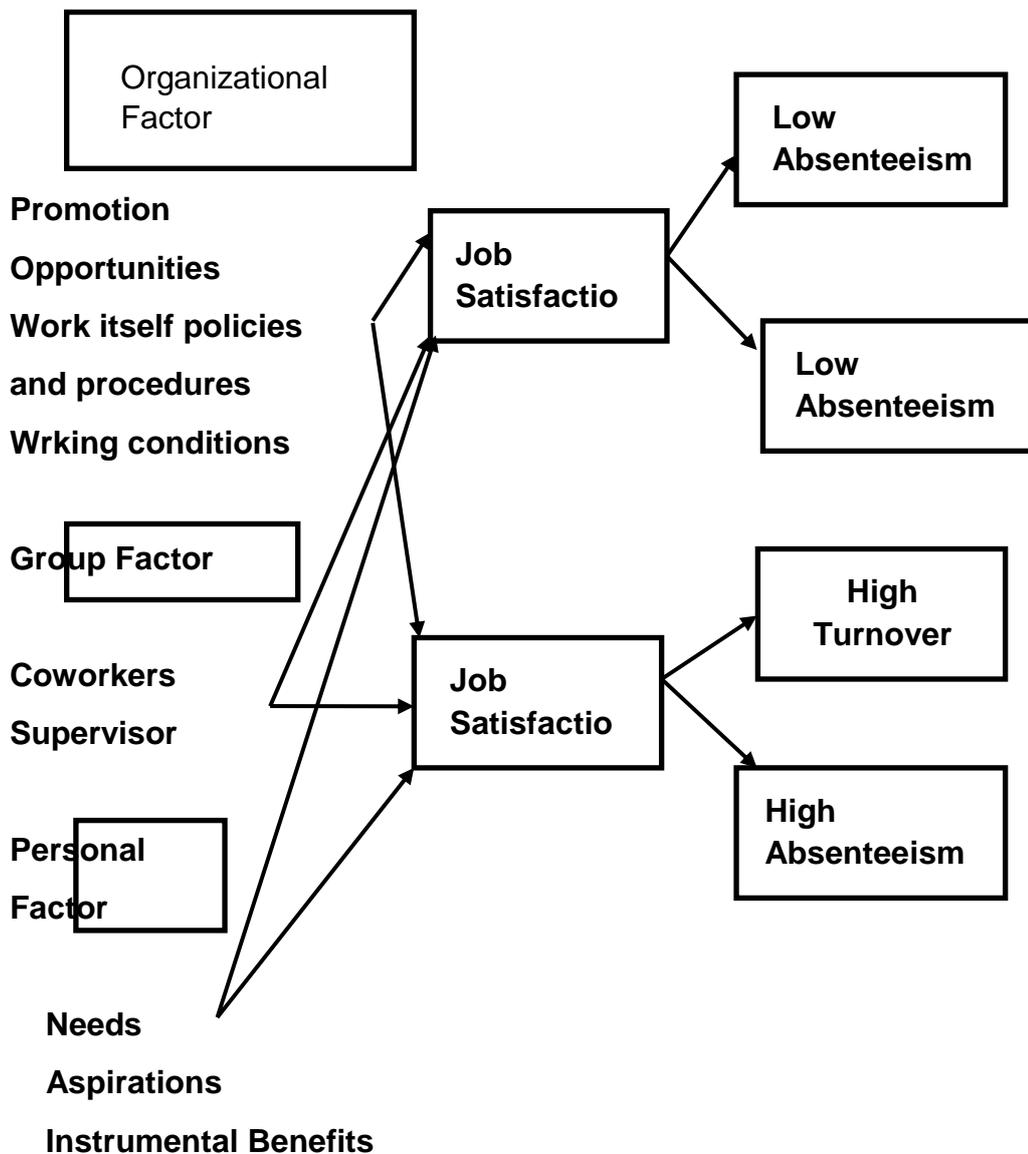
There are five major organizational factors toward which employees' form attitudes: pay, opportunities for promotion. the nature of the work itself, policies & procedures of the organization and working conditions.

A person may experience different levels of satisfaction toward each factor. Eg. an employee may believe he is underpaid (dissatisfied with pay) but simultaneously feel very positive about the other organizational factors.

The job satisfaction of individuals within a work group may also be influenced by both their coworkers & their supervisor or manager. The supervisor could be regarded as an organizational factor, but because the position is described and defined by the organization, it is often his or her individual characteristics, warmth, understanding, integrity that most strongly influence employees attitudes.

A person's needs and aspirations also can affect satisfaction. If an employee wants to be in a high-status position, gaining such a position probably will enhance that person's level of job satisfaction. Also important are the instrumental benefits of the job, or the extent to which the job enables the employee to achieve other end.

The consequences of job satisfaction or dissatisfaction is shown as below-



The importance of job satisfaction is fairly evident from a discription (note the typo) of the importance of maintaining morale in any industry. If a worker is not satisfied with the work, them (note the typo) both the quantity and quality of production (output) will suffer. If the job satisfaction increases then, there is an improvement in both the quality and quantity of production. The following conditions are important for creating job satisfaction :-

- It is desirable that the complaints of the workers be heard patiently and the problems are solved, as far as possible. Factories in which the workers demand are not heeded suffer because the workers lose confidence in the management and become frustrated.
- If the factory rules clearly lay down the conditions of promotions and improvement in pay scales at the right time, he feels satisfied and becomes confident of his future.
- Organizations in which the management keeps an eye on the ability and progress of its workers normally have a high degree of job satisfaction among their workers. It is necessary that the management should give the worker some opportunity of progressing higher and higher.
- If the workers are encouraged to suggest ways and means of improving the condition of work, they often come up with very valuable ideas. This helps in increasing job satisfaction because when the worker is praised for giving a valuable practical idea he tends to pay more and more attention to his work to gain/win more praise.
- The manager or supervisor of every organization offers criticism of the work performed by the worker because he must point at the worker's mistakes and try to eliminate them. If this criticism is offered in a cordial and friendly way, more as a suggestion than as criticism, then the worker feels gratified and pays attention to it. His job satisfaction is also thereby maintained.
- Rules governing increase in salary should be clear & explicit & should be acted upon impartially & regularly.
- If workers are not praised for exceptional performances in their work they lose interest in it and as a result the organization suffers. If he is not praised for his work, his enthusiasm & zeal immediately fall.
- If promotion is based upon the ability of the worker then the worker's mental satisfaction is maintained. If on the other hand, promotion depends upon other factors such as casteism, personal favour, etc. then the worker's interest in his work declines.
- The worker feels satisfied if the quality is maintained. If it is not, then the worker loses his satisfaction.
- Very often the worker is faced by problems in his work that he cannot solve alone. In such a case he should be free to

seek help and guidance from other workers or even from the managers.

- If the worker is unnecessarily shown disrespect or abused he quickly becomes dissatisfied. Hence he should be protected from useless interruptions and criticisms.
- In every industrial organization the workers should be given the proper amount of rest and holidays on festivals & other occasions of social celebrations. It is generally seen that workers feel satisfied if the management in any organization follows a liberal policy towards leave for workers.

CHECK YOUR PROGRESS

1. How can an organization increase the job satisfaction of an employee?
2. Discuss the importance of job satisfactions and quality of life.

8.3 THE RELATIONSHIP BETWEEN JOB SATISFACTION AND PAY.

It is a common fact that the majority of people work to earn their bread. By working most people can earn to satisfy the physical needs of himself and his family. But some individuals continue to work even after these needs have been fulfilled because work gives them social prestige which satisfy their desire for respect in society. So pay means not only of satisfying the physical needs of daily positions and power. For this reason pay have assumed great importance, as money has become the means of satisfying many needs as it is the medium of exchange, Pay is the most powerful incentive because a man's success is measured by the money he earns. Pay is offered in two ways - either in form of salary or inform of occasional bonus. Pay as the effect of increasing production because the person's job satisfaction increases with pay increase.

Inspite of generally positive results, recent trends indicates a marked decline in job satisfaction even if the pay was increased. A Conference Board study found that in year 2000, when economic expanded, incomes increased and the lajor market became strong, there was a decline of 8% in job satisfaction among Americans. The study indicated that money can buy same happiness but is not very important to increase the job satisfaction. Recognition, praise, status, role, working conditions are few factors which can affect job satisfaction other than pay.

Positive feedback, encouragement through healthy competition, feeling of progress, reducing boredom etc can increase the job satisfaction of a person. Higher pay satisfies the physical and social needs as well as it requires higher skills, greater responsibilities which can stimulate and challenge the worker and give more job satisfaction.

8.4 Job Involvement and Organizational Commitment :

Job Involvement - The degree to which a person identifies with his or her job, actively participates in it, and considers his or her performance important to self worth. Job involvement is the degree to which employees involve themselves in their jobs, invest time and energy in them, and view work as a central part of their overall lives. Such employees are high performers, they are willing to work long hours and put in high level of efforts. They consider their jobs and their organization as part of their self image i.e., they are rarely late to work and rarely remain absent from work. Involvement of the employees in the organizational environment makes them more motivated, more committed, more productive and more job satisfied. There are different types of employee involvement programs which can increase the job involvement of the employees.

Participative Management - It is a process in which subordinates share a significant degree of decision making power with their immediate superiors.

Representative Participation - Employers participate in organizational decision making through a small group of representative employees.

Quality Circles - A work group of employees who meet regularly to discuss their quality problems, investigate causes, recommend solutions, and take corrective actions.

Employee Stock Ownership Plans Employees acquire stock as part of their benefits.

These programs increase the motivation in work tasks and job satisfaction.

Organizational Commitment

Organizational commitment is the degree to which an employee identifies with the organization and would continue actively participating in it. He/She has a strong attraction to the organization and is willing to continue for it. Such an employee believes in the goals of the organization and identifies with them.

Meyer and Allen (1991) suggested that organizational commitment could be based on any one of three elements -

1. **Affective commitment** - an emotional attachment to an organization.
2. **Continuance commitment** - an element representing the perceived cost of leaving the organization.
3. **Normative Commitment** - an element representing an obligation to remain in the organization.

So some employees stay with an organization because they wanted to (attachment), others because they needed to (continuance), and others because they felt they ought to (normative).

Apart from these three elements, Job Imbeddedness (Mitchell, Holtom, Lee, etc. 2001) leads to different types of commitment towards co-workers, teams, organizations and careers. Few studies suggest that the longer an employee continues with an organization, the shorter his/her commitment become (Cohen, 1999).

The number of individual friendship and positive organizational experience increase the emotional attachment towards the organizations.

Some people are more prone to change jobs than others. It is called "hobo syndrome" (Ghyselli, 1974)

The characteristics of committed employees are -

1. They are less likely to remain absent.
2. They are less likely to leave the organization.
3. They follow the company policies.
4. They are hard working and loyal.
5. They use their knowledge and skills to improve the quality of work.

To make the new employees committed, organization should concentrate on the early socialization process for their new employees, helping them with the organizational until commitment foundations are established and strengthened.

8.5 SUMMERY

Job satisfaction refers to an employee's general attitude towards his job. It affects the performances, turn over, OCB etc. of an employee. It is affected by many factors such as organisational factors which includes pay, promotion, work, working conditions etc. Group factors such as co-workers, supervisors, team-work etc. Personal factors are needs, aspirations, ambition etc. There is a strong relationship between pay and job satisfaction as a person works to earn their bread. But there are social factors such as respect and prestige etc. which affect the job satisfaction of an employee.

Job involvement is the degree to which a person identifies with his job. Different types of job involvement programs can increase the job involvement of the employees, such as participative management, representative participation, quality circles etc. **Organizational commitment** is the degree to which an employee identifies with the organization and would continue actively participating in it. Commitment can be of different types - **Affective commitment, Normative commitment and Continuance.**

8.6 GLOSSARY

- 1. Participative management** - a process in which subordinates share a significant degree of decision-making power with their immediate superior.
- 2. Quality Circle** - a work group of employees who meet regularly, discuss their quality problems causes and solutions and take corrective actions.
- 3. Job Satisfaction** : Positive attitude or emotional state resulting from the appraisal of one;s job or job experience.
- 4. Job Involvement** : It is the degree to which employee involve themselves in their jobs; invest time and energy in them.
- 5. Organizaional commitment** – Commitment to a particular occupational field, includes affective, contiuance and normative commitment.

8.7 Suggested Readings

- 1. Schultz, D. & Schultz, S.E. (2010). Psychology and Work Today. (10th ed.) Pearson Prentice Hall.**

2. Hersey, P. Blanchard, K.H., & Johnson, D.E. (2001). Management of Organizational, Behaviour 8th ed., Pearson Dorling Kindersley India, New Delhi - 3rd Indian reprint 2009.

9

The Organization Of The Organization

Unit Structure

- 9.0 Introduction**
- 9.1 The Bureaucratic Organization of the Past**
- 9.2 High Involvement Management and Employee Participation**
 - 9.2.1 Ways of Involving Employees**
 - 9.2.2 Benefits of Employee Participaion**
- 9.3 Total Quality Management**
 - 9.3.1 Meaning and Scope**
 - 9.3.2 Effects of Poor Quality**
 - 9.3.3 Steps in implementing TQM**
- 9.4 Organizational Change**
 - 9.4.1 Response to Change**
 - 9.4.2 Resistance to Change**
 - 9.4.3 Implementing Change Successfully**
- 9.5 Socialization of New Employees**
 - 9.5.1 Assumptions in Socialization**
 - 9.5.2 Areas addressed in Socialization**
 - 9.5.3 Issues in Socialization of new Employees**
- 9.6 Organizational Culture**
 - 9.6.1 Characteristics of Organizational Culture**
 - 9.6.2 Importance of Organizational Culture**
 - 9.6.3 Types of Organizational Culture 2**
 - 9.6.4 Healthy Organizational Culture**
- 9.7 Labour Unions**
- 9.8 Informal Groups: The Organization Within the Organization**
- 9.9 Technological Change and Organizational Structure**
- 9.10 Summary**

- 9.11 Glossary
- 9.12 Sample Questions
- 9.13 References

9.0 Objectives

- 1 Learner understands the development of different organizational structures.
- 2 Learner understands the importance of quality in an organization
- 3 Learner understands the concept of „total quality management“ and can explain how to implement it
- 4 Learner can explain how people respond to organizational change
- 5 Learner can explain reasons for resistance to change amongst employees and how the resistance can be overcome.
- 6 Learner understands the need for socialization of new employees and can suggest ways in which this can be done.
- 7 Learner can explain the concept of “organizational culture” and its contribution to an organization
- 8 Learner can differentiate between a healthy organizational culture and an unhealthy one.
- 9 Learner can classify an organization into different type of organizational culture based on its characteristics.
- 10 Learner understands the role of labour unions in industry.
- 11 Learner understands the role that informal groups play in the workings of an organization.
- 12 Learner understands the role of technology in the structuring of an organization.

9.0 Introduction

The way in which any group of people are structured to achieve the aims and objectives of the organization is called its organizational structure. Organizational structure specifies the roles and related tasks that each member of the organization has to perform. This includes the means by which they are supervised and managed so that the aims of the organization are

accomplished. It provides a better understanding of the organization and how it operates. Different organizations have different types of structures depending upon their objectives. The way in which an organization is „organised“ has an influence on two factors. First, it determines who does what and second, it determines who is responsible for the decision making at each level.

In small organizations, very often the complete decision making resides in the owner of the organization and this can work well for such an organization. However when the company grows, or when the nature of tasks to be accomplished are many and complex, the people in the company need to be organised systematically so that all the tasks can be accomplished smoothly and efficiently. Organization structure is different for different types of companies. A structured hierarchical structure may be ideal for one type of company but another company may not work well unless it has a „flat“ participative structure.

Early theorists in management understood the importance of organizational structure for achieving efficiency and effectiveness in the organization. They believed that organizations could be structured according to the needs of the organization and this would help them perform better. This led to the question of what the ideal structure should be like.

The industrial movements of the early twentieth century did not give as much importance to the human side of the people working in the companies and this is visible in the kind of structures that were prevalent then. One of the oldest structures seen in organizations was the “bureaucratic structure”

9.1 The Bureaucratic Organization of the Past

Bureaucratic organizations are characterized by standardized procedures. When the organizations are large and complex with many small tasks to be accomplished each of which contributes to the main aim of the organization, it is important that each person knows exactly what has to be done, when it is to be done, and how. The supervisors ensure that each person accomplishes his task efficiently.

This creates a kind of hierarchical structure with many levels. Such organizations are tall (many levels) and each level is answerable to the one above them. The whole organization compares with a machine in which each role (person) is a cog in the wheel. The supervisors serve the purpose of the „oil“ which

keeps the wheels turning as desired. The machine works well when each person does his job as expected. Strict subordination is expected from each employee.

Such organizational structures are very useful in certain types of industries. Some people are well adapted to this kind of functioning and are happy to work in such an environment. Such bureaucratic structures are characterized by-

A hierarchical structure

Clearly defined roles and responsibilities and

Respect for merit

9.2 High Involvement Management and Employee Participation

The early nineteen fifties saw a movement towards greater humanization of organizational structures. It was observed that many people were not happy to be considered as mere „cogs-in-the-wheel“ and wanted to be involved in the decision making of the organization. They yearned for a more democratic set-up at their workplace, where they too could have a voice.

Managements realised that employee participation, if structured well, could become beneficial to the company. Participation gave employees a chance to influence the decision making, and increased their job satisfaction. It provided an opportunity for employees to identify with the company and brought out their potential leadership traits.

9.2.1 Ways of Involving Employees

Some of the ways in which employees can be involved in the decision making in an organization are

Group discussions where employees are involved in the discussions before major changes are introduced in a department or section and their views are acknowledged and accepted where possible. The group discussions could be focused and a group facilitator is likely to help the process.

Surveys can be carried out to obtain an objective view of a proposed (or implemented) change to see its likelihood of success.

Employee Voting can be used by an organization which has an existing participant culture. Employees will get an opportunity to govern themselves through the process of voting.

Delegation of tasks to employees is another way in which managements can involve them. This will work if the leader can give full responsibility for accomplishing a task to the employee / team and make them accountable for its successful completion.

9.2.2 Benefits of Employee Participation

An organization which encourages employee participation has many advantages. Its employees experience a greater sense of identity with the organization. They feel needed and wanted and this encourages a greater sense of loyalty to the organization.

Using the experience and skills of the employees make greater resources available to the management and wisdom lies in making use of all available resources. In organizations that are more participatory, decision making is transparent. This makes for better leadership and employees begin to trust the management.. This contributes to a healthier organizational culture.

Participatory organizations require a lot of investment of time and money to make them successful. Each decision and its implementation will take more time because many people are involved. All the concerned people have to be taken along in a decision and convincing them may take more time. If there is no complete agreement this may affect their working.

However, the benefits in terms of improved organizational culture is well worth the cost because the productivity can be increased manifold in a well managed participatory organization.

9.3 Total Quality Management

9.3.1 Meaning and Scope

Whenever an article or a service provides satisfaction beyond the minimum set standards it is said to be a quality product / service. Quality has been defined by ISO:2000 as „ The degree to which a set of characteristics fulfils requirements“. We say that a product or service is excellent when it exceeds the expectations of the customer.

“Total Quality Management” (TQM) refers to all those processes and checks that are put into place to ensure that the product or service being provided to the customer exceeds their expectations. Quality cannot be ensured by merely ensuring end of process,(just before delivery), checks.TQM aims to ensure that quality is inbuilt into the product / service at every stage, right from conceiving it, to designing, testing and manufacturing it.

TQM believes in addressing the processes that are present in the organization so that each product that is provided to the customer goes beyond his expectations.

Each product / service must satisfy the expected criteria of its required features, it's expected performance as well as after sale servicing requirements.

PRODUCT / SERVICE

PERFORMANCE

FEATURES

SERVICING / AFTER SALES SUPPORT

Ensuring quality in an organization requires the cooperation and active involvement of all levels of employees in the organization. Top level management, middle managers, line managers / supervisors as well as all other employees need to get involved in the quality initiatives taken by the organization. This is the only way to achieve "total quality" in the organization

9.3.2 Effects of Poor Quality

When the quality of a product / service is not up to standard it can have many repercussions. For example:-

Low customer satisfaction: When a customer is not satisfied with the product / service he will not come for it again.

Low productivity, sales & profit: When productivity is low the company will stop making profits and may need to close down.

Low morale of workforce: When quality is not important to the organization, the work force will no more have pride and satisfaction in what they do and this will lead to low morale and motivation levels.

More re-work, material & labour costs: When a product or service is not up to the mark, it will have to be done again. This will cost more to the company.

High inspection costs: When quality is not being maintained, each product /item will need to be monitored individually increasing inspection costs.

Delay in shipping: Many items may need re-working and this will lead to more time required and delayed shipments.

High repair costs: Many items may come back in for repair and this will again cost the company in terms of time and money.

Higher inventory costs: **Since number of rejects are likely to be more, the company must be ready with a greater number of items so that the required numbers can be supplied from the inventory.**

Greater waste of material: **A lot many of the items may have to be discarded leading to greater waste of materials**

When an organization does not pay attention to quality of its product / service there are costs involved. These are referred to as quality costs.

Quality cost is the cost of bad Quality of product and services that rebounds to the manufacturer. Quality costs get added to the normal costs of production and design and should therefore be included at the time of working out the financials of the organization. They include 'external failure quality costs' arising out of returned goods, warranty, service etc., 'internal failure quality costs' because of re-work of products, 'appraisal costs' due to increased inspection costs and inspectors and 'prevention costs' associated with re-design, sales and purchase.

9.3.3 Steps in the Implementing TQM

- 1 Obtain Commitment from the Top Management: **Unless the top management is committed to making the changes and incurring the costs required in the process of managing total quality, the effort is not likely to succeed. Hence, the first step for any TQM consultant will be to get their support and commitment. Very often, the TQM initiatives start at the top management level. Top management are the people who want to improve the quality in their organization. This makes the process of TQM easier.**
- 2 Educate Upper-Level Management: **The next step would be to educate and involve the upper level management about the requirements and processes that will be involved. They need to look at the ultimate aim and how the different parts of the organizations will be affected by the TQM initiative.**
- 3 Create a Steering Committee: **A steering committee of people in the organization is created who decide on the direction and pace of the quality management. All reports are fed back to them so that wherever a change is required they can sanction this.**
- 4 Outline the Vision Statement, Mission Statement, & Guiding Principles: **Every action must have its objectives and guiding principles well laid out. This is the way to ensure that objectives are achieved and the activity can be evaluated. Towards this end, the vision, the mission, the aims and**

objectives, and the guiding principles of quality management are prepared and announced to all in the company.

- 5 Prepare a Flow Diagram of Company Processes: **Based on the processes in the company a flow chart is prepared. This puts each activity in the company in perspective and provides a guideline to the steering committee on where to start and what processes need to be addressed urgently.**
- 6 Focus on the Owner/Customer (External) & Surveys: **Conduct surveys on customers to find out their expectations and their satisfaction (and non-satisfaction) areas. They are the right people to inform what they desire from a product and where the product is not meeting the expected criteria and needs to be improved. Customers can provide us information about product quality, pricing issues and quality of customer service. Customer surveys should be done continuously (not only once). Information can be collected from customers by conducting feedback surveys, customer visits, focus groups, phone-in facility, grievance cell, email for feedback, employee feedback etc.**

This happens when the organization understands that “the customer is king”.
- 7 Consider the Employee as an Internal Owner/customer: **Inform the employees of what customers want and where the products are experiencing a shortfall. Conduct surveys on internal customers (the employees) who can inform when and where the product is coming back for repairs and servicing too often because it is not meeting the customer’s expectations. They also know where the number of rejects are more and where there is excessive waste.**
- 8 Provide a Quality Training Program: **Involve all levels of employees through training in quality. Provide a programme for each level and department so that each one of them can be involved in the improvement process.**
- 9 Establish Quality Improvement Teams: **In each department, and at each level create teams that will monitor the quality improvement initiatives so that the organization as a whole will move forwards.**
- 10 Implement Process Improvements: **Implement the changes suggested by the experts.** 11 Use the Tools of TQM: **Use the tools of TQM (such as flow charts, control charts, checklists etc.) to measure progress.**

TQM does not end with implementation. Once the changes suggested are introduced, the organization must look again at the new improved „self“ and start from there again to continue growing, developing and improving.

The changes they are likely to be seen as a result of TQM in the organization are :-

- Higher customer satisfaction**
- Reliable products/services**
- Better efficiency of operations**
- More productivity & profit**
- Better morale of work force**
- Less wastage costs**
- Less Inspection costs**
- Improved process**
- More market share**
- Spread of happiness & prosperity**
- Better quality of life for all.**

Each of these changes are both desirable and necessary. TQM, through its various processes can move the organization closer to its goals, both financial and social.

9.4 Organizational Change

“Organizational change” has been defined as the series of planned and unplanned transformations in the structure and systems in an organization. (The systems include the people and the technology). This may happen due to various kinds of external forces such as the changing economic scenario, increase in competition, changes in available technology, natural disasters and conscious attempt to restructure.

These external forces and the resultant change in the organization results in the whole organization being affected. The change gives rise to a disturbance in the equilibrium within the organization. Each person needs to adapt and adjust to the change. This does not happen easily as the people need to get out of their comfort zones which involves a certain element of risk with which many people are not comfortable. Managers have a difficult task as on the one hand they need to make the

organization grow and develop, and on the other they need to maintain the morale and keep up the productivity of their team.

9.4.1 Response to Change –

Each person working in an organization is both an individual as well as the member of a team. His reaction will depend on who he is (what kind of a person, his background, his experiences), as well as the team he belongs to (their values and beliefs). While his individual reactions will influence his behaviour in many ways, research has shown that team values will have a greater impact on the individual at the work-place.

Whenever change is experienced by the members of an organization, it is natural for them to respond in such a way that equilibrium is restored in the organization. This „self-righting“ mechanism is called homeostasis.

9.4.2 Resistance to Change –

Most people resist change because they feel threatened by it. They are not sure how the change will affect them and whether they will be able to deal with it satisfactorily. If they are not able to cope with it, their social status, their self esteem and the resultant feelings will be negatively affected. This is why most people are uncomfortable with change and resist change. They put their efforts into showing that the proposed change is not a good idea. They may even try to undermine the change process or delay it.

Employees“ resistance to the change may be manifest in many different ways. For example, increased absenteeism, „go-slow“ tactics, continuous complaints etc.

Very often, it is seen that a proposed change which is expected to affect only one person, leads to reactions from other employees who may be only indirectly affected by the change. This is called a ““chain reaction effect”.

Clearly such a strong reaction will only be seen for changes that are seen as too extreme by the employees. Minor changes usually do not affect employees much. Conversely, changes that are seen by employees as ultimately benefiting them through improvement in the efficiency or image of the company are welcomed by most.

There are three main reasons why employees resist change. This may stem from their belief that the change is technically incorrect or that it goes against the values that the organization stands for. They may resist change when the change is imposed on them - rather than by taking them into 13

confidence in implementing the change process. If they see no benefit to themselves, or that others are benefiting from their changing, they will not support the change.

9.4.3 Implementing Change successfully –

Implementing change successfully is an art. Managements need to study their organization well before deciding how to implement the change. Three stages of change implementation are:

Unfreezing

Changing

Refreezing

During unfreezing, old ideas and ways of doing things are „un-learned“. Unless this happens, employees will not be able to accept the new ideas and ways. Un-learning is sometimes even more difficult than learning new ideas for they have already made a place for themselves in the minds and habits of the employees. Change implementers need to narrow down on which habits and ideas need to be unlearned and so focus on them before they can move ahead with the change.

‘Changing’ is the stage in which the actual change takes place. Here, new ideas and techniques or methods are learned. In the beginning there may be confusion as the tendency is to go back to old thinking. However, with effort and practice the change begins to happen.

‘Refreezing’ is the stage where the new methods, techniques and ideas become permanent. These are actually put into practice and now become automatic and natural with the employees.

Usually, after any major change is introduced in an organization, the effectiveness of the organization shows a decline. This is referred to as the ‘learning curve for change’. This happens because employees are still getting used to the new processes and some old learning is still interfering with the new learning. If employees encounter difficulties in implementation they tend to fall back on old methods. Each employee is struggling on his own and often there is not much cooperation and helpfulness amongst them. Homeostasis takes a bit of time but ultimately comes, and the organization re-gains its efficiency and effectiveness.

While some organizations are known for the ease with which they can adapt and change with the times, there are others which are known for their continued constant and traditional nature. In

today's volatile and unpredictable business environment organizations need to be flexible and to be able to adopt change quickly. Organizations can develop and improve only when they keep changing in tune with the requirements of the environment. Organizations that are unable to do so are unlikely to survive the environmental changes.

Answer the questions below before proceeding to the next section. Check your answers from the section above.

- 1 Why do organizations need to change?
- 2 Why do employees resist change?
- 3 How can organizations implement change successfully?

9.5 Socialization of New Employees

After new recruits are taken into an organization, the first concern of the organization should be that the persons become fully functional in the organization as fast as possible. They cannot be left to fend for themselves and find their way around in their jobs by trial and error. Hence a proper structured induction programme is crucial. Socialization of new employees ensures that the organizational culture and the procedures in an organization are continued. New members learn their roles and appropriate behaviours associated with their roles. They understand how the organization works as a whole and their own place in the total picture. The socialization process is organized by people who are already in the organization.

9.5.1 Assumptions in Socialization :

New entrants are faced with lack of information on their job duties, their formal and informal roles within the organization and how they are expected to relate to the others in the organization. They come with their own experiences and beliefs, and would like to continue with these. Were these are in conflict with the culture of the organization they enter, it may give rise to conflicts which are to be avoided. Thus, the need for socialization of newcomers.

9.5.2 Areas addressed in Socialization:

Technical „job-related“ information (these are specific and easy to transmit)

Cultural information such as values, beliefs, collaborative vs. competitive approach, the environment etc. (these are vague and

subjective and how they are transmitted would largely depend upon the beliefs of the person in charge of the programme.

9.5.3 Issues in Socialization of New Employees

Problems in the complete socialization of newcomers may arise from the attitudes and beliefs of the person in charge of the socialization as well as resistance from the newcomer whose previous experience is interfering with the new learning.

The ultimate aim is that the newcomer be completely assimilated into the organization. This can be successful only when it is a two-way process where the individual becomes a part of the social group he has entered and yet retains his own core individual values.

Socialization programmes need to focus on four issues:

What should the new comer know about the organization and its procedures? (content)

What is the best way in which the new comer can be provided this information? (method)

How do you ensure that the information has been successfully transmitted? (evaluate achievement of objectives of programme)

How do you evaluate whether the newcomer as been effectively „socialized“? (evaluate achievement of objectives of socialization)

Socialization of new employees is critical to the survival of the organization because it allows new members greater understanding of the internal workings of the organization. It reduces the uncertainty about their ace in the organization and so reduces turnover. It also helps existing members because it brings attention to certain implicit assumptions in the organization. 16

Answer the questions below before proceeding to the next section. You may check your answers in the section above

- 1 Explain the need for socialization of the newcomer.**
- 2 What areas do socialization programmes need to address?**
- 3 How can an organization make its socialization programme more appropriate and relevant?**

9.6 Organizational Culture

Organizational culture has been defined as those „assumptions, beliefs norms and values that are shared by the members of that organization and that make the organization unique and different from others. There are no “good” or “bad” organizational cultures. Organizational culture of an organization depend upon the organization’s goals, the type of industry, the nature of the competition and environmental factors.

9.6.1 Characteristics of Organizational Culture

Innovation vs. Stability - Companies differs in the extent to which they will allow their employees the freedom to be creative and come up with new and different ideas.

While some companies encourage this, others want heir employees to follow the rules and go by the procedures that have been laid down.

Some organizations want to maintain the organization in the ways that have been set down, so that it is more predictable, whereas others prefer a moving and growing organization, so they encourage innovation and change. They do not appreciate too much stability. The extent to which they encourage innovation or stability makes each organization different from another.

People vs. Result Orientation -

When the management of an organization, before making a decision, takes into consideration the effect of the decision on the employees, they are said to be „people oriented“. Such organizations consider their employees as assets and would like to see that their needs are met along

with the needs of the organization. Organizations can range from being totally people oriented to the other extreme of being totally non-people oriented When a management focuses on the results (or productivity), no matter how these are obtained, they are said to be „result oriented“. While it is true that organizations exist in order to achieve some results, organizations may range in the degree to which they are driven by results.

While it is not necessary that organizations be either people or result oriented, in extreme cases this is likely to happen.

Individual vs. Team Orientation – In some organizations the work activities are organized around teams rather than around individuals. They expect the people to work together in teams and promote a culture where an individual who cannot work as part of a team, does not fit in. There can be competition between teams but not within a team. Alternatively, there are other organizations

where each individual is expected to try his individual best and he is evaluated in comparison with other people at his level in the organization.

No one orientation is better than the other. Depending on the nature of the business and the industry, one or the other may be the more appropriate approach to have.

Atmosphere in the Organization – Some organizations are known to be more relaxed and easy going as compared to others. An example – private sector banks are much more aggressive and competitive than public sector banks. This leads to a certain high tension atmosphere in private sector banks as compared to public sector banks which exhibit a more relaxed work atmosphere.

Quality Emphasis – While all organizations and their employees are to be aware of and contribute to quality in the organization, some organizations are more particular about it than others. They pay more attention to detail and to their customers than others do.

Just as each individual is different from another, each organization too, is different from another. There are several ways in which organizations can be different from one another. One way in which can they differ is in their organizational culture. Organizational culture of an organization can be understood in terms of the extent to which they like to innovate or remain stable, are people oriented or result driven, are individual or team oriented, have a relaxed atmosphere and value quality. No organization lies at any extreme position. Each one has a little or more of each of these characteristic and this is what makes each organization’s culture different from that of the next organization.

Organizational cultures are said to be “strong” when employees are aligned with the values that the organization stands for. Strong cultures will make the organization’s operation smooth and easy. The opposite is a “weak” organizational culture. In such a case, the members of the organizational are not in agreement with all the values that the organization stands for. Here, detailed procedures and rules have to be laid out and the employees need to be closely supervised.

While an organization with a weak culture may survive, especially if it is a manufacturing type of company, when the company belongs to the service industry, it is important to develop a strong culture as it is the employees themselves who will be delivering the product of the company (the service)

Answer the question below before proceeding to the next section. After writing your answer you may check it from the section above.

What characteristics of an organization contribute to making one organization different from another?

9.6.2 Importance of Organizational Culture

While organizational culture is important, there may be some negative effects of organizational culture as well. Positive and negative effects of organizational culture are listed below:

- 1. Sense of Identity – Members of an organization, because of their shared values and beliefs get a feeling of belonging. They begin to feel that they are unique and special and different from others because of the organization they belong to. The stronger and well defined the values of the organization the greater is the sense of identity among the employees.**
- 2. Setting out Standards of Behaviour – Organizational culture influences employees by guiding them on the correct and expected behaviour and values within the organization. It conveys to them what is acceptable and unacceptable behaviour of employees.**
- 3. Identification with the Organizations Goals – A strong organizational culture will encourage employees to think of themselves as part of the organization and adopt the goals of the organization as their own. They then strive harder to achieve goals of the organization.**
- 4. Barriers to Change – A strong organizational culture and sometimes work against the organization. Since the employees adopt the values and beliefs of the organization as their own, they become more resistant to change. This can be a great disadvantage during times when rapid change is required - when old methods are to be discarded and new ones adopted.**
- 5. Barriers to mergers and Acquisitions – In this day of globalization, mergers of two or more companies is a common thing. When two companies with very different cultures „merge“, or when one company acquires another, it is not easy for the employees from the two differing organizations to work with each other. Each tries that their own culture shall prevail and this may cause conflicts and many may want to leave the company.**
- 6. Barriers to Accepting Diversity – While it is common for organizations to employ people with diverse backgrounds in order that there is a wide range of ideas and skills available in the organization, strong organizational cultures pressurise**

employees to conform. This makes the organization insensitive to differences among people. The whole purpose of diversity is lost.

Answer the question below before proceeding to the next section.
Check our answer with the section above.

What purposes does a strong organizational culture serve? When is a strong organizational culture a hindrance to the organization?
20

9.6.3 Types of Organizational Culture

Although every organization is unique in its culture, there are several similarities and some stark differences in organizational cultures which have been observed. Based on these similarities and differences four types of organizational cultures have been identified:

- 1. Academy: Organizations which tend to take in new graduates and train them in a wide variety of areas are said to possess the “academy” type of organizational culture. This provides employees ample opportunity to develop their potential and most go on to do well in their professional careers.**
- 2. Club: When an organization spends a lot of its resources and efforts in getting people to fit in and be loyal, they are said to possess the „club“ culture. Such cultures place a high value on age and experience of its members.**
- 3. Team: They operate as sports teams. They encourage their employees to be entrepreneurs who take risks. Such organizations usual have god „players who show excellent performance but would easily move from one to other organization for a better deal.**
- 4. Fortress : Generally, in organizations that are going through hard times, the employees are working with their back against the wall. Their very survival is sometimes at stake. Employees who like the challenge and are confident that they can survive any hardship are the ones who can come out successful in such a culture. Although there is one over-riding culture that will prevail in an organization, it is not unusual to see different sub cultures existing simultaneously. One tea may have one type of culture which is quite different from the culture of the organization as a whole.**

Answer the question below before proceeding to the next section.
Check our answer with the section above.

Describe the four types of organizational cultures. Give an example of each type of organizational culture.

9.6.4 Healthy Organizational Culture

Every organization needs to strive for a „healthy“ culture among its employees in order that the organization can be effective and efficient in the long term and to reduce turnover among its employees. A healthy culture is characterized by

- **Acceptance and appreciation for diversity among its employees**
- **Fair treatment of each employee and respect for each employee“s contribution to the company**
- **Employee pride and enthusiasm for the organization and the work performed**
- **Opportunity for each employee to realize their potential within the company**
- **Good internal communication (with all employees), especially regarding policies and company issues**
- **Strong and considerate leadership**
- **Organization“s ability to innovate and compete with the best in the industry.**
- **Greater openness to new technologies (adaptive culture)**
- **High employee involvement**
- **Low turnover rates**
- **Commitment to and encouragement to employee development**

9.7 Labour Unions:

Labour unions (also called trade unions) are organizations of workers who have got together to achieve their common goals. These centre around their needs for better working conditions. The union usually communicates and negotiates on behalf of its members with the management of a company. This is referred to as collective bargaining. Issues that may be negotiated include wages, work rules, complaints, rules, hiring procedures, increments and promotions and dismissal of workers The

agreements negotiated by them are binding on all the members of the union as well as on the management.

In India, the „Trade Union Act“ was passed for the first time in 1926. Several amendments have been made to the original act to ensure that the interests of the working class remain protected. The first organized labour union in India was the „Madras labour Union“. Several other trade / labour unions came up subsequently in the industrial centres in India. Most labour / trade unions are generally affiliated to one or other political party and supported by them. There are more than twenty trade unions in India but government statistics from 2008 show that currently there are 11 Central Trade Union Organizations (CTUO) which have been granted recognition by the Ministry of labour. These represent about 25 million workers from different industries in the different parts of the country.

9.8 Informal Groups: The Organization Within the Organization

When two or more people come together on a fairly regular basis this is called a „group“. When groups have been deliberately formed in order to achieve an organizational purpose, they are called „formal groups“. Organizations contain formal groups which have been put into place by the management to perform specific tasks in order to achieve the aims of the organization.

At the same time there also exist some informal groups which come up as a result of the mutually shared interests of the individuals who form part of the informal group.

They are formed because of personal networking and relationships formed between co-workers. This happens because they are in constant touch with each other. Organizations are usually aware of these informal groups, but they are not accorded formal recognition from the organization.

The members of the informal groups are together because they seek to satisfy some personal and mutual need by belonging to these groups. Some of these needs are need for security, knowledge acquisition, informal attempts to shape organizational policy, family, social interaction etc. The rules by which these informal groups operate are by implicit understanding and are not usually available through written manuals (as is the case for formal groups).

Some important differences between formal and informal groups within an organization are :

FORMAL GROUPS	INFORMAL GROUPS
Constituted by the management as per organizational requirements	Constituted by mutual interests and friendships
Formal rule-book exists	No formalized rule-book
Roles and role expectations are handed down from the top and can be seen in organizational charts	Roles are assumed depending upon interests, inclinations and skills
Power is delegated from the 'top'	Power comes from below and is usually based on expertise
Interdependency exists as prescribed by the organization	The members are mutually dependent and support each other at all times.

Informal group structures develop because people find new ways of doing things which they find easier and save them time. Patterns of interaction are shaped by friendship groups and other relationships. People tend to forget what the formal structures are. It is easier to work with informal structures. Both, the formal groups and the informal groups exist alongside in any organization and both have an influence on each other and on the functioning of the organization. Since the origin of the two types of groups (formal and informal) are different they are sometimes in conflict with each other. When this happens the organization becomes less effective in achieving its aims. When such groups, formed out of friendships and common interest, are nurtured by managers, they can serve a great motivational purpose and provide support to the formal structures leading the organization to even greater heights. It may also happen that the informal groups are in support of the formal groups. In such a case, or where the informal groups are not well organized, the organization may benefit from the informal groups formed. Thus, informal groups can be both, beneficial and/or harmful in the functioning of the company or both. People who work in an organization are human and their effectiveness may depend on their personal relations with those around them.

Informal networks are important sources of job satisfaction and retention. Many employees today join and commit to local sets of relationships while feeling no particular commitment to the

organization as a whole. Informal networks are especially important in knowledge-intensive sectors, where people need to use personal relationships to find information and do their jobs. Within an informal group norms are of great importance to the informal group in controlling behaviour and evaluating the performance of its members. Norm violations threaten a group's existence, and so, when people do not comply with the norms, there are strict sanctions against such people. The members must either conform or give up their group membership. This, they would not like to do, especially if the person values the group membership to satisfy certain needs. In informal groups both formal and informal norms may exist. In such a situation the informal norms are more important than the formal. Members of informal groups may sometimes be unaware that the norms of the group influence their behaviour. The norms get ingrained into their behaviour so that without thinking they behave in the expected way.

9.9 Technological Change and Organizational Structure :

In the last quarter century technological changes in the world and in the workplace have moved at a very fast pace and this has impacted organizations in many ways. With the advances in science and technology, information technology and improved means of communication, the scenario in the organization has changed considerably giving rise to a need for employees who are highly Answer the following questions before proceeding to the next section. You may check your answer from the previous section.

- 1 Explain the difference between formal and informal groups within an organization.
- 2 How do informal groups develop their norms? How do they maintain their norms?
- 3 How can informal groups affect the functioning of the organization?
- 4 How can managers capitalize on the informal groups within the organization? skilled, with a knowledge of technology and who command higher pay. This has changed the dynamics of the work place. Companies that use the newer technologies need to constantly re-invent their approaches to work place organization and the products and services that they can offer. Research shows that the use of greater amount of technology results in broader job responsibilities

for the line workers, more decentralized decision making and more self managing teams. This is possible because many of the routine tasks can be assigned to IT (information technology), leaving the technologically skilled person more time to be creative and productive in other areas. However the technology available has to be aligned to available technological skills. This highlights the Importance of organizational changes due to available technology and a change in the type of workers the company will now need.

9.10 SUMMARY

Organizational Structure represents the way people are organized at the workplace in order to achieve the aims and objectives of the organization. Historically, bureaucratic organizations came first and arose out of the need for providing a system in rapidly expanding industries which employed large numbers of people. Bureaucratic organizations were characterised by fixed roles and specific tasks associated with each role. They required close supervision and did not give importance to the employee as a person. Organizations that encouraged employee participation in decision making worked in a

different way. They encouraged employees to take greater responsibility and get more closely involved with the work of the organization. Several different methods were used to accomplish this. While no one structure is absolutely „good“, different types of companies work better with one or the other type of organizational structure. Total Quality Management is a system which uses a systems and checks approach to achieve quality in product and service in order that the customer gets even more than he expects. Its basic assumption is that the customer is „king“. There are many benefits of TQM to the organization and most organizations are now opting to go for it. Organizational Change must take place for any organization to move ahead. However this is not easy for, in order to change it must take along all its employees. Employees have a natural resistance to change and the organization has to take special steps to overcome this resistance. Organizational socialization is a process by which a person learns the values, norms, and required behaviors which permit that individual to participate as a member of the organization. It is characterized as a process by which new (and continuing) organizational members learn and adapt to norms,

expectations, and perspectives of their organizations and its members. Socialization can happen only with the active participation of newcomers. It occurs in stages and results in specific outcomes such as satisfaction, commitment, identification, retention. Organizational Culture is a measure of the values and beliefs of the organization. In strong cultures most of the employees are aligned to the values and beliefs of the organization. In weak cultures, close alignment does not exist as the employees do not identify with the organization. New employees are inducted into the organization through a process of socialization so that they can easily adopt the culture of the organization and this makes the culture stronger. Labour Unions are groups of people who have one interest. They are usually made around similar occupations or professions, and , in India are mostly sponsored by political parties. They serve to negotiate and communicate with the management on behalf of the larger group. Their decisions are binding on their members and on the management Organization within Organizations may be formal and informal. Formal organizations are the ones prescribed by the organization such as departments, sections, teams etc. Informal organizations are formed by networking and friendships

between like-thinking individuals in the organizations. They span different levels and departments and have a great influence on the behaviour of employees.

Technological Changes and Organizational Structures - Increased availability of technology and faster communication modes has influenced organizational structures to accommodate these technologies. It has made for different roles and responsibilities for employees and given rise to the greater need for training and technological skills. While some employee roles have become redundant, others have gained greater importance. Several jobs are now taken on by technology.

9.11 GLOSSARY

Chain reaction effect: This is a situation when a change introduced in one department or for one person leads to direct or indirect reaction from several other people in the organization.

Collective bargaining: Where trade unions are able to operate openly and are recognized by employers, they may negotiate with employers over wages and working conditions.

Homeostasis: A self-correcting attitude of an organization. It is the way in which

the organization (and the people in it) tries to re-establish equilibrium within the organization. Norms: Norms have been defined as the rules that a group uses for appropriate and inappropriate values, beliefs, attitudes and behaviours by members of the group. These rules may be explicit or implicit
Organizational Assimilation: The process by which an individual becomes integrated into the culture of an organization.

Organizational Culture: Organizational culture describes the attitudes, experiences, beliefs and values of an organization. Since the organization is made up of people the values beliefs attitudes, ways of doing things and experiences that they share comprises the organizational culture of that organization. It controls the ways in which they interact with each other and with the people outside the organization. **Organizational learning curve for change:** Whenever a change is introduced in an organization there is a short period after implementation when the efficiency of the organization is affected.

This period of reduced productivity / efficiency is what is called the organizational learning curve for change.

Quality cost is the cost of the bad quality of product and services that rebounds to the manufacturer.

9.12 SAMPLE QUESTIONS

1. Explain „organizational culture“. What factors influence the culture of an organization?
2. How does the organizational culture of a company develop? How do informal groups influence the culture in an organization?
3. How do informal groups differ from the formal teams & departments that exist in an organization?
4. What can managers do to understand and influence how informal groups affect the effectiveness of operations in the organization?
5. What is Total Quality Management? Explain the steps to be followed in implementing TQM.
- 6 Write short notes on:
 - i. The stages of organizational change.
 - ii. Resistance to change.
 - iii. Labour Union movement in India.

- iv. **Strong and weak organizational cultures**
- v. **Bureaucratic organizational structure**
- vi. **Participative organizational culture**
- vii. **Benefits of TQM**

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10

STRESS IN THE WORKPLACE

Unit Structure

- 10.0 Objectives
- 10.1 Introduction
- 10.2 Occupational Health Psychology.
- 10.3 Physiological effects of stress.
- 10.4 Individual Differences in Responding to stress
- 10.5 Work-Family Balance
- 10.6 Stressors in the work environment
- 10.7 Stress-Management programs
- 10.8 Employee Welfare Programs.
- 10.9 Summary
- 10.10 Glossary
- 10.11 Suggested Readings.

10.0 Objectives

After reading this unit you will be able to know -

- 1) About Occupational Health Psychology.
 - 2) About the different physical effects of stress
 - 3) The role of individual differences in stress.
 - 4) About the balance of work and family.
 - 5) About different work related stressors
 - 6) About different stress reducing methods and programs.
-

10.1 Introduction

The psychological health of the employees has become a great concern of the organizations. An employee with bad psychological health will experience stress and frustration, which will directly affect his performance. Besides, stress experienced by an employee can affect the safety of other employees as well as the organization. Bad psychological health leads to lower employee productivity, reduced motivation and increased errors and accidents. Hence, it is very important to understand the stress its moderating factors, its symptoms and organizational interventions. Stress management by individual approach and organizational wellness programs are required to reduce mental stress of an employee. Employee's stress is increasing problem

in organizations. It is a dynamic condition in which an individual is confronted with an opportunity, a demand; stress is not bad in and of itself. Although stress is typically taken in a negative context, it also has positive values.

10.2 OCCUPATIONAL HEALTH PSYCHOLOGY

This is an emerging subfield within health psychology that incorporates industrial-organizational psychology and related disciplines. Occupational health psychologists focus on understanding how workplace issues are linked to both physical and mental illness. It is the application of psychology to health-related problems and behaviors.

Occupational Health Psychology deals with individual behavior in a social context. However, behavior is not restricted to at-risk persons, but also includes behaviors of peers, parents, health professionals, employers and others. People have many reasons for health-related behaviors. In this multi approach, there is recognition of many psychosocial and environmental influences on employee's behavior.

The most applied theories to explain the psycho-social determinants of behavior are Social Cognitive Theory (SCT), Theory of Planned Behavior etc. They specify few determinants of behavior - outcome expectations, self-efficacy expectations, behavioral capability, perceived behavior of others (modeling) and the social and physical environment.

Self-regulatory or self management conceptualizations, including coping theories, have to do with how individuals function to be behaviorally self-correct. These theories are useful for the designation of health-remoting behaviors for the self-management of chronic diseases, such as asthma, mental stress, depression etc. The contribution of health psychology to public health in such areas as psychological processes in prevention, health maintenance (e.g) managing stress and education, particularly in helping people cope with an illness (managing stress, job dissatisfactions).

STRESS

Stress is an individual response to a disturbing factor in the environment and the consequence of such reaction. It is an adaptive response to an external situation that results in physical, psychological or behavioral deviations for organizational participants. The physical or environmental demands that cause stress are called stressors. Stress manifests itself in both a

positive and a negative way. Positive (Eustress) stress provides an opportunity to gain something. Negative stress negatively affects the mental & physical health of a person. It may result into heart problem, drug abuse, mental breakdown, skin problems etc.

10.3 PHYSIOLOGICAL EFFECTS OF STRESS

Several studies were done by the medical and health sciences specialists on the effects of stress. They led to the conclusion that stress could create changes in metabolism, increase heart and breathing rates, increase blood pressure and induce heart attacks. Stress on the job affects the employee's health in a number of ways. High levels of stress leads to high cholesterol in the blood, ulcers, arthritis, paralysis, frequent colds, fever etc. These things not only negatively affects the individual but also the organization. People with these health problems are frequently absent which affects the productivity of an organization. One recent study linked stressful job demands to increased susceptibility to upper respiratory illness and poor immune system functioning, especially for individuals who had low self-efficiency.

Check Your Progress

1. What is Stress?
2. What are the physiological effects of stress?

10.4 INDIVIDUAL DIFFERENCES IN STRESS-

Some individuals take stressful situations as a challenge, while others are over-whelmed by them. There are many individual difference variable revealing the relationship between stressors and experienced stress. Four variables - perception, job experience, social support and personality - have been found to be relevant moderations. Perception is an important factor which affects the relationship between a stress condition and an employee's reaction to it. Stress potential doesn't lie in objective conditions it lies in the employee's interpretation of those conditions. Job experience tends to negatively affect the job stress. People develop coping mechanisms to deal with stress as the time passes. Because this takes time, senior members of the organization are more adapted and experience less stress. The social relationship with co-workers or supervisors can affect the

impact of stress. Social support counter balances the negative affects of high strain jobs.

Personality type is strongly related to the mental stress. Type A personality people are extremely competitive, highly devoted to work and has a strong sense of time urgency. They are more aggressive, impatient and highly work oriented. Type B personality people are less competitive; less devoted to work and has a weaker sense of time urgency. Such person feels less conflict with others and has a balanced, relaxed approach to life. They are able to work at constant pace and are more confident. Type A personality are more prone to heart attacks, ulcers, hypertension and stress as compared to type B personality.

10.5 WORK FAMILY BALANCE

Studies show that a typical person works about 40 to 50 hours a week but the other 120 plus non-work hours are for family, social groups etc. An employee's personal factors such as family, personal economic problems, medical issues also affects his mental health. Studies also show that if an employee is able to balance the work and family matters then his productivity is positively affected. But imbalance between these two can lead to frustration and stress.

People hold family and personal relationships very dear. Marital difficulties, breakups, indisciplined children etc. can create stress for employees which indirectly affects his work and productivity. Financial problems such as overburden of loans taken, more demands from family members or economic issues can result in stress for the employees. It results in lack of concentration, distractions and loss of interest in the job. Employees under high stress takes unhealthy habits such as drinking etc. which hinders their performance at work. An employee who has to do extra work has less time for family life which increases the potential for stress.

Illness of family members, handicapped child, strained relationship with relatives may cause stress which affects the work of an employee.

Balancing family issues and work is challenging for employees with social changes, civic amenities such as transportation, area of residence etc. Sometimes stress symptoms expressed on the work may actually the reflection of family problems.

Similarly an individual who is overloaded and frustrated in his workplace can affect the harmony and relationship in the family. Frustration and dissatisfaction at work place may affect the peace and understanding within the family environment.

10.6 STRESSORS IN THE WORK ENVIRONMENT

Occupational or task demands - Few jobs are more demanding and stressful such as the job of a fireman, pilot etc. These jobs require fast decision making, repeated exchange of informations from others, unpleasant physical conditions etc.

Role conflict - If an employee is working under multiple bosses and each have different expectations from him, it may, lead to stress.

Work overload or under load - Over load leads to tremendous pressure on the employee which may result in stress. If an employee does not have adequate work it may also lead to boredom, monotony and less status in the organization.

Career concern - If an employee feels that she/he is not getting far behind the promotion ladder, then he may experience stress. If he finds that there are no opportunities for self-growth he feels stagnant and experiences stress.

Personal v/s Organizational life - Sometimes personal feels interference with organizational demands. For example, a promoted manager is given a prestigious posting abroad but parents are sick and unable to go with him. This conflict may lead to tremendous stress to him.

Role Ambiguity :_ It often results in stress as the employee is not sure what he/she is expected to do. Work overload or under load can put excessive pressure on the employee leading to stress.

Poor-working conditions such as excessive heat or cold, noise, humidity, inadequate safety measures can affect the employees and results in stress.

Lack of cohesiveness in the group such as no unity in members, mistrust, jealousy, fights etc. may lead to stress. Conflicts within groups, intragroups or intrapersonal may lead to stress.

Faulty Organizational Policies or Processes such as poor communication, unhealthy competition, inflexible rules, unfair promotions can lead to stress.

10.7 STRESS-MANAGEMENT PROGRAMS

A stressed out employee can use different strategies to cope with stress, such as time management, biofeedback, yoga, relaxation etc.

Biofeedback - A biofeedback machine is used to train people to detect and control stress related symptoms such as increased blood pressure, heart rate. It helps the person to reduce the undesirable effects of stress to some extent.

Relaxation & Meditation - Relaxation involves slow and deep breathing, muscle control and mind control, Studies indicate that 20 mts of meditation, twice a day can reduce stress significantly.

Cognitive Restructuring - Firstly irrational or maladaptive thoughts that causes stress are identified. Then these thoughts are replaced by more rational and reasonable thoughts.

Time Management - Poor time management results in feeling of overload, missed schedules etc. Few most well known principles are - 1) making daily a list of tasks to be attended 2) Prioritizing activities by importance and urgency 3) scheduling activities according to the priority 4) handling the most demanding jobs during the high productive time of the daily cycle.

Social Support - A good and strong social support network helps to reduce the stress. Sharing tensions and worries with someone reduces stress and gives a more objective perspective on the situation.

10.8 EMPLOYEE WELFARE PROGRAMS-

There are many causes of stress which are related to management and organization. If they are changed or modified it can reduce the stress of the employees. Organizations can use strategies such as -

- Improvement in the working environment
- Job redesign to eliminate stressors.
- Change in workload and deadlines
- Structural reorganization
- More flexible hours and work schedules
- Goal setting programs, management by objectives
- More employee's participation in planning, decision, changes etc.

- **Workshops in role clarity and role analysis.**

Organizations can use different wellness programs for the employees to reduce their stress. They are -

- **Stress Management Programs**
- **Employee Assistant Programs (EAPS)**
- **Counseling and examination periodically**
- **Workshops on time management**
- **Workshops on burnout to help employee to understand its nature and symptoms.**
- **Training in relaxation techniques.**
- **Physical fitness programs.**
- **Providing gyms, free gourmet food, tennis court, swimming pool, libraries etc.**

10.9 SUMMARY

Stress is a person's adaptive response to a stimulus that places excessive psychological or physical demands on that person. Stress can be negative or positive.

Stress can be caused by many factors. Major organizational stressors are role demands, physical demands, role ambiguity, career concerns etc.

Individual differences also plays an important role in stress of an employee. If an employee is unable to balance between family and work it leads to stress.

Type A personality is more competitive and time driven as compared to Type B personality. Type A are more prone to stress, heart problems, skin problems etc.

Stress management programs includes physical activity, relaxation, meditation, time management and social support etc. Employee Welfare Programs includes stress management training, EAPs, counseling etc. Management can bring some change in organization to reduce stress such as change or modification of job, reducing workload, flexible hours to work, employee's participation in decision making process, structural reorganization etc. However, stress can be managed but can be eliminated.

10.10 GLOSSARY

- 1) **Stress** - a person's adaptive response to a stimulus that places excessive physical or psychological demands.
- 2) **Demands** - responsibilities, pressures, obligations which an employee feels in the workplace.
- 3) **Wellness Programs** - Organizationally supported programs that focus on the employee's total physical and mental condition.
- 4) **Type A Personality** – Type A personality people are aggressive, competitive, restless with a great sense of urgency.
- 5) **Type B Personality** – Type B personality people are patient, content, relaxed and have a laid back attitude.
- 6) **Role conflict** – Stress that occurs when demands from different sources are incompatible.
- 7) **Stressors** – Causes or sources of stress are called stressors.

10.11 Suggested Readings

- 1) Luthans, F. (2005) **Organizational Behavior** (10th ed.) McGrawHill.

11

Consumer Psychology

Unit Structure:

- 11.0 Objectives
- 11.1 Introduction
- 11.2 The scope of consumer psychology
- 11.3 Research methods in consumer psychology
 - 11.3.1 Surveys and Public Opinion Pools
 - 11.3.2 Focus Groups
 - 11.3.3 Motivation Research
 - 11.3.4 Observations of Shopping Behavior
 - 11.3.5 Neuromarketing
 - 11.3.6 Testing Reactions to Ads
- 11.4 The nature and scope of advertising
 - 11.4.1 Purpose of Advertising:
 - 11.4.2 Types of Advertising Appeals
 - 11.4.3 Trademarks
 - 11.4.4 Product Image
 - 11.4.5 Product Packaging0
 - 11.4.6 Sex in Ads
 - 11.4.7 Effectiveness of Advertising Campaigns
 - 11.4.8 Web-Based Advertising
- 11.5 Consumer behavior and motivation
 - 11.5.1 Brand Placement
 - 11.5.2 Buying Habits and Brand loyalty
 - 11.5.3 Product Pricing
 - 11.5.4 Targeted Advertising to Hispanics, Blacks, and Asians
 - 11.5.5 Advertising to Children and Teens
 - 11.5.6 Advertising to the Over-50 Market
 - 11.5.7 Advertising to People With Disabilities
 - 11.5.8 Advertising to the Gay Community
 - 11.5.9 Advertising to Muslim Americans
- 11.6 Let us sum up
- 11.7 Glossary
- 11.8 Model questions
- 11.9 References

11.0 OBJECTIVES:

By the end of this unit you should be able to understand:

- What is Consumer Psychology and its scope.
- Various research methods used in consumer psychology.
- The nature and scope of advertising.
- Various factors that influences consumer's behavior and motivation.

11.1 Introduction

Consumer Psychology is a branch of social psychology. It is concerned about the market behavior of consumers. Consumer psychologists examine the preferences and habits of various consumers. Their research on consumer attitudes is often used to design advertising campaigns and new products. Consumer psychology seeks to explain consumer behavior in two basic ways: what the consumer wants and what are the consumer needs.

11.2 THE SCOPE OF CONSUMER PSYCHOLOGY

We are exposed to thousands of advertisements everyday through radio, T.V., magazine, internet, telephone bill, mobile, receipts, tickets, theater, ATM, running band in news channels, and many more. Not just that, with the help of microchips, you can hear printed ads. A Vodka company spent \$1 million on ads in Christmastime magazine which plays "Jingle Bells" as you turn the page. The company claims that the ad produced largest holiday season sales in its history.

A survey conducted for American Association of Advertising Agencies found that.

- 54% of people deliberately avoided the products that overwhelmed them with advertising.
- 60% of people's opinion about ads was more negative than before.
- 61% felt that the amount of advertisement is 'out of control'.
- 69% would prefer products that would block ads.

Although ads annoy us, it provides us information about the new products, new models of current product, product specifications and pricing, place to purchase, sales etc. It even entertain us.

Consumer behavior has been of interest to psychologists. The study of consumer behavior launched I-O Psychology. In early twentieth century Walter Dill Scott worked on advertising and marketing. The founder of behaviorist school of psychology, John B. Watson, applied ideas of human behavior to business world. He proposed that consumer behavior could be conditioned. He suggested use of celebrities in adverting. He brought experimental and survey methods in marketing.

11.3 RESEARCH METHODS IN CONSUMER PSYCHOLOGY

Various research methods are used to study consumer's behavior and attitudes.

11.3.1 Surveys and Public Opinion Pools

The basic assumption :

The basic assumption behind survey method is that most people can and will express their feelings, reactions, opinions and desires if asked. A pre-election poll is an example of survey method. Most surveys during pre-election have been successful at predicting the election results, however some have failed to predict.

Advantages and disadvantages of various survey techniques.

	Mail	Telephone	Personal Interview	Online
Cost	Low	Moderate	High	Low
Speed	Slow	Immediate	Slow	Fast
Response Rate	Low	Moderate	High	Self-selected
Geographic Flexibility	Excellent	Good	Difficult	Excellent
Interviewer Bias	N/A	Moderate	Problematic	N/A
Interview Supervision	N/A	Easy	Difficult	N/A
Quality of Response	Limited	Limited	Excellent	Excellent

Source : L. Schiffmand & L. Kanuk (2004), condumer Behavior (8th ed.) Upper Sande River, NJ: Prentice Hall, p.351.

Difficulties in survey method:

- 3. Complex and changing nature of human behavior:** People change their opinion so often that information generated from a survey may not remain the same over time.

4. **False reporting:** To look rich and sophisticated people may report that they consume expensive products for e.g. imported beer, but may have cans of non-branded beer in their refrigerator.
5. **Under-reporting:** People generally under report the amount of junk food they consume, but a look into their waste-bin show double the amount of beer and liquor cans.

Studies:

In a survey people received a catalog of a company. 10% of people who had used the products said they have never used it. While 40% who never bought the products before reported they had bought it before. Such false responses can be due to memory lapses or deliberate distortions (Woodside & Wilson, 2002).

A study found that having contact number on mail survey increased the response rate than mail survey without advance notice or contact information (McPheters & Kossoff, 2003).

Another study found that there was significantly greater response for survey having a photo of a woman researcher than having a photo of a man researcher (Dommeyer, 2008).

After the introduction of caller ID systems, the response rate to telephone survey has declined. 18 to 29 year old people, single persons, African Americans, people with young children at home, people from large cities and surrounding suburbs have higher tendency to screen-out calls (Tuckel & O'Neill, 2002).

Many researchers now use online surveys. It is fast and less expensive way to collect data. Some websites offer incentive for responding to survey.

11.3.2 Focus Groups

General characteristics of Focus groups:

4. Focus group consists of around 8 to 12 samples of consumer.
5. The members are selected by matching them with an average consumer. For e.g. for the focus group discussion on dog food, only pet owners would be selected.
6. Members reaction to a product, package, advertisement or the ideas or issues promoted are noted.
7. The members of the focus group are paid for their participation.
8. Group can be structured based on age, education level, income or other variables related to the product. For e.g. for young children the session could be shorter compare to adults because children have short attention span.
9. One way mirror can be used for observation.
10. Video recording can be used for later analysis of the sessions.

11. The data are more qualitative.
12. Sometimes members are not asked direct questions but are observed when they try to use the product.

Limitations: Participants may distort their response. They may say thing that they believe others want to hear or what they may want others to hear. For example, in a focus group study, discussing about hair replacement, men insisted that they were not bothered by hair loss but they were wearing hats. Their behavior may reflect their true attitude than their words.

Focus group can be conducted online. It is called as virtual focus group.

Advantages of virtual focus group are:

- 5) Low cost and more efficient.
- 6) Cover diverse group of people who may otherwise not come due to lack of time and transportation.
- 7) All participants can speak simultaneously.
- 8) Members are less influenced by the opinion of others.
- 9) It provides privacy and anonymity which is especially useful for sensitive issues.

11.3.3 Motivation Research

It is not possible to know all human motivation through questions. Psychologists use in-depth interview and projective techniques to find hidden motivations. Ernest Dichter, the pioneer of motivation research, used projective techniques to find out why some people buy some products and not other products. For e.g. most women were not buying ready to make packaged cake mix. He found that the women rejected it as they felt guilty about doing no work to bake a cake. He recommended the company not to add dry egg and let consumer add fresh egg. The sale of the product increased after the changes (see Smith, 2004; Stern, 2002).

In another classic study, a new brand of roach killer packaged in a small plastic tray was introduced. Although consumer found it effective, they still continued to use the old style spray. Through projective test it was found that for women roach symbolize men. Women indirectly removed their buildup hostility toward man by using spray for roach (Foxall & Goldsmith, 1994).

Advantages of projective technique for studying consumer behavior:

- 5) It has the ability to reach the deeper level of motivation.
- 6) It uncovers, feelings and desires, that can not be assessed by objective tests and questionnaires.

Limitations of projective techniques:

- 4) It has low reliability and validity.
- 5) Successful use of projective techniques is reported but its failure has not been published, thus it is difficult to find its usefulness.

11.3.4 Observations of Shopping Behavior

A major limitation of survey method is that it only informs about what people believe and will do. However, psychologists are interested in knowing what people do when they are purchasing the product or expressing their preferences. Some believe that the amount of sales is a good indicator of a success of an advertisement. For e.g. if the sales of a product increases in the six months after an ad campaign, it indicates that the campaign was successful. But it might not be true. Shelf display, increase visibility, competitor's defaming etc, can be few of the many factors which can influence the sales. Unless these factors are kept constant, it is difficult to conclude about the success of an ad campaign.

Video cameras or human observer can be useful to investigate purchasing behavior. In a study, researcher observed mothers with their young children shopping cereals and snack foods. Generally, in survey methods, women would report that they buy products of their choice and not what their children demand for. However, it was observed that more than 65% of the time, children ask for a particular product and more than half of the time mother bought the product that children demanded for. Such data indicates that children, not adults, should be the target of ads for cereals and snack foods.

In another observation through hidden cameras, it was observed that most of the time dog treats were purchased by children and older people. The dog treats were stored higher on the shelf. Children used to climb to get their favorite dog treats and older women used some long things to pull it down. When it was moved from upper shelf to the lower shelf, the sale of dog treats increased.

Limitations of observation method:

- 5) It is costly and time consuming.
- 6) It may have inadequate sampling of shopping behavior.
- 7) It is difficult to observe behavior of all types of consumers as the needs and income level of customer differ at different location e.g. city and suburbs customer have different preference for stores and produces.
- 8) There are different types of shoppers in the same store at different time of the day e.g. week end and evening shopper's shopping habit differ from those who shop during the day.
- 9) There can be lack of experimental control over other variables.

Even with all the above limitations, observation of shopping behavior provides valuable information. Observing consumers using a

product can be useful too. When the sale of Huggies baby wipes and lotions reduced, researcher placed tiny camera on consumers' eye glasses. During focus group discussion women reported that they use diaper table to change baby's diaper. However, through cameras it was observed that they actually changed baby's diaper on beds, floors and other awkward places. They struggled to change baby's diapers as it required them to use both hand. The company redesigned the wiper and lotion that can be used with one hand. With these changes, sale increased (Kiley, 2005, p.2).

11.3.5 Neuromarketing

Neuromarketing involves measuring brain activity and function, in response to marketing and advertising, with the use of EEG, PET, and MRI scan. It measures the effectiveness of advertising and appeal of a new product and promotional programs by examining brain waves.

In a study, adult participants watched presentation for different products. Changes in their brain activities in response to the products were recorded. Based on the finding, the research could accurately predict whether participant would purchase the product or not. They could predict it even before showing the products (Knutson, Ricks, Wimmer, Prelec, & Loewenstein, 2007).

Pleasurable stimuli can be used to get viewer's attention. In another research male participants, who preferred sports car, were shown pictures of sports car. Their brain images revealed increased activity in the area of brain that contains self reward center. This area normally gets activated by stimuli such as sex, chocolates, or cocaine. It indicates that picture of sports car is deeply pleasurable for these consumers. (Britt, 2004).

Morning advertisements are more likely to be remembered than prime time advertisements. A study in England found that TV ads shown during the morning hours stimulated the brain area associated with attention, concentration, short term and long term memory, and positive emotional engagement more than prime time ads (Haq, 2007)

11.3.6 Testing Reactions to Ads

The most direct way to measure effectiveness of advertising is to ask the representative sample of the population about their reaction to an advertisement. Other techniques to measure effectiveness of advertising are:

- Physiological Measures: Electrical activity of muscles is influenced by emotions. TV commercials aim to create emotional responses in viewers. Thus electromyography (EMG) which detects electrical activity in muscles can be used to measure effectiveness of advertising. For example, participants' electrical activity in facial muscles can be measured using EMG while they are watching commercials. After that, they can be asked to rate commercial based on their liking. If the EMG

activities and participant's rating correlates positively then the ads can be considered effective.

- **Sales Tests:** The sales test technique allows experimental control of extraneous variables.
- The steps of the sales test is as following:
 - An advertising campaign is introduced in a selected experimental market.
 - Another location, similar to the experimental market, is selected as control market.
 - The advertising campaign is not introduced in the control market.
 - The changes in sales in both the market are recorded.
 - If any change is noticed in the experimental market and not in the control market, it can be attributed to the advertising campaign.
- Advantage of sales test:
 - It provides control over other influencing variables.
 - It measures whether people buy products on the basis of ads rather than simply measuring their interest and what they say.
- Limitations of sales tests:
 - It is costly.
 - It requires time to make arrangements.
 - It requires precise accounting of purchasing behavior of a large sample.
 - It is difficult to select a control group.
 - By not showing the ads to the control group, company loses its sale in that area.

Coupon Returns: Many companies print coupon in magazines and newspapers. The consumer has to return it to manufacturer to get the product sample or discount. The number of coupons return can indicate the effectiveness of the ads and actual buying behavior. However, there is a possibility that people may buy the product due to reduced price even if they are not interested in it. It is difficult to know whether the coupons were send by the habitual coupon clippers or those who are interested in the product. A study (Garretson & Burton, 2003) found that

- High coupon users considered themselves to be smart shoppers.
- They believe in the economic benefits of using coupons.

- They are price sensitive and value conscious.
- They are willing to invest time to obtain coupons in order to save money.
- They enjoy shopping experience more than low coupon users.

11.4 THE NATURE AND SCOPE OF ADVERTISING

There are various types of advertisements. It provides various scope.

11.4.1 Purpose of Advertising:

The most common aim of advertising is to increase sale. Advertising also have some other different purposes.

- Consumer Awareness: One type of advertisement aims to create awareness about a new product, improved product and package, or a price change. It also tries to create and reinforce brand name.
- Product Image: Many products are same in their ingredients and/or quality. Advertisements try to create different images, symbols, or feelings for their products. For example, advertisement shows that a car along with transportation provides prestige and economic status.
- Institutional Advertising: The goal of this advertisement is to make public believe that the product or the company is beneficial to the community. For example they may advertise that their product is good for the environment or that they share part of their profit with some charity trust. By such advertisements they build goodwill in market and their sales increases. It also increases employee's morale.
- Informational Advertising: Advertisements that enable consumer to make intelligent purchasing decisions are called informational advertising. Such advertisements provide various types of information such as price, quality, performance data, content, availability, nutritive value, warranties etc. Generally magazines ads are more informative than television ads.
- Advertising Placement: Companies can place their advertisement at various outlets. For example, TV, sports programs, in-store videos, print ads in magazine and pop up ads in website. Since people ignore TV commercials, companies like McDonald's, have started using their marketing budget from TV ads to other outlets.

11.4.2 Types of Advertising Appeals

There are two types of human needs. Primary needs include food, water, shelter, security and sex. Secondary needs include power, status, achievement, esteem and affiliation. Advertisements try to fulfill

some of these needs. To do so, the advertiser identifies the relevant needs and sends their message to the appropriate population. For example, a soft drink advertisement promises to satisfy your thirst as well as status needs.

11.4.2 (a) Celebrity Endorsements:

Most of the advertisements today show celebrity from entertainment or sports field endorsing their products. It is believed that audience identifies with the celebrity's success and thus buys the products. However, there is little evidence of the impact of celebrity endorsements on actual purchasing. A study has found that only perceived expertise of the celebrities positively correlate with buying intentions. i.e. an attractive actress will be effective in marketing beauty shop and not tennis rackets. On the other hand a tennis player will effectively market tennis rackets and not a beauty shop. In another research, most of the people could not remember the brand name when they were shown the pictures of celebrities endorsing the product. Thus celebrities in magazine ads did not lead to correct identification of the brand (Costanzo & Goodnight, 2006).

Advertisement with people, who are expert in the area but not celebrity, seems to be effective in selling the product. For example tooth paste advertised as developed and available with dentists only was more effective (Strauss, 2008).

Research shows that the celebrity who endorses more number of products has lesser credibility. Also consumer's attitudes towards the ads become less favorable.

11.4.2 (b) Positive and Negative Emotional Appeals:

Advertisement with the message that 'something good will happen if you use the product' is called positive appeal. The advertisements with the message that 'something bad will happen if you do not use the product' is called negative appeal. Although negative appeal has been effective, showing extreme results like diseased lungs due to smoking, such ads are ineffective. Such fear and guilt inducing ads distract people from the message. Moderate appeals are more effective than strong negative appeals. A strong negative appeal generates anger towards advertisement and the company. A common practice is to use both, positive and negative appeals. First the negative consequences of not using the product is shown and then the positive consequences of using it.

Shock appeal in advertisement may work. In a series of three ads, college students were shown messages related to the use of condoms as a way to prevent HIV/AIDS. In shock appeal ad, a nude couple was shown with the message "Don't be an f---ing idiot". The fear ad showed driver's license with the expiration date circled with the message "If you get the AIDS virus now, you and your license could expire at the same

time.” The information ad showed the acronym AIDS and the words “Acquired Immunodeficiency.” Scores on recall, recognition and attention test was greater for shock appeal than other appeals. Also, students from shock and fear appeal ads took more AIDS related information materials (Dahl, Frankenberger, & Manchanda, 2003).

11.4.2 (c) Implied Superiority:

Implied superiority means indirectly showing superiority of one product over its competitors. For example, a company may claim that no competitor provides faster headache relief than their product. The claim is true – no one product is faster than another. But the way it is said may lead people to conclude that this brand is faster and superior than other brands. It also gives the impression that it is based on scientific research.

11.4.3 Trademarks

A trademark is a symbol of the feelings and images associated with the product. The key aspects of the product can be identified from its trademark. The established trademark can remind consumers about the product. Companies spend lot of time and money on product trademark and brand name. For example, California Airlines changed its name to Aircal when focus group interviews revealed that the new name had greater impact on consumers. Allegheny Airlines changed its name to USAir to make it sound more like a national than a regional carrier.

Research can tell manufacturers whether consumers can recognize their product name and what it means to the target audience. For example Coca-Cola changed its product name in China when the company discovered that in Chinese, Coca-Cola meant “bite the wax tadpole”. Similarly, Pepsi's line “Come alive with the Pepsi generation” when translated into Chinese became “Pepsi will bring your ancestors back from the dead”.

A trademark can be so effective that it stands for all brands for a product. For example, we use the word ‘Xerox’ which is a name of a company, for all type of photocopies, even if it is not from a machine manufactured by Xerox Company. Sometimes the trademarks that have worked for years may need modification to reflect changes in the culture of the marketplace.

11.4.4 Product Image

Product image is the ideas, thoughts and feelings associated with the product. Through successful development of product image company can reach higher level. The image can be more important than the qualities of the product.

Sometimes product image is transmitted by a symbol. The symbol is supposed to convey the image of the person using the product. In a

study, consumer's perception of a person wearing a plain knit shirt and the same person wearing shirts with different logos like alligator, fox, and polo player were compared. When the person was wearing plain shirt he was judged to be self confident, tolerant, satisfied and friendly. While the same person in the same shirt with fox logo was judged to be self confident, enthusiastic, and a leader. In the polo player logo, the person was perceived as less self confident, tolerant, enthusiastic, satisfied and friendly. In the shirt with the alligator, the person was described as preppy but neither a leader nor a follower.

While developing a product image, it is difficult to find the qualities that will attract potential buyers. Group interviews with selected samples of consumers can help to identify their perceptions and their positive and negative feeling about various products. Another approach involves providing checklist of adjectives to the consumers and asks them to select those adjectives that characterize their feeling about the product or their concept of the person who would buy the product.

11.4.5 Product Packaging

A shopper may not remember the TV or magazine ads he/she saw last night. Rather at the time of purchasing, the packaging may be the deciding factor. Often the consumer's attitudes are shaped more by the wrapper in which the item is offered than the quality of the item. In a study, the coffee for one group was poured from an ordinary electric coffeemaker. Another group was served from an engraved silver urn. Consumers rated the coffee poured from silver urn higher than electrical coffeemaker, even though the coffee was the same.

The package must reinforce the product image established by advertisements. For example, the men's aftershave can not be packed in pink bottle. Rather it should be packed in a sturdy box with bold colors. Consumer researchers can use techniques like free association, survey and projective technique to find match between product and package. A product packaging can incorporate new electronic technologies. For example, Huggies Henry the Hippo bottles of hand soap flash a light for 20 seconds so that children will know how long to wash their hands.

11.4.6 Sex in Ads

Although many advertisements use attractive models, there is little research support available about its effectiveness. Studies using eye cameras have shown that sex appeal have a high attention getting value. It also found that in general, men just looked at pictures of magazine ads featuring provocative pictures of women, while women read the message more often than men. Thus it means that the ad is communicated to the wrong audience. Similarly, ads featuring pictures of attracting man was more read by men than women. In another research, a company published two versions of mail-in coupon ads.

One ad had a picture of bikini clad young women and the other ad did not. More coupons came from the second advertisement.

In a laboratory study, there was no difference found in the recall of the product name from sexy and non sexy ads for immediate and 24hr delay conditions. However after 7 days men had forgotten significantly more information presented in the sexy ads than the non-sexy ads.

In a study, 3 groups of adult participants were made to see sexually explicit, aggressive and neutral television programs. It was found that the first and second group's recall and recognition scores were significantly lower for ads that were shown during the programs compared to groups who watched neutral programs (Bushman & Bonacci, 2002).

Surveys found that women in 1990s felt offended and did not buy the products whose ads portrayed women as sex objects. But women from 2008 generation were not offended and were not inclined towards boycotting the products (Zimmerman & Dahlberg, 2008).

11.4.7 Effectiveness of Advertising Campaigns

It is difficult to find out effectiveness of advertisements because companies do not disclose their failures and they exaggerate their successes. Research shows that most people dislike and avoid television advertisements. During advertisements they leave the room, switch channels and fast forward ads in recorded programs. In laboratory, when participants had no choice but to watch ads, they either misunderstood or forgot approximately one third part of what they had seen.

A study found that film promoted during Super Bowl broadcast had 40% more audience than the movie released at the same time but not promoted at super bowl. But this can be due to the fact that enough people watched the ads.

However, now a days it is difficult to study the effectiveness of ads as people receive advertisements not just on TV but also on computers, ipods, BlackBerry smart phones and large screens in public places. A study found that ratio of people of all different ages watching television outside their home is increasing. They have to see ads as they can not switch channels. Research in South Africa found that young as well as older adult's recall rate of commercials watched at theater was greater than ads watched on television (Ewing, DuPlessis, & Foster, 2001).

Studies have also found that people's feelings and attitudes toward advertisements in general affect how well they remember them. The subjects who had highly favorable attitudes toward advertising recalled significantly more of the ads than subjects who had highly unfavorable attitudes toward advertising (Mehta, 2000). Racial identification can be a factor in developing attitudes towards

advertisement. In an experiment, some Black adults were shown an ad featuring a White woman holding a bag. Other black adults were shown an ad featuring a Black woman holding the same bag. Those who identified with Black culture regarded the ad with Black model more favorably. Those with low identification with Black culture showed no preference for either model (Whittler & Spira, 2002).

In earlier studies the respondents reported that commercials advertising prescription drug provided important information (Mehta & Purvis, 2003). Recent research found that 70% thought that such ads did not provide adequate information about the risks or benefits of the medications. However, they also believed that such ads motivated them to find out more about the drug and related medical conditions (Friedman & Gould, 2007; Spake & Joseph, 2007).

Adults in China held more positive attitude towards ads compare to U.S. adults. They find advertisements to be entertaining and informative. People with formal education held more positive attitude toward advertising than those with less education (Zhou, Zhang, & Vertinsky, 2002).

11.4.8 Web-Based Advertising

Internet is another medium for advertisements. 40% of people use internet for shopping. It is also a good source of consumer information. Most common online purchases include computers, books, flowers, music, travel services, and investment products. Although many people buy products online and find it convenient, there is almost equal number of people who do not like to provide credit card and personal information and find some shopping websites confusing (Horrigan, 2008). On a global level, internet shopping is increasing.

Researches have shown that

- Complex design of web pages has a negative influence on advertising effectiveness. Simple web pages increases intention of purchase as well as creates positive attitude towards the company and the ad (Bruner & Kumar, 2000; Stevenson, Bruner, & Kumar, 2000).
- Web pages with higher perceived interactivity, a virtual tour of the facilities and online reservation system results in more positive attitude toward the companies and the sites (McMillan, Hwang, & Lee, 2003).
- Websites featuring customer service guarantees, reviews and testimonials from prior customer and certification from consumer organization creates trust in consumer and leads to decision to purchase online (Lynch, Kent, & Srinivasan, 2001).
- Women find online shopping emotionally less satisfying and are more skeptical about the claims of Web site advertisement compared to men (Rodgers & Harris, 2003).

- People spend more time online on products that are more important, attractive, and desirable to them than on products that are merely functional. A study using pop-up questionnaire found that sites having high involvement products such as luxury cars provided more effective advertising than sites for low involvement products such as baby diapers (Dahlen, Rasch, & Rosengren, 2003).
- The longer the exposure to a Web page containing an ad, the more likely the person is to recall and recognize the ad, as suggested in a study conducted in New Zealand (Danaher & Mullarkey, 2003).
- Overall internet ads are not as effective as television ads, especially for four products which are luxury cars, expensive watches, fast food, and shampoo studied in South Korea (Yoon & Kim, 2001).
- Very few people found advertisements on social networking sites interesting and responded to it (Leochner, 2008).

11.5 CONSUMER BEHAVIOR AND MOTIVATION

Marketplace factors like easy parking, cleanliness etc can influence the consumer's purchasing decisions. Research has found that

- Often most people do not walk rather just look at the small aisles (a passage between shelves of goods in a supermarket);
- People are likely to walk in the long aisles and make impulsive purchasing;
- Products placed at the end of long aisles or at the checkout lanes are more likely to be purchased on impulse;
- When slower, quieter and familiar music is played, people spend more time in the store and thus it increases the likelihood of impulse buying (Garlin & Owen, 2006);
- Bigger smiles by employee of coffee shop produced greater consumer satisfaction (Barger & Grandey, 2006).

Personal factors also influence purchasing behavior.

- Biographical variables: Age, gender, educational level, socioeconomic status, ethnic origin etc; and
- Cognitive variables: Perceived time available for shopping, attitude towards shopping, purpose of shopping, shopper's mood and personality. E.g. Self conscious people are more concerned about labels on the product and more likely to buy national brands.

Brand placement, buying habits and brand loyalty are some of the other factors that influence purchasing decisions.

11.5.1 Brand Placement

Rather than giving a separate ad, advertisers place their brand within a movie or a TV program. They show the character in the movie or program using the product. It has various advantages:

3. Audience can not mute it or change the channels;
4. It also had the impact of celebrity endorsement;
5. Studies have shown that viewers recall of the brand increases;
6. Viewers' evaluation of the brand is more positive; and
7. It enhances their viewing experience because it makes the movie or TV program seem more realistic (Yang, Roskos-Ewoldson, 2004).

In a research, half the 6 to 12 years children were presented a film with a clip where Pepsi was spilled on a table, and other half were shown unbranded food and milk. Regardless of them remembering the clip, most children from brand placement group selected Pepsi over Coke (Auty & Lewis, 2004).

11.5.2 Buying Habits and Brand loyalty

Once people find a product they liked they tend to continue to buy it rather than trying new products. One supermarket rearranged the display of canned soups and placed the sign boards about it to inform the shoppers. 60% of the customers did not notice the new arrangement and picked up the wrong soup brand without realization. This is due to buying habits. However when consumers shop from new stores where they do not have buying habits, they tend to buy many more different brands.

Studies have found that consumer's loyalty towards major brands remains unchanged up to 8 years. Consumers, who remain loyal for years, pass their loyalty on to their children.

A research conducted through online interview found that consumers who had higher education and social status were more emotionally involved with their choice of car or beer than with their choice of computer or shampoo (Smit, Bronner, & Tolboom, 2007).

Buying habits and brand loyalty both are defined in terms of repeated purchasing and thus sometimes for researchers it is difficult to distinguish between the two. Various companies have been

successful in their brand loyalty development program. They offer rewards for repeated purchases. For example airline frequent flyers are offered rewards such as free flights, VIP check-in lines, first class upgrades etc. Some findings have shown that low to moderate rewards have been more cost effective than higher rewards however others have found it visa-verse (Wansink, 2003).

11.5.3 Product Pricing

Price of the product can be an important and sometimes the only factor influencing purchasing decisions. Consumers often believe that price is linked with quality of the product and thus they rate expensive products higher in quality. Some manufacturer, based on this belief, sell their product at higher rate compare to other equal quality products in the market.

A study was conducted using neuromarketing technique. Participants were to taste various wines. They were given false information that some wines were very expensive. When participants believed that wine was more expensive, their MRI scan showed that there were more activities in the part of the brain which is associated with pleasure experiences (Plassmann, O'Doherty, Shiv, & Rangel, 2008).

Often companies provide low price as an introductory offer to gain sales and develop buying habit for a new product. Research shows that sales are generally high during introductory offer but it drops there after. Some consumers do not consider price while buying products. Different size of packaging makes it difficult for consumers to compare prices.

11.5.4 Targeted Advertising to Hispanics, Blacks, and Asians

Consumers from different ethnic groups have different values, attitudes and shopping behavior. In 2002, Hispanics became the largest minority group in the United States. Marketers are responding to these groups in variety of ways like creating materials in the Spanish language, developing Spanish language television, radio stations and websites.

Studies have shown that Hispanics have positive attitudes toward advertising. They rely on it for information about consumer products and services. Procter & Gamble have established a 65 member bilingual team to identify the needs and desires of Hispanic consumer. It was found that Hispanic like to smell certain household products. The company added new scents for Hispanic market. Similarly, another study found that Hispanic teens show desire for uniqueness in clothing.

Blacks constitute nearly 13% of the U.S. population. Black consumers

- Have high level of brand loyalty.
- Spend a large share of their income on food, clothing,

entertainment and health care.

- Make more trips to grocery stores in a week.
- Are willing to pay more for what they consider to be high quality products.
- Have preference for high fashion items and brand names that are visible indicators of success.
- They watch media, movies, TV programs and advertisements to gain information about products that symbolize success.
- Family and friends are important reference and source of information in making purchasing decisions.
- Have greater trust in Black-oriented media.

Considering the above points, advertisers market their product to Black consumers using image of family and friends in Black-oriented print media, radio and television program.

The Asian-American community in U.S. is approximately 4% of the population. Asians prefer high quality, established and well-known brands. They are generally loyal consumers. With diverse community, their buying and spending habits varies a lot. They can react differently to advertising appeals. For example, most Vietnamese prefer to use their native language and are highly committed to their culture. They do not buy things on credit. On the other hand, Korean and Chinese people who have been in U.S. for a long period agree to use credits.

11.5.5 Advertising to Children and Teens

4 to 10 years old children spend most on shoes, clothing, breakfast cereals, candy, soft drinks and other snack foods. According to psychologists, children's high purchasing power is result of parental guilt. Single parent families, both parents working families and families where childbearing was postponed until their thirties, children spend and influence more in family purchasing decision.

Various techniques are use to market products to children like, lower supermarket shelves, airing cartoon commercials on children's TV programs and distributing pencils, magazines and book covers featuring product name or logo.

A study on 3 to 5 years children found that children found food items wrapped in McDonald's wrapper more tastier than items in plain wrappers, even though the items were same. McDonald's spends more than \$1 billion a year on advertisements targeting children. It builds brand loyalty from an early age (Reinberg, 2007; Robinson, Borzekowski, Matheson, & Kraemer, 2007).

Teenagers spend around \$30 billion a year on clothing, cosmetics, video games, DVD and other personal items. Adolescents also make household grocery list, decide the brands, and do the family

shopping. Teenagers spend lot of time watching television, listening to radio and surfing the Web. This is also a stage when they are insecure and searching for a personal identity. Thus so many ads have been directed at adolescents about importance of having popular brands. They define themselves based on images they see in movies and on television. As their self esteem is developed well by the age of 16 to 18, the importance they used to give to material goods decreases.

11.5.6 Advertising to the Over-50 Market

By the year 2020, people over the age of 50 will constitute more than one third of the population. Advertisers have revised the image of older people in the ads and eliminated stereotypes about older consumers. Today there are many ads where older model promote cosmetics, hair care products, travels, automobile, investment etc. Retired people constitute a large market for various products like clothing, furniture, entertainment, health care etc. They tend to read newspaper and magazines. They watch news and sports channels. They rely on mass media for information. Advertisers can target ads for older at such places. Older people uses internet for shopping things like books, stocks, and computer equipments. They also use internet to stay in touch with friends, to be updated with current news, and to compare products.

11.5.7 Advertising to People With Disabilities

Approximately one in five American has some form of physical or mental disability. Such people also spend money and buy products and services. To target disabled population, companies like Fort, Netflix, MCDonald's, Verizon Wireless and Honda feature people with disabilities in their ads. According to a survey, 75% of disables eat out at least once a week, 69% travel for business or pleasure. They also buy products that non-disables buy, thus this group of consumer are not ignored anymore.

11.5.8 Advertising to the Gay Community

In a survey conducted in San Francisco, almost all gay men and women reported that they go for overnight leisure trip at least once in 2 years. Thus resort owners create advertisements directed to gay consumers. Gay men in Canada prefer to buy products of companies who are perceived as being positive towards gays, that is, the companies who give their ads in gay media, support gay and lesbian employee and provide domestic benefits to same sex partners. Gay consumers boycott companies that were perceived as having discriminating hiring practices.

Gay consumers in U.S. responded on questionnaire that they preferred to read the Wall Street Journal, Business Week, Fortune, Money, The New Yorker, Sports Illustrated, and National Geography. They also reported that they are less likely to read TV Guide or

Readers' Digest. They like news programs on TV and rarely watch game shows soap operas etc. Such information can help advertisers to place their ads at the appropriate media to target Gay consumers.

11.5.9 Advertising to Muslim Americans

Due to fear of political backlash, advertisers ignored Muslim-American community. Today, approximately 6 million Muslim-Americans are wealthier and better educated. The Muslim-American market is rapidly growing. Most companies are trying to get their products permissible by Muslim law. One company has created an Islamic version of Barbie Doll with dark hair, brown eyes and a white scarf. It is named Fulla. It does not have a job or boyfriend. U.S. firms advertise their products to Muslim audience through their magazines such as Azizah and Muslim Girl Magazine. However they have to assure marketers that the ads and outlets were not radical or political.

11.6 LET US SUM UP

This unit has helped us understand the new growing field of industrial psychology called consumer psychology. We studied scope of consumer psychology and how various research methods are used to study consumer's psychology. We also learned how Trademarks, Product Image, Product Packaging, Sex in Ads, Advertising Campaigns, Web-Based Advertising affects consumers purchasing intentions. The unit also explains how market factors, personal factors and other factors influence consumers' motivation to buy. Also how advertisers are targeting different groups of consumers for various advertisements.

11.7 Glossary

Focus groups: A method of surveying public opinion through the paid participation of 8 to 12 group members who meet to describe their reactions to a product, advertisement, or specific issues.

Implied Superiority: Indirectly showing superiority of one product over its competitors.

Informational Advertising: Advertisements that enable consumer to make intelligent purchasing decisions.

Institutional Advertising: The goal of this advertisement is to make public believe that the product or the company is beneficial to the community.

Neuromarketing: Neuromarketing involves measuring brain activity and function, in response to marketing and advertising, with the use of EEG, PET, and MRI scan.

Product image: The ideas, thoughts and feelings associated with the product.

Sales test technique: A way of testing the effectiveness of an advertising campaign by introducing the new advertising in selected test markets.

Trademark: A symbol of the feelings and images associated with the product.

11.8 MODEL QUESTIONS

- Q.1 Discuss various research methods use to study consumer's behavior and attitudes.
- Q.2 Write short note on the scope of consumer psychology.
- Q.3 What is the purpose of advertising?
- Q.4 Discuss various types of advertising appeals.
- Q.5 Write Short note on:
- A) Trademarks
 - B) Product Image
 - C) Product Packaging
 - D) Sex in Ads
 - E) Effectiveness of Advertising Campaigns
 - F) Web-Based Advertising
- Q.6 Discuss various factors that can influence the consumer's purchasing behavior and motivation.
- Q.7 Discuss various targeted groups for advertising.

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- a) **Occupational Health Psychology,**
- b) **Physiological Effects of Stress,**
- c) **Individual Differences in Responding to Stress**
- d) **Work-Family Balance,**
- e) **Stressors in the Work Environment**
- f) **Stress-Management Programs**
- g) **Employee welfare Programs**

Topic VIII Consumer Psychology

- a) **The Scope of Consumer Psychology**
- b) **Research Methods in Consumer Psychology**
- c) **The Nature and Scope of Advertising**
- d) **Consumer Behavior and Motivation**

Note -As an Orientation to this paper, the following sub-topics should be taught in brief (questions will not be set on these sub-topics)

- a) **Would people work if they did not have to? Industrial-Organizational Psychology on the Job and In Everyday Life; What I-O Psychology Means to Employers; An Overview of the Development of I-O Psychology; Challenges for I-O Psychology; Careers in I-O Psychology; Practical Problems for I-O Psychologists**
- b) **Requirements and Limitations of Psychological Research; Research Methods Experimental Method, Naturalistic Observation, Surveys and Public Opinion Polls, Virtual Laboratories: Web-base Research**
- c) **Problems with Using Psychological Test**

Book for study

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