Management & Organizational Behavior

Dynamics of Organizational Behavior

Management and Organizational Behavior

Block

IV

DYNAMICS OF ORGANIZATIONAL BEHAVIOR

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BLOCK IV: DYNAMICS OF ORGANIZATIONAL BEHAVIOR

The fourth block deals with Dynamics of Organizational Behavior. The block has six units. The first unit deals with leadership and leadership theories. The second unit discusses empowerment and participation in organizations. The third unit focuses on conflict, negotiation and intergroup organizational behavior. The fourth unit deals with the foundations of group behavior, while the fifth unit explains work teams. The sixth unit concentrates on the management of informal organizations.

The first unit is *Leadership*: Even the most inefficient employees may be inspired by an effective leader. This unit defines leadership and discusses the traits of effective managers. It explains that the success of leaders is more dependent upon their behavior and actions than on personality traits. The multi-faceted skills of effective leaders and various leadership theories are discussed in this unit.

The second unit is *Empowerment and Participation:* Empowerment is giving employees more authority to make decisions and thereby involving them in the organizational functioning. This leads to the development of participation, which is the involvement of each and every employee of the organization in the achievement of organizational goals. This unit explains the concepts of empowerment and participation, process of participation and various participation programs and the limitations of participation.

The third unit is *Conflicts, Negotiations and Intergroup Behavior*: Conflicts may arise between employees as they have different opinions and attitudes, due to their varying backgrounds. Although some amount of conflict is healthy, prolonged conflicts could prove detrimental to the organization. Negotiation is an ideal way of dealing with conflicts. Understanding intergroup behavior is also required for resolving organizational conflicts. The sources and classification of conflicts, negotiation process and intergroup behavior in organizations are discussed in this unit.

The fourth unit is *Foundations of Group Behavior*:   The goals of the organization can be easily achieved when people work in groups rather than as individuals. This unit describes the nature of groups along with the dynamics of group formation and the various types of groups that may exist in an organization. The five stages of group development, group structure, group tasks and group processes are also discussed.

The fifth unit is *Understanding Work Teams:* Work teams encourage coordination and cooperation among team members, and this has a positive impact on the goals of the team as well as on those of the organization. The definition, benefits and differences with work groups and work teams are discussed in this unit. It also discusses how team effectiveness may be affected by the problems of individuals and organizations. It also explains how TQM through team efforts enhances the quality and productivity of the organizations.

The sixth unit is *Informal Organizations*: Informal organizations exist in all organizations. This unit explains the nature of informal organizations and differentiates it from formal organizations. The benefits and problems arising out of informal organizations, informal communications and management of informal organizations are discussed in this unit.

All six units are updated in 2021 with current examples and industry exhibits, taken from reputed journals and magazines.

Unit 13

Leadership

Structure

13.1. Introduction

The previous unit explained the different theories of learning and suggested how behavior can be managed. This unit is about Leadership.

The study of leadership in organizations is very crucial in the field of organizational behavior. An effective leader is capable of inspiring and motivating even the most inefficient employees to strive toward attaining the goals of the organization. According to Warren G. Bennis, Founding Chairman of the Leadership Institute at the University of South California, "Failing organizations are usually over-managed and under-led." Therefore effective leadership plays a vital role in ensuring the smooth functioning of organizations.

This unit lists leadership traits and explains the various theories of leadership.

13.2. Objectives

By the end of this unit, students should be able to:

- Define Leadership

- List the traits of effective leaders

- Explain Leadership skills

- Compare and contrast the theories of leadership**.**

13.3. Definition of Leadership

Leaders are people who have a vision, set goals to realize the vision, and motivate and gain the commitment of their people to work toward the achievement of the goals. However, all leaders do not follow the same method to attain their goals. Some leaders believe in employing coercion to influence their subjects, while others gain the confidence of their followers by sharing knowledge and caring for their well-being.

Leadership and management are different from each other. The following are some of the distinctions between the two:

- Leaders have a personal and active interest in achieving goals. Managers, however, are passive about the achievement of goals.

- Leaders have an inborn power with which they strive to achieve goals. Managers need to be entrusted with power by the management.

- Leaders usually arise from a group and do not require any formal appointment. Managers seek authority as a result of their position in the organization. In other words, they derive their power from the formal authority that comes with their position.

- Leadership is concerned with coping with complexity while management is about coping with change.

- Leaders focus on developing a vision for the future, communicating the vision to people, integrating their efforts, helping them overcome hurdles and developing their abilities to realize the vision. Managers concentrate on developing plans, organizational structures and controlling the deviations from plans.

> **Example: Michael Dell Leadership Style**
>
> Michael Dell (Dell) started his business with US$ 1000 and created a net worth of US$ 20 billion before he turned 40. Dell believed, "It's through curiosity and looking at opportunities in new ways that we've always mapped our path at Dell. There's always an opportunity to make a difference." A visionary, Dell pioneered the direct business model in the computer industry at a time when other manufacturers relied upon the retail channel for selling computers. The direct distribution model was criticized by many from the very beginning. However, the model was successful not only in the US but in many other countries in the world. Dell believed that a leader cannot accomplish everything alone. According to him, assigning responsibility and accountability to the team members can have a

> positive impact on the team's performance. He also believed that the top management must share power to ensure success.

Compiled from various sources.

13.4. Traits of Effective Leaders

Although, there are no specific characteristics that can define the leadership qualities in a person, most researches have shown that there are certain traits which differentiate leaders from non-leaders. Some of these traits are:

- initiative
- ambition
- desire to lead
- integrity
- self-confidence
- analytical ability
- knowledge of a specific company, industry, or technology
- creativity
- flexibility

Exhibit 13.1 discusses about Leadership Qualities.

Exhibit 13.1: Leadership Qualities

Effective leaders are those who possess certain key qualities that set them apart. These qualities are essential for leaders at all the levels of management. The top three qualities of an effective leaders include - exemplary communication skills, empathy and admitting when they are wrong.

Effective communication skills- Communication not only includes speaking, but listening, body language, writing and all other nonverbal cues are also part of it. Leaders should be able to communicate in a clear and concise way and be able to control their emotions. Listening is utmost important to understand and the speaker and communicate.

Empathy- leaders should put themselves in to the other shoes to understand them and build relationships and connections so as to

Contd. ....

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develop rapport and trust. This process will instil a feeling of belongingness in employees as they are heard and respected and results in fostering engagement with them to enhance productivity and loyalty.

Admitting when wrong- Whenever leaders go wrong, they should be brave enough to admit the mistake and resolve at the same time. By doing so, leaders demonstrate leading by example. Further, employees also feel safe and comfortable to share their mistakes and try to find solution to resolve it.

Source: https://www.forbes.com/sites/ashiraprossack1/2021/09/27/3-qualities-of-highly-effective-leaders/?sh=27be8c67690e

Check Your Progress-1

1. Which of the following is an **erroneous** distinction between management and leadership.

    a. Leaders take personal and active interest in achieving goals whereas managers tend to play a relatively passive role while accomplishing goals

    b. Managers need to be recognized and entrusted with power by the organization to deal with people whereas leaders have power and the required drive within themselves to lead people and motivate them

    c. Management is concerned with coping with change while leadership is about coping with complexity

    d. None of these

2. Which of the following are the characteristics of a leader?

    i.   Initiative

    ii. Self-confidence

    iii. Analytical ability

    iv. Desire to follow

    a. Only i, ii, and iii

    b. Only i, iii, and iv

    c. Only ii, iii, and iv

    d. i, ii, iii, and iv

Leadership Behavior vs. Traits

Some researchers believe that the success of leaders is largely dependent upon their behavior and actions and less on personality traits. According to them, behavior could be modified over a period but personality traits remain more or less the same throughout a person's life. Therefore, they believed that leaders were not born but had to be developed. Exhibit 13.2 illustrates how women as leaders face glass ceiling in their careers.

Exhibit 13.2: Status of Women in Leadership Promotions

A long standing gap in women taking up senior positions is claimed due to glass ceiling effect - a barrier that forbids women taking up higher positions. A study taken up by two professors from the University of Minnesota and Danielle Li of MIT, on a large North American retail chain found that the percentage of women workers in a leadership role are very few. Women as entry-level workers are more with 56% and starts reducing as we go along the hierarchy ladder, with 48% as department managers, with only 35% at the level of store managers and just 14% as district manages.

The retail chain in observation conducts performance assessment in two parts, annually. The assessment consists of a nine-box grid to assess employees and score them on a low, medium or high based on their performance, on two points – past performance and potential for further development and growth. People with high scores in both past performance and future potential are placed in the right upper quadrant of the grid. At the retail chain, though women score decently on past performance, they are given low scores in growth potential ratings, leading to 50% gaps in promotions. The managerial traits considered for future potential are confidence, execution skills, and desire with determination, charisma and leadership, for which the study found data to be more abstract and biased against women.

The study observed that women are deliberately underestimated for future performance, though scored high on performance, leading to stronger glass ceiling. This also forms basis for gender pay gap to stay at 70% with gender differences in job levels. The research study suggests to curb the difference by eliminating potential scores from the performance assessment and promote just based on their past performance. However, there was a counter thought based on earlier researches which says that there is no guarantee that best performers would always make the best managers. Finally, the researchers recommended organizations to identify the gaps between past performance and potential ratings by using some algorithms and other metrics that can prudently predict the talent for leadership.

Source: *https://insights.som.yale.edu/insights/women-arent-promoted-because-managers-underestimate-their-potential* September 17, 2021

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13.5. Leadership Skills

The continuous advancement in technology in the present business environment has implied that the leaders require more than just personality traits or behavior to accomplish their tasks. In other words, it has now become necessary for leaders to possess the relevant knowledge and skills to survive in the highly competitive and complex business world. According to Robert Katz, the following skills would help leaders in achieving their goals. These skills also have a great degree of interrelationship between them.

Technical Skills

Employees at operational and professional levels should have certain technical skills, which will help them perform their jobs well. However, as employees are promoted to higher managerial positions in the hierarchy, the relevance of these skills decreases.

Human Skills

Human skills such as co-operating with members of the organization, developing positive interpersonal relationships, and working effectively in teams are essential for employees at all levels in the hierarchy. However, human skills are more important to people in leadership positions.

Conceptual Skills

With the help of conceptual skills, an individual can analyze complex situations, rationally process and interpret available information, and accordingly design a suitable solution to a problem. Also conceptual skills help the individual to foresee what the consequences of his actions will be. Therefore, conceptual skills are very important for managers who are constantly exposed to complex and difficult business situations and are also involved in the construction of long-term plans and goals of organization.

In Figure 13.1, we can see that all levels of management require similar level of human skills whereas the need for technical skills decreases and the need for conceptual skills increases as we move up the organizational hierarchy.

Figure 13.1: Leadership Skills Required at Different Organizational Levels
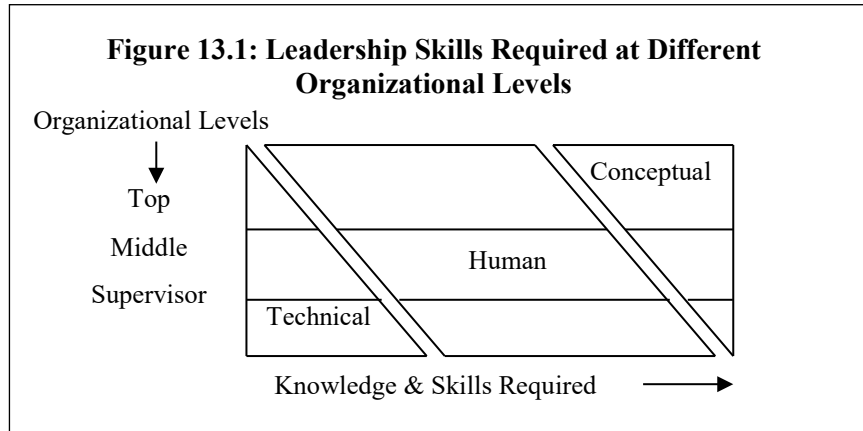
Source: ICFAI Research Centre

Check Your Progress-2

3. According to Robert Katz, the three types of skills primarily used by leaders are
   i.   Technical
   ii. Human
   iii. Conceptual
   iv. Decision-making
   a. Only i, ii, and iii
   b. Only i, ii, and iv
   c. Only i, iii, and iv
   d. Only ii, iii, and iv

4. The performance of a data entry operator in an organization largely depends on his/her
   a. Conceptual skill
   b. Human skill
   c. Technical skill
   d. Both (a) and (c)

5. With the help of _____, an individual can analyze complex situations, rationally process and interpret available information, and accordingly design a suitable solution to a problem.

a. Technical skills

b. Human skills

c. Conceptual skills

d. None of the above

6. Mr. Prakash Mehra is the customer relations manager at a telecom services company. He is known for his ability to deal with clients and employees in an effective manner. What is this quality of Mr. Mehra known as?

a. Conceptual skill

b. Human skill

c. Technical skill

d. Both (a) and (b)

13.6. Leadership Theories

Many theories have tried to explain the characteristics that individuals require to become effective leaders. There are three important theories in this context. They are: personality traits theories, behavior theories, and contingency theories. The personality traits and behavior theories were criticized by some OB experts on the ground that they were based on unsupported and oversimplified assumptions. Further, research led to the development of the contingency theories. These theories tried to overcome the inadequacies of the trait and behavior theories and eliminate the contradictions involved in them.

Traits Theories

Earlier researchers believed that there were certain unique characteristics in people that made them leaders. They concentrated their research on the traits of leaders. According to them, a person must possess certain unique personality traits that are essential for effective leadership.

One of the traits theories of leadership, the 'great person' theory, suggested that the personality traits necessary to become an effective leader could be acquired through training and experience. This theory was probably influenced by behavioral psychologists who believed that leadership traits could be acquired through training and experience.

Researchers also tried to study the relationship between physical traits and leadership. However, these theories could not establish a valid relationship between the two. The traits theories were not well established as they failed to prove that traits alone were responsible for the emergence of some of

the successful leaders. In fact, the traits theories provided only a description of leaders and had little analytical or predictive value.

Behavioral Theories

The behavioral theorists concentrated on the unique behavioral aspects found in leaders that enabled them to attain effective leadership. Following are the four main behavioral theories of leadership:

The Ohio State Studies: In 1945, researchers from various fields conducted studies on leadership at the Ohio State University. The research was based upon a questionnaire called 'Leader Behavior Description Questionnaire.' Initially, the researchers suggested that there were thousands of dimensions along which the behavior of leaders could be studied. Later, they narrowed it down to initiating structure and consideration.

Initiating structure: This refers to the ability of individuals to design their own tasks as well as those of their subordinates and also to get these tasks accomplished in time. Individuals who are highly inclined to such behavior tend to put pressure on their subordinates to meet deadlines and achieve the goals on time.

Consideration: This refers to the level to which individuals are considerate about their subordinates' feelings, respect their ideas, and strive to establish a healthy work relationship. People who score high on this dimension are very friendly and open with their subordinates. They extend help to their employees to solve both personal and work-related problems.

According to researchers, people who score high on both the dimensions make effective leaders.

University of Michigan Studies: A research conducted at the Survey Research Center at the University of Michigan gave similar results as that of the Ohio State Studies. The research was conducted on twelve pairs of sections. Each pair consisted of one high producing section and one low producing section. During the study, the researchers also interviewed 24 supervisors and 400 workers. The research led to the following results:

Employee-oriented dimension: This dimension emphasizes the interpersonal relationship between the leader and his subordinates. Leaders with a high score on this dimension were capable of accepting individual differences among the employees. It was also observed that high productivity sections usually had employee-oriented supervisors.

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Production-oriented dimension: In contrast, the production-oriented dimension concentrates on productivity rather than on employees. Leaders who score high on this dimension considered employees only as a means to achieve goals. It was found that such a leadership style resulted in lower motivation levels among employees and lower productivity.

Figure 13.2: The Leadership Grid
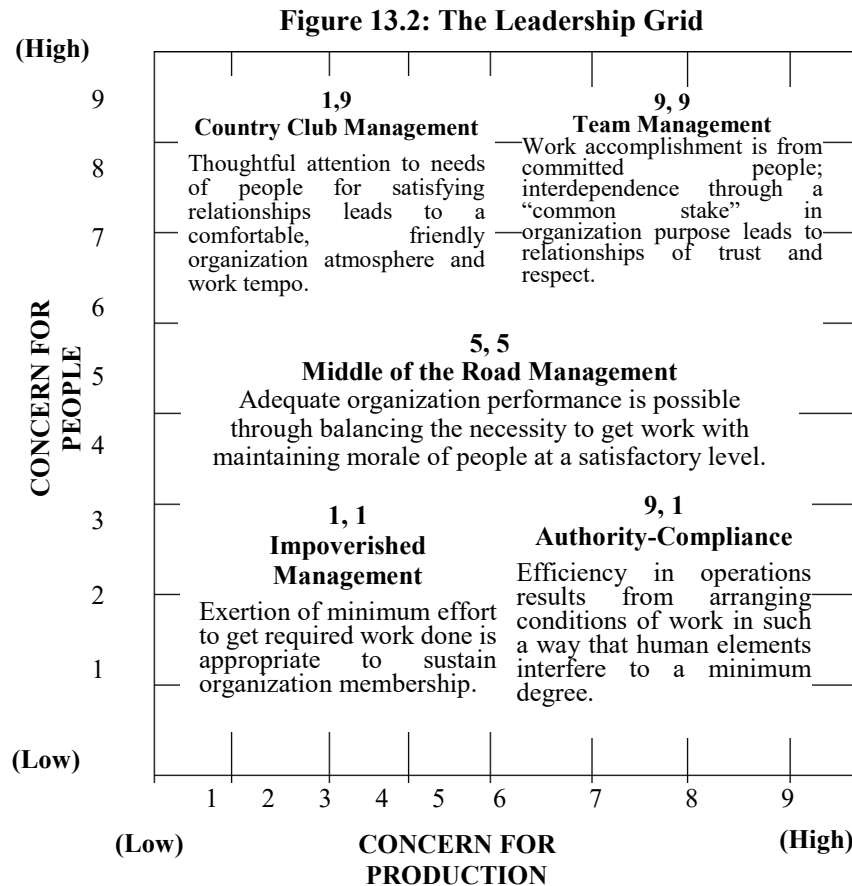
Researchers concluded that leaders with an inclination toward the employee-oriented dimension resulted in higher job satisfaction (in employees) and higher group productivity. Production-oriented leaders achieve lower job satisfaction and group productivity.

The Managerial Grid: A two-dimensional matrix model of leadership styles, referred to as the managerial grid, was developed by Blake and Mouton. Their study was based on their own research as well as the results of the earlier Ohio State Studies and the University of Michigan Studies.

The managerial grid consists of nine rows and nine columns. While the rows represent the leader's concern for production, the columns represented the leader's concern for people. A leader could be located in

10

any of the total 81 leadership styles on the managerial grid. Blake and Mouton specifically identified five leadership styles at 1,9; 1,1; 9,1; 5,5 and 9,9 that helped in better understanding of the relationship between behavioral aspects and leadership (Refer Fig. 11.2). People whose behavior falls into the 1,1 cell on the grid, (impoverished style of leadership), exhibit no concern for people or for work, often failing as leaders. People who follow the 1,9 style of leadership have high concern for people but low concern for production (country club type). Those who practice a 9,9 style (team management) of leadership are more effective compared to the 9,1 style (authoritarian), or the 1,9 style. Leaders whose behavior falls into the 5,5 style (middle of the road management) are also considered to be fairly effective.

This theory was criticized on the ground that it failed to reveal any new facts or establish new relationships that could clarify the conflicting views on leadership.

Scandinavian Studies: According to some theorists, the three behavioral theories discussed above did not take into account the dynamics, or even chaotic environments that influence modern organizations. Therefore, some Finnish and Swedish theorists began reviewing the earlier studies in order to discover new dimensions that could incorporate the dynamics of the environment.

The studies led to the finding of a new dimension called 'development-oriented behavior.' According to this dimension, leaders were ready to experiment with new ideas and practices and embrace change. It also showed that subordinates considered leaders who were development-oriented to be more effective and competent. The studies also stated that subordinates showed higher job satisfaction under development-oriented leaders.

Although the behavioral theories were successful in establishing a relationship between behavior and leadership, they failed to consider one important aspect that influences leadership -- 'situational factors.' Leaders need to be flexible and capable of adapting their behavior to changes in situations in order to be successful.

> **Activity:** Roger Williams (Williams) has been newly appointed as production manager at E&S Manufacturing Company. The company manufactures and supplies spare parts to a leading car manufacturing company. Williams set weekly targets of production levels and ordered the shop floor workers to meet the deadlines at any cost. He also had to ensure that the machinery on the shop floor was well maintained (on a daily basis) so that the production process was not obstructed. Williams

convinced the management to allow the shop floor workers to take a tea-time break at 3:30 pm in addition to the lunch and coffee (morning) breaks. According to him, shop floor workers faced more stress than other employees as they worked constantly in the factory. Following the appointment of Williams, it was observed that the productivity of employees in the shop floor improved considerably in the first quarter of the year. Where, according to you, would Williams' leadership style appear on the managerial grid? Explain giving reasons.

Answer:

_____

_____

_____

_____

Check Your Progress-3

7. The two ultimate dimensions, defined by the Ohio State studies, along which an individual's leadership behavior can be studied, are

   i.   Initiating structure
   ii. Authority
   iii. Consideration
   iv. Participation
   a.   Only i and ii
   b.   Only i and iii
   c.   Only ii and iii
   d.   Only ii and iv

8. According to the University of Michigan studies, production-oriented leaders achieve:

   a.   High job satisfaction and group productivity
   b.   Low job satisfaction and group productivity
   c.   Low job satisfaction and high group productivity
   d.   High job satisfaction and low group productivity

9. According to the managerial grid, the management style of leaders who exhibit high levels of concern for both people as well as production is referred to as the

   a.   Authoritarian style of leadership
   b.   Country club style of leadership
   c.   Team management style of leadership

    d.   Impoverished style of leadership

Contingency Approaches to Leadership

According to the contingency approach of leadership, a single leadership style is not applicable to all situations. Every leader is required to carefully analyze the situation before adopting a style that best suits the requirements of the situation. Following are the five contingency models of leadership styles:

Fiedler's Contingency Model: This model was developed by Fred Fiedler. According to him, the choice of the most appropriate leadership style is dependent upon whether the overall situation is favorable or unfavorable to the leader. The favorability or unfavorability of a situation to a leader is dependent upon the following factors:

Leader-member relationship: This refers to the extent to which the leader shares good rapport with and is considered acceptable by his/her subordinates.

Degree of task structure: This refers to the degree to which the task on hand can be performed efficiently by following a particular method.

The leader's position: This refers to the degree of power or formal authority that is given to the leader in the organization.

According to Fiedler, a situation is favorable when a leader scores high on all these dimensions.

Hersey and Blanchard's situational theory: According to Hersey and Blanchard, the leadership style to be followed by managers is largely dependent upon the maturity levels of subordinates. An employee's maturity level refers to his/her ability to carry out the assigned tasks and also to the extent to which he/she is motivated to perform them. Since employees differ from each other in terms of competence and commitment, leaders have to adopt different leadership styles to deal with different subordinates. This theory is also known as the 'Life Cycle' model.

Hersey and Blanchard further categorized leadership styles as follows:

Telling: In this style of leadership, the leaders constantly give work-related directions to the subordinates. It is to be followed for employees who are low on their ability to perform as well as are not willing to perform.

Selling: In this style, the leaders give directions as well as provide the required support to the subordinate. This style can be followed for employees low on their ability to perform but high on willingness to perform.

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Activity: Shraddha, a fresh science graduate, has been recruited by the Indian Science Research Institute to assist Prof. Ramlal in his research. Prof. Ramlal noticed that though Shraddha lacked the required knowledge to support him in the project, she was a hard working girl. She would often stay back after office hours and read new concepts relating to the job. After much deliberation, Prof. Ramlal decided to retain Shraddha despite her lack of skills. After one year, under the guidance of Prof. Ramlal, Shraddha was able to develop the necessary skills and knowledge required for the job. According to the Hersey and Blanchard theory, which leadership style do you think is similar to the one Prof. Ramlal followed in transforming Shraddha into an effective employee?

Answer:

_____

_____

_____

_____

_____

Participating: Leaders adopting this style provide the required support to the employees. They assign more responsibilities and give fewer directions to their subordinates. The participating style is suitable for employees who are high on ability to perform but low on willingness to perform.

Delegating: The leaders simply delegate the responsibilities to the subordinates. This style is most suitable for employees who are high on ability to perform as well as high on willingness to perform.

The factor that this model emphasizes is the capability and willingness of individuals to perform their task. This factor was often ignored by other theorists. However, the model tends to ignore other important factors such as leader's attitude that affects leadership behavior.

Leader-member exchange theory: According to this theory, leaders often behave differently with different subordinates. Further, they also establish close relationships with a small group of subordinates early in their interaction. The group of subordinates with whom leaders establish a relationship is known as the in-group, while the others are referred to as the out-group. The leaders maintain a formal relationship with the out-group and interact with this group less frequently than with the in-group.

Although the basis for the formation of in-groups and out-groups is not clear, researches have indicated that leaders do favor people who have

attitudes and personalities similar to their own. The theory also suggests that leaders give promotions to the in-group employees quickly and also that the employee turnover rate in such groups is low.

Leadership-participation model: In 1973, Victor Vroom and Philip Yetton came up with the 'leadership-participation' model that tried to establish a relationship between leadership behavior and the decision-making style. According to them, leaders are required to adapt their behavior to suit changes in situations. The model proposed a sequential set of rules that could help managers in taking decisions in different situations. Initially, this model consisted of a decision tree with seven contingencies and five alternative leadership styles. Later, Vroom along with another academician Arthur Jago, came up with a revised model that consisted of twelve contingencies. These contingencies were also called 'problem attributes'. These problem attributes were categorized into decision-quality and employee acceptance.

Decision-quality attributes comprised cost considerations, information availability, and nature of problem structure. Employee acceptance attributes comprised need for commitment, their prior approval, congruence of their goals with that of the organization and conflicts among the employees.

Once the leader identifies the nature of the problem, he can adopt one of the following five styles of leadership:

Autocratic I (A-I) – Using the information available, the leader takes a decision on his own.

Autocratic II (A-II) – The leader obtains relevant information from subordinates and then attempts to find the solution to the problem. However, he does not reveal the problem or seek the advice of subordinates in finding a solution or making a decision.

Consultive I (C-I) – The leader explains the problem to concerned subordinates individually and invites their ideas and suggestions to solve the problem. However, he takes the final decision.

Consultive II (C-II) – The leader meets a group of subordinates, discusses the problem with them and listens to their ideas and suggestions. Later, he may take a decision that may or may not be in accordance with his subordinates' suggestions.

Group II (G-II) – After sharing the problem with the subordinates, the leader initiates a group discussion on alternative solutions, and moderates the discussion till the group reaches a consensus on the solution to be adopted. In this case, the leader accepts the solution offered by his subordinates

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This model is based upon the following three assumptions which are yet to be proven.

- The decision tree enables leaders to precisely classify the various problems.

- Leaders are willing to and are capable of adopting various leadership styles according to the situation.

- Employees accept the changes in leadership styles.

Path-goal theory: The path-goal theory was developed by Robert House. According to this theory, leaders define individual or group goals to the subordinates that are in line with the organizational goals.

They then provide the required support and guidance to their subordinates to achieve the goals. Thus, as leaders, they define the path to attainment of the goals. Also leaders remove any hurdles that come in the way of achievement of the defined goals. Subordinates accept their leader when

- They find that the satisfaction of their needs depends upon their effective performance.

- They are provided the guidance, support, and rewards needed for effective performance.

According to this theory, the leader is flexible and is capable of adapting his/her behavior to changing situations. The path-goal theory suggests that the leader's behavior depends on two contingency variables – environmental factors (like the formal authority system or the nature of task), and personal characteristics of the subordinates (experience, capabilities and locus of control).

Check Your Progress-4

10. According to the Life-cycle model, the 'telling' style of leadership should be selected by a manager if
    a. The employee is both incapable and unwilling to perform
    b. The employee is has limited capability to perform a task but is very willing
    c. The employee is capable but not willing to perform the task
    d. The employee is both capable and willing to perform the task

11. One of the critical factors ignored by the situational leadership model developed by Hersey and Blanchard is
    a. Capabilities of an individual
    b. An individual's willingness to undertake a specific task

    c.   The leader's attitude

    d.   None of the above

12. According to the path-goal theory, the behavior of a leader depends on

    a.   Locus of control

    b.   Nature of task

    c.   Experience and capabilities

    d.   All of the above

13.7. Summary

- Different theorists have attempted to define leadership differently. However, many agree upon the fact that leadership involves influencing others. According to many theorists, management is different from leadership.

- Although there are some common traits found in leaders, the presence of these characteristics do not guarantee that a person will become an effective leader.

- Some theorists believed that leadership is largely dependent upon the behavioral aspects of the person and not so much on the personality traits.

- Leadership skills such as technical skills, human skills, and conceptual skills have varying degrees of importance in the career ladder of an individual.

- Leadership theories are broadly classified into traits theories, behavioral theories, and contingency theories.

- According to the trait theories, leaders have unique characteristics and personality traits. The trait theorists believed that leaders are born and not made.

- The behavioral theorists tried to establish a relationship between leadership and the behavior of individuals. According to them, leadership could be acquired through learning and experience.

- The various behavioral theories are the Ohio State studies, the University of Michigan studies, the managerial grid, and the Scandinavian studies.

- According to contingency theorists, leaders are required to adapt their behavior to changes in the situation. They believed that one particular leadership style is not applicable to all situations.

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- The five contingency models that explain the contingency approach to leadership are Fiedler's contingency model, Hersey and Blanchard's situational theory, leader-member exchange theory, leadership-participation model, and path-goal theory.

13.8. Glossary

Managerial grid – A nine by nine matrix outlining different leadership styles.

Trait theories of leadership – Theories that seek personality, social, physical, or intellectual traits that differentiate leaders from nonleaders.

13.9. Self-Assessment Test

1. How are leaders different from managers? List out the various skills that are required to be possessed by an effective leader.

2. Who is a leader? Is effective leadership based on certain personality traits of an individual?

3. According to behavioral theorists, leadership is dependent upon the behavioral aspects of a person. Explain this concept with the help of the following theories - a) University of Michigan studies and b) the managerial grid. Do you find any similarities between the two theories?

4. Explain the 'Life Cycle' model of leadership theory.

5. Discuss the path-goal theory of leadership.

6. Do situations influence the leadership styles of individuals? Explain with the help of any two theories.

13.10. Suggested Readings/Reference Material

1. Aswathappa, K, International Business, 9th Edition Paperback, McGraw Hill, 2020

2. Dwivedi, R.S. Management – An Integrated Approach, National Publishing House. 2016

3. Fred Luthans, International Management: Culture, Strategy, and Behavior, McGraw Hill, 2017

4. Harold Koontz, Heinz Weihrich, Mark V. Cannice , Essentials of Management - An International, Innovation and Leadership Perspective ,11th Edition, Paperback, McGraw Hill 2020

5.   Stephen. P., Robbins, Judge, Timothy. A. & Vohra, N. Organizational Behavior 18th edition, Pearson Education Inc.2019

6.   Stephen P. Robbins, Mary Coulter, Management, 15 th Edition, Hoboken, NJ : Pearson, 2020

7.   Udai Pareek & Sushama Khanna, Understanding Organizational Behaviour, 4th edition, Paperback, Oxford University Press, 2018

13.11. Answers to check your progress questions

1. **(c)** **Management is concerned with coping with change while leadership is about coping with complexity.**

    The correct form of the above statement is 'Management is concerned with coping with complexity while leadership is about coping with change.'

2. **(a)** **Only i, ii, and iii**

    The distinguishing factors between a leader and a non-leader are self-confidence, analytical ability, initiative, and a desire to lead.

3. **(a)** **Only i, ii, and iii**

    According to Robert Katz, the three skills primarily used by leaders are human, conceptual, and technical skills.

4. **(c)** **Technical skill**

    The performance of a data entry operator largely depends on his/her technical skills. This is because, the job necessitates that he/she be computer savvy, have knowledge of MS Office and the Internet, and have good typing speed. An individual's ability to cooperate with other members of the organization and work effectively in teams is referred to as human skills. Finally, the ability of an individual to analyze complex situations and rationally process and interpret available information is referred to as conceptual skill.

5. **(c)** **Conceptual skill**

    With the help of conceptual skills, an individual can analyze complex situations, rationally process and interpret available information, and accordingly design a suitable solution to a

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problem. Also conceptual skills help the individual to foresee what the consequences of his actions will be.

6. **(b) Human skill**

Human skills involve dealing with people. Conceptual skills relate to idea generation and analytical processing of information. Finally, technical skill involves handling machines, tools and tasks. In our example, Mr. Verma can deal with clients in an effective manner which shows that he has good human skills.

7. **(b) Only i and iii**

The two dimensions, defined by the Ohio State studies, along which an individual's leadership behavior can be studied, are initiating structure and consideration.

8. **(b) Low job satisfaction and group productivity**

According to the University of Michigan studies, production-oriented leaders achieve low job satisfaction and group productivity, whereas employee-oriented leaders achieve higher job satisfaction and group productivity.

9. **(c) Team management style of leadership**

The management style where leaders exhibit intense concern for both people and production is referred to as the team management style of leadership. On the other hand, the management style in which the leaders do not exhibit any concern for people or for work is referred to as the impoverished style of leadership. In the country club style of leadership, leaders show concern for people but not for production, whereas in the authoritarian style of leadership, leaders show much concern for production but not for people.

10. **(a) The employee is both incapable and unwilling to perform**

An effective manager should adopt the 'telling' style if the employee is both incapable and unwilling to perform, and should adopt the 'selling' style if the employee has limited capability to perform a task but is very willing. On the other hand, the manager should adopt the 'participating' style if the employee is capable but not willing to perform the task and 'delegating' style if the employee is both capable and willing to perform the task.

11. **(c) The leader's attitude**

   One of the critical factors overlooked by the situational leadership model developed by Hersey and Blanchard is the attitude of the leader, which determines leadership quality.

12. **(d) All of the above**

   According to the path-goal theory, the behavior of a leader depends on the locus of control, nature of the task, and experience and capabilities.

Unit 14

Empowerment & Participation

14.1.   Introduction

The previous unit was about leadership and it discussed various theories of leadership. This unit is about empowerment and participation.

Organizations in the dynamic world are seen to get engaged in various change efforts. These change efforts, most of the time appear short-lived and faddish in its nature. The reason behind this can be ascribed to the mental perceptions people carry in the process of leading the change and serving as change agents in different firms. The root cause arises from the manner and lens through which they perceive the organizations, and themselves as front line change agents. People have two perspectives of looking at the organization. In the first perspective, people think from evolutionary standpoint in which they will view a radical change as a part and parcel during the course of evolution. In the second perspective, people imagine organizations as machines that are built and reassembled constantly to achieve success. Gardening metaphor can be extended to the organizations while creating an empowering work place. Empowerment in organizations cannot be a mechanical process. It is basically an organic process that must be nurtured carefully. During the process of nurturing empowerment cannot be forced upon the people. We can keep the soil ready in order to plant the seed, in the ray of hope that it grows. People's active participation will increase along with the sense of pride in what has been created, while nurturing the empowerment. In the process of empowering, organizations must see themselves as organizational

gardeners. Employee empowerment is a state of being where-in employees are aware about their boundaries in which they are free to work with the experience and maturity in the organization. In organizational setting empowerment refers to, employee's decisions influencing the quality of products or service along with the quality of their work life. Research on empowerment reveals that empowered employees are more committed and do not mind walking an extra mile on behalf of organization. Therefore, efficiency and effectiveness at work place are the consequences of employees being empowered. Empowered employees naturally develop a sense of motivation, enabling them to gain authority, control while utilizing their knowledge, skills and abilities while dealing with internal and external stake holders. Studies reveal that the job satisfaction of the empowered employees is high when compared with the job satisfaction of under-empowered employees. Empowerment has significant influence on commitment, identification and job performance of the employees.

Empowerment - ongoing process

The idea of empowerment according to Rotter (1966) and Seligman (1975) is an ongoing process. The empowerment is never an end state, but, it is a process that people experience at various stages of life, within as well as out-side the organization. We all tend to behave in a highly, moderately and less empowered ways on the basis of our development and self-esteem.

While empowering the prospective employees, Organizations must have the answers for the following questions ready.

- Who is/are being empowered?

- Why are they being empowered?

- How are they being empowered?

- When will the change take place?

- In what context will the empowerment occur?

- With what likely intended (and unintended) results will the empowerment occur?

Empowerment means involving employees in the organizational functioning by giving them more authority to make decisions. Through empowerment, organizations try to motivate their employees. In an organization, the empowerment of employees can take place by way of enabling them to participate in organizational activities. Participation is the

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involvement of each and every employee of the organization in the achievement of organizational goals.

Advantages of empowerment

- Increases trust in the organization

- Effective Team work

- Increased employee participation

- Reduces attrition.

- Increased job satisfaction

- Lower absenteeism

- Better productivity and profitability

- Employees accept the changes if they are involved in decision making process

Disadvantages of empowerment:

- Employees misuse of the newly acquired power

- Managers may be less interested in dividing power with subordinates

- Managers may fear of losing their job and privileges in the organization

- Some employees may not be expert enough to make good business decisions

- Too much responsibility on employees will result in time delay of decision making

- Time spent in groups/teams will increase and can be at times distracting

In this unit, the concepts of empowerment and participation are discussed. The unit also explains the various programs for participation, and limitations of participation.

14.2. Objectives

By the end of this unit, students should be able to:

- Explain the concepts of Empowerment and Participation

- Discuss the dimensions of Participation

- Illustrate the process of Participation

- Describe the programs for Participation

- Explain the limitations of Participation

14.3. Role of Efficacy in Empowerment

Self-efficacy refers to the conviction in an employee that he has the ability to successfully perform his job and make meaningful contributions towards the growth and success of the organization. Due to factors which may be associated with the workplace or with organizational changes, employees may experience low self-efficacy. If the employees get a feeling that their continuation in the job is dependent more on the decisions of others rather than their own efforts, then their self-efficacy will come down. Factors such as lack of variety in the job, working under an authoritarian leader, ambiguity about their own role in the organization, lack of freedom in the job, and ill-defined reward schemes, could lead to lowered self-efficacy in employees. Employees with low self-efficacy lack motivation and focus on their weaknesses rather than their strengths. They lack confidence in their abilities to accomplish complex and difficult tasks and are reluctant to take on challenges and additional responsibilities. Organizations can motivate the employees to achieve more by enhancing their self-efficacy levels. Empowerment can help to enhance the self-efficacy levels of employees in an organization. In other words, empowerment is the process of identifying and removing causes for low self-efficacy in employees. The different ways in which managers can empower employees to confidently face work-related problems are by:

- helping them to master the skills required for the job through training, coaching, and guidance;

- paying attention to those who have attained remarkable success on the job, so that other employees may see them as role models and adopt their working style;

- raising the confidence of employees through persuasion and social reinforcement techniques like appreciation, encouragement and positive feedback.

- providing the employees with a clear definition of their roles, and with assistance when required as well as genuine concern for them.

Managers can use these ways to improve the self-efficacy of employees. Besides, behavioral tools like modeling, mutual goal setting, job feedback, and a reliable reward system can be used to empower employees through participation. Various participative programs can also be used to enhance the feeling of belonging in employees.

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Activity: Phoenix Inc. is a watch manufacturing company. Assume that you have been appointed the human resource manager of the company. How would you empower employees for participation in goal-setting for the benefit of the organization?

Answer:

_____

_____

_____

_____

_____

Check Your Progress-1

1. The term self-efficacy refers to
   a. The confidence that an employee has in himself about the ability to successfully perform his job and make meaningful contributions towards the growth and success of the organization
   b. The increased involvement of employees in organizational processes and decision making
   c. The mental and emotional involvement of persons in group situations which motivates them to contribute to group goals and share responsibility for them
   d. Influencing people to work towards desired goals

2. Employees having low levels of self-efficacy
   a. Lack motivation
   b. Focus on their weaknesses
   c. Focus on their strengths
   d. Both (a) and (b)

3. In an organization, managers can empower employees by
   a. Drawing the attention of employees to those who have attained remarkable success so that they can observe the working style of their more successful colleagues and emulate them
   b. Increasing the confidence level of employees through persuasion and social reinforcement techniques

    c.   Providing employees a clear definition of their roles, assistance when required, and feeling genuine concern for them

    d.   All of the above

4. The behavioral tools that can be used by managers to enhance the level of self-efficacy in employees are

    i.   Individual goal setting

    ii.   Contingent reward systems

    iii.   Modeling

    iv.   Job feedback

    a.   Only i and iii

    b.   Only i, ii, and iii

    c.   Only i, iii, and iv

    d.   Only ii, iii, and iv

14.4. Participation

Sidney Webb and Beatrice Webb in the book *Industrial* Democracy have discussed about the concept of employee participation. They defined it as the right that employee/worker has to participate in decisions concerning the matters in which they had influence was deemed to be a participation. All the concerns do not interest all employees /workers equally every time. To keep it simple, the concept of participation at work place is a process through with the employer attempts to unfreeze the creative potential of it employees by making them take part in decisions that affect their work life. Employee's participation in decision making will result in individual (micro) level outcomes as well as organizational (macro) level out come. Individual level outcome include positive employee attitude, commitment and job satisfaction. The organizational level outcome includes productivity and performance.

Participation is defined by John W. Newstrom and Keith Davis as "the mental and emotional involvement of persons in group situations that encourage them to contribute to group goals and share responsibility for them." Participative managers make their subordinates feel valued by involving them in organizational activities and also by sharing responsibility with them. Thus, the important dimensions of participation are involvement, contribution, and responsibility.

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Involvement

A person's mental and emotional involvement in an activity is important for true participation. A person who is engrossed completely in an activity is said to be ego-involved. On the other hand, a person who only makes use of his skills to perform the activity without any emotional involvement in it is said to be task-involved. Many managers equate participation with task-involvement. They consult their subordinates through meetings but are not ready to accept and implement their ideas. Autocratic managers, however, only promote pseudo-participation in the organization rather than true participation. These managers are unable to encourage the ego-involvement of employees in organizational activities and this leads to the imitation of participation by employees in the organization rather than true participation.

Contribution

Participation in decision-making motivates employees to use their abilities and creativity to achieve organizational goals. In fact, the contribution that employees make toward accomplishing these goals in the way of ideas and suggestions enhances their motivation levels further. By understanding the path-goal relationship, employees strive to achieve organizational goals.

Responsibility

Participation generates a feeling of responsibility among employees for the activities of the organization. Participation in organizational activities makes the employees feel valued and respected and, therefore, satisfied. It encourages them to accept responsibilities and cooperate with managers to achieve the goals of the organization. By encouraging the participation of all employees in the organization, it is possible to increase the quantity and quality of output. The process of participation encourages employees to strive for positive outcomes.

The Process of Participation

The process of participation involves various participation programs to increase the involvement of employees in an organization to get a favorable outcome. The favorable outcomes for the organization due to the use of participation are an increase in output, improvement in the quality of the output, use of the employees' creativity, and discovery of innovative ways of doing things. The process is depicted in the Figure 14.1.

Figure 14.1: The Participation Process
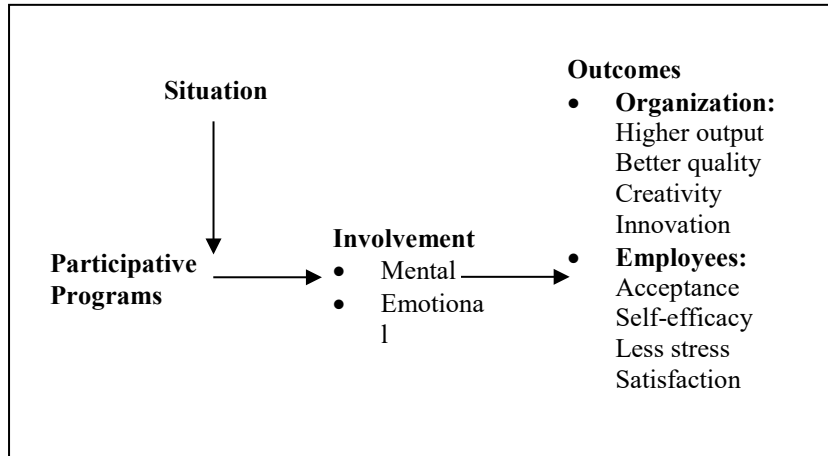
Source: ICFAI Research Centre

Advantages of Participation

Participation has many direct and indirect advantages for the organization. Some of them are:

Improvement in quantity and quality of output: When employees participate in organizational activities by giving suggestions and ideas, it can help to improve the quantity and quality of output of the organization.

Improvement in organizational performance: As participation increases the

self-efficacy and job satisfaction of employees, they are motivated to improve organizational performance.

Other advantages: Participation also helps to reduce the attrition rate and absenteeism among employees. The indirect advantages of employee participation would be their increased commitment to achieving organizational goals, lower stress levels, and less resistance to change. All these advantages may not be immediately evident but they help in bringing about a positive change in the organization and improve performance as a whole.

Participation can be successful in organizations when certain conditions exist. Some of the conditions for effective participation exist in the environment while others are dependent on the participants.

5. Participation is defined as the mental and emotional involvement of persons in group situations which motivates them to contribute to group goals and share responsibility for them. This definition of participation has three important dimensions. Identify the **incorrect** one.

    a. Involvement

    b. Responsibility

    c. Contribution

    d. Leadership

6. A person who is completely engrossed in an activity is said to be

    a. Task-involved

    b. Ego-involved

    c. Liaison

    d. Leader

7. Autocratic managers in an organization encourage

    a. True participation

    b. Pseudo-participation

    c. Ego-involved participation

    d. Both (a) and (c)

8. The favorable outcomes of participation in an organization are all of the following **except**

    a. It helps improve the quality and quantity of output.

    b. It helps in finding innovative ways of doing things.

    c. It utilizes the creativity of the employees.

    d. It can be used to manipulate employees.

14.5. Programs for Participation

An organization is said to practice participative management if it uses either a significant approach which has widespread application throughout the organization, or implements a sufficient number of programs in the organization to make the employees feel empowered. Various programs for participation require different levels of participation from the employees. The choice of participation program for an organization is made by managers in some organizations while in others; the top-level

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management makes the decision. The extent of involvement, the duration for results to be noticed, etc. are different for different programs for participation.

Essential Pre-requisites for Successful Participation

- Adequate time should be given for results of participation to be evident.

- It should be ensured that the benefits of participation are greater than the costs involved.

- Employees' interest should be given priority while designing participation programs.

- Employees' abilities should be considered for the requisite participation.

- Use of a common language helps employees to communicate their ideas better to others, thus leading to better participation from the employees.

- Apprehensions, if any, should be removed from the minds of both the managers and the employees of the organization.

- There should be job freedom, as it impacts the degree of participation in the organization.

Consultative Management

Consultative management is an informal practice of participation by the managers in an organization. In this method, the managers consult some of the employees while making decisions and obtain feedback on certain organizational issues. Consultative management makes employees feel responsible and enhances their problem-solving skills. However, as it involves the direct participation of employees to only a limited extent, this program of participation has just a moderate impact on the motivation levels of the employees.

Suggestion Programs

Suggestion programs are formal plans by organizations to get suggestions from employees to improve organizational performance. The feasibility of the suggestions is studied and those that will bring about cost reduction are adopted by organizations. In general, many organizations have a 25 percent acceptance rate for employee suggestions. Suggestion programs provide some beneficial ideas but participation is limited in these programs and they do not facilitate teamwork and group problem-solving.

Programs Emphasizing Quality

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To solve work-related problems in organizations, committees are formed with managers and subordinates as members. These committees are known as
work-improvement task forces, work committees, involvement teams, or labor management committees. These programs help in improving communication and productivity in organizations by involving the employees. Quality circles and total quality management are popular programs for participation emphasizing quality.

Quality circles: These are voluntary groups of people trained in statistical techniques and problem-solving skills who come together in order to generate ideas to improve the quality of work and productivity of the organization. W. Edwards Deming first proposed the concept of quality circles in Japan and they later became popular in the US and Europe. Quality circles enhance the feeling of accomplishment among employees by enabling personal development while contributing to the increase in productivity of the organization. The success of quality circles is ensured by following certain guidelines:

- Problems which are short-term in nature and measurable should be addressed by quality circles.
- Top management should extend continuous support to quality circles.
- The members of quality circles should use their skills in solving problems related to their work area as they are familiar with these problems.
- The supervisors should be trained in facilitation skills.
- Quality circles should serve as a starting point for future approaches for greater employee participation in the organization.

However, there are some drawbacks related to quality circles, and these have an impact on organizational functioning. These drawbacks are lack of participation by all the employees of an organization in quality circles and unimportant issues being addressed sometimes by the members of the quality circles.

Exhibit 14.1 shows the importance of participation by leaders, especially in critical situations as that of COVID 19.

Exhibit 14.1: Empowerment and participation
In 2021, an article in McKinsey talked about how organizations are gearing up for the next new normal after COVID 19. It referred to a new research study focused on the organizational practices of top 30 companies. The research identified three important features of future-ready companies – They know "who they are"; "how do they operate"
Contd. .....

and "how do they go". They know where they stand, understand the importance of setting time limit and simplicity and developing by adopting innovation and learning capability. Nine organizational requirements were identified by them to meet the future odds and prosper in the new normal. They are:

"Who they are": Future-ready organizations emphasize developing strong identity by understanding their uniqueness and creating value. They follow distinctive cultures that help them in hiring and retaining the best people.

1. Understand the purpose: Future ready organizations give clarity to their employees on why do they exist and makes them stick to the purpose.

2. Create value agenda: These companies highlight the value creation by educating employees on what makes them unique from others and tries to embed a sense of what is that really matters.

3. Set a distinctive culture: Subsequent to understanding the purpose (why part) and value agenda (what part), future-ready organizations set themselves apart by developing a unique culture that explains how do they do things differently.

"How do they operate": Future-ready organizations operate at a fast pace. They develop operating models that foster agility and simplicity.

4. Implement flat structures: organizations make their organizational structures flat to embrace value proposition. They implement simple structures and reinforce more on objectives and performance management.

5. Fast decision-making: future-ready organizations redesign their decision making process for making quick decisions.

6. Considers talent as scarce resource: organizations strive for attracting top talent and embrace inclusive employee experience, as they treat talent as one of the scarce resources.

7. How do they go": Future-ready organizations develop an ecosystem that suits the changing environment, keep interacting continuously with employees, stakeholders, and technology, and develops technology platforms with rich data to foster innovation, and fast-trackslearning to improve the talent to flourish.

8. Implements ecosystem: organizations focus on communities of businesses that help and facilitate value creation.

9. Design data rich platforms: organizations believe data as business and dependson data analysis that helps them in designing new products/services.

10. Expedites learning: organizations sets the "fail fast, learn and repeat" mind set in employees and encourages fast learning and adaptation to the changing needs.

Source: https://www.mckinsey.com/business-functions/organization/our-insights/organizing-for-the-future-nine-keys-to-becoming-a-future-ready-company Jan 2021

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Total Quality Management: To overcome the drawbacks of quality circles and to improve the operations of organizations in a novel way, the Total Quality Management (TQM) program was developed.

TQM is a program which formally facilitates the participation of all employees in the organization to improve the quality of the products and services of the organization. Extensive training is given to employees in areas of problem-solving, decision- making, and statistical methods so as to implement TQM, which is a continuous process.

TQM is a program for participation which enables employees to understand their interdependence in the work processes. It involves the efforts of all the employees for continuous improvement of the organization.

Middle-Management Committees

McCormick and Company developed a form of participation in the 1930s, in which middle-level managers of an organization were involved in decision-making. This was termed 'multiple management' or middle-management committee. Middle management committees try to find a solution to a particular problem by giving responsibility to a junior board of directors to understand and recommend solutions for the problem. The position of board member is held on a rotation basis and members are free to make their own rules. Ideas are scrutinized by the committee before being presented to the top management and are rarely opposed by higher authorities. This approach helps middle level managers to improve their managerial skills; trains them for higher responsibilities; and forces the middle-level managers to study policy issues carefully and be responsible for their decisions and learn from new experiences. It helps utilize their creativity by bringing new ideas to the top-level management.

Principles of TQM

- To ensure that the focus of the organization is on satisfying the needs of the customer.
- To identify and develop the true potential of employees.
- To find better ways for organizational functioning with the involvement of all employees.
- To find better ways of managing different business processes and not just departments and functions.
- To use reliable data and information.
- To make the company socially responsible while achieving financial goals.

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Unit 14: Empowerment & Participation

Industrial Democracy

Some government legislations make the participation of employees in decision-making mandatory, especially in matters relating to workers. This form of participation is through co-determination at higher levels and through work councils at the lower level. Voluntary participation programs in organizations are also sometimes called industrial democracy. Industrial democracy was initiated in West Germany in the 1940s and later spread to other nations of Europe. Many countries in Europe have laws to ensure that workers are also represented on the panel of board members and important committees of the organizations. Industrial democracy ensures that all employees have a say in the major decisions of organizations by having representation at the higher levels of the organizations.

Self-managing Teams

Employee groups in some organizations participate in major decisions instead of using representative or consultative forms of participation. In such participation programs, the contribution of ideas by individual members and the influence of the group are given significance. The extreme form of this method of participation is operating by consensus, which reflects many ideas of Theory Z.

The group decision approach is formally referred to as the use of 'self-managing teams'. They are also called socio-technical teams or autonomous work groups. The self-managed teams acquire a lot of skills which help in their arriving at decisions on work schedules, resource requirements, task assignments, etc. Group members move from one function to another and deal with the broad aspects of the organization. Here, the teams are led by team leaders who assist the group to obtain the required inputs. However, the program is not of much use in the short-term as the results are evident only after a long time.

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Activity: Gerald was working at Neutrix Corporation (Neutrix) as a technical engineer, which is an entry-level designation according to the organization's hierarchy. At the work place, he found that there was scope for improvisation. Accordingly, he suggested a change in the way the machinery was being used in a particular process. This change reduced the cost of production substantially. Taking Gerald's case as a cue, the top management decided to involve people at lower management levels in decision-making. Discuss the various participation programs that Neutrix can implement to encourage lower-level employees of the organization.

Answer:

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_____

_____

_____

Check Your Progress-3

9. Suggestion programs are
   a. Voluntary groups of people trained in statistics and problem-solving skills to generate ideas to improve the quality of work and productivity of the organization
   b. Formal plans developed by the organization to invite suggestions from the employees on how to improve the performance of work-related activities in the organization
   c. Formal programs which try to involve all the employees of an organization in the search for novel ways of improving operations
   d. Methods of improving the participation of the middle-level managers in the decision-making activities of the organization

10. Groups of people trained in statistical techniques and problem-solving skills, which voluntarily come together for generating ideas in order to improve the quality of work and productivity of the organization, are referred to as
    a. Quality circles
    b. Middle-management committees
    c. Self-managing teams
    d. Work councils

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11. The success of a quality circle depends upon all the following factors **except**
    a. The concept should be used only for addressing problems of a long-term nature.
    b. The skills of the quality circle members should be used to resolve problems that fall under their work area.
    c. Supervisors should be trained in facilitation skills.
    d. There should be continuous support from the top management.

12. What is/are the benefit(s) provided by multiple management to middle-level managers?
    a. Helps in improving managerial skills and trains them for higher responsibilities
    b. Makes use of their creativity by bringing new ideas to the top-level management
    c. Compels the middle-level managers to study policy issues carefully, be responsible for their decisions, and learn from new experiences
    d. All of the above

13. _____ is a mandatory participation program, which results from government legislations that make it necessary for organizations to include workers in decision making.
    a. Industrial democracy
    b. Total quality management
    c. Quality circles
    d. Self-managing teams

14. Total quality management (TQM) is based on a few principles. Which among the following is **not** a principle of the total quality management?
    a. True potential of the employees should be tapped and developed
    b. All employees should be involved in efforts to discover 'better ways'.
    c. TQM uses reliable data and information
    d. TQM aims at achieving only the financial goals of the company

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14.6. Limitations of Participation

While the participation of employees in organizational functioning has gained acceptance in some areas, it is resisted in other areas. The lack of proper planning and implementation has resulted in the failure of participation programs. The complexity of the organizational structure and the technologies used at work also limit the participation of employees in the organizations. The specialized work roles of employees in organizations also restrict participation as lower-level workers lack the knowledge needed to be involved in matters of company policy. However, if the suggestions of employees, which are beyond their sphere of competence, are not accepted and implemented, the employees may be disappointed.

Further, supervisors who believe in Theory X assumptions are afraid of allowing participation of lower level employees as it might dilute their power and status. These supervisors may not facilitate participation of employees by coaching and guiding them.

The participation of employees also faces problem when they are more involved in procedural aspects of participation. Participative procedures may not make employees feel automatically empowered. Only the appropriate use of participation can help in empowering employees. And often, individual members of a group need to be obedient and participate in organizational activities according to the accepted norms of the group. This may lead to dissatisfaction of individuals as their ideas do not get the expected recognition.

Activity: Ventex is a firm manufacturing piston valves used in automobiles. Considering the success of the participation programs in other firms in the industry, the top management of Ventex wanted to implement such programs in the company. However, the managers of Ventex failed to implement the program properly. Discuss the possible limitations for implementing participation programs in the organization.

Answer:

Unit 14: Empowerment & Participation

14.7. Summary

- Empowerment means giving power and authority to employees to make their own decisions. Employees can be empowered by allowing their participation in the decision-making process of the organization.

- Participation is the mental and emotional involvement of employees in organizational activities. It encourages the employees to take responsibility and involve themselves in working for the goals of the group.

- Participation improves quantity and quality of output of organizations, improves motivation levels, and decreases the attrition rate and absenteeism in employees.

- There are different programs for participation. Programs like quality circles, total quality management (TQM), middle-management committees, industrial democracy, and self-managed teams have different approaches to encourage participation of employees in organizations.

- Participation has limitations due to work set-up, attitude of supervisors who restrict delegation, and reluctance of employees to change and take up responsibilities.

14.8. Glossary

Participative management – A process where subordinates share a significant degree of decision making power with their immediate superiors.

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

Self-managed teams – Groups of ten to fifteen people who take on responsibilities of their formal supervisors.

14.9. Self-Assessment Test

1. Assume yourself as a manager in a multinational FMCG company. How would you empower your subordinates for the benefit of the company?

2. Participation empowers employees to achieve organizational goals. Critically evaluate various programs of participation and list out the limitations of participation.

Block-4: Dynamics of Organizational Behavior

14.10. Suggested Reading / Reference material

1. Aswathappa, K, International Business, 9th Edition Paperback, McGraw Hill, 2020

2. Dwivedi, R.S. Management – An Integrated Approach, National Publishing House. 2016

3. Fred Luthans, International Management: Culture, Strategy, and Behavior, McGraw Hill, 2017

4. Harold Koontz, Heinz Weihrich, Mark V. Cannice , Essentials of Management - An International, Innovation and Leadership Perspective ,11th Edition, Paperback, McGraw Hill 2020

5. Stephen. P., Robbins, Judge, Timothy. A. & Vohra, N. Organizational Behavior 18th edition, Pearson Education Inc.2019

6. Stephen P. Robbins, Mary Coulter, Management, 15 th Edition, Hoboken, NJ : Pearson, 2020

7. Udai Pareek & Sushama Khanna, Understanding Organizational Behaviour, 4th edition, Paperback, Oxford University Press, 2018

14.11 Answers to check your progress questions

1. **(a) The confidence that an employee has in himself about the ability to successfully perform his job and make meaningful contributions towards the growth and success of the organization**

    The confidence that an employee has in himself about the ability to successfully perform a job and make meaningful contributions towards the growth and success of the organization is called self-efficacy. On the other hand, empowerment involves the increased involvement of employees in organizational processes and decision making. Participation refers to the mental and emotional involvement of persons in group situations which motivates them to contribute to group goals and share responsibility for them. Finally, leadership involves influencing people to work towards the desired goals.

2. **(d) Both (a) and (b)**

    Employees having low levels of self-efficacy lack motivation and tend to focus on their weaknesses and not their strengths.

3. **(d) All of the above**

    In an organization, managers can empower their employees by drawing their attention to those who have attained techniques, and provide them a clear definition of their roles, assistance when

required, as remarkable success so that they can observe the working style of their more successful colleagues and emulate them; increase the confidence level of employees through persuasion and social reinforcement well as express genuine concern for them.

4. **(d) Only ii, iii, and iv**

    The behavioral tools that can be used by managers to enhance the level of self-efficacy in employees are mutual goal setting, contingent reward systems, modeling and job feedback.

5. **(d) Leadership**

    The above-mentioned definition of participation has three important dimensions, involvement, responsibility and contribution. This is because, for true participation to take place, an individual should be both mentally and emotionally involved in the activity. Participation also encourages an employee to contribute his ideas and creative suggestions for the benefit of the organization. It also persuades them to willingly accept responsibilities in group activities.

6. **(b) Ego-involved**

    A person who is completely engrossed in an activity is said to be ego-involved, whereas a person who only makes use of his/her skills to perform the activity without any emotional attachment is said to be task-involved. Liaison and leadership are the two roles played by managers. In the leadership role, the managers are responsible for hiring, training, motivating, and disciplining employees, while in the liaison role, the manager interacts with individuals or groups, inside or outside the organization.

7. **(b) Pseudo-participation**

    Autocratic managers in an organization encourage pseudo-participation rather than true participation. These managers are unable to encourage the ego-involvement of employees in organizational activities and this leads to the imitation of participation by employees in the organization rather than true participation.

8. **(d) It can be used to manipulate employees.**

    The favorable outcomes of participation in an organization are improvement in the quality and quantity of output, discovery of innovative ways of doing things, and use of employees'

creativity. A serious drawback of participation is that it may be used to manipulate employees.

9. **(b) Formal plans developed by the organization to invite suggestions from the employees on how to improve the performance of work-related activities in the organization**

Suggestion programs are formal plans developed by the organization to invite suggestions from the employees on how to improve the performance of work-related activities in the organization. On the other hand, total quality management, a formal program, tries to involve all the employees of an organization in the search for novel ways of improving operations. Quality circles are voluntary groups of people trained in statistical techniques and problem-solving skills to generate ideas to improve the quality of work and productivity of the organization, whereas multiple management is a method of improving the participation of middle-level managers in the decision-making activities of an organization.

10. **(a) Quality circles**

Groups of people trained in statistical techniques and problem-solving skills, which voluntarily come together for generating ideas in order to improve the quality of work and productivity of the organization, are referred to as quality circles. Middle-management committees, a form of participation, are a method of improving the participation of middle-level managers in the decision-making activities of the organization. On the other hand, some firms allow employee groups to participate in major decisions. This group decision approach is more formally known as 'the use of self-managing teams'. Industrial democracy is a form of participation which takes place through work councils at lower levels and through co-determination at higher levels.

11. **(a) The concept should be used only for addressing problems of a long-term nature.**

To ensure the success of quality circles, certain measures must be taken. For example, the skills of the quality circle members should be used to resolve problems that fall under their work area, the supervisors should be trained in facilitation skills, there should be continuous support from the top management, and most importantly, the concept should be used only for addressing problems of a short-term nature (and not long-term) and problems that are measurable.

12. **(d)** **All of the above**

    The benefits provided by multiple management to middle-level managers are that it helps improve their managerial skills, trains them for higher responsibilities, makes use of their creativity by bringing new ideas to the top-level management, and finally, compels middle-level managers to study policy issues carefully, be responsible for their decisions, and learn from experience.

13. **(a)** **Industrial democracy**

    Industrial democracy and self-managing teams are types of participation programs. Industrial democracy is mandatory as government legislations make it necessary for organizations to include workers in decision making. Self-managing teams is also another form of participation where organizations allow employee groups to participate in major decisions. This is however not enforced by the government. On the other hand, quality circles and total quality management are programs emphasizing quality. Quality circles focus on improving the quality of work and productivity of the organization, and total quality management focus on improving the quality of products and services.

14. **(d)** **TQM aims at achieving only the financial goals of the company**

    The objective of TQM is to achieve financial goals of the company as well as making the company a socially responsible entity.

Unit 15

Conflict, Negotiations, & Inter Group Behavior

Structure

15.1. Introduction

The previous unit was about empowerment and participation, which discussed the concepts of empowerment and participation. This unit is about conflict, negotiation and inter-group behavior.

Employees in organizations have different opinions and attitudes, due to their varying backgrounds. Therefore, there is a possibility that conflicts may arise during interactions between them. Although a conflict might foster a competitive environment to a certain extent, prolonged conflicts could prove detrimental to the organization. Hence, there is a need for these conflicts to be resolved at the earliest. An ideal way of settling conflicts is through the negotiation process. A study of the inter-group behavior of people in organizations is also essential for understanding and resolving organizational conflicts.

This unit will discuss the conflict process, sources and classification of conflicts. It will also discuss the negotiation process and inter group relations.

15.2. Objectives

By the end of this unit, students should be able to:

Unit 15: Conflict, Negotiations, & Inter Group Behavior

- Explain the conflict process
- Explain the dimensions of conflict-handling intentions
- Classify conflicts
- Describe the Negotiation Process
- Explain inter group relations

15.3. Sources of Conflict

Conflict may be defined as the disagreement between two or more individuals or groups over an issue of mutual interest. Conflicts may arise when: one party (an individual or a group) feels that the actions of the other party will either affect its interests adversely or obstruct the achievement of its goals; the goals of both the parties differ significantly or are interpreted differently; or the basic values and philosophies of the two parties are different. Some of the factors which may lead to conflicts are:

- **Organizational change:** Generally, employees of an organization hold different views on the changes in organization with respect to technology, structure, hierarchy, etc., and this might lead to conflicts between them. For example, an organizational change can lead to restructuring of resource allocation that can be a potential cause for conflict. This conflict due to resource allocation can be between departments and between individuals as well.

- **Personality clashes:** When individuals do not recognize differences in personalities such as emotional stability, behavior, etc., it might lead to a conflict. For example, two individuals working together in a group may have different ways of executing the task based on their personality. Individual A, high on conscientiousness may want the execution to be precise and predictable. Individual B with low conscientiousness, may not work with precision and this can lead to conflicts between A and B.

- **Differences in values sets:** When people with contradicting values and beliefs interact with each other, conflicts are likely to occur.

- **Threats to status:** When individuals feel that the acts of other individuals may affect their reputation and status in society, it might lead to a conflict.

- **Perceptual differences:** When individuals believe that what they perceive is true irrespective of reality, then they fail to understand the ideas of another person. This again might lead to a conflict.

Block-4: Dynamics of Organizational Behavior

15.4. Classification of Conflicts

Conflicts can be classified into intrapersonal conflict, interpersonal conflict, and inter group conflict.

Intrapersonal Conflict

Individuals might experience stress and frustration in the process of achieving their goals. This leads to 'intrapersonal conflict.' Intrapersonal conflict may arise under the following circumstances:

- when the employee's roles and responsibilities are not defined clearly (role ambiguity)

- when the employee receives conflicting orders from more than one boss

- when the employee faces conflicting expectations from superiors and subordinates (usually middle level managers face this situation).

Interpersonal Conflict

In general, differences in the perceptions and attitudes of individuals lead to interpersonal conflicts. People always try to maintain their image and respect. When someone threatens their self-concept, they try to retaliate and this leads to interpersonal conflict. Communication gap is another major aspect that leads to interpersonal conflicts.

Inter group Conflict

In an organization, people from different departments compete for limited resources. This competition often results in conflict. Sometimes, conflicts occur when one group attempts to take the entire credit for the successful completion of a task, to the completion of which another group may have also made significant contributions. Perceived inequitable treatment in matters of working conditions, rewards and status, in comparison to other groups can also lead to intergroup conflict.

Unit 15: Conflict, Negotiations, & Inter Group Behavior

Activity: Sweetlime Foods Division produces 'Lime-n-Lemon,' a fruit drink concentrate. Due to certain unavoidable circumstances, the stores and inventory department decided to opt for the Just-in-Time system of inventory, instead of maintaining stocks. However, due to the negligence of the division's suppliers, the raw materials arrived 2-3 hours late at the production site. As a result, the production unit incurred considerable loss of time and money. This incident led to a conflict between the production department and the inventory department. While the production department demanded that the conventional stock keeping method be followed, the inventory department was firm about continuing with the Just-In-Time method. Describe the nature of the conflict between the two departments.

Answer:
_____

_____

_____

_____

_____

Check Your Progress-1

1. When do conflicts arise between two parties?
   a. One party feels that the actions of the other party will either adversely affect its interests or obstruct the achievement of its goals
   b. The goals of both parties differ significantly or are interpreted differently
   c. The basic values and philosophies of the two parties are different
   d. All of the above

2. Which of the following factors can lead to conflicts?
   i. Organizational changes
   ii. Personality clashes
   iii. Threat to status
   iv. Perceptual differences

   a. Only i, ii, and iv
   b. Only i, iii, and iv

    c.   Only ii, iii, and iv

    d.   i, ii, iii, and iv

3. When someone threatens an individual's self-concept, he retaliates and tries to maintain his image and self-respect. What type of conflict does this result in?

    a.   Intergroup conflict

    b.   Internal conflict

    c.   Interpersonal conflict

    d.   Intra group conflict

4. What type of conflict results when one group in an organization perceives itself being treated inequitably in comparison to other groups in terms of working conditions, rewards, and status?

    a.   Internal conflict

    b.   Intergroup conflict

    c.   Interpersonal conflict

    d.   Intra group conflict

5. Role ambiguity leads to which of the following types of conflicts?

    a.   Interpersonal conflict

    b.   Intergroup conflict

    c.   Intrapersonal conflict

    d.   All the above

6. Intergroup conflicts are caused by

    a.   Perceived inequitable treatment

    b.   One group taking all the credit

    c.   Competition for resources

    d.   All of the above

15.5. The Conflict Process

Following are the various stages in the conflict process:

Potential Opposition or Incompatibility

This is the first stage in the conflict process. A conflict arises as a result of the operation of certain factors. Although these factors might not always lead to a conflict, the presence of these factors is essential for a conflict to result. The factors that lead to a conflict can be classified into:

Unit 15: Conflict, Negotiations, & Inter Group Behavior

Communication: Communication barriers such as semantic difficulties, noise, and disturbances in the communication channel, failure on behalf of the sender to convey the message properly, etc. might obstruct effective communication. This in turn might lead to a conflict among individuals.

Structure: The following are some of the variables that constitute the structure of organizations:

- size of work groups
- degree of specialization of employees
- role clarity of individuals and departments
- leadership style
- diversity of goals and reward system.

The structural variables are also a major source of conflict in organizations. For instance, ambiguity in the roles and responsibilities of individuals in a work group might lead to conflicts.

Personal Variables: Every individual has different personality traits, value systems, etc. If these differences come to the fore during an interaction between the employees, then it might lead to a conflict.

Cognition and Personalization

This stage occurs only when the individual (or a group) perceives a negative impact of the conditions discussed in the previous stage. During this stage, the affected individual or group develops a sense of opposition toward the other party. The affected individual might not necessarily 'personalize' the perceived conflict. However, if the perceived conflict is prolonged then the individual might reach the 'felt' level where personalization may begin. At this point, both the parties concerned experience anxiety, tension, and frustration and might develop hostility toward each other. Clearly defining the issue over which there is a conflict and examining the role of emotions might help in determining the root cause and also the outcome of the conflict.

Intentions

In the third stage of the conflict process, individuals decide on the action that is to be taken to deal with the conflict. Toward this end, they attempt to understand the intentions of the other party. However, they should not do this based on the behavior of the others because there is often a mismatch between the behavior and real intentions of people.

Five types of conflict handling situations have been identified. (Refer Figure 15.1).

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Dominating: This occurs when each party tries to satisfy its own need at the expense of the other party.

Avoiding: This occurs when one party recognizes the conflict situation and tries to avoid the other party in order to avoid the conflict.

Accommodating: This occurs when one party tries to satisfy the interests of the other party by sacrificing its own interests.

Problem-Solving: This type of intention creates a win-win situation for both the parties. In this type, both the parties involved in the conflict are willing to co-operate with each other to resolve the conflict. However, both the parties are unwilling to let go of their personal interests.

Figure 15.1: Dimensions of Conflict-Handling Intentions
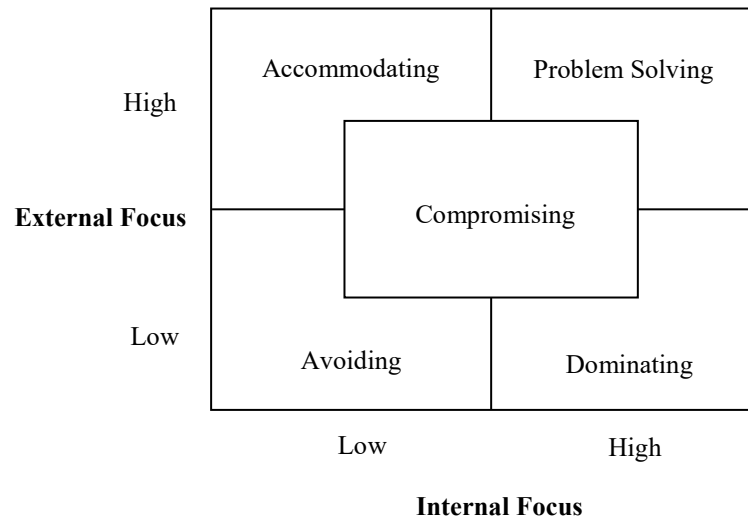
Source: ICFAI Research Centre

Compromising: This occurs when both the parties involved in the conflict are willing to compromise and let go of some of their interests. Often, this leads to dissatisfaction among the individuals in both the parties.

Behavior

The existence of a conflict may not be visible to outsiders during the initial stages. However, as the conflict prolongs, the parties involved might make their conflicts explicit in the form of verbal statements, actions, and reactions. Outsiders get to know about the conflict as a result of the behavior of the parties involved.

Conflict behavior can range from disagreements between the parties and subtle remarks to abusive physical attacks.

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Outcomes

This is the last stage of the conflict process. The interaction among the conflicting parties results in certain consequences which are known as 'outcomes.' Outcomes may have a positive or negative effect on organizations. They may be functional or dysfunctional.

Functional outcomes: Functional outcomes are the constructive consequences of a conflict, on the performance of a group or an organization. They have a positive influence on organizations. The following are some of the advantages of functional outcomes:

- They help in preventing the group from accepting decisions which are based on inaccurate assumptions, inadequate consideration of attributes, and flawed decisions.

- They encourage group members to put forward creative and innovative ideas, which in turn might improve the quality of decisions to be taken by the management.

- Constructive conflicts, which arise due to differences in cultural background, might lead to diverse solutions that suit the needs of the diverse workforce.

Dysfunctional outcomes: Dysfunctional outcomes are the result of destructive conflicts among the individuals of the organization. They have a negative impact on the performance of the organization. Some of the disadvantages of dysfunctional conflicts are:

- They weaken relationship between the members of the organization.

- They hinder the effectiveness of the communication channel between individuals.

It has been observed that constructive conflicts encourage members of organizations to perform better. Therefore, managers should encourage constructive conflicts.

Exhibit 15.1 illustrates conflict resolution method adopted by Tim Cook.

Exhibit 15.1: Conflict Resolution

In 2021, the New York Times reported about the challenge encountered by Tim Cook, the chief executive officer of Apple Inc. During a meeting conducting by the CEO, across the company, Cook was claimed to have answered only two questions. The two questions were in the area of pay equity and the procedures Apple is practicing in dealing with the Texas law preventing people from getting abortions subsequent to six weeks of pregnancy.

Contd. .....

Block-4: Dynamics of Organizational Behavior

Activist employees reported that while many of them posed questions, Cook answered only two of them. One activist employee by name Janneke Parrish said that Cook missed to answer her question on the methods of handling pay gaps and equality for women and people of colour in promotions, at Apple, while planning promotions. She also revealed that some of the employees were satisfied and overwhelmed with the answers given by Cook. However, she was not impressed by his answers.

Consequent to this incident, Apple stated to The Times that they are always dedicated themselves to building and managing a positive inclusive workplace. They are concerned about all the individuals and take any single issue earnestly and try to resolve, keeping the identity of the individuals, a secret. Though conflicts were diligently resolved at Apple, in August, 2021, a website was created by 15 employees to share any instances of discrimination or harassment. Employees also keep posting on Twitter and report to media about the incidents of discrimination. For instance, an engineer publicly spoke about the harassment on Twitter and published an article in Insider on how she was fired for rejecting to conform to an application from Apple's Employee Relations Threat Assessment & Workplace Violence personnel.

Activity 3.2: Scenario on conflict management

You are the Head of Psychology Department at a premier university. The course coordinator of the course Dr. Ravi approaches you with a complaint that a particular Professor, Dr. Rajendra, is unkind and rude to him each time they interact individually. As a background, Dr. Ravi recently completed his PhD. and voluntarily took up the task of a course coordinator. The Professor on the other hand is senior and has been in the organization for over 12 years. During group interactions, the Professor is fine with Dr. Ravi however during individual interactions, the senior professor belittles him by hinting that he is too young to be the course coordinator and that he will not take orders from him. Dr. Ravi also complained that the professor in the past has hinted at how inefficient Dr. Ravi is in terms of teaching.

Contd. ......

What do you think are the probable reasons for the conflicts between Dr. Ravi and Dr. Rajendra?

_____

_____

_____

How will you as a department head take care of this conflict situation?

_____

_____

_____

Check Your Progress-2

7. The stages of conflict occur in the following sequence:
   a. Potential opposition, cognition and personalization, intentions, behavior, and outcomes
   b. Potential opposition, behavior, intentions, cognition and personalization, and outcomes
   c. Intentions, incompatibility, cognition and personalization, behavior, and outcomes
   d. Cognition and personalization, intentions, behavior, potential opposition, and outcomes

8. Barriers to communication are one of the major sources of conflicts. Which of the following are barriers to communication?
   a. Semantic difficulties
   b. Noise and disturbances in the communication channel
   c. Failure of the sender to convey the required amount of information to the recipient
   d. All of the above

9. In which of the following stages of conflict do individuals decide on the action that is to be taken to deal with the conflict?
   a. Intentions
   b. Cognition and personalization
   c. Behavior
   d. Outcomes

10. _____ are the constructive consequences of a conflict on the performance of a group or an organization.
    a. Outcomes
    b. Functional outcomes
    c. Dysfunctional outcomes
    d. All of the above

15.6. Negotiation

Negotiation is a process in which one party agrees to exchange a product or service with another party in return for something. Two or more parties try to come to an agreement regarding the resolution of a common problem through negotiation. It might involve accepting the terms of one party or of one party foregoing its interests for the sake of resolving the common problem. In the organizational context, negotiation generally takes place between the management and the workers. Stephen Robbins, in his book *Organizational Behavior*, uses the terms 'negotiation' and 'bargaining' interchangeably. Distributive bargaining and integrative bargaining are two widely used approaches to negotiation. Exhibit 15.2 illustrates how negotiations take place at COE.

Exhibit 15.2: Center of Excellence (COE) for Negotiations

Organizations that excel in negotiations would fetch advantages of closing best deals with suppliers and sales people will realise faster sales cycles and greater revenues. Thus negotiation influence the business operations. Though well experienced professionals in the businesses realized the respected the value of negotiations, some businesses still fail to appreciate the importance of negotiation. One best and rewarding method in negotiations is establishment nad development of center of excellence (COE).

COE is an entity that offers training, research support and best practices. A chief negotiation officer (CNO) would be appointed to head the entity. His responsibilities include setting objectives, giving directions and fix timelines for the center. He begins with providing training to sales people, procurement professionals and leaders to improve their skills and benefit out of it. COE helps in delivering quick ROI and provides a sustained performance improvement.

Source: https://www.forbes.com/sites/forbescoachescouncil/2021/07/07/how-to-achieve-a-competitive-advantage-with-negotiations/?sh=6d6a2ec85a6d

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Distributive Bargaining

The distributive bargaining approach involves division of a fixed amount of resources among the negotiating parties. The significant feature of this

method is that it operates under zero-sum conditions - if one of the parties to the negotiations gains a certain amount in the bargaining process, the other party suffers an equivalent loss. Further, the parties involved in the bargaining process fix a target point which they hope to achieve. Similarly, the parties also fix a resistance point. The parties are not willing to accept the settlement solution if the outcome falls below the resistance point. Distributive bargaining leads to a win-lose situation.

Integrative Bargaining

In integrative bargaining, one can find more than a single solution to a common problem. Further, this approach tries to eliminate the losses that could be caused to one party during the process of negotiation (as seen in the case of distributive bargaining). In other words, integrative bargaining attempts to establish a win-win situation. The following are the conditions under which integrative bargaining can take place:

- Both parties involved must be sensitive to the needs of the other party

- The parties concerned must be honest about their intentions

- The parties must trust each other

- Both sides should be willing to be flexible.

In general, it is very difficult for these conditions to prevail in organizations. And if these conditions do not exist, it is difficult to successfully implement the integrative bargaining. Therefore, organizations generally prefer the distributive approach to bargaining.

15.7. The Negotiation Process

Preparation and Planning

Before starting the negotiations, the negotiator must thoroughly understand the reasons and the situations that led to the conflict. One major aspect that a negotiator needs to be clear about is the goal/s that he/she wants to achieve for his/her party. The negotiator must also precisely understand the priority and relevance of these goals to his/her party.

Each party to the conflict will have certain high priority objectives. The party will not agree to any negotiation agreement which does not satisfy these objectives. The agreement that satisfies these objectives is referred to as BATNA (Best Alternative To a Negotiated Agreement). Preparing a BATNA helps the negotiator to correctly identify the desired objectives or goals from the negotiation. Also the negotiator must make an effort in preparing a BATNA that is more attractive in comparison to the agreement of the opposite party, to get the best results from the negotiation.

Defining Rules

This is the second stage of the negotiation process. In this stage, the parties involved come prepared with their respective negotiation strategies. They also decide upon the rules and procedures to be followed during the process of negotiation. The decisions could pertain to

- the person who is going to represent the group

- specific issues which need to be discussed

- order of importance of the issues to be discussed

- time limit for the discussion

- strategy to be adopted in case a deadlock arises over a specific issue.

The parties then put forward their list of demands and proposals.

Clarification and Justification

In this stage, both the parties attempt to provide clarifications and justify the demands that they had put forward in the previous stage. They might justify their demands by explaining the rationale behind them, present documents in support of their decision, etc. This stage might not necessary be confrontational between the parties.

Bargaining and Problem-Solving

- In this stage, the parties generally present a big list of demands that often consist of both important and unimportant issues. The rationale behind this process is that each expects to sacrifice some of its interests during the negotiation process.

- The negotiator must be careful in dealing with the other party. He/she should avoid using statements, words, or phrases that might hurt the feelings and emotions of members of other party.

- If a negotiator feels that a specific issue is critical and more time is needed to discuss it, then he/she must set it aside and try to deal with other issues that can be more easily solved.

- If the negotiation process is showing signs of becoming heated and is resulting in arguments between the parties, then they must take a break and decide upon meeting at another date.

Closure and Implementation

This is the final stage where an agreement is reached that is acceptable to both the parties. In general, the agreement is the outcome of several rounds of discussions and reciprocal concessions between the parties. The

agreement is formally written and signed by both the parties. This is again followed by implementation in the form of new policies or procedures.

> **Activity:** As observed in 'Activity 1,' the production and inventory departments of Sweetlime Food Division are at conflict with each other regarding the issue of inventory management system. How should the two departments resolve the conflict? List out the various steps to be followed by the parties that would help them in negotiating amicably.
>
> **Answer:**
>
> _____
>
> _____
>
> _____
>
> _____
>
> _____

Check Your Progress-3

11. What is Negotiation?
    a. It is a process in which one party agrees to exchange a product or service with another party in return for something.
    b. This approach involves dividing fixed amount of resources among the negotiating parties.
    c. It is based on the assumption that there exists one or more solutions to a problem that could result in a win-win situation.
    d. None of the above

12. Which of the following terms was used by Stephen Robbins synonymously with negotiation?
    a. Bargaining
    b. Counseling
    c. Conciliation
    d. Arbitration

13. As a result of negotiations, if one of the parties to the negotiations gains a certain amount in the bargaining process and the other party suffers an equivalent loss, this situation is termed as a _____.
    a. Win-win situation
    b. Zero-sum situation

    c.   Balanced situation

    d.   Lose-lose situation

14. Arrange the stages in the Negotiation process in a proper sequence.
    i.   Preparation and planning
    ii.   Clarification and justification
    iii. Closure and implementation
    iv. Defining rules
    v.   Bargaining and problem solving

        a.   i, ii, iv, v, iii
        b.   i, iii, ii, iv, v
        c.   i, iv, ii, v, iii
        d.   i, iii, ii, v, iv

15. Each party to the conflict will have certain high priority objectives. The party will not agree to any negotiation agreement which does not satisfy these objectives. The agreement that satisfies these objectives is referred to as _____.

    a. BATNA
    b. BTNA
    c. BANA
    d. BANTA

15.8. Issues in the Negotiation Process

Biases in Decision-Making

During the negotiation process, individuals might fall a victim to biases on their part which results in ineffective decision-making. This also prevents them from arriving at a mutually acceptable agreement.

Personality Traits

Assuming that a negotiating strategy can be predicted by observing the personality traits of the opponent could prove to be a hindrance in effective negotiations. However, studies have shown that the negotiation strategies as well as the outcomes of negotiation process are unaffected by the personality traits of the members involved in the negotiation process. Therefore, while preparing for the negotiation process, one would be better off focusing on the bargaining issues and the situational factors rather than on the opponent's personality traits.

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Cultural Differences

Cultural differences have an impact on the negotiation process. For instance, negotiation styles differ from country to country. The Japanese and the Chinese, for example, tend to prolong the discussions, giving importance to minute details. In stark contrast, North Americans give importance to time and deadlines and try to end the discussion as soon as possible.

Third-Party Negotiation

In the event that the results of direct negotiations fail to satisfy both parties, they appoint a third-party negotiator to arrive at an agreement that is acceptable to both parties. The third-party negotiator could be:

A mediator: A mediator uses logical reasoning and persuasion techniques to convince parties to arrive at an agreement. He/she also suggests alternative solutions that could prove beneficial to the conflicting parties. Mediators are mostly used in union-management negotiations and civil court disputes.

An arbitrator: An arbitrator is sometimes appointed voluntarily by the parties and in some cases by the law. He/she has the authority to enforce her/his decision over the conflicting parties.

A conciliator: A conciliator is a third-party negotiator who tries to act as an informal link between both the parties. He/she is also trusted by both parties and tries to come up with a solution that is acceptable by both sides.

A consultant: A consultant uses conflict management techniques to resolve the differences between the parties. However, he/she does not find any specific solutions, but only helps both the parties in finding a solution.

Check Your Progress-4

16. Which of the following is **not** a third party negotiator?
    a. Mentor
    b. Mediator
    c. Conciliator
    d. Arbitrator

17. A _____ is a third party in the negotiation process who uses logical reasoning and persuasion techniques to convince the parties to arrive at an agreement.
    a. Mediator
    b. Arbitrator
    c. Conciliator

    d. Consultant

18. Who is an Arbitrator?
    a. One who uses logical reasoning and persuasion techniques to convince the parties to arrive at an agreement
    b. One who has the authority to enforce his/her decision on the conflicting parties
    c. One who serves as an informal communication link between the conflicting parties
    d. One who is a skilled person who uses conflict management techniques to resolve the differences between parties in a dispute

19. _____ is a third party role which is mostly used in union-management negotiations and civil court disputes.
    a. Arbitrator
    b. Mediator
    c. Conciliator
    d. Consultant

15.9. Inter group Relations

Inter group relations refers to the relationship that exists between two or more groups in an organization. Inter group relationships have a major influence on the co-ordination among the individuals belonging to various groups. Co-ordination is a necessary element in the effective performance of organizations. Therefore, inter group relations have to be maintained properly.

Factors that Affect Inter group Relations

Interdependence: The degree to which groups are interdependent defines the extent of their interaction with each other. Therefore, interdependence of groups is a major factor that affects inter group relations. The interdependence between groups can be pooled, sequential, and reciprocal.

Pooled Interdependence: When two or more groups work individually but their cumulative efforts lead to the accomplishment of a common task, then the groups are said to share a pooled interdependence. The degree of interaction and coordination between groups is lower in the case of pooled interdependence than in sequential or reciprocal interdependence.

Sequential Interdependence: This kind of interdependence exists when one of the groups is dependent on the other for some input, but the reverse is

not true. For instance, in a manufacturing company, during the process of manufacturing, work groups belonging to production of products are dependent on the inventory department for the supply of raw material, but the inventory department is not dependent upon the production department. The degree of interaction is greater in 'sequential interdependence' than in 'pooled interdependence.'

Reciprocal Interdependence: This type of interdependence exists between groups that are mutually dependent on each other for exchange of inputs and outputs. This type of interdependence results in a higher degree of interaction between groups when compared to pooled or sequential interdependence.

Task Uncertainty: Interaction between groups is also dependent upon the nature of the tasks to be performed by individuals in a group. The tasks can be routine or non-routine. Routine tasks do not require much interaction with other groups and so groups performing such tasks are less interdependent. On the contrary, groups performing non-routine tasks are required to frequently interact with other groups and hence there is more interdependence among groups.

Orientation of Time and Goal: Depending upon the nature of the tasks, the time and goal orientations also differ from group to group. For instance, in a bank while the marketing executive tries to approve as many loans as possible to customers, the credit manager might reject many of those applications due to lack of credit worthiness. Therefore, this sort of interaction also leads to co-ordination problems between groups.

Activity: At Sweetlime Foods Division, the production process cannot begin unless it gets supplies from the inventory department. Therefore, when the inventory department opted for a Just-in-Time inventory mechanism, the production department had difficulty in ensuring smooth functioning of the production process due to disruptions in supply by the inventory department. Are the two departments interdependent on each other? If so, what, according to you, is the nature of interdependence that exists between the production department and inventory department of Sweetlime Foods Division?

Answer:

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Managing Inter group Relations

The seven methods of managing inter group relations are:

- **Rules and Procedures:** The rules and procedures laid down by the management specify the way in which different groups have to interact with each other. This is the most inexpensive method of managing inter group relations.

- **Hierarchy:** In this method, the conflict arising between two or more groups is solved by a common superior, who is generally a top authority in the hierarchy of the organization.

- **Planning:** According to this method, the management clearly defines the roles and responsibilities of each group in the organization so that conflicts do not arise among them.

- **Liaison roles:** The organization assigns a capable person as the liaison officer and he/she is responsible for facilitating effective communication between the interdependent groups.

- **Task forces:** Organizations may form task forces by choosing a particular member from each group. These members represent their respective groups while resolving a common problem. Task forces generally are temporary and come into existence only during the period of problem situations.

- **Teams:** The management creates permanent teams consisting of members from all groups in the organization to resolve the issues between groups as and when they arise.

- **Integrating departments:** When all the above methods are unsuccessful in settling the disputes among groups then the 'integrating department' comes to the rescue of the organization. These departments are permanent and they try to integrate the various groups in the organization.

Check Your Progress-4

20. Pooled, sequential, and reciprocal are the various types of _____.
    a. Bargaining approaches
    b. Outcomes
    c. Interdependence between groups
    d. Conflict resolution techniques

21. Which of the following exists when there is an exchange of inputs and outputs between two groups?
    a. Pooled interdependence
    b. Reciprocal interdependence
    c. Sequential interdependence
    d. None of the above

22. _____ is a kind of interdependence that exists when a group is dependent on the other for some input, but the reverse is not true – i.e., when Group B is dependent on Group A for some input, but Group A is not similarly dependent on Group B.
    a. Pooled interdependence
    b. Sequential interdependence
    c. Reciprocal interdependence
    d. Both (a) and (b)

23. In intergroup relations, when two or more groups function independently but their output needs to be combined to achieve the overall objectives of the organization, the groups are said to have _____ interdependence.
    a. Pooled
    b. Sequential
    c. Reciprocal
    d. Mutual

24. Interdependence between groups can be classified as pooled, sequential, and reciprocal. Identify the statements that hold **true** with regard to these classifications.
    i. Sequential interdependence exists when there is an exchange of inputs and outputs among groups.
    ii. Reciprocal interdependence exists when one of the groups is dependent on the other for some input, but the reverse is not true.
    iii. The degree of interaction and coordination between groups is lower in the case of pooled interdependence than in sequential interdependence.
    iv. The degree of interaction and coordination between groups is lower in the case of pooled interdependence than in reciprocal interdependence.

    a. Only i and ii

b. Only i and iv

c. Only ii and iii

d. Only iii and iv

25. _____ are generally temporary in nature and come into existence only during the period of problem situations.

a. Task force

b. Short-term team

c. Contingent team

d. Functional team

15.10. Summary

- A conflict arises when there is a disagreement between two or more individuals over the achievement of one or more common goals. The various factors that lead to conflicts could be organizational change, personality clashes, differences in value sets, threat to status, and perceptual differences.

- Conflicts can be classified into intrapersonal, interpersonal, and inter group.

- The process of conflict goes through the following five stages: potential opposition or incompatibility, cognition and personalization, intentions, behavior, and outcomes.

- Negotiation is a process by which individuals seek to arrive at an agreement that is acceptable to both sides. There are two widely used approaches of negotiating. They are distributive bargaining and integrative bargaining.

- The negotiation process consists of the following five stages: preparation and planning, defining rules, clarification and justification, bargaining and problem solving, and closure and implementation.

- The negotiation process may be hindered by the following factors: biases in decision making, personality traits, cultural differences, and third-party negotiations.

- Often members of different groups interact with each other, giving rise to inter group relationships. Favorable inter group relations can have a positive impact on the performance of organizations.

- Various factors such as the interdependence of groups on each other, task uncertainty, and orientation of time and goal influence inter group relations.

Unit 15: Conflict, Negotiations, & Inter Group Behavior

- Inter group relationships can be managed effectively with the help of certain methods. They are rules and procedures, hierarchy, planning, appointing a liaison officer, using task forces, teams, and integrating departments.

15.11. Glossary

Arbitrator – A third party to negotiation who has the authority to dictate an agreement.

BATNA – The best alternative to a negotiated agreement – the lowest acceptable value to an individual for a negotiated agreement.

Conciliator – A trusted third party who provides an informal communication link between the negotiator and the opponent.

Negotiation – A process in which two or more parties exchange goods or services and attempt to agree upon the exchange rate for them.

15.12. Self-Assessment Test

1. What is a conflict? Explain the five stages in the conflict process. Do you think conflicts can have a positive impact on the performance of organizations?

2. How does the process of negotiation take place? Which is more effective of the following two -- a) distributive bargaining or b) integrative bargaining?

3. Can conflicts in inter group relations be managed effectively?

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15.13. Suggested Reading / Reference Material

1.   Aswathappa, K, International Business, 9th Edition Paperback, McGraw Hill, 2020
2.   Dwivedi, R.S. Management – An Integrated Approach, National Publishing House. 2016
3.   Fred Luthans, International Management: Culture, Strategy, and Behavior, McGraw Hill, 2017
4.   Harold Koontz, Heinz Weihrich, Mark V. Cannice , Essentials of Management - An International, Innovation and Leadership Perspective ,11th Edition, Paperback, McGraw Hill 2020
5.   Stephen. P., Robbins, Judge, Timothy. A. & Vohra, N. Organizational Behavior 18th edition, Pearson Education Inc.2019
6.   Stephen P. Robbins, Mary Coulter, Management, 15 th Edition, Hoboken, NJ : Pearson, 2020
7.   Udai Pareek & Sushama Khanna, Understanding Organizational Behaviour, 4th edition, Paperback, Oxford University Press, 2018

15.14. Answers to Check Your Progress Questions

1.   **(d) All of the above**

     Conflicts between two parties arise when: one party (an individual or a group) feels that the actions of the other party will either affect its interests adversely or obstruct the achievement of its goals; the goals of both the parties differ significantly or are interpreted differently; or the basic values and philosophies of the two parties are different.

2.   **(d) i, ii, iii, and iv**

     The factors that lead to conflicts are organizational changes, personality clashes, threat to status, differences in value sets, and perpetual differences.

3.   **(d) All of the above**

     Barriers to communication are: semantic difficulties, noise and disturbances in the communication channel, and failure of the sender to convey the required amount of information to the recipient.

4. **(c) Interpersonal conflict**

    People always try to uphold their image and self respect, and when someone threatens this, they try to react. This leads to interpersonal conflict. Further based upon their personalities, different individuals have different tolerance levels and people with low tolerance levels get into interpersonal conflicts frequently. These may arise due to differences in perception between individuals and gaps in communication.

5. **(b) Intergroup conflict**

    In an organization, people from different departments compete for limited resources. This competition often results in conflict. Conflicts also occur when one group tries to take the entire credit for the successful completion of a task where another group may have also made significant contributions. Further, perceived inequitable treatment in matters of working conditions, rewards and status, in comparison to other groups also leads to intergroup conflict.

6. **(c) Intrapersonal Conflict**

    In organizations, intrapersonal conflict can result from role ambiguity. If an employee's role and responsibilities are not defined clearly or if he/she has more than one supervisor, the employee may find it difficult to prioritize his tasks. This may confuse him and lead to intrapersonal conflict.

7. **(d) All of the above**

    Intergroup conflict arises when people from different departments compete for limited resources such as funds, personnel, and support services. Also sometimes, such conflicts occur when one group attempts to take all the credit for the successful completion of a task, to which another group may have also made significant contributions. Perceived inequitable treatment in matters of working conditions, rewards, and status, in comparison to other groups can also lead to intergroup conflict.

8. **(a) Potential opposition, cognition and personalization, intentions, behavior, and outcomes**

    The process of conflict consists of the following five stages: potential opposition or incompatibility, cognition and personalization, intentions, behavior, and outcomes.

9. **(a) Intentions**

    Intention is the third stage of the conflict process where individuals decide on the action that is to be taken to deal with the conflict. Here, the individual attempts to determine the intentions of the other person so as to choose an appropriate action in response to that person's behavior.

10. **(b) Functional outcomes**

    Functional outcomes are the constructive consequences of a conflict on the performance of a group or an organization whereas dysfunctional outcomes are the destructive.

11. **(a) It is a process in which one party agrees to exchange a product or service with another party in return for something.**

    Negotiation is a process in which one party agrees to exchange a product or service with another party in return for something. On the other hand, 'b' and 'c' are definitions of Distributive and Integrative Bargaining, respectively.

12. **(a) Bargaining**

    Stephen Robbins, in his book *Organizational Behavior*, uses the terms 'negotiation'(a process in which one party agrees to exchange a product or service with another party in return for something) and 'bargaining' interchangeably.

13. **(b) Zero-sum situation**

    In distributive bargaining, a fixed amount of resources is divided among the negotiating parties. As a result, when one of the parties gains a certain amount in the bargaining process, the other party suffers an equivalent loss. This is the zero-sum situation or win-lose situation.

14. **(c) i, iv, ii, v, iii**

    The five stages of negotiation process are: preparation and planning, defining rules, clarification and justification, bargaining and problem solving, and closure and implementation.

15. **(a) BATNA**

    Each party involved in the conflict will have certain high priority objectives and will not agree to any negotiation agreement which does not satisfy these objectives. The agreement that satisfies these

objectives is referred to as BATNA or Best Alternative To a Negotiated Agreement. Preparing a BATNA helps the negotiator to correctly identify the desired objectives or goals from the negotiation. Also the negotiator must make an effort in preparing a BATNA that is more attractive in comparison to the agreement of the opposite party, to get the best results from the negotiation.

16. **(a) Mentor**

   Third party negotiators are: mediator, arbitrator, conciliator, and consultant. A mentor is generally a senior employee who guides and supports a less experienced one (protégé).

17. **(a) Mediator**

   Mediator is a third party in the negotiation process who uses logical reasoning and persuasion techniques to convince the involved parties to arrive at an agreement. On the other hand, an arbitrator has the authority to enforce his/her decision on the conflicting parties, a conciliator serves as an informal communication link between the conflicting parties, and a consultant is a skilled person who uses conflict management techniques to resolve the differences between parties in a dispute.

18. **(b) One who has the authority to enforce his/her decision on the conflicting parties**

   An arbitrator has the authority to enforce his decision on the conflicting parties. On the other hand, alternatives 'a', 'c', and 'd' are definitions of Mediator, Conciliator, and Consultant, respectively.

19. **(b) Mediator**

   The third party plays different roles such as mediator, arbitrator, conciliator, and consultant to clear the differences between the conflicting parties and find a feasible solution. As a mediator, the third party uses logical reasoning and persuasion techniques to convince the parties to arrive at an agreement. The mediator also suggests alternative solutions that can be adopted by the parties to resolve the conflict. Mediators are mostly used in union-management negotiations and civil court disputes. Mediation is usually effective only when the conflict is at a moderate level.

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20. **(c) Interdependence between groups**

    Interdependence between groups can be classified as pooled, sequential, and reciprocal. This classification of interdependence is characterized by an increasing degree of interaction between the groups.

21. **(b) Reciprocal interdependence**

    Reciprocal interdependence exists when there is an exchange of inputs and outputs between groups. When two or more groups function independently but their output needs to be combined to achieve the overall objectives of the organization, the groups are said to have pooled interdependence. Sequential interdependence exists when one of the groups is dependent on the other for some input, but the reverse is not true – i.e., when Group B is dependent on Group A for, but Group A is not similarly dependent on Group B.

22. **(b) Sequential Interdependence**

    Sequential Interdependence exists when one group is dependent on the other for some input, but the reverse is not true – i.e., when Group B is dependant on Group A for some input, but Group A is not similarly dependant on Group B. On the other hand, Reciprocal interdependence exists when there is an exchange of inputs and outputs among groups. When two or more groups function independently but their output needs to be combined to achieve the overall objectives of the organization, the groups are said to have pooled interdependence.

23. **(a) Pooled**

    When two or more groups function independently but their output needs to be combined to achieve the overall objectives of the organization, the groups are said to have pooled interdependence. The degree of interaction and coordination between groups is lower in the case of pooled interdependence than in sequential or reciprocal interdependence. Sequential interdependence exists when one of the groups is dependent on the other for some input, but the reverse is not true. Reciprocal (mutual) interdependence exists when there is an exchange of inputs and outputs among groups.

24. **(d) Only iii and iv**

    Interdependence between groups can be classified as pooled, sequential, and reciprocal. When two or more groups function independently but their output needs to be combined to achieve the overall objectives of the organization, the groups are said to have pooled interdependence. Sequential interdependence exists when one of the groups is dependent on the other for some input, but the reverse is not true. For example, Group B is dependent on Group A for some input, but Group A is not similarly dependent on Group B. Reciprocal interdependence exists when there is an exchange of inputs and outputs among groups. The degree of interaction and coordination between groups is lower in the case of pooled interdependence than in sequential or reciprocal interdependence.

25. **(a) Task Force**

    A task force is generally a temporary group founded to solve complex problems that demand multiple perspectives to arrive at a proper solution. It exists only till the problem is solved. Task forces are usually formed by selecting representatives from different departments and are useful when a project requires coordination among many groups, for a short duration.

Unit 16

Foundations of Group Behavior

Structure

16.1. Introduction

The previous unit was about conflicts and negotiations and discussed the conflict process, sources and classification of conflicts and the negotiation process. This unit is about group behavior.

The term group can be defined as two or more persons interacting and working together for a common purpose. When people work in groups rather than as individuals, the goals of the organization can be easily achieved. However, working in a group is a complex task. Group dynamics refers to the interactions between the members of a group. A work group of an organization is the main foundation for the social identity of employees in that organization.

In this unit, the nature and types of groups is discussed. The unit also explains the stages in development of groups along with the structure, tasks, and processes of groups.

16.2. Objectives

By the end of this unit, students should be able to:

- Explain the nature of Groups
- Classify Groups
- Identify the stages of group development
- Discuss Group Structure

16.3. Nature of Groups

The term group can be defined as two or more persons interacting and working together for a common purpose. Different types of groups are formed to achieve specific results in organizations. The definition of a group as given by Harold H. Kelley and J.W. Thibaut is "A collection of individuals. The members accept a common task, become interdependent in their performance, and interact with one another to promote its accomplishment." Kurt Lewin popularized the term 'group dynamics' in the 1930s. There are three views on the nature of interaction between members of a group or group dynamics. The first view is the normative view, which describes how to carry out activities and organize a group. According to the second view, group dynamics consists of a set of techniques which include brainstorming, role play, team building, sensitivity training, self-managed teams, and transactional analysis. The third view explains group dynamics from the viewpoint of the internal nature of the groups. The formation of groups, structure, processes, and functioning are discussed in this view along with the effect of groups on individuals, other groups, and the complete organization.

Dynamics of Group Formation

People form groups for various reasons. Different classical theories of groups try to explain why people form groups. The theory of propinquity proposes geographical closeness as the reason. The propinquity theory provides a very basic explanation that people living or working at places located close to one another tend to form groups. But the theory doesn't explain the complexity of group formation. The balance theory says group formation results from the similarity of attitudes and values between people. Individuals with common interests maintain their relationship by a symmetrical balance between their attitudes and common interests. Another theory of group formation is the exchange theory. It proposes reward-cost outcomes of interaction as the reason. There may be several other economic, social, and security reasons for the formation of groups. By becoming members of a group, individuals fulfill their need for affiliation.

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16.4. Various Types of Groups

There are formal and informal groups in organizations. Various groups exist within the organization and they are of varying degrees of formalization. Groups in organizations are of various types based on the number of members they have and the interactions between them.

Formal Groups

A group formed by the organization to accomplish a specific task is termed as a formal group. The organization sets up a formal group and allocates tasks and responsibilities to different members with the intention of achieving organizational goals. Command groups and task groups are examples of formal groups. A command group is relatively permanent in nature and finds representation in the organization chart. Functional departments of organizations are considered as command groups. Task groups, on the other hand, are formed for a specific task and are temporary in nature. They are dissolved after the task is accomplished. After dissolution of the task group, the members of the task group continue as members of their respective functional departments or command groups with reduced duties.

Informal Groups

Unlike formal groups that are established by the organization, informal groups are formed by the employees themselves. The reasons for the formation of informal groups could be the need for companionship, common interests, growth, recreation, or support. There are two types of informal groups – friendship groups and interest groups. Members of friendship groups have a cordial relationship with each other, common interests and are similar in age, ethnic heritage, views, etc. They like each other's company and want to spend time together. Interest groups are formed to organize an activity and are temporary in nature. Informal groups mainly satisfy the social needs of members.

In addition to formal and informal groups, Fred Luthans classified groups into small and large, primary and secondary, coalitions and reference groups, in-groups and out-groups. Small groups have only a few members who can interact face-to-face, while in large groups, the number of members is high and personal interaction between members low. A primary group is small in size, is made up of members who have similar values and loyalties, and have a feeling of comradeship toward each other. Thus, even though all primary groups are small groups, the reverse is not

always true. Examples of a primary group are the family and the peer group. Secondary groups have a large number of members with common values and beliefs but they do not often interact because of the large size of the group. Coalitions are created for a particular purpose and do not have a formal structure. Membership groups are groups in which members are registered. Reference groups are groups to which people wish to belong like, for example, a prestigious club. In-groups have members who share values of a society prevalent at a point of time, whereas out-groups have members who do not share those values.

Check Your Progress-1

1. What is a group?
   a. It refers to the interactions that take place among members of a group
   b. It can be defined as two or more persons who interact and work with each other to achieve a common purpose.
   c. It is formed for a specific task and is dissolved after the task is accomplished.
   d. It is a collection of employees with common interests who come together for companionship, recreation, growth, and support.

2. What is the normative view of group dynamics?
   a. This view of group dynamics describes how a group is to be organized and how its activities are to be carried out.
   b. This view of group dynamics states 'group dynamics consists of a set of techniques'
   c. This view of group dynamics approaches it from the perspective of the internal nature of groups.
   d. Both (a) and (c)

3. Which of the following theories of group formation is based on the assumption that groups are formed on the basis of reward-cost outcomes of interaction?
   a. Propinquity theory
   b. Balance theory
   c. Exchange theory
   d. Reward cost theory

4. What is a Formal Group?
   a. It is a group that is represented in the organization chart and is relatively permanent in nature.

    b.   It is a temporary group formed to carry out specific tasks and likely to be dissolved once the task is over or the problem solved.

    c.   It is a group formed by the organization to carry out specific tasks.

    d.   It is a group formed by the employees themselves primarily for social reasons.

5.   What are the two types of informal groups?

    i.   Coalitions

    ii.   Reference groups

    iii.   Friendship groups

    iv.   Interest groups

    a.   Only i and ii

    b.   Only i and iv

    c.   Only ii and iii

    d.   Only iii and iv

6.   A number of employees belonging to the designing, printing, and marketing departments of Venus Textiles formed a/an _____ group to prepare for the Family Day, 2007, which was an annual event in the company. It was customary that every year a different set of employees would take up the responsibility.

    a.   Coalition

    b.   Reference group

    c.   Interest group

    d.   Friendship group

16.5. Stages of Group Development

Before the 1960s, it was believed that groups were formed in a specific sequence but it was later realized that they do not follow a standard pattern of development. Established models of group development are the five-stage model and the punctuated equilibrium model.

The Five-Stage Model

According to the five-stage model of group development, all groups pass through the forming, storming, norming, performing, and adjourning stages (shown in Figure 16.1). The duration of each stage varies from group to group and some groups do not pass through all the stages. This model became popular in the mid-1960s.

Forming: This is the initial stage of group formation. At this stage, the individuals who comprise the group are uncertain about the group's purpose, structure, tasks, and leadership. They try to identify acceptable

behavior in a group and try to mold their behavior so as to be a part of the group.

Storming: This stage is characterized by conflict and confrontation within the group. Disagreements about leadership among members may give rise to other conflicts. By the end of this stage, a relatively clear hierarchy of positions in the group emerges.

Norming: This stage is characterized by the development of close relationships and cohesiveness within the group. This stage of group development enhances a sense of camaraderie in members through the development of close relationships. A common set of expectations for behavior in the group is the outcome of this stage.
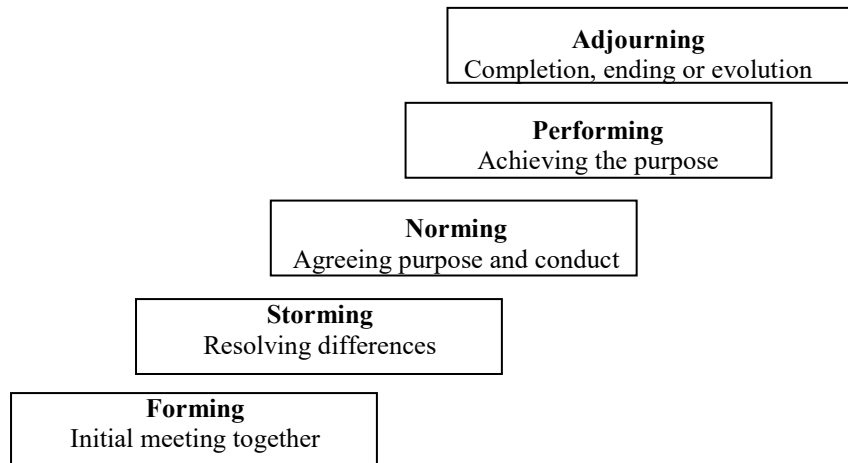
Performing: In this stage, members of the group exhibit committed performance to achieve goals defined in the norming stage. This is the last stage for permanent work groups.

Adjourning: This is the last stage for temporary groups such as task groups or committees formed to accomplish a certain task. After this stage, the groups cease to exist. While some of the members may feel happy about the accomplishments, others may be depressed that they will lose friends after the group disperses.

The effectiveness of groups is supposed to increase through the stages. However, this may not always be the case since group effectiveness depends on many complex factors. A certain amount of conflict is essential for improving the performance of the group. Also, it is not always necessary that a group should necessarily progress from one stage to another in the sequence defined by the model. A group may simultaneously go through more than one stage or in some cases, even revert back to a previous stage. Thus, the five-stage model explains only some of the elementary aspects of group formation and does not contribute greatly to our understanding of work groups.

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Figure 16.1: Stages in Group Development

Adjourning
Completion, ending or evolution

Performing
Achieving the purpose

Norming
Agreeing purpose and conduct

Storming
Resolving differences

Forming
Initial meeting together

Source: Icfai Research centre

Activity: Match the following columns given on the left side of the table with those given on the right.

A	Group of people who collect stamps	Task group
B	Personnel of the sales department of an organization	Friendship group
C	Group of people appointed for a particular project	Interest group
D	Members of a youth club	Command group

Answer:

The Punctuated Equilibrium Model

As per the punctuated equilibrium model, there are long periods of inactivity combined with brief periods of activity in group formation and its functioning. The periods of activity primarily take place when members realize the time lag and if the project is approaching the deadline. According to this model, the direction for a group is set in the first meeting of the group and is unlikely to change during the first half period of the

project. The period of the first half is characterized by inertia. After the first half period, members realize the passage of time and lack of progress. This leads to intensified activity to complete the project. The direction of group is revised and the group works with a passion to complete the project on time and finish all the required tasks.

Stages of Friendship

Four management students of a particular academic batch in a business school got along well together and found that they had several common interests. During the first semester, they interacted with each other frequently and discussed various issues. Later, they formed themselves into a group and participated in all the activities of the college together. Slowly, they set the norms for information exchange among themselves and began to study together. By the third semester, the four students took up many activities as a group and were complementing each other's efforts. Their combined work resulted in their winning an ad-making competition in an inter-college management meet. After completing the course, the four students started their careers in different organizations and met only occasionally. In this way, their friendship group passed through different stages of group formation.

The punctuated equilibrium model, though not very predictable or precise, makes more allowance for complexities than the five stage model.

Activity: State whether the following statements are in alignment with facts or not and justify your opinion.

- The punctuated equilibrium model suggests that people work slowly when the deadline for a project is far away.

- A group formed to assess the performance of an organization is a permanent group.

- Employees who do not stick to the formal appearance norms of the organization do not get acceptance from the informal groups in the organization.

Answer:

_____

_____

_____

_____

_____

_____

---

7. In the _____ stage of the Five Stage Model, the group members are uncertain about the group's purpose, structure, tasks, and leadership. They try to identify acceptable behavior in the group and try to mold their own behavior accordingly.
   a. Norming
   b. Forming
   c. Storming
   d. Performing

8. What is the characteristic of the Norming Stage of Group Development?
   a. development of close relationships and cohesiveness within the group
   b. exhibition of committed performance to achieve goals
   c. disagreements about leadership among members may give rise to other conflicts
   d. conflict and confrontation within the group

9. Which stage of Group Development is marked by the 'emergence of a relatively clear hierarchy of leadership within the group'?
   a. Forming
   b. Storming
   c. Performing
   d. Adjourning

10. As per the Five Stage Model, the last stage in group development for permanent work groups is _____.
    a. Performing stage
    b. Adjourning stage
    c. Storming
    d. Either (a) or (b)

11. What is the last stage of group development for temporary groups that have only a specific task to perform?
    a. Performing stage
    b. Adjourning stage
    c. Storming
    d. Either (a) or (b)

12. Identify the statement that is **definitely false** with respect to group development.
    a. Effectiveness of a group improves as it progresses through the first four stages of group development.
    b. Group effectiveness depends on many complex factors.
    c. It is necessary to minimize conflict in order to improve the performance of the group.
    d. It is not always necessary that a group should progress from one stage to another in the sequence defined by the Five Stage Model.

13. What is/are the **merit(s)** of Punctuated Equilibrium model as compared to the Five Stage Model?
    a. Predictable
    b. Makes more allowance for complexities
    c. Precise
    d. Both (a) and (c)

16.6. Group Structure

Group structure helps shape the behavior of its members, predict the behavior of members of the group and guide the performance of the group as a whole. Variables such as formal leadership, roles, norms, group status, group size, and composition of group have an influence on the performance of the group.

Formal Leadership

Work groups can function efficiently under formal leaders like supervisor, project head, or department head. The leader's behavior has a significant impact on group behavior and performance. The style or behavior exhibited by the leader of the group tends to be imitated or repeated by the members of the group and has a direct influence on the success or failure of the group. Exhibit 16.1 deals with how teams can be made effective under an effective leader.

Exhibit 16.1: Becoming a better leader
"There's no medication to make you a leader, no pill you can take, no simple solution for it."
Michael Useem is an American academic and the Professor of Management at Wharton School of the University, Pennsylvania. He is the director of the Center for Leadership and Change Management at the university. He also authored many books on leadership. In an article in Knowledge@Wharton in 2021, Useem said that there is no medication,
Contd. .....

or a pill, or a simple solution to become a leader. Only one possible way is to develop stock of skills like strategy-building, long-term strategy, persuasive communication and good decision making. He illustrated an example of Tricia Griffith, the CEO of Progressive, a giant insurance company who developed the strategy building skill.

As referred by Useem, she is the one who knows Tea leaf reading or Tasseology (it is method of predicting future/fortune by analysing the tea residue left at the bottom of the cup and what the tea drinker would receive in future). She learnt to adjust according to the requirements of a given situation. When she understood that her employees liked to be more associated with their work for being committed and desired a greater sense of purpose, she began working with them and tried to understand their requirements on the job. While the previous CEO of Progressive concentrated on the top-bottom approach for strategy execution, Griffith learnt that bottom-up approach for strategy execution will help her in being connected with employees to empower them to feel the sense of purpose, which is mandate for the success of the organization, in the changing times.

Source: https://knowledge.wharton.upenn.edu/article/learning-to-be-a-better-leader/ July 20, 2021

Roles

Role is the expected pattern of behavior of an individual in a particular position of society. The employees of an organization play different roles within and outside the organization and understanding their roles helps to understand their behavior. Dimensions such as identity, perception, expectations, and conflict of roles influence the behavior of individuals.

Role Identity: Role identity results from attitude and behavior of individuals in different roles. Individuals need to make the necessary changes in behavior to suit the requirements of an organization. Changes like promotions, demotions, or any other changes in organizations require individuals to identify with the new roles and change and re-change their behavior accordingly.

Role Perception: Role perception involves understanding how one is supposed to behave in a particular role by observing the behavior of another individual in the same role.

Role Expectations: How an individual is expected to behave in a particular situation is referred to as role expectation. Employees and employers in organizations have different role expectations from each other. A psychological contract existing between employer and employees is an agreement that sets out expectations on the behavior of each party in performing various roles in the organization.

Role Conflict: Individuals play different roles in their personal and professional lives. The roles of an individual in the organization may contradict other roles in the organization or with the roles in his/her personal life as the expectations from the roles differ. The divergent role expectations of an individual lead to role conflict in the individual.

Norms

Norms are set standards for behavior of individuals. Norms can be formal or informal in organizations. Formal norms are stated in the manuals of the organization while informal norms are unwritten and are not specific. Informal norms of groups in organizations can sometimes be dysfunctional. Some norms are common to most workgroups and some workgroups have a set of norms specially set for them.

Norms pertaining to performance-related processes: Norms give an indication of the expected performance levels of employees. Informal norms of groups influence the performance of employees along with their personal motivation levels.

Appearance norms: Appearance norms include norms to dress up, to appear loyal to the organization along with the group, to be busy, and other formalized and informal norms.

Norms pertaining to informal social arrangements: These norms control the social interactions of people within organizations. They determine the friends that people make within the organization. Lunch groups in organizations are determined by such norms.

Norms that regulate the allocation of resources: These norms direct the allocation of new tools and equipment, assignment of projects, and overtime in organizations.

Norms for groups develop over time and can be after-effects of statements by influential members, important actions of a group and its responses, etc. Individuals need to stick to the norms of the group to be acceptable to members. Sometimes, groups can even pressure members to change their behavior.

Block-4: Dynamics of Organizational Behavior

Activity: Archimedes has been appointed as a supervisor in the fitting section of a manufacturing unit. The management of the organization expects him to be authoritative and strict. However, he is a friendly person and behaves very casually with workers in his section. Do you think his behavior against the expectations of the management will affect organizational performance? According to you, should he change his behavior so as to avoid role conflicts?

Answer:

_____

_____

_____

_____

_____

Status

Status is the rank or social position given to an individual or group by others. It influences the behavior of individuals and motivates them. Organizational titles are used to establish status formally. People with high status in organizations have the liberty to deal with the norms of the organization as per their convenience. If there is a difference between ranking by the organization and the perceived ranking of the employee, disequilibrium in status is created. This leads to corrections in behavior. However, members of groups in general, have the approval of others on the rankings given to them.

Size

The size of a group influences the behavior of the group at large. According to research results, tasks are completed faster by small groups than by large ones but large groups work better to gather diverse opinions of members. Another research finding is about 'social loafing' according to which an individual puts in less effort when working with others collectively in a group as time gets wasted in socializing. Social loafing may also result when the employee observes that other members of group are lazy and so puts in reduced effort too. If measures for individual performance do not exist, members may not work to increase productivity as the efforts would be counted for the group as a whole.

Composition

Many group activities have a need for diverse skill sets. If the members of a group have different skills and knowledge levels, they can all work

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together effectively. Many researches have also proved that even if conflicts arise due to the diverse composition of groups, the performance is good. Demographic factors such as age, gender, educational level, race, etc. influence the performance of a group. People stay together in groups if they have common attributes; otherwise, they prefer to leave the groups as difficulties in communication and /or struggle for power or other conflicts may arise. Therefore, the composition of the group should be balanced so as to reduce the negative effects of diversity.

16.7. Group Tasks

The complexity and interdependence in the tasks of a group influence the performance of the group. When the tasks are complex, the members of a group need to discuss things with each other and share ideas to work better. If the tasks are interdependent, there will be interactions between members of a group. Generally, groups can perform efficiently by reducing conflicts and improving communication. When the tasks of a group are highly uncertain i.e., if the tasks are complex and interdependent, the effectiveness of group performance depends on the quality of communication in the group.

16.8. Group Processes

To understand group behavior, group processes such as communication patterns, power dynamics, behavior of the leader, conflict within the group, etc. should be understood clearly. The social loafing concept explains the differences in the performance of groups. Group processes should promote synergy wherein the performance of the group is more than the sum of individual performances. The 'social facilitation effect' has an influence on performance of groups. According to this, there is a difference in the performance of individuals when tasks are performed in private and when performed in front of others. The group processes can be effective if the tasks are planned according to the comfort levels of people.

Principles of Successful Groups

- Every successful group has a shared dream.
- Individual egos are sacrificed in order to achieve the shared dream.
- Successful groups have been shielded by the leader of group from the interference of top management.
- Successful groups have either a real opponent or they invent one.
- Members of successful groups are non-conformists.
- Members of a successful group sometimes have to pay a heavy personal price.

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- Successful groups develop strong leadership qualities in members.
- Successful groups usually have young members.
- Successful groups are the result of careful recruiting.

Successful groups produce some tangible output.

Check Your Progress-3

14. Group structure helps in _____.
    a. shaping the behavior of the members of the group
    b. predicting the behavior of the members of the group
    c. guiding the performance of the group as a whole
    d. All of the above

15. _____ involves understanding how one is supposed to behave in a particular role by observing the behavior of another individual in the same role.
    a. Role perception
    b. Role identity
    c. Role expectation
    d. Role conflict

16. What lead(s) to role conflict?
    a. Attitude and behavior of an individual
    b. Role perception and role expectation of an individual
    c. Divergent role expectations of an individual
    d. Both (a) and (b)

17. What do 'norms' refer to?
    a. How an individual is expected to behave in a given situation
    b. Standards of behavior agreed upon and followed by group members
    c. Social position or rank given to groups or group members by others
    d. None of the above

18. How is 'status' defined?
    a. It is a social position or rank given to groups or group members by others.
    b. It is how an individual is expected to behave in a given situation.

    c. It refers to the standards of behavior agreed upon and followed by group members.

    d. None of the above

19. An important research finding regarding group size has been that of 'social loafing.' Social loafing refers to a situation when _____.

    a. Individuals, working individually, tend to expend less effort than what they would have put if they work collectively or as a group

    b. Individuals working collectively or as a group, tend to expend less effort than what they would have put in individually

    c. Individuals working individually, waste a major part of their time in socializing

    d. Both (a) and (c)

16.9. Summary

- Workgroups are the basic resource for the social identity of people. The group's behavior has an impact on its members' performance at work and their behavior in life.

- Groups are of varied nature such as formal and informal. There are many theories proposing the reasons for group formation. Propinquity theory, exchange theory, and other theories give different reasons for the formation of groups.

- Stages in group formation are explained through two models for group development. They are the five stage model and the punctuated equilibrium model.

- The structure of a group helps in understanding the behavior of its members. Variables such as formal leadership, roles, norms, group status, size and composition affect the functioning of groups.

- Group tasks are characterized by levels of complexity and interdependence. Processes which go on in a group are communication, behavior of the leader, conflict, and power dynamics. They have an influence on group behavior.

16.10. Glossary

Brainstorming – An idea generation process that specifically encourages any and all alternatives, while withholding any criticism of those alternatives.

Block-4: Dynamics of Organizational Behavior

Coalition – A cluster of individuals who temporarily come together to achieve a specific purpose.

Formal group – A designated work group defined by the organization structure.

Psychological contract – Unwritten agreement that defines the conditions of each employee's psychological involvement with the system.

Role conflict – A situation which an individual is confronted by divergent role expectations.

16.11. Self-Assessment Test

1. Discuss in brief about the foundations of group behavior. Do you agree with the statement that the nature of the group influences the behavior of its members?

2. Discuss different models of group development.

16.12. Suggested Reading / Reference Material

1. Aswathappa, K, International Business, 9th Edition Paperback, McGraw Hill, 2020
2. Dwivedi, R.S. Management – An Integrated Approach, National Publishing House. 2016
3. Fred Luthans, International Management: Culture, Strategy, and Behavior, McGraw Hill, 2017
4. Harold Koontz, Heinz Weihrich, Mark V. Cannice , Essentials of Management - An International, Innovation and Leadership Perspective ,11th Edition, Paperback, McGraw Hill 2020
5. Stephen. P., Robbins, Judge, Timothy. A. & Vohra, N. Organizational Behavior 18th edition, Pearson Education Inc.2019
6. Stephen P. Robbins, Mary Coulter, Management, 15 th Edition, Hoboken, NJ : Pearson, 2020
7. Udai Pareek & Sushama Khanna, Understanding Organizational Behaviour, 4th edition, Paperback, Oxford University Press, 2018

16.13. Answers to check your progress questions

1. **(b) It can be defined as two or more persons who interact and work with each other to achieve a common purpose.**

    A group is defined as two or more persons who interact and work with each other to achieve a common purpose. They are the

fundamental units of an organization. On the other hand, alternatives 'a', 'c', and 'd are definitions of group dynamics, task groups, and informal groups, respectively.

2. **(a)** **This view of group dynamics describes how a group is to be organized and how its activities are to be carried out.**

   The normative view describes how a group is to be organized and how its activities are to be carried out. This view emphasizes on the importance of democratic leadership, participation of members, and cooperation among them. The other two alternatives 'b' and 'c' represent two other views regarding the nature of group dynamics.

3. **(c)** **Exchange theory**

   According to the exchange theory, the reward-cost outcomes of interaction are the basis for group formation. The affiliation or association takes place when the reward-cost equation has a positive outcome (i.e., rewards are greater than the costs incurred).

4. **(c)** **It is a group formed by the organization to carry out specific tasks.**

   A formal group is formed by the organization to carry out specific tasks. Informal groups are formed by employees themselves basically for social reasons. A command group is represented in the organization chart and is relatively permanent in nature. Informal groups mainly satisfy the social needs of members.

5. **(d)** **Only iii and iv**

   Informal groups are of two types, friendship groups and interest groups. Friendship groups are more permanent than interest groups and are formed because of the cordial relationships that the members share with one another. The relationships in these groups can be based on similarity in age, ethnic heritage, or views. On the other hand, interest groups are relatively temporary and are organized around a common activity or interest.

6. **(c)** **Interest group**

   Informal groups are of two types: friendship groups and interest groups. Interest groups are organized around a common activity or interest and are relatively temporary compared to friendship

groups. In the given situation, a group of employees belonging to various departments of Venus Textiles came together to organize an annual event. This group was an **interest group** as it was temporary in nature and would cease to exist once the event has been held.

7. **(b) Forming**

In the forming stage, the individuals who comprise the group are uncertain about the group's purpose, structure, tasks, and leadership. They try to identify what behavior would be acceptable to others in the group and try to mold their own behavior accordingly. This stage is considered to be complete when the members begin to consider themselves as part of a group.

8. **(a) development of close relationships and cohesiveness within the group**

This stage is characterized by the development of close relationships and cohesiveness within the group. It enhances a sense of camaraderie in members through the development of close relationships. A common set of expectations for behavior in the group is the outcome of this stage. In the performing stage, members of the group exhibit committed performance to achieve goals defined in the norming stage. The storming stage is characterized by conflict and confrontation within the group. Disagreements about the leadership position in the group might also give rise to conflicts among members in this stage.

9. **(b) Storming**

The storming stage is characterized by conflict and confrontations. Sometimes disagreements about the leadership position in the group also give rise to them and the stage is completed with the emergence of a relatively clear hierarchy of leadership within the group.

10. **(a) Performing stage**

For permanent work groups, the last stage in group development is the performing stage.

11. **(b) Adjourning stage**

The last stage of group development for temporary groups (like task groups, interest groups, or temporary committees) that have

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only a specific task to perform is the adjourning stage. On the other hand, for permanent work groups, the last stage in group development is the performing stage.

12. **(c)** **It is necessary to minimize conflict in order to improve the performance of the group.**

Except 'c', all other alternatives are true in case of groups. However, 'c' is false as conflict is essential for improving the performance of a group.

13. **(b)** **Makes more allowance for complexities**

The punctuated equilibrium model is not very predictable or precise but makes more allowance for complexities than the five stage model.

14. **(d)** **All of the above**

Group structure helps shape the behavior of its members, predict the behavior of members of the group and guide the performance of the group as a whole.

15. **(a)** **Role perception**

Role perception involves discerning how one is supposed to behave in a particular role by observing the behavior of another individual in the same role. On the other hand, role expectation refers to how an individual is expected to behave in a given situation; the attitude and behavior of an individual gives rise to role identity; and the divergent role expectations of an individual lead to role conflict.

16. **(c)** **Divergent role expectations of an individual**

An individual who is required to perform diverse roles in life may find that compliance with one role hinders his/her compliance with another. The divergent role expectations of an individual lead to role conflict.

17. **(b)** **Standards of behavior agreed upon and followed by group members**

Group members follow standards of behavior that they all agree upon. Once these standards have been accepted by everyone in the group, they become norms. Norms determine how the members should behave in certain circumstances. The norms in an organization may be formal or informal.

Block-4: Dynamics of Organizational Behavior

18. **(a) It is a social position or rank given to groups or group members by others.**

    Status can be defined as a social position or rank given to groups or group members by others. On the other hand, 'b' and 'c' are definitions of role expectation and norms, respectively.

19. **(b) Individuals working collectively or as a group, tend to expend less effort than what they would have put in individually**

    When individuals work collectively or as a group, they tend to expend less effort than what they would have put in individually. A major part of the time is wasted in socializing. This is one of the demerits of workgroups especially when they are large. This phenomenon is known as 'Social Loafing.'

Unit 17

Understanding Work Teams

Structure

17.1. Introduction

The previous unit was about groups and group behavior. It discussed nature and types of groups and the stages in development of groups. This unit is about understanding work teams.

Work teams are increasingly becoming popular in modern organizations. They encourage co-ordination and co-operation among members, and this, in turn, has a positive impact on the goals of the teams as well as on those of the organization. Companies like Xerox and P&G utilized work teams to achieve better solutions to complex problems and also to formulate effective business decisions. Therefore, understanding work teams forms an important part of the study of organizational behavior.

This unit will discuss benefits of work teams, types of work teams, and differences between work groups and work teams. The unit will also explain team effectiveness and   workforce diversity.

17.2. Objectives

By the end of this unit, students should be able to:

- Define Work Teams
- Explain the benefits of creating work teams

Block-4: Dynamics of Organizational Behavior

- Classify work teams
- Discuss Team effectiveness
- List the advantages and disadvantages of diversity in teams.

17.3. Definition of Work Teams

According to Gregory Moorehead and Ricky W. Griffin, a team is, "A small number of people with complementary skills who are committed to a common purpose, common performance goals, and an approach for which they hold themselves mutually accountable." According to Stephen P. Robbins, a work team is a collection of people whose individual efforts result in a level of performance which is greater than the sum of their individual contributions. In other words, teams consist of a collection of individuals who work together toward the achievement of a common goal and also collectively take responsibility for the success or failure of their achievements.

17.4. Benefits of Creating Work Teams

The benefits of creating work teams are:

Improved Organizational Performance

Teams foster healthy competition among the team members as a result of which each team member strives to put in maximum efforts toward the achievement of the team's common goals. This, in turn, has a positive impact on the organizational performance because every team in the organization is formed to achieve the organizational goals and objectives. The work culture in teams also encourages the members to come up with creative solutions to the problems. Thus, these factors influence the performance of organizations in the form of increased productivity, quality, and customer service.

Employee Benefits

Work teams instill a sense of dignity, self-control, self-fulfillment, and satisfaction in their members. Such feelings boost the morale of employees and make them believe that their contributions make a difference to their organization. As a result, the employees feel valued.

Reduced Costs

Members of work teams have a sense of belonging to the organization and its goals. They also remain committed to the organization, as a result of

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which they try to reduce wastage, be more regular to work, etc. Thus work teams help organizations reduce costs.

Organizational Enhancement

Large organizations can bridge the gap between employees and the management by slashing down the number of layers in the hierarchy. Work teams can be used as a tool to achieve this objective. Due to the reduced number of layers in the hierarchy, team members get closer to the top management, and thus they feel more important and committed toward the organization. Moreover, teams bring in innovation and creativity by forcing team members to look for newer ways of doing things. Teams also help organizations adapt to changes quickly, thereby enabling them to withstand competition.

Check Your Progress-1

1. Stephen P. Robbins defined work teams as:
   a. A small number of people with complementary skills who are committed to a common purpose, common performance goals, and an approach for which they hold themselves mutually accountable.
   b. A collection of people whose individual efforts result in a level of performance which is greater than the sum of their individual contributions.
   c. A small group of employees in the same work area or doing similar type of work that voluntarily meets regularly for about an hour every week to identify, analyze, and resolve work-related problems.
   d. None of the above

2. Work teams provide significant benefits to organizations. Which of the following are definitely among the benefits of work teams?
   i. Improved organizational performance
   ii. Increased employee benefits
   iii. Reduced costs
   iv. Organizational enhancement

   a. Only i, ii, and iii
   b. Only i, ii, and iv
   c. Only i, iii, and iv
   d. i, ii, iii, and iv

3. How do teams help in 'Organizational Enhancement'?
   a. By decreasing the number of layers between employees and top management
   b. By bringing in innovation and creativity by forcing team members to look for new ways of doing things
   c. By helping organizations adapt to changes swiftly
   d. All of the above

Activity: Joy Phillis, Head of the HR Department at Sarita Textiles Limited, suggested that the company should transform the existing work groups into work teams in order to enhance the organizational performance. However, the employees of the organization resisted the change. List out the various benefits of work teams which Joy could explain to the employees in order to convince them to accept this change?

Answer:

_____

_____

_____

_____

_____

17.5. Differences between Work Groups and Work Teams

According to Stephen P. Robbins, a work group is, "A group that interacts primarily to share information and to make decisions to help each member perform within his or her area of responsibility," whereas a work team is "a group whose individual efforts result in a performance that is greater than the sum of those individuals inputs."

A major difference between work teams and work groups is that while members of a work team work together toward achievement of a common goal, members of a work group strive to accomplish individual goals. Also the members of work teams are accountable to each other for the outcomes of their collective efforts.

This accountability further gives rise to the following differences between teams and groups:

- **Broad job categories**: Only specialized tasks that do not require extensive training are assigned to work groups. Thus, the work groups have narrow job categories. On the other hand, work teams are

required to possess a variety of skills. Since team members together are responsible for accomplishing the task, they are required to perform various tasks related to diverse job categories.

- **Role of supervisor**: In work groups, assignment of tasks to members is done solely by the supervisor. However, in work teams, the team members themselves are empowered to make such decisions and the supervisor only acts as a guide.

- **Reward systems**: The reward system in work groups is based upon the individual performance of the members. However, this is not the case in work teams. Sometimes, team members in work teams are rewarded depending upon the achievements of the team as a whole. The following are some of the reward systems commonly used in work teams:

  Skill-based pay system: In this type of reward system, the management links pay to the skills possessed by the team member in work teams. These skills might be necessary to achieve the goals of the team or for the growth prospects of a member in the team, etc. The employees can increase their pay from a basic level by a fixed amount for each additional skill learnt. This increase is possible up to a certain maximum level.

  Gain-sharing system: This reward system requires the team to exceed some baseline performance to receive a share of the profits generated by the organization.

  Team-bonus plans: This reward system is similar to the gain-sharing system. In this system, however, only the performance of the particular team is considered instead of the performance of the whole organization.

Check Your Progress-2

4. There are three types of reward systems common in team-based organizations. Identify the alternative that is **not** one of these three types.
   a. Skill-based pay systems
   b. Quality Circles
   c. Gain-sharing systems
   d. Team bonus plans

5. Which of the following statements **correctly** explains the difference between work groups and work teams?
   a. Members in work groups have common goals while those in work teams have individual goals.
   b. In a work group, the responsibility is collective while in a work team, the responsibility is individual.
   c. In a work group, accountability is of an individual nature while in a work team, it is both individual and mutual in nature.
   d. The purpose of a work group is very specific requiring collective effort while that of a work team is the same as that of the organization.

6. Which of the following statements is **true** regarding work teams?
   a. Members of work teams have individual goals
   b. The accountability is individual and mutual in nature
   c. The work team has a strong and focused leader with clear objectives
   d. In a work team, discussions are carried out, decisions are taken, and work delegated

7. _____ is a type of reward system commonly used in team-based organizations that allows employees to increase their pay from a basic level by a fixed amount up to a maximum fixed level. Pay can be increased by learning additional skills that are necessary for good team performance.
   a. Skill-based pay systems
   b. Gain-sharing systems
   c. Team bonus plans
   d. None of the above

8. Which of the following reward systems necessitates that teams exceed some baseline performance to receive a share of the profits generated by the organization?
   a. Skill-based pay systems
   b. Gain-sharing systems
   c. Gain bonus systems
   d. Team bonus plans

9. _____ is a reward system that is quite similar to the gain-sharing system except that here the team is the unit of performance and pay, rather than a plant, division, or organization as a whole.

    a. Skill-based pay systems

    b. Gain-based systems

    c. Team-based systems

    d. Team bonus plans

17.6. Types of Work Teams

Depending upon the objectives, teams can be classified into problem-solving teams, self-managed teams, and cross-functional teams. (See

Figure 17.1: Three Types of Teams

Problem-solving

Self-managed

Cross-functional
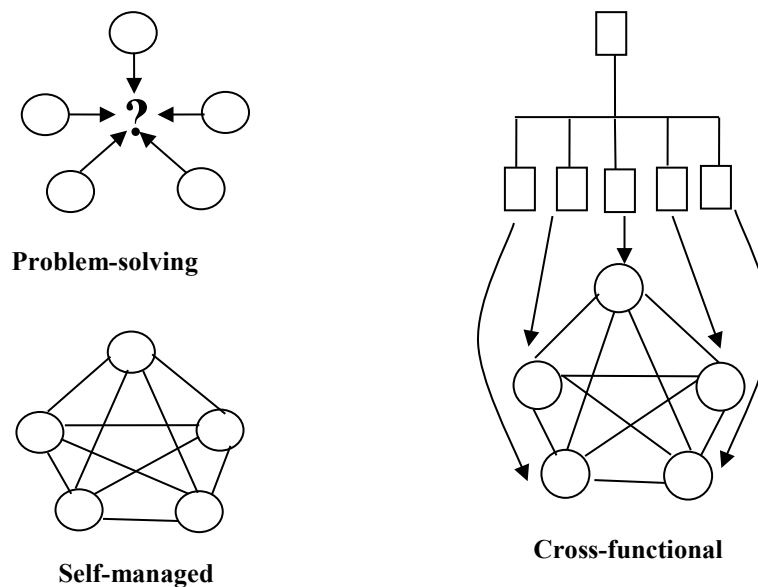
Problem-Solving Teams

Problem-solving teams are temporary teams formed generally to solve a specific issue such as improving quality, efficiency, and the work environment. These teams consist of around 5 to 12 members belonging to the same department. Though the teams are required to suggest solutions to a specific problem, they are not authorized to implement the suggestions. 'Quality Circle' is a commonly used problem-solving team.

Quality Circles: According to the Quality Forum of India, a quality circle is, "A small group of employees in the same work area or doing similar type of work that voluntarily meets regularly for about an hour every week

to identify, analyze, and resolve wok-related problems." The concept of quality circles was made popular by the Japanese. It has been said that much of the success of Japanese firms can be attributed to the use of quality circles. The objectives of a quality circle are:

- Bringing about a change in the attitude of employees by improving the quality of work life.

- Teaching additional skills to employees and bringing out their latent potential.

- Developing a team spirit in the organization and reducing conflict between departments.

- Involving people at different levels in finding a solution to a problem.

- Improving the motivation level of employees.

- Providing employees with a conducive work environment.

Quality circles can be used in any area of operation in organizations and is not restricted to the production process alone.

Self-Managed Work Teams

Unlike problem-solving teams, self-managed teams are given the autonomy to give solutions to problems and also implement these solutions. Further, these teams are held responsible for the consequences of the solutions they implement. Self-managed teams are given complete autonomy so much so that they can even choose their team members. The responsibilities assigned to self-managed teams could be planning and designing work schedules, making operating decisions, and handling various

work-related problems. In other words, members of a self-managed team perform the role of supervisors. Although many companies have achieved success by using self-managed teams, some organizations have difficulty in implementing this in their organizations. This is because supervisors feel threatened by the autonomy given to the members regarding their roles and responsibilities.

Cross-Functional Teams

The above two types of teams consist of team members belonging to the same department. Cross-functional teams consist of employees from the same hierarchical level, but from different functional areas of the organization, who come together to achieve a particular objective. In organizations, a task force is a form of temporary cross-functional team. Committees that consist of members belonging to different departments of an organization also form a cross-functional team. These teams can also

represent members from different organizations, working on a specific project. Cross-functional teams allow employees from diverse functional areas within an organization or from different organizations to cooperate with one another in order to handle complicated projects, share ideas, and solve various problems pertaining to the organization. The development of cross-functional teams requires time and patience as the team members need to learn to work with diversity and complexity. As the members of such teams belong to different backgrounds and have different experiences and viewpoints, they may not trust each other. Developing mutual trust and a sense of camaraderie takes time and effort on the part of the team members.

Check Your Progress-3

10. Which of the following can be considered as cross-functional teams?
    a. Quality circles
    b. Task force
    c. Committees
    d. Both (b) and (c)

11. _____ teams consist of employees from the same hierarchical level, but from different functional areas of the organization.
    a. Problem-solving teams
    b. Self-managed work teams
    c. Cross-functional teams
    d. Quality circles

12. _____ allow employees from diverse functional areas within an organization or from different organizations to cooperate with one another to handle complicated projects, share ideas, and solve various problems pertaining to the organization.
    a. Problem solving teams
    b. Self-managed teams
    c. Quality circles
    d. Cross-functional teams

13. _____ are fully autonomous teams that are responsible for planning and designing work schedules, making operating decisions, and handling various work-related problems. These teams can also give solutions to problems, implement them, and be held responsible for the results.
    a. Problem-solving teams
    b. Self-managed teams

    c. Quality Circles

    d. Cross-functional teams

14. _____ is a commonly used problem solving team that is defined as a small group of employees in the same work area or doing similar type of work that voluntarily meets regularly for about an hour every week to identify, analyze and resolve work-related problems.

    a. Quality Circles

    b. Self-managed work teams

    c. Cross-functional teams

    d. None of the above.

15. What are the objectives of Quality Circles?

    i. To bring about a change in the attitude of employees by improving the quality of work life.

    ii. To teach additional skills to employees and bring out their latent potential.

    iii. To develop team spirit in the organization and reduce conflict between departments.

    iv. To involve people at different levels in finding a solution to a problem.

    a. Only i, ii, and iii

    b. Only i, iii, and iv

    c. Only ii, iii, and iv

    d. i, ii, iii, and iv

17.7. Team Effectiveness

As observed, teams do have a positive impact on the performance of organizations in the form of improved quality and productivity, encouraging innovative ideas and solutions, etc. A comprehensive meta-analysis that consists of seventy studies has revealed that self-managed work teams have a positive impact on organizational performance and specific team-related attitudes. However, work teams might also suffer from the following drawbacks:

- *Individual problems of team members:*

a) Team members may show resistance to change.

b) All the team members might not possess the required skills and so if the skilled members are overburdened or if they are absent, it might have an adverse impact on the performance of the team.

c) The goals of the team might clash with the personal beliefs of the team members, and this might have a negative influence on the team's performance.

- *Organizational Problems:*

a) The management may not focus on team performance.

b) The management might not provide adequate incentives or rewards to the members of the teams.

Essentials for Building Effective Teams

The effectiveness of teams can be achieved with the help of the following:

Providing a supportive environment: The performance of teams is largely dependent on the ability and willingness of the team members to perform effectively. Therefore, the management must foster a work environment in the organization that provides support and encourages the members to work toward the fulfillment of organizational goals.

Relevant skills and role clarity: Co-ordination among team members plays a vital role in the effectiveness of a team's performance. The management can establish proper co-ordination in teams when it clearly defines the roles and responsibilities of each member in the team. By doing so, every member is aware of the duty he/she has to perform as a part of the entire team. This, in turn, facilitates co-ordination and co-operation in the team.

Focus on super ordinate goals: The management must emphasize the overall goals of the team rather than the individual goals of the team members. Super ordinate goals thus are the integrated goals, which can be achieved by the cumulative efforts of two or more individuals. Therefore, by focusing on super ordinate goals, the management encourages the members to think beyond their individual interests. This, in turn, enables the management to improve the effectiveness of the team's performance.

Team rewards: Team rewards must be designed in such a way that they encourage teamwork among the members of a team. The management could achieve this by linking rewards to the overall performance of teams. Rewards could be either financial or non-financial. Exhibit 17,1 explains how teams can be made effective.

Block-4: Dynamics of Organizational Behavior

Exhibit 17.1: How do best work teams evolve?

In 2021, an article in HBR showcased a case study of MonetizeMore, a midsize Canadian ad tech company. Kean Graham, the CEO of MonetizeMore discussed on how he inspired his team by instilling new thinking methods through role modeling and defining solutions-oriented norms. He described that initially his teams used to focus more on identifying issues/problems rather than generating ideas to solve such issues. This mind-set of employees hampered the productivity.

Subsequently, Kean redefined the company's culture to bring in change in the mind-sets of employees. He shifted the focus of employees on bringing in solutions along with challenges/problems. For this to happen, he believed that he need to exhibit and be a role model for the culture change he wanted to imbibe in employees. He designed new norms and coined a new term that inspired his employees to think in a creative manner. He named the problems without a solution as "dead-end" and mandated to bring in solutions with problems for the meetings. He also motivated his team members to be accountable to each other. He started appreciating employees those who get a creative idea along with problem to keep them going. This process resulted in creation of a new culture that is more solutions-oriented. Employees soon shifted to this new culture and became proactive in problem solving and started feeling more empowered.

Source: https://hbr.org/2021/04/is-your-team-solving-problems-or-just-identifying-them

Shaping Individuals into Team Players

Individuals in organizations might resist teams because they do not want to share their success with other team members. Therefore, to ensure that all members of the team work effectively for the achievement of common goals, it is necessary that management eliminates resistance in the members of a team. It is very difficult, and sometimes impossible, to shape an individual into a team player when,

- The country's culture is individualistic in nature, and

- The organization has traditionally encouraged individual achievements.

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> **Activity:** Salim, one of the project managers at Infoline Limited., a software company, observed that the productivity of his team had come down. Salim was concerned and wanted to improve the productivity of his team members. According to you, what steps should he take to improve the effectiveness of the team?
>
> **Answer:**
> _____
> _____
> _____
> _____
> _____

The management of organizations must strive to shape individuals into good team players so that they are encouraged to perform effectively. The following are some of the guidelines that would be helpful in turning workers into effective team players:

Selection: Work teams require that team members interact very frequently with each other. It is also necessary that they co-ordinate with each other for the achievement of common goals. Hence, the interpersonal skills of a person are of great prominence while selecting a candidate for teams.

Training: Individuals can be trained to become effective team players. They may be provided training in areas such as problem solving, communication, negotiation, conflict management, and coaching skills.

Rewards: Rewards also can influence the effectiveness of performance of members. An effective reward system tries to balance individual contributions with those made for the benefit of the team. The rewards given should be such that they recognize team efforts rather than individual efforts. However, the management must also give the required recognition to the individual contributions of team members.

17.8. Teams and Total Quality Management

Total Quality Management (TQM) was initiated in the early 1980s by the Ford Motor Company to deal with the problems faced by the organization. It is a management philosophy according to which the management of an organization strives to continuously improve the quality in all its activities. TQM focuses on customer relationships and fostering trust and openness in organizations. All the TQM initiatives and techniques necessitate high levels of communication, adaptation, coordination and sequencing, which is possible only in extremely effective teams. The concept of TQM

therefore requires managers to encourage employees to share ideas by forming teams.

It has been observed in most cases that TQM through team effort results in better and quicker solutions to problems, thereby ensuring improvements in processes and operations. This, in turn, enhances the quality and productivity of organizations.

17.9. Teams and Workforce Diversity

Since teams are formed by different individuals of the organization, any diversity in the workforce of organization is bound to have its effect on teams. Though initially members belonging to different groups and backgrounds find it difficult to adjust to teams, it has been observed that these differences gradually disappear and the members co-ordinate with each other. The advantages and disadvantages of diversity in teams are shown in Table 15.1.

Table 15.1: Advantages and Disadvantages of Diversity

Advantages	**Disadvantages**
• Multiple perspectives • Greater openness to new ideas • Multiple interpretations • Increased creativity • Increased flexibility • Increased problem solving skills	• Ambiguity • Complexity • Confusion • Miscommunication • Difficulty in reaching a single agreement • Difficulty in agreeing on specific actions

Check Your Progress-4

16. Which of the following is **not** essential for building effective teams?
    a. Providing a supportive environment
    b. Defining relevant skills and providing role clarity
    c. Focusing on super ordinate goals
    d. Providing employee benefits

17. How should one develop a reward system that ensures the maximum effectiveness of teams?
    a. Base rewards only on individual efforts and not on team efforts.

b. Base rewards only on the effectiveness of employees as team members

c. Balance individual contributions with those made for the benefit of the team.

d. None of the above

18. _____ is a management philosophy that focuses on customer relationships and tries to build an environment of trust and openness.
   a. Team Rewards
   b. Total Quality Management
   c. Task Force
   d. Quality Circle

19. What are the prerequisites of TQM initiatives?
   i. High levels of communication
   ii. High levels of adaptation
   iii. High levels of coordination and sequencing
   iv. Advanced management skills

   a. Only i, ii, and iii
   b. Only i, iii, and iv
   c. Only ii, iii, and iv
   d. i, ii, iii, and iv

20. The concept of TQM requires managers to encourage employees to share ideas by forming teams. Why do managers emphasize on 'teams'?
   i. TQM through team effort results in better and quicker solutions to problems
   ii. TQM through team effort ensures improvement in processes and operation
   iii. TQM through team effort enhances quality
   iv. TQM through team effort improves productivity of organizations

   a. Only i, ii, and iii
   b. Only i, iii, and iv
   c. Only ii, iii, and iv
   d. i, ii, iii, and iv

21. Which of the following is definitely **not** an advantage of team and work force diversity?
   a. Simplicity

     b.   Multiple perspectives

     c.   Greater openness to new ideas

     d.   Increased flexibility

17.10. Summary

- Work teams consist of a group of individuals who work together toward the achievement of a common objective. The members in a team are also collectively responsible for the outcome of their actions.

- Work teams have the benefit of improved organizational performance, benefits to the employees, reduced costs, and enhanced organizational performance.

- Work teams and work groups differ from each other on grounds such as the number of job categories to be performed, extent to which the supervisor controls the activities of the members and the reward systems.

- The various types of work teams are problem-solving teams, self-managed teams, and cross-functional teams.

- The effectiveness of the performance of teams can be improved by building effective teams by providing supportive environment, providing relevant skills and clarifying roles of members, focusing on super ordinate goals, and offering team rewards, shaping individuals into team players by selecting appropriate candidates, training the members to perform well, and offering appropriate rewards.

- Work teams play a vital role in effective implementation of Total Quality Management of organizations.

- Workforce diversity is an inevitable feature of teams in modern day organizations. Workforce diversity has both advantages and disadvantages on the performance of work teams.

17.11. Glossary

Cross-functional teams – Employees from about the same hierarchical level, but from different work areas who come together to accomplish a task.

Self-managed work teams – Groups of ten to fifteen people who take on responsibilities of their formal supervisors.

17.12. Self-Assessment Test

1. What is a work team? What are the various benefits organizations can reap by implementing work teams?
2. How are work groups different from work teams?
3. What are the various methods through which the effectiveness of the performance of work teams can be enhanced?
4. Discuss the various types of work teams.

17.13. Suggested Reading / Reference Material

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3. Fred Luthans, International Management: Culture, Strategy, and Behavior, McGraw Hill, 2017

4. Harold Koontz, Heinz Weihrich, Mark V. Cannice , Essentials of Management - An International, Innovation and Leadership Perspective ,11th Edition, Paperback, McGraw Hill 2020

5. Stephen. P., Robbins, Judge, Timothy. A. & Vohra, N. Organizational Behavior 18th edition, Pearson Education Inc.2019

6. Stephen P. Robbins, Mary Coulter, Management, 15 th Edition, Hoboken, NJ : Pearson, 2020

7. Udai Pareek & Sushama Khanna, Understanding Organizational Behaviour, 4th edition, Paperback, Oxford University Press, 2018

17.14. Answers to check your questions

1. **(b) A collection of people whose individual efforts result in a level of performance which is greater than the sum of their individual contributions.**

   According to Stephen P. Robbins, a work team is a collection of people whose individual efforts result in a level of performance which is greater than the sum of their individual contributions. On the other hand, 'a' is the definition of a team as given by Gregory

Moorhead and Ricky W. Griffin. Option 'c' is the definition of a quality circle as defined by the Quality Control Forum of India.

2. **(d)** **i, ii, iii, and iv**

The benefits of using work teams are: improved organizational performance, increased employee benefits, reduced costs, and organizational enhancements.

3. **(d)** **All of the above**

Teams help reduce the gap between employees and the top management by decreasing the number of layers between them in large organizations. Consequently, team members feel closer to the top management and feel important. Further, teams bring in innovation and creativity by forcing team members to look for new ways of doing things. They also help organizations adapt to changes quickly, enabling them to survive competition.

4. **(b)** **Quality Circles**

The three types of reward systems that are commonly used in team-based organizations are: Skill-based pay systems, Gain-sharing systems and Team bonus plans. On the other hand, Quality Circles are a type of Problem-Solving Teams.

5. **(c)** **In a work group, accountability is of an individual nature while in a work team, it is both individual and mutual in nature.**

In a work group, members have individual goals; the responsibility is individual; the accountability is individual in nature; and the purpose is the same as that of the organization. In a work team, members have common goals; the responsibility is collective; the accountability is individual as well as mutual in nature; and the purpose is very specific requiring collective effort.

6. **(b)** **The accountability is individual and mutual in nature**

In work teams, the responsibility is collective. The accountability is individual and mutual in nature. The leadership is shared among the team members. Discussions, decisions, and real work, all are carried out together by the members of the team. So, option 'b' is the correct answer. The other statements hold true for work groups.

7. **(a)** **Skill-based pay systems**

Skill-based pay systems make it compulsory for employees to learn a set of significant skills that are necessary for good team

performance. Further, employees may have to acquire additional skills, depending on the requirements of the team or the career needs of team members. By learning each additional skill, the employees can increase their pay from a basic level by a fixed amount up to a certain maximum level.

8. **(b) Gain-sharing systems**

   Gain-sharing systems necessitate that teams exceed some baseline performance to receive a share of the profits generated by the organization. This system rewards all team members on the basis of the performance of the organization, division, or plant.

9. **(d) Team bonus plans**

   The three types of reward systems that are used commonly in team-based organizations are skill-based pay systems, gain-sharing systems, and team bonus plans. In a team bonus plan, the team is the unit of performance and pay, rather than a plant, division, or organization as a whole. For this reward system to be effective, each team should have achieved certain specific performance targets.

10. **(d) Both (b) and (c)**

    n organizations, a task force is a form of temporary cross-functional team. Committees that consist of members belonging to different departments of an organization also form a cross-functional team. However, quality circles are problem-solving teams.

11. **(c) Cross-functional teams**

    Cross-functional teams consist of employees from the same hierarchical level, but from different functional areas of the organization. These employees come together to achieve a specific objective.

12. **(d) Cross-functional teams**

    Cross-functional teams consist of employees from the same hierarchical level, but from different functional areas of the organization who come together to achieve a specific objective. These teams allow employees from diverse functional areas within an organization or from different organizations to cooperate with

one another in order to handle complicated projects, share ideas, and solve various problems pertaining to the organization.

13. **(b) Self-managed teams**

Self-managed teams are fully autonomous teams that are responsible for planning and designing work schedules, making operating decisions, and handling various work-related problems. They could give solutions to problems, implement them, and be held responsible for the results.

14. **(a) Quality Circles**

A Quality Circle (QC) is defined as a small group of employees in the same work area or doing similar type of work that voluntarily meets regularly for about an hour every week to identify, analyze and resolve work-related problems.

15. **(d) i, ii, iii, and iv**

The objectives of quality circles are: bringing about a change in the attitude of employees by improving the quality of work life, teaching additional skills to employees and bringing out their latent potential, developing team spirit in the organization and reducing conflict between departments, involving people at different levels in finding a solution to a problem, improving the motivation level of employees, and providing employees with a conducive work environment.

16. **(d) Providing employee benefits**

The essentials for building effective teams are: providing a supportive environment, relevant skills and role clarity, focus on super ordinate goals, and team rewards.

17. **(c) Balance individual contributions with those made for the benefit of the team.**

An effective reward system tries to balance individual contributions with those made for the benefit of the team.

18. **(b) Total Quality Management**

TQM is defined as a management philosophy that focuses on customer relationships and tries to build an environment of trust and openness. Team reward is an essential factor for building effective teams, task force is a temporary cross-functional team, and quality circles are problem-solving teams.

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19. **(a)** **Only i, ii, and iii**

    TQM initiatives and techniques necessitate high levels of communication, adaptation, coordination and sequencing, which is possible only in extremely effective teams.

20. **(d)** **i, ii, iii, and iv**

    In most cases, TQM through team effort results in better and quicker solutions to problems, thereby ensuring improvements in processes and operations. This, in turn, enhances the quality and productivity of organizations.

21. **(a)** **Simplicity**

    The advantage of team and work force diversity are: multiple perspectives, greater openness to new ideas, increased flexibility, increased problem-solving skills, multiple interpretations, and increased creativity. On the other hand, one of the disadvantages of diversity in teams is complexity.

Unit 18

Informal Organizations

Structure

18.1. Introduction

The previous unit was about work teams and discussed benefits of work teams, types of work teams, and differences between work groups and work teams. This unit is about informal organizations.

Apart from formal organizations, there are organizations which function informally. These informal organizations exist in all organizations and grow with the interactions between the personnel. The informal interactions and communications have an impact on organizational performance.

In this unit, the nature of informal organizations is discussed along with their benefits and problems. It also discusses informal communication and a few guidelines to manage informal organizations.

18.2. Objectives

By the end of this unit, students should be able to:

*   Explain the nature of informal organization

*   Compare and contrast formal and informal organizations

*   Describe the benefits and problems of informal organizations

*   Discuss Informal Communication

*   List guidelines to manage informal organizations

18.3. Nature of Informal Organizations

Chester Barnard defined an informal organization as "any personal activity without conscious joint purpose, even though contributing to joint results." JL Gray and FA Starke referred to an informal organization as "patterns of behavior and influence stemming from human interaction within a formal structure." An informal organization is present in all kinds of organizations. Along with formal channels, people build relationships informally within the organization for communication and interaction. These informal interactions and communication have an impact on organizational performance. The Hawthorne studies (the Bank Wiring Room Experiments) proved that apart from monetary incentives, acceptance by group and group norms have a large impact on the performance of individuals toward attainment of organizational goals. Managers soon realized that by integrating the goals of groups in the organization with organizational goals, they could improve the overall productivity of the organization.

Formal Vs Informal Organizations

In formal organizations, the job profile of individuals guides their interactions with other members of the organization whereas informal organizations are based on social relationships developed by the individuals in an organization. Formal organizations give a designation to each person and power is derived by the position the person occupies, unlike in informal organizations where power is derived by personal characteristics. In a formal organization, control is exerted through rewards and punishments. In an informal organization, control over behavior of members is exercised through norms and sanctions. According to JL Cray and FA Starke, formal and informal organizations differ in organization structure; differ in their method of selecting the leader and basis of interaction among members. There are various factors that highlight the differences between formal and informal organizations. They are:

Organizational structure: The structure of formal organizations is well-defined and stable; it is aimed at achieving organizational goals. Organizational structure is not defined for informal organizations as it is dynamic in nature.

Position terminology: Position determines the relationships at work in formal organizations whereas in informal organizations, the roles of individuals form the basis for relationships.

Block-4: Dynamics of Organizational Behavior

Goals of the organization: Informal organizations work mainly to satisfy their members whereas formal organizations have the goal of maximizing profitability while serving society at large.

Basis of influence: In formal organizations, the basis of influence is the position a person holds in the organization while in an informal organization, a person can influence other members with his/her charisma and the influence can be in both upward and downward directions in an organizational hierarchy.

Control mechanisms: Rules, policies, and procedures by the management comprise the control mechanism in a formal organization, while informal organizations are only controlled by group norms which describe the expected behavior of members of the group.

Communication: In formal organizations, care is taken not to alter communication by letting it flow through standard channels whereas in informal organizations, communication flows rapidly through informal ways such as the grapevine.

Charting of member relationships: Relationships in a formal organization are formally defined by an organizational chart. The relationships of members in an informal organization are depicted through sociograms, which are visual presentations of social networks in an organization.

Other characteristics: Other characteristics such as selection of a leader, which is done by the management in formal organizations and by mutual agreement of members in informal organizations, depict the differences between both types of organizations. The differences between formal and informal organizations are represented in the Table 18.1.

Table 18.1: Differences between Formal and Informal Organizations

	Organization	
Elements	**Formal**	**Informal**
Salient goals	Organization's	Individuals'
Structural units	Offices/positions	Individual roles
Basis for communication	Offices formally related	Proximity: Physical, professional, task, social, formal
Basis for power	Legitimate authority	Capacity to satisfy individuals' needs (often through expert or reference power)
		Contd. .....

Control mechanisms	Rules	Norms
Type of hierarchy	Vertical	Lateral
Belonging of individuals	Specific	Ambiguous
Communication	Structured	Unstructured
Origin	Planned	Spontaneous
Changes over time	Shifts	Incremental
Group leadership	Explicit	Implicit

The influence of informal organizations can extend to the values, beliefs, and behavior of the members in an organization. The nature of informal organizations should be analyzed and appropriate care should be taken by managers to see to it that these organizations do not hinder the achievement of organizational goals.

HP — Connected Informally through Social Networks
There are groups of people within the organization who communicate across the organizational hierarchy passing on messages or requests for information in an informal way. Research conducted at HP Labs revealed that there are around 400 individuals within HP Labs who communicate through e-mails. It was found that the information passed across the levels of the hierarchy in the organization quickly through informal ways.

Based on http://www.mathaware.org/mam/04/essays/socialnetworks.html.

Block-4: Dynamics of Organizational Behavior

Member status and informal leadership

The status of members in an organization is associated with factors like experience, seniority, salary, educational or technical qualifications, etc. There may be more than one leader in an informal organization. One person may be looked up to for suggestions in one matter while in some other matters another person may act as the leader. In fact, informal leaders enjoy a special status among other members of the organization.

Importance of identifying informal leaders: Informal leaders have an influence over the behavior of other members in an organization. Identifying the most influential informal leader and interacting with him/her can help the management in influencing the behavior of personnel to attain the goals of the organization.

Activity: Identify an informal organization existing within your college. You might have noticed that one of the members is an undeclared leader. What do you think are the reasons for the special status of the person?

Answer:

18.4. Benefits and Problems of Informal Organizations

Informal organizations which emerge within organizations have some benefits but can create certain problems as well.

Benefits of informal organizations

Keith Davis and John W Newstrom listed the benefits of informal organizations as follows:

- Development of an effective organizational system.
- Decrease in the workload of managers: When managers secure the cooperation of members of informal organizations, they can delegate work to able subordinates. This reduces their workload of frequently checking on the workers.
- Increase in satisfaction and feeling of stability in work groups.

- Expression or outlet for frustration and anxieties.

Informal organizations have benefits for both employees and management. Through informal organizations, employees develop a feeling of belonging with the organization and work for its betterment. The management of the organization can use informal organizations for effective communication across different sections of the organization.

Informal Organizations help out Organizations to Perform Better

Equinet Org. is a software developing firm which employs around 40 professionals. There are informal organizations formed within the organization by people coming together based on their interest in using a particular methodology in work. They exchange ideas among themselves and try to find better ways of doing the job. This in turn helps in improving the performance of the organization as a whole.

Problems created by informal organizations

Though informal organizations have a positive contribution to make, they also have some drawbacks. The different problems that might be created by informal organizations are:

Conflicts between members of informal organizations: As personal interests are given priority in informal organizations, there may be conflicts between members with varied personal interests. These conflicts affect the motivation levels and satisfaction of the members of the informal organization and have an impact on the productivity of the organization as a whole.

Preventing organizational change: To bring about organizational change, the consent of informal organizations is essential. If informal organizations are conventional then the employees will oppose change, thus preventing the organization from implementing changes.

Role conflict in members: Members of informal organizations have different roles to play within an organization. If they work according to the interests of the informal organization there may be conflict with the interests of the organization. Therefore, unless organizational goals are integrated with the goals of the informal organizations, there will be conflicts with regard to the roles of members.

Fixed Norms: Informal organizations also have some fixed norms to be followed by the members. If the members do not follow these norms they cannot gain the acceptance of the group and for this, they may put aside

the interests of the organization at times. These norms regulate the tasks of individuals in the organization.

Ensuring conformity of employees: One of the problems created by informal organizations is that the employees unconsciously confirm to its code of conduct. They are strongly influenced by the group and identify themselves with it.

Use of penalties and sanctions: Informal organizations try to impose certain behavior on the members by using penalties and sanctions if the members deviate from the expected behavior. Due to this pressure, employees try to change their behavior and may sometimes even quit the job.

Check Your Progress-1

1. What is the definition of an informal organization as put forth by J. L. Gray and F. A. Starke?

    a. Any joint personal activity without conscious joint purpose, even though contributing to joint results.

    b. An organization that develops naturally as people within organizations interact with one another and discover common characteristics such as religion, race, region, language, or likes and dislikes.

    c. Patterns of behavior and influence stemming from human interaction within a formal structure.

    d. A collection of all the channels of interaction and relationships between the various hierarchical levels that are present in an organization in addition to the formal channels of interaction and relationships that have been designed into the organization's structure.

2. According to J.L. Gray and F. A. Starke, formal and informal organizations differ from each other on the basis of certain parameters. Which of following alternatives are among these parameters?

    i. Position terminology

    ii. Basis of influence

    iii. Control mechanisms

    iv. Communication

    a. i, ii, iii

   b. i, iii, iv

   c. ii, iii, iv

   d. i, ii, iii, and iv

3. The Bank Wiring Room Experiments are related to the _____.

   a. Hawthorne studies

   b. Grapevine

   c. Rumors

   d. Probability chain

4. How is control exerted in a formal organization?

   a. Through rewards and punishments

   b. Through norms

   c. Through sanctions

   d. Both (b) and (c)

5. Which of the following is **not** a benefit of an informal organization as stated by Keith Davis and John W. Newstrom?

   a. Development of an effective organizational system

   b. Decrease in the workload of managers

   c. Development of a feeling of camaraderie and belongingness among employees

   d. Expression of frustration and anxieties

18.5. Informal Communication

Communication in formal organizations is generally through formal means such as company reports, memos, official notices, newsletters, and meetings. On the other hand, the communication channel of informal organizations is termed as the grapevine. This term came into existence during the days of the civil war in America when the army intelligence used telegraph wires for communication in the battlefield. Wild grapevines that wrapped themselves around the telegraph wires distorted the communication, often resulting in incorrect messages reaching the other side. However, in the present context, information transmitted informally in organizations is termed as the grapevine. Although grapevine generally refers to oral communication between employees, it also includes informal written communication and electronic messages. The grapevine passes on information quickly and influences people even more than formal communication. News on the grapevine is spread at social gatherings of

employees. The grapevine is generally active in those places in the organization where people interact with one another, such as lunch rooms, coffee vending machines, water coolers, etc. Although communication spreading along the grapevine may contain some truth, it doesn't contain the entire truth. Research has shown that only about three-fourths of the information that spreads through the grapevine is true.

Essential features of grapevine

The grapevine has essential features such as supplementing the formal communication channels, having the potential to transmit information more quickly throughout the organization than the formal communication channels. Considering its speed of transmission and reach, the grapevine is sometimes intentionally used by the management to spread information across the hierarchical structure of the organization.

Factors responsible for grapevine

Some factors in the organization which help the grapevine to exist are:

- Periods of excitement and insecurity brought about by change.

- Involvement of friends and associates.

- Availability of recent information.

- Nature of job held by an individual.

- Personality traits of the individual.

Patterns of Grapevine

Four types of communication patterns are prevalent in informal organizations.

1. *Single strand chain:* When information passes from one person to another in the form of a chain, it is termed as a single strand chain. This type of information is filtered and distorted at each stage and the message becomes inaccurate as it goes on.

2. *Gossip chain:* This type of information is passed by a person randomly to everybody he/she comes into contact with. The flow of information in this form does not follow a fixed pattern.

3. *Probability chain:* In this type of communication network, a person spreads the information to a few who come into contact with him/her. Information is passed randomly following the probability rules and gets spread by people who believe in the information they get.

4. *Cluster chain:* In this type of communication pattern, information is passed to a select few who are trusted by the person carrying information. In turn, they pass the information to people whom they can trust. However,

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the message may die out if the people who receive it do not pass it on to others.

Management response to the grapevine

Earlier, managers did not pay much attention to the grapevine. But after realizing that the grapevine has a strong impact and is unavoidable in organizations, the managements of organizations started trying to use the grapevine for organizational benefits. When information needs to be spread fast, the management identifies and passes the information on to the most influential people in the organization so that the information reaches out across the hierarchy of the organization.

<u>**Check Your Progress-3**</u>

6. What is a 'grapevine' with respect to informal communication?
    a. Well-defined communication systems consisting of formal memos, reports, etc.
    b. Channels of communication in an informal organization
    c. The telegraph wires strung over trees across the battlefield
    d. Social interactions that take place between people

7. What does the grapevine usually include?
    a. Oral communication between employees
    b. Informal written communication
    c. Informal electronic messages
    d. All of the above

8. _____ is a type of organization grapevine in which one person randomly spreads the information to everybody he/she comes in contact with. Further, the flow of information along this type of network is not very fast.
    a. Single strand chain
    b. Gossip chain
    c. Probability chain
    d. Cluster chain

Difference between grapevine and rumor

The Cambridge Advanced Learner's Dictionary defines a rumor as "an unofficial interesting story or piece of news that might be true or invented, which quickly spreads from person to person." Rumors are generally incorrect and the great speed at which they spread can cause undesirable

panic and immense damage to the business community. Sometimes the terms rumor and grapevine are used interchangeably. But there are some differences between the two. Rumor generally has its origin in the grapevine of an organization. Research has shown that three-fourths of information spread through the grapevine is true. Rumors, on the other hand, can be completely baseless. With rumors having their origin in the grapevine, the information passed through the grapevine is not fully reliable. Keith Davis and John W. Newstrom gave the definition of rumor as "grapevine information that is communicated without secure standards of evidence being present."

Why do rumors arise? Usually, rumors arise because of two factors: ambiguity of the information passed or interest in a particular situation, i.e. curiosity of people to get to know the details about unknown things. The details of information passed are changed by individual interpretations, filtration, and elaboration. Filtration is the process in which an individual retains a few basic details of the incident which he finds interesting and transmits only these details to others. Elaboration is the process in which people, based on their reasoning, add new details to the original information and distort the story. In organizations, rumors spread when the facts are not known fully known to those in the organizations.

Types of rumors: Rumors originate from the grapevine and can be of different types.
Spontaneous rumors: Spontaneous rumors originate without any planning and they do not involve forethought. These rumors arise during periods of stress and are action-oriented in nature. These types of rumors are short-lived and die out as soon as the stressful period passes over.

Premeditated rumors: Some rumors are initiated to cause disturbance in order to attack competitors in the business. These types of rumors are termed as premeditated rumors.

Pipe dreams or wish fulfillment: These rumors have their bases in the employees' desire to bring about a change in the way the organization functions. Thus, these rumors are positive and tend to enhance the efficiency of the organization.

Anxiety or bogy rumors: When unfavorable conditions arise in business, rumors arise out of the anxiety or fear of employees. For example, during layoffs, relocation of a plant, change in assignments to employees, and the appointment of a new boss, rumors can spread in the organization. These rumors could damage the morale of employees.

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Wedge drivers: These types of rumors are negative and divisive in nature. They are fueled by feelings of aggression, hatred, or hostility toward others. They can considerably erode the reputation of an organization or an individual.

Home-stretchers: If an important announcement is delayed by the management of an organization, rumors related to the situation spread quickly among the employees.

Curiosity rumors: These rumors are purely based on the curiosity of people to know about something and are harmless in nature.

Exhibit 18.1 explains the significance of informal communication in a hybrid workplace.

Exhibit 18.1: Significance of Informal Communication in a Hybrid Workplace

In 2021, many tech giants asked their employees to return for in-person work. Companies like Microsoft, Google, Uber etc. started with limited capacity following the important protocols of COVID-19 like maintaining social distancing, wearing mask compulsorily, and undergoing COVID-19 tests periodically. This limited capacity resulted in a hybrid model of workplace where some employees worked in person and some were working partly in person and partly remote and some of them working remote continuously.

While only few people understood the importance of informal communication in an organization due to its invisible nature, pandemic drove its emergence. But, when offices opted for hybrid workplaces with limited capacities, there were some challenges faced in encouraging informal communication. If organizations can identify these challenges, they can prevent them by addressing effectively and relish the benefits. The challenges and potential methods to overcome include:

Identifying "HAVES" and "HAVE NOTS": Passing of information happens through informal communication during formal meetings. This leads to spontaneity and also fosters creativity and innovation that helps resolve problems. Separating people to ascertain the organization metrics and identifying communication gaps based on their mode of work would be important. Like "HAVES" represent employees who get information as they are working in person and "HAVE NOTS" are employees who do not get information as they are working remote.

Create opportunities: Once hybrid workplace is positioned, organizations should encourage informal communication to a large extent. Organizations should conduct zoom meetings periodically to keep the remote workers updated and informed about the things happening in the office. This will also help them in interacting with the employees working in person.

Block-4: Dynamics of Organizational Behavior

> **Offer personalized training:** To keep both the teams' effective and engaged, training should be offered. Training must be synchronous and only limited people must be allowed at a time, for encouraging more participation and engagement.
>
> **Setting expectations**: Leaders should understand that employees working remote have communication challenges. Hence while setting goals, more clarity should be given, guidance should be provided and necessary tools and opportunities should be delivered for them.

Source: *https://link.springer.com/article/10.1186/s41469-020-00076-x* July 2020

Controlling the spread of rumors: As rumors spread incorrect information, they may hamper organizational functioning and progress. Therefore, they have to be controlled by the management for the smooth functioning of organizations. Some ways to control rumors are by:

- Paying heed to the rumors.

- Providing adequate information to employees in times of uncertainty.

- Identifying the causes of rumors and tackling them.

- Seeking the support of informal leaders and union leaders.

> **Activity:** Gerald Davis (Davis), General Manager — Operations, of Vestec, an international organization, was on an official tour to one of the company's plants in Japan. As things turned out, he had to stay on in Japan for more than a month. Meanwhile, rumors were spread at the head office of the organization located at Ahmedabad, India, that the GM had left the company to join a rival organization headquartered in Tokyo, Japan. Discuss the possible actions that need to be taken by the top management of the company to control the spread of rumors in the organization.
>
> **Answer:**
> _____
> _____
> _____
> _____
> _____
> _____

18.6. Managing Informal Organizations

Informal organizations arise and exist within the organizational structure due to the interaction of people within the organization. Instead of

attempting to abolish informal organizations, the management must learn to blend the formal and the informal organizations in such a way that organizational goals are achieved. There are certain guidelines to be followed in managing informal organizations:

- The management should acknowledge the presence of the informal organization and accept the fact that it will always remain a part of the organization.

- The management should understand the various groups that go toward forming the informal organization and also how these groups operate.

- The management should try to integrate the interests of the informal organizations with those of the formal organization.

- The management should ensure that the activities of the formal organization do not threaten the informal organizations.

- The management can encourage the existence of informal organizations by molding them in line with the interests of the organization.

Activity: Imagine that you are the general manager of corporate affairs for Excel Org., an MNC. You want to take advantage of the information spreading capability of the informal organizations existing within Excel for the progress of the organization. How would you ensure that the informal organizations work for the benefit of the organization?

Answer:

Check Your Progress-4

9. Define the term 'rumor'?
   a. An unofficial interesting story or piece of news that might be true or invented, which quickly spreads from person to person
   b. The channels of communication in an informal organization
   c. A well-defined communication system consisting of formal memos, reports, company newsletters, official notices, departmental meetings, and conferences

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    d. None of the above

10. As the damage caused by baseless rumors can be high, it is essential for managers to understand why rumors arise in order to prevent them from causing any damage. What are the factors that give rise to a rumor?

    a. Ambiguity

    b. Pipe dreams

    c. Interest in a particular situation

    d. Both (a) and (c)

11. What does the term 'filtration' refer to?

    a. It is the process by which people, based on their reasoning, add new details to the original information and distort it.

    b. It is the process by which an individual retains complete details of the incident and transmits them to others in ditto.

    c. It refers to damage caused to a business by the baseless spread of rumors.

    d. It is the process by which an individual retains a few basic details of the incident which he/she finds interesting and transmits only these details to others.

12. Which of the following alternatives may be considered to be grounds for generation of wedge drivers?

    a. Fears and anxieties of employees during unfavorable business conditions.

    b. Ambiguity that is generated among employees when an organization delays in making a formal announcement on an important matter.

    c. Curiosity of employees about something

    d. Feelings of aggression, hatred, or hostility toward others

13. Identify the various methods that management can use to control rumors.

    i. Paying heed to the rumors

    ii. Providing adequate information to employees in times of uncertainty

    iii. Identifying the causes of rumors and tackling them

    iv. Seeking support of the informal and union leaders

    a. Only i, ii, and iii

    b. Only i, iii, and iv

    c. Only ii, iii, and iv

    d. i, ii, iii, and iv

14. Instead of attempting to abolish informal organizations, the management must learn to blend the formal and the informal organizations in such a way that organizational goals are achieved. Which of the following guidelines can be adopted to do this?

    a. The management should acknowledge the presence of the informal organization

    b. The management should understand the various groups that go toward forming the informal organization and how these groups operate.

    c. The management should ensure that the activities of the formal organization do not threaten the informal organizations

    d. All of the above

18.7. Summary

- As personnel of organizations interact with each other, they develop informal organizations within the formal organizational structure.

- Informal organizations differ from formal organizations in terms of organizational structure, position terminology, goals, basis of influence, control mechanism, communication, charting of member relationships, and other characteristics.

- Informal organizations can benefit the employees of an organization and the management by creating a sense of belonging among employees. However, informal organizations may create problems in the functioning of organizations if there is a mismatch between the interests of the organization and those of the informal organizations.

- Communication in an informal organization is termed as the grapevine. It can be of different types like single strand chain, gossip chain, probability chain, and cluster chain.

- Rumors have their origin in the grapevine of informal organizations. Different types of rumors such as spontaneous, premeditated, pipe dreams or wish fulfillment, anxiety or bogy, wedge drivers, home-stretchers, and curiosity rumors spread in organizations in different situations. Rumors should be controlled for the smooth functioning of organizations.

Block-4: Dynamics of Organizational Behavior

- The efficient management of informal organizations can help in better organizational functioning.

18.8. Glossary

Communication networks – Channels by which information flows.

Expert power – Influence based on special skills or knowledge.

Rumor – Grapevine information that is communicated without secure standards of evidence being present.

18.9. Self-Assessment Test

1. Explain the nature of informal organizations and discuss the benefits and problems created by informal organizations.

2. What are the different patterns of communication in informal organizations? Why do rumors spread in organizations and how can they be controlled?

18.10. Suggested Reading / Reference Material

1. Aswathappa, K, International Business, 9th Edition Paperback, McGraw Hill, 2020
2. Dwivedi, R.S. Management – An Integrated Approach, National Publishing House. 2016
3. Fred Luthans, International Management: Culture, Strategy, and Behavior, McGraw Hill, 2017
4. Harold Koontz, Heinz Weihrich, Mark V. Cannice , Essentials of Management - An International, Innovation and Leadership Perspective ,11th Edition, Paperback, McGraw Hill 2020
5. Stephen. P., Robbins, Judge, Timothy. A. & Vohra, N. Organizational Behavior 18th edition, Pearson Education Inc.2019
6. Stephen P. Robbins, Mary Coulter, Management, 15 th Edition, Hoboken, NJ : Pearson, 2020
7. Udai Pareek & Sushama Khanna, Understanding Organizational Behaviour, 4th edition, Paperback, Oxford University Press, 2018

18.11. Answers to Check Your Progress Questions

1. **(c) "Patterns of behavior and influence stemming from human interaction within a formal structure."**

   All the above alternatives define an Informal Organization; however the definition provided by J. L. Gray and F. A. Starke

defines an informal organization as "patterns of behavior and influence stemming from human interaction within a formal structure."

2. **(d) i, ii, iii, and iv**

   According to J.L. Gray and F. A. Starke, formal and informal organizations differ from each other on the following parameters: structure, position terminology, goals, influence, control mechanisms, communication, charting, and other characteristics.

3. **(a) Hawthorne studies**

   The Bank Wiring Room Experiments are a part of Hawthorne studies that proved that unity existed among workers and group's norms and rules were very important. The workers maintained a constant level of production, in spite of the fact that they were eligible for incentives if they produced larger number of units. These experiments helped managements realize that a force stronger than economic rewards motivated workers, which was identified as group norms.

4. **(a) Through rewards and punishments**

   In a formal organization, control over the behavior of members is exerted through rewards and punishments. In an informal organization, control is exercised through norms and sanctions.

5. **(c) Development of a feeling of camaraderie and belongingness among employees**

   According to Keith Davis and John W. Newstrom, the following benefits accrue from informal organizations: development of an effective organizational system, decrease in the workload of managers, increase in satisfaction and stability in work groups, and expression of frustration and anxieties.

6. **(b) Channels of communication in an informal organization**

   Grapevine refers to the channels of communication in an informal organization. The term 'grapevine' originated during the Civil War in America and generally refers to oral communication between employees. It also includes informal written communication and electronic messages. The grapevine is generally active in those places in the organization where people interact with one another, such as lunch rooms, coffee vending machines, water coolers, etc. Information transmitted through the

grapevine is quick and has a stronger impact on people than the information that reaches them through formal communication channels.

7. **(d) All of the above**

Grapevine includes all the informal communication that takes place in an organization and generally refers to oral communication between employees, informal written communication, and electronic messages.

8. **(b) Gossip chain**

Gossip chain is a type of communication network where one person randomly spreads the information to everybody he/she comes in contact with. On the other hand, single strand chain is a type of communication network where information passes along in the form of a long chain, i.e., it passes on from one person to another. Probability chain is a type of communication network where an individual may come in contact with several persons but will randomly pass information to a few of them, and cluster chain is a type of communication network where people transmit information to others selectively, i.e., an individual passes on the information to two or three people whom he trusts in the organization, who in turn, may pass on this information to people whom they can trust.

9. **(a) An unofficial interesting story or piece of news that might be true or invented, which quickly spreads from person to person**

The Cambridge Advanced Learner's Dictionary defined rumor as an unofficial interesting story or piece of news that might be true or invented, which quickly spreads from person to person. On the other hand, alternatives 'b' and 'c' are definitions of grapevine and formal communication, respectively.

10. **(d) Both (a) and (c)**

Usually rumors arise because of two factors: ambiguity and interest in a particular situation. On the other hand, pipe dreams are the types of rumors that express the hopes and desires of the people who are responsible for circulating them in an organization.

11. **(d) It is the process by which an individual retains a few basic details of the incident which he/she finds interesting and transmits only these details to others.**

Filtration is the process in which an individual retains a few basic details of the incident which he/she finds interesting and transmits only those to others.

12. **(d) Feelings of aggression, hatred, or hostility toward others**

Wedge drivers are fueled by feelings of aggression, hatred, or hostility toward others and can considerably erode the reputation of an organization or an individual. On the other hand, alternatives a, 'b' and 'c' are respectively the causes of generation of anxiety, home stretchers, and curiosity rumors.

13. **(d) i, ii, iii, and iv**

'd' is the correct option as the various methods to control rumors are : paying heed to the rumors, providing adequate information to employees in times of uncertainty, identifying the causes of rumors and tackling them, and seeking support of informal and union leaders.

14. **(d) All of the above**

'd' is the correct answer as all the three alternatives 'a', 'b', and 'c' are guidelines through which the formal as well as the informal organizations are combined in such a manner that the organizational goals are achieved.

Management and Organizational Behavior

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