

**Chalimbana University**

**Integrity. Service. Excellence.**

**SCHOOL OF BUSINESS AND ENTREPRENEURSHIP**

**DEPARTMENT OF HUMAN RESOURCE**

# MANAGEMENT AND ORGANISATION BEHAVIOUR

# BMO 1100

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**First Edition**

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**Pre requisite: None**

**Introduction**

This course provides an overview in understanding people at their workplaces. It discusses a systematic approach to understanding the actions and attitudes of people that take place in organizations by using organizational behaviour theories and models. The course also introduces the current situation of management in which organizations aim to have a competitive edge over others in the industry. The course further goes to cover the foundations of management beginning with the management functions. In addition, this course discusses the individual differences in personalities, Teams and Groups. It will also delve into organizational design, structure and culture as well as different types of leaders, power, conflict, negotiations as well as change resistance among others. Enjoy your Studies!

**Aim**

The aim of this course is to introduce first year students to the concept of management and its functions as well as the fundamentals of individual behaviour, groups and teams, communication, leadership, Power, conflicts and negotiations.

**Learning outcomes**

By the end of this course, Learners should be able to:

* Describe the management functions in today’s organisations.
* Outline the elements influencing group and team behaviours in an organisation.
* Describe the individual values, attitudes, perceptions, personality, motivations, and decision making.
* Discuss the theories relating to individual and group behaviour in an organisation.
* Define stress and explain how to manage it at work places.
* Identify forces of change in organisations and state the individual as well as organizational sources of resistance to change.
* Differentiate between training and Development.
* Describe types of conflicts in organisations.

**Assessment**

**Continuous Assessment 50%**

Project 15%

Assignments 15%

Test 20%

**Final Exam 50%**

**Total 100%**

1. **Prescribed Reading**

Gibson.J.L,Ivancevich J.M.,DonnelyJr.J.H and Konopaske.R.(2009),Organisation:Behavoiour, Structure,Processes.123th Edition,McGraw:Irwin,New York.

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1. **Recommended Reading**

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Roberts.K.H.and Hunt.D.M. (1992), Organisation Behaviour.Thomson, South-Western: Boston

Laurie.J.M, (2012),Management and Organisation Behavoiur.7th Edition.Tata-McGraw.New Delhi.

Armstrong.M. (2008), Principles of Management: ABC Press: London

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Desler (2012,Human Resource Managements, 5th Edition. New Delhi: Pearson Education.

**TABLE OF CONTENTS**

**1. Management .................................................................................... 8**

1.1Definition of Management…………………………………….9

1.2Management functions…………………………………………9

1.3Management Levels…………………………………………... 10

1.4Theories in management……………………………………… 15

1.5Differences between Management and Administration……… 17

**2. The overview of Organisation Behaviour**

2.1Definitions and concepts of Organisation Behaviour……………. 45

2.2 Importance of Organisational behaviour in organisations……… 48

2.3 Contrasts between management and organisation behaviour……48

2.4 Historical roots of organisations behaviour………………………49

**3. The foundations of individual Behaviour**

3.1Personality-definitions……………………......................................... 60

Development of Personality………………………………………………... 62

3.1.2Sources of Personality……………………………………………… 61

3.1.3Personality attributes at work…………………………………………… 66

3.2Attitudes……………..................................................................................... 66

3.2.1Organisations work related attitudes and types of behaviours at work places 67

3.2.2Psychological contracts-the person job fit, individual differences…………..

3.3 Organisational behaviour modifications-process and steps in organisation behaviour

3.4 Perception in organisations-.......................................................69

3.4.1basic perceptual process………………………………70

3.4.2Perception and attribution theory…………………………70

3.4.3The reinforcement theory-concepts and learning theory……………… 71

**4. Organisational Process and Applications.**

4.1Groups in organisations………………………………………………… 73

4.1.1characteristics of groups………………………………………………….75

4.1.2types of groups…………………………………………………………77

4.1.3stages of groups development and group structures……………………79

4.2Power and influence-…………………………………………………………77

4.2.1definitions of power………………………………………………………79

4.2.2Sources of power and guidelines for using power……………………….80

74.3Decision making

4.3.1nature of decisions……………………………………………………81

4.3.2Types of decisions………………………………………………………81

4.3.3Decision making process………………………………………………….83

4.3.4Negotiations, and approaches to negotiations………………………………88

4.4Leadership-

4.4.1Definitions……………………………………………………………………88

4.4.2Types of leadership and leadership qualities…………………………………89

4.5Motivation………………………………………………………………………………..87

4.5.1Definitions……………………………………………………………………..87

4.5.2Early theories of motivation…………………………………………………..90

4.5.3 The equity theory of motivation………………………………………………92

4.5.4, Expectancy theory of motivation……………………………………………..93

4.5.5Llearning and motivation…………………………………………………93

4.6. Stress-

4.6.1definition..............................................................................94

4.6.2 causes of stress .............................................................95

4.6.3Organisational stressors ............................................95

4.6.4Consequences of stress and managing stress at work places

4.7Organisational design

4.7.1Design elements……………………………………96

4.7.2 Specialisations………………………………………97

4.7.3Departmentalisation……………………………………97

4.7.3Jobenrichment……………………………………………98

4.7.4Job rotation and coordination………………………………98

4.8 Organisation culture

4.8.1-Definition of culture…………………………………………98

4.8.2Creating organisation culture……………………………………99

4.8.3 Emerging issues in organisation culture……………………………100

4.8.4Managing organisation culture…………………………………… 102

**5. Communication and conflicts**

5.1.1. Organisational communication-definition………………………103

5.1.2, communication process………………………………………… 103

5.1.3Methods and channels of communications………………………104

5.1.4Barriers to communications and improving communication ……105

5.2Organisation conflicts,

5.2.1 Types of conflicts and managing conflicts in organisations………105

**6. Performance management**

6.1Nature of performance management…………………………………106

6.1.2Purpose of performance management………………………………109

6.2Individual rewards in organisations…………………………………..110

6.2.1Purpose of rewards…………………………………………………….110

6.2.3Types of rewards ……………………………………………………116

6.2.4Linkingperformance and rewards…………………………………….118

6.2.5 Rewardsystems………………………………………………………..118

6.3Work-life linkages: Fundamental.....................................................118

6.3.1 work-life relationship and balancing work life linkages… 119

**7. Organisational Change and Development**

7.1Forces of change,

7.1.2Process in organisation changes…………………120

7.1.2 Resistance to change………………………………… 121

7.1.3Organisational sources of resistance to change……….124

7.1.4 Individual resistance to change ……………………..121

7.1.5Managing organisation change…………………………122

7.2Training and development………………………………………………124

7.2.1The psychology of skill…………………………………………..124

7.2.3Differences between training and development…………. ……….124

7.3Team building……………………………………………………………124

7.3.1Differences between teams and groups………………………126

References……………………………………………………………………………128

**MANAGEMENT AND THEORIES OF MANAGEMENT**

UNIT 1

**Introduction**

This unit will introduce you to the General understanding of Management in organisations. You will understand what Management mean from various perspectives. You will also learn about the objectives of Management in organisations, as well as the Management Functions in detail. In addition, the unit will make candid differences between Management and Administration, as well as discuss The Three Management levels, their Roles and Skills at each level. The Final Part of this Unit will lead you the Principles of management and theories of Management. You will also be subjected to some exercises to consolidate your understanding of the entire Module.

**Objectives**

At the end of the Unit, Students should be able to

* Define management and explain in details the management functions
* Identify and explain the three levels of management
* Explain the principles of management
* Explain the skills of a manager at each management level of an organisation

**1.0 MANAGEMENT**

Management is the process of reaching Organisational goals by working with and through people and other Organisational resources. All types of organisations big or small have to be managed. The management process is executed through activities in four management functions, namely, Planning, Organising, Leading and Controlling. To be effective, a manager must understand how these functions are practiced. Depending on one’s managerial level, he should also have the following managerial Skills, Technical Skills, Interpersonal and communication skill Skills and conceptual and decision skills. He should also be aware of the current environment, where he can apply those skills for his organisation to have competitive advantage and move forward.

**1.1Objectives of Management**

The main objectives of management are:

**Getting Maximum Results with Minimum Efforts -** The main objective of management is to secure maximum outputs with minimum efforts & resources. Management is basically concerned with thinking & utilizing human, material & financial resources in such a manner that would result in best combination. This combination results in reduction of various costs.

**Increasing the Efficiency of factors of Production -** Through proper utilization of various factors of production, their efficiency can be increased to a great extent which can be obtained by reducing spoilage, wastages and breakage of all kinds, this in turn leads to saving of time, effort and money which is essential for the growth & prosperity of the enterprise.

**Maximum Prosperity for Employer & Employees -** Management ensures smooth and coordinated functioning of the enterprise. This in turn helps in providing maximum benefits to the employee in the shape of good working condition, suitable wage system, incentive plans on the one hand and higher profits to the employer on the other hand.

**Human betterment & Social Justice -** Management serves as a tool for the upliftment as well as betterment of the society. Through increased productivity & employment, management ensures better standards of living for the society. It provides justice through its uniform.

1.2. **Definition of Management**

Many management thinkers have defined management in their own ways. For example, Van Fleet and Peterson define management, *‘****as a set of activities directed at the efficient and effective utilization of resources in the pursuit of one or more goals****.’*

Megginson, Mosley and Pietri define management as ‘**working with human, financial and physical resources to achieve organizational objectives by performing the planning, organizing, leading and controlling functions**‘.

Kreitner’s definition of management:**’ Management is a problem solving process of effectively achieving organizational objectives through the efficient use of scarce resources in a changing environment**.’

According to F.W. Taylor, ‘**Management is an art of knowing what to do, when to do and see that it is done in the best and cheapest way**.’

According to Harold Koontz, ‘**Management is an art of getting things done through and with the people in formally organized groups. It is an art of creating an environment in which people can perform and individuals and can co-operate towards attainment of** group **goals.’**

A leader has certain inherent qualities and traits which assist him in playing a directing role and wielding commanding influence with others. [Leadership](https://www.managementstudyhq.com/types-of-leadership.html) is an integral part of management and plays a vital role in managerial operations, while management is an integral component of technical as well as social processes. The practice of management is as old as human civilization. However, the study of management in a systematic and scientific way as a distinct body of knowledge is only of recent origin. Management in some form or another is an integral part of living and is essential wherever human efforts are to be undertaken to achieve desired objectives. The basic ingredients of management are always at play, whether we manage our lives or our business.

For example, let us look at the managerial role of a simple housewife and how she uses the managerial ingredients in managing the home. First, she appraises her household and its needs. She forecasts the needs of the household for a period of a week or a month or longer. She takes stock of her resources and any constraints on these resources. She plans and organizes her resources to obtain the maximum benefits out of these resources. She monitors and controls the household budget and expenses and other activities. In a large household, she divides the work among other members and coordinates their activities. She encourages and motivates them to do their best in completing their activities. She is always in search for improve, mention goals, resources and in means to attain these goals. These ingredients, generally, are the basic functions of management.

Management can be defined in detail in following categories:

* Management as a Process
* Management as an Activity
* Management as a Discipline
* Management as a Group
* Management as a Science
* Management as an Art
* Management as a Profession

The concept of management is as old as the human race itself. The concept of ‘family’ itself required that life be organized and resources of food be apportioned in a manner so as to maximize the utility of such resources. Taking proper steps to safeguard the family from attacks by wild animals, planning on where to go fishing and hunting and whom to go with, organizing these groups into chiefs and hunting and fishing bands where chiefs gave directions, and so on, are all subtle ingredients of management and organization.

A study of various people around the world shows good examples of [organizational structures](https://www.managementstudyhq.com/types-of-organizational-structures.html) and organizational evolution over the years. A village open market in a tribe and a large department store in a modern city serve the same needs in a similar fashion, which is putting things together that people need. While the tribal organization was simple in nature, the modern organization is much more sophisticated and complex with many technological innovations. However, the basic form of management and organizational structure seem to have existed since the beginning of organized human activity. Management, as a system, is not only an essential element of an organized society, but also an integral part of life when we talk about managing our lives. Managing life is not much different from managing an organization and this ‘art’ of management has been with us from time immemorial. Just as a well-managed life is much better organized, goal oriented and successful, ‘good’ management of an organization makes the difference between the success and the failure of the organization

1.3**. Functions of Management-There are basically five primary functions of management.** These are:

**1.Planning**  
**2.Organizing**  
**3.Staffing**  
**4.Directing**  
**5. Controlling**

The controlling function comprises co-ordination, reporting and budgeting, and hence the controlling function can be broken into these three separate functions. Based upon these seven functions, Luther Guelick coined the word **POSDCORB**, which generally represents the initials of these seven functions i.e. P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting.

But, **Planning, Organizing, Staffing, Directing** and **Controlling** are widely recognized functions of management.

[](https://www.managementstudyhq.com/wp-content/uploads/2013/07/management_functions.jpg)

Planning-Planning is future oriented and determines an organization’s direction. It is a rational and systematic way of making decisions today that will affect the future of the company. It is a kind of organized foresight as well as corrective hindsight. It involves the predicting of the future as well as attempting to control the events. It involves the ability to foresee the effects of current actions in the long run in the future.

Peter Drucker has defined planning as follows:*” Planning is the continuous process of making present entrepreneurial decisions systematically and with best possible knowledge of their futurity, organizing systematically the efforts needed to carry out these decisions and measuring the results of these decisions against the expectations through organized and systematic feedback”.*

An effective planning program incorporates the effect of both external as well as internal factors. The external factors are shortages of resources; both capital and material, general economic trend as far as interest rates and inflation are concerned, dynamic technological advancements, increased governmental regulation regarding community interests, unstable international political environments, etc. The internal factors that affect planning are limited growth opportunities due to saturation requiring diversification, changing patterns of work force, more complex organizational structures, decentralization etc.

Organizing-Organizing requires a formal structure of authority and the direction and flow of such authority through which work subdivisions are defined, arranged and co-ordinated so that each part relates to the other part in a united and coherent manner so as to attain the prescribed objectives. According to Henry Fayol, *“To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel’s”.* Thus the function of organizing involves the determination of activities that need to be done in order to reach the company goals, assigning these activities to the proper personnel, and delegating the necessary authority to carry out these activities in a co-ordinated and cohesive manner. It follows, therefore, that the function of organizing is concerned with:

Identifying the tasks that must be performed and grouping them whenever necessary

Assigning these tasks to the personnel while defining their authority and responsibility.

Delegating this authority to these employees

Establishing a relationship between authority and responsibility

Coordinating these activities

Staffing-Staffing is the function of hiring and retaining a suitable work-force for the enterprise both at managerial as well as non-managerial levels. It involves the process of recruiting, training, developing, compensating and evaluating employees, and maintaining this workforce with proper incentives and motivations. Since the human element is the most vital factor in the process of management, it is important to recruit the right personnel.

According to Kootz&O’Donell, *“Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed in the structure”*.

This function is even more critically important since people differ in their intelligence, knowledge, skills, experience, physical condition, age and attitudes, and this complicates the function. Hence, management must understand, in addition to the technical and operational competence, the sociological and psychological structure of the workforce.

**Directing-**The directing function is concerned with [*leadership*](https://www.managementstudyhq.com/types-of-leadership.html)*,*[*communication*](https://www.managementstudyhq.com/types-of-communication.html)*,*[*motivation*](https://www.managementstudyhq.com/what-is-motivation.html) and supervision so that the employees perform their activities in the most efficient manner possible, in order to achieve the desired goals. The [leadership](https://www.managementstudyhq.com/types-of-leadership.html)element involves issuing of instructions and guiding the subordinates about procedures and methods. The [communication](https://www.managementstudyhq.com/types-of-communication.html) must be open both ways so that the information can be passed on to the subordinates and the feedback received from them. Motivation is very important, since highly motivated people show excellent performance with less direction from superiors. **Supervising** subordinates would lead to continuous progress reports as well as assure the superiors that the directions are being properly carried out.

Controlling-The function of control consists of those activities that are undertaken to ensure that the events do not deviate from the per-arranged plans. The activities consist of establishing standards for work performance, measuring performance and comparing it to these set standards and taking corrective actions as and when needed, to correct any deviations. According to Koontz &O’Donell, *“Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished”.*

The controlling function involves:

a. Establishment of standard performance.

b. Measurement of actual performance.

c. Measuring actual performance with the pre-determined standard and finding out the deviations.

d. Taking corrective action.

All these five functions of management are closely interrelated. However, these functions are highly indistinguishable and virtually unrecognizable on the job. It is necessary, though, to put each function separately into focus and deal with it.

1.**4Differences between Management and Administrations**

Management and administration are at times used interchangeably; however, they are two different levels of the organization. The administration is the top level of the organization with the decisive functions. They are responsible for determining the policies and objectives of the organization or the firm. Management, on the other hand is the middle level executive function. They implement the policies and objectives as decided by the administration.

The administration includes the people who are either owners or partners of the firm. They usually contribute to the firm’s capital and earn profits or returns on their investment. The main administrative function is handling the business aspects of the firm, such as finance. Other administrative functions usually include planning, organizing, staffing, directing, controlling and budgeting. Administration must integrate leadership and vision, to organize the people and resources, in order to achieve common goals and objectives for the organization.

Management usually incorporates the employees of the firm who use their skills for the firm in return for remuneration. Management is responsible for carrying out the strategies of the administration. Motivation is the key factor of a management. Management must motivate and handle the employees. It can be said that management is directly under the control of administration.

Further comparison between management and administration: see the diagram below:

|  |  |  |
| --- | --- | --- |
|  | **Management** | **Administration** |
| Definition | Art of getting things done through others by directing their efforts towards achievement of pre-determined goals. | Formulation of broad objectives, plans & policies. |
| Nature | executing function, doing function | decision-making function, thinking function |
| Scope | Decisions within the framework set by the administration. | Major decisions of an enterprise as a whole. |
| Level of authority | Middle level activity | Top level activity |
| Status | Group of managerial personnel who use their specialized knowledge to fulfill the objectives of an enterprise. | Consists of owners who invest capital in and receive profits from an enterprise. |
| Usage | Used in business enterprises. | Popular with government, military, educational, and religious organizations. |
| Influence | Decisions are influenced by the values, opinions, beliefs and decisions of the managers. | Influenced by public opinion, government policies, customs etc. |
| Main functions | Motivating and controlling | Planning and organizing |
| Abilities | Handles the employees. | Handles the business aspects such as finance. |

**ACTIVITY**

Discuss how you can integrate management and administration.

**1.5. Management Levels**

Managers are organizational members who are responsible for the work performance of other organizational members. Managers have formal authority to use organizational resources and to make decisions. In organizations, there are typically three levels of management: top-level, middle-level, and first-level. These three main levels of managers form a [hierarchy](http://www.referenceforbusiness.com/knowledge/Hierarchy.html), in which they are ranked in order of importance. In most organizations, the number of managers at each level is such that the hierarchy resembles a pyramid, with many more first-level managers, fewer middle managers, and the fewest managers at the top level. Each of these management levels is described below in terms of their possible job titles and their primary responsibilities and the paths taken to hold these positions.

**Top level Managers**

Top-level managers, or top managers, are also called senior management or executives. These individuals are at the top one or two levels in an organization, and hold titles such as: Chief Executive Officer (CEO), Chief Financial Officer ([CFO](http://www.referenceforbusiness.com/knowledge/Chief_financial_officer.html)), Chief Operational Officer (COO), Chief Information Officer (CIO), and Chairperson of the Board, President, Vice president, and corporate head.

Often, a set of these managers will constitute the top management team, which is composed of the CEO, the COO, and other department heads. Top-level managers make decisions affecting the entirety of the firm. Top managers do not direct the day-to-day activities of the firm; rather, they set goals for the organization and direct the company to achieve them. Top managers are ultimately responsible for the performance of the organization, and often, these managers have very visible jobs.

**Middle Level Managers**

Middle-level managers, or middle managers, are those in the levels below top managers. Middle managers' job titles include: General Manager, Plant manager, Regional manager, and Divisional manager.

Middle-level managers are responsible for carrying out the goals set by top management. They do so by setting goals for their departments and other business units. Middle managers can motivate and assist first-line managers to achieve business objectives. Middle managers may also communicate upward, by offering suggestions and feedback to top managers. Because middle managers are more involved in the day-to-day workings of a company, they may provide valuable information to top managers to help improve the organization's bottom line.

**First Level Managers [Front Line]**

First-level managers are also called first-line managers or supervisors. These managers have job titles such as: Office manager, Shift supervisor, Department manager, Foreperson, Crew leader, Store manager.

First-line managers are responsible for the daily management of line workers—the employees who actually produce the product or offer the service. There are first-line managers in every work unit in the organization. Although first-level managers typically do not set goals for the organization, they have a very strong influence on the company. These are the managers that most employees interact with on a daily basis, and if the managers perform poorly, employees may also perform poorly, may lack motivation, or may leave the company.

1.6. **Decisional Roles**

Decisional roles require managers to plan strategy and utilize resources. There are four specific roles that are decisional. The *entrepreneur*role requires the manager to assign resources to develop innovative goods and services, or to expand a business. Most of these roles will be held by top-level managers, although middle managers may be given some ability to make such decisions. The *disturbance handler*corrects unanticipated problems facing the organization from the internal or external environment. Managers at all levels may take this role. For example, first-line managers may correct a problem halting the assembly line or a middle level manager may attempt to address the aftermath of a store robbery. Top managers are more likely to deal with major crises, such as requiring a recall of defective products. The third decisional role that of *resource allocator,*involves determining which work units will get which resources. Top managers are likely to make large, overall budget decisions, while middle managers may make more specific allocations. In some organizations, supervisory managers are responsible for determine allocation of salary raises to employees. Finally, the *negotiator*works with others, such as suppliers, distributors, or labour unions, to reach agreements regarding products and services. First-level managers may negotiate with employees on issues of salary increases or overtime hours, or they may work with other supervisory managers when needed resources must be shared. Middle managers also negotiate with other managers and are likely to work to secure preferred prices from suppliers and distributors. Top managers negotiate on larger issues, such as labour contracts, or even on mergers and acquisitions of other companies.

**1.6.1Inter-Personal Roles**

Interpersonal roles require managers to direct and supervise employees and the organization. The *figurehead*is typically a top of middle manager. This manager may communicate future organizational goals or ethical guidelines to employees at company meetings. A *leader*acts as an example for other employees to follow, gives commands and directions to subordinates, makes decisions, and mobilizes employee support. Managers must be leaders at all levels of the organization; often lower-level managers look to top management for this leadership example. In the role of *liaison,*a manger must coordinate the work of others in different work units, establish alliances between others, and work to share resources. This role is particularly critical for middle managers, who must often compete with other managers for important resources, yet must maintain successful working relationships with them for long time periods.

**1.6.2Informational Roles**

Informational roles are those in which managers obtain and transmit information. These roles have changed dramatically as technology has improved. The *monitor*y valuates the performance of others and takes corrective action to improve that performance. Monitors also watch for changes in the environment and within the company that may affect individual and organizational performance. Monitoring occurs at all levels of management, although managers at higher levels of the organization are more likely to monitor external threats to the environment than are middle or first-line managers. The role of *disseminator*requires that managers inform employees of changes that affect them and the organization. They also communicate the company's vision and purpose.

Managers at each level disseminate information to those below them, and much information of this nature trickles from the top down. Finally, as a *spokesperson* communicates with the external environment, from advertising the company's goods and services, to informing the community about the direction of the organization.

**1.7Management Skills**

Regardless of organizational level, all managers must have five critical skills: technical skill, interpersonal skill, conceptual skill, [diagnostic](http://www.referenceforbusiness.com/knowledge/Diagnosis.html) skill, and political skill.

**1.7.1Technical Skills**

Technical skill involves understanding and demonstrating proficiency in a particular workplace activity. Technical skills are things such as using a computer word processing program, creating a budget, operating a piece of machinery, or preparing a presentation. The technical skills used will differ in each level of management. First-level managers may engage in the actual operations of the organization; they need to have an understanding of how production and service occur in the organization in order to direct and evaluate line employees. Additionally, first-line managers need skill in scheduling workers and preparing budgets. Middle managers use more technical skills related to planning and organizing, and top managers need to have skill to understand the complex financial workings of the organization.

**1.7.2Interpersonal Skills**

Interpersonal skill involves human relations, or the manager's ability to interact effectively with organizational members. Communication is a critical part of interpersonal skill, and an inability to communicate effectively can prevent career progression for managers. Managers who have excellent technical skill, but poor interpersonal skill are unlikely to succeed in their jobs. This skill is critical at all levels of management.

**1.7.3Conceptual Skills**

Conceptual skill is a manager's ability to see the organization as a whole, as a complete entity. It involves understanding how organizational units work together and how the organization fits into its competitive environment. Conceptual skill is crucial for top managers, whose ability to see "the big picture" can have major repercussions on the success of the business. However, conceptual skill is still necessary for middle and supervisory managers, who must use this skill to envision, for example, how work units and teams are best organized.

**1.7.4. Diagnostic Skills**

Diagnostic skill is used to investigate problems, decide on a remedy, and implement a solution. Diagnostic skill involves other skills—technical, interpersonal, conceptual, and politic. For instance, to determine the root of a problem, a manager may need to speak with many organizational members or understand a variety of informational documents. The difference in the use of diagnostic skill across the three levels of management is primarily due to the types of problems that must be addressed at each level. For example, first-level managers may deal primarily with issues of motivation and discipline, such as determining why a particular employee's performance is flagging and how to improve it.

**1.7.5Political Skills**

Political skill involves obtaining power and preventing other employees from taking away one's power. Managers use power to achieve organizational objectives, and this skill can often reach goals with less effort than others who lack political skill. Much like the other skills described, political skill cannot stand alone as a manager's skill; in particular, though, using political skill without appropriate levels of other skills can lead to promoting a manager's own career rather than reaching organizational goals. Managers at all levels require political skill; managers must avoid others taking control that they should have in their work positions.

**1.8. Classification of Management Theories: 4 Schools of Thought**

Management theories can be classified into four main schools of thought:

1. Pre-Scientific Management Theory 2. Classical Theory

 3. Behavioural Theory 4ModernManagement Theory.

1. 8.1**Pre-Scientific Management Theories:**

If we look at recorded history, a number of monumental examples of management can be traced. The Sumerian civilisation, Egyptian, Chinese, Greek and Roman civilizations represent significant practices in management. They represent management concepts that helped in smooth administration of these civilizations. Though famous even today, they do not provide significant information about the way these civilizations were managed. These concepts did not provide important insight into management of business (or economic) institutions.

**Contribution made by some of the management philosophers**

**1. Charles Babbage:**

One of the early British thinkers on management, Babbage, was the forerunner of scientific management. His work was closely related to that of Adam Smith (an economist), as he emphasised on work measurement, cost determination, bonus plans and profit sharing specialisation (dividing the work into various jobs) to increase managerial efficiency. His findings are also reflected in Taylor’s scientific management. He introduced methods like work measurement, cost determination, bonus plans and profit sharing to improve industrial productivity.

**2. James Montgomery:**

He was a textile owner-manager in Scotland. He focused on planning, organising and controlling of business and wrote management texts for their efficient working.

**3. Robert Owens:**

He was a textile entrepreneur and is known as the father of Personnel Management. His emphasis was not on the process of industrialisation or division of labour but on development of people. He advocated that workers should be treated as human beings and their values and beliefs should be respected. If working conditions and needs of the workers are satisfied, they work to achieve the organisational goals. He advocated improving living conditions (both factory and domestic conditions) of employees by upgrading the streets, houses, sanitation facilities etc. He also brought social and educational reforms for the employees. He believed that higher wages for workers, participation in managerial decision-making and positive motivation can increase productivity. His ideas on management to coordinate economic performance with human relations are found in Hawthorne experiments also.

**4. Andrew Ure:**

He was an English industrialist and focused on educating managers through training and moral education to make them contribute to organisational goals.

**5. Charles Dupin:**

He was an industrial educator in France. According to him, besides technical knowledge for contributing to organisational output, managers also needed broader management skills to maximise industrial output. He emphasised more on management education than technical education.

**Evaluation of Pre-Scientific Management Theories:**

These theories were primarily related to the organisational environments. They focused on specific organisational problems in specific ways. As each manager had his own way of viewing the organisation, some emphasised on production and others on human relations. There was no single universally accepted management theory that could apply to all organisations at all times. It was by the end of the 19th century that management became a systematic field of study. The early contributions include those made by Taylor in the early 20th century as scientific management.

**2. Classical Theory:**

It is the oldest theory of management and is, therefore, called the traditional theory of management. The classical viewpoint finds ways to manage business organisations effectively. It includes management theories that provide foundation to the study of management. It is the first step towards the study of management as a distinct field of study. With increase in complexity of organisations, the need to have systematic approach to management became inevitable. The focus was on industrial production. Financial incentives were considered important contributors to organisational output.

**Features:**

1. It includes some of the early works on management which provide foundation to the modern management theory.

2. It attempts to find methods that increase output of workers.

3. Employees have strong economic needs which can be satisfied through financial incentives.

4. It stresses on formal structure of jobs and work schedules to satisfy individual and organisational needs.

5. It views organisations as closed systems which do not interact with the external environment.

6. It develops a set of ‘management principles’ which universally apply to all organisations: business and non-business.

**Three main theories that developed in the classical school of thought are:**

a. Taylor’s Scientific Management Theory,

b. Fayol’s Classical Organisation Theory and

c. Weber’s Bureaucracy Theory.

**a. Taylor’s Scientific Management Theory:**

During the beginning of the 20th century, skilled labour was scarce in the United States. This affected industrial productivity. Efficiency of workers had to be increased and, thus, management thinkers worked on how to increase labour efficiency to increase productivity. They thought of deleting or combining the operations of work. At that time, Frederick W. Taylor (1856-1915) introduced scientific management theory. Taylor is also known as the father of Scientific Management. It was called scientific management because Taylor focused on solving managerial problems in a scientific way. Scientific management is the forerunner in the study of management. It developed because of the need to increase productivity. To compensate for short supply of skilled labour at that time, this theory developed to increase efficiency of the workers. Taylor found that work was not being done scientifically in many organisations which led to wastage of human and non-human resources. Time and work studies were not followed so that ‘how much work should be done in a day and how much should be paid for each day’s work’ was not scientifically planned. He felt that workers produced much less than what they could as they followed traditional methods of production. ‘Hit and trial’ approach was used for combinations of work schedules. Scientific ways (or the best way) of work were not adopted

**The theory focused on:**

i. The best way of doing each task/job by eliminating operations that resulted in wastage of men and materials.

ii. Time and motion studies to find optimum time and nature of operations for successful completion of each task.

**b. Henri Fayol’s Classical Organisation Theory (Management Process Theory):**

While Taylor emphasised on productivity at the shop level, Fayol focused on the organisation as a whole. Fayol was concerned with general management and control of the entire organisation and not just supervision and control of operations at lower levels of management. His focus was on management of the organisation and not simply individual jobs. His work was, thus, related more to the top level of management. He was regarded as the first person to systematize the administrative approach to management. Fayol (1841-1925) worked with the French Coal and Iron Company as a junior executive and promoted as director in the same company. He retired in 1918. There was a general belief at that time that ‘managers are born, not made’, that is, only those who had inherent qualities of being manager can become managers. Managers cannot be made through formal knowledge and training. This view was opposed by Fayol who said that managers need not necessarily be born; fundamental principles underlying the managerial theory can be taught and, thus, managers can be made. He believed that “management could be taught, once its underlying principles were understood and a general theory of management was formulated.”

**Fayol divided business activities into six groups:**

**1. Technical:**

It relates to production and manufacturing of goods.

**2. Commercial:**

It relates to buying raw materials and selling or exchanging the finished goods.

**3. Financial:**

It relates to search, acquisition and optimum use of financial resources.

**4. Security:**

It relates to protecting human and non-human resources.

**5. Accounting:**

**It relates to:**

(i) Keeping accounts such as Profit and Loss account and balance sheet,

(ii) Minimising costs, and

(iii) Maintaining statistics.

**6. Managerial:**

It relates to functions performed by a manager. Fayol believed that first five activities of business (operating activities) were followed in the organisations but they were lacking in managerial skill and, therefore, based his theory on managerial activities of business organisations.

**(b) Functions of a manager:**

**Fayol classified the following functions of managers:**

**1. Planning:**-To determine goals of the organisation, and devise a course of action, to achieve them

**2. Organising:**-To coordinate, human and non-human, resources of the organisation, and put the plans into action.

**3. Commanding:**-To direct and guide the workers to perform their duties well

**4. Coordinating:-** To synthesise the resources and activities of the organisation, to achieve the goals.

**5. Controlling:** To ensure that plans are effectively carried out and discrepancies are checked.

**(c) Abilities of managers:**

These refer to the skills of managers at different levels of the organisation, like managerial skill, technical skill, human skill etc.

**These skills vary according to the:**

1. Level at which managers work, and

2. Size of the organisation.

According to the level, at higher levels, managers exercise more of managerial skills and at lower levels they exercise more of technical skills. Top level managers perform managerial activities more than technical activities and lower level managers perform more of technical work. Importance of managerial ability increases as one moves up the hierarchy. Fayol, therefore, advocated sound management principles that enhance the ability of top managers to manage the organisation effectively.

**Fayol identified the qualities of managers as:**

1. Physical – Health and vigour,

2. Mental – Ability to analyse, interpret and arrive at conclusions,

3. Moral – Willingness to accept responsibility, loyalty and dignity,

4. General education – Knowledge of overall affairs of the organisation,

5. Special knowledge – Knowledge of a specific activity; technical, commercial or financial, and

6. Experience – Knowledge gained over a period of time while working in the specific functional area.

**(d) Principles of management:**

Fayol listed fourteen principles of management based purely on his experience. He described these principles as flexible and not exhaustive. They can be changed according to situations and usually apply in most business situations. They were considered as indispensable for every business and non-business organisation. The word ‘principles’ was used by Fayol to describe their flexibility

**Positive attributes of Fayol’s theory are:**

1. Fayol pioneered in distinguishing management functions from other functions/ activities of a business.

2. He was the first to highlight the universality of management principles.

3. His contribution to management theory is the foundation to development of management thought. His functions of management provide systematic understanding to the process of management. His theory is also known as management process approach.

**Limitations of Administrative Management:**

Fayol’s theory has the following limitations:

1. This theory is not well suited to modern business organisations which operate in the fast changing environment. In this process, they may not follow the principles of management at all times. The principle of centralisation, for example, where subordinates are not part of the decision-making process may not enable the organisations to adapt to the changing environment. In fact, workers’ participation in management is the feature of modern day organisations. The concept of universality of management, therefore, does not hold true.

2. It over-emphasises formal structure of the organisation and ignores informal needs of the workers.

3. The impact of external environment is not taken into consideration. This theory was introduced when environment was more or less stable. Contemporary management cannot work without active interaction of organisations with the external environment. Despite the limitations, Fayol’s contribution to management is important. Though not always applicable in every situation, his principles are generally in widespread use today.

**Comparison of Taylor’s and Fayol’s Theories:**

**Points of similarities:**

Taylor’s and Fayol’s theories are similar to each other with respect to the following**:**

1. Both the theories represent pioneering work in the study of management. They are the foundation to the study of management.

2. Both Taylor and Fayol found ways to increase the output.

3. They emphasise on financial needs which can be satisfied through financial incentives.

4. They focus on formal jobs and work schedules to satisfy individual and organisational needs.

5. They view organisations as independent units with little or no interaction with the external environment.

6. They develop a set of management principles important for industrial progress.

7. Both the theories are developed on practical experience in their respective companies.

8. Both emphasise that managerial qualities can be acquired. Therefore, organisations should attempt to develop these qualities.

**Points of differences:**

While Taylor focused on efficiency of operating workers, Fayol aimed at improving efficiency of the organisation as a whole. Fayol’s theory, therefore, has wider applicability

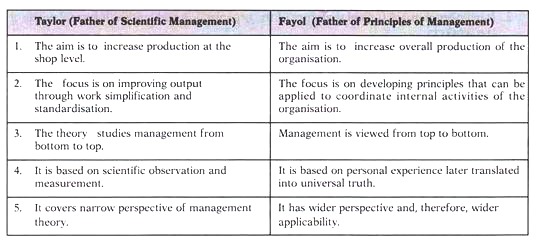
**The theories differ from each other on the following grounds:**

1. Taylor is known as the father of scientific management while Fayol is known as the father of modern management. He introduced the Administrative Management Theory.

2. Taylor emphasised on increasing productivity at the workers’ level while Fayolemphasised on managing the organisation as a whole.

3. Fayol’s principles of functional management focus on the entire enterprise while Taylor’s principles of scientific management focus on a segment of the enterprise — operating level.

4. Taylor emphasised on organisational productivity through increase in worker’s efficiency while Fayolemphasised on overall administration of the organisation.

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**Taylor (Father of Scientific Management):**

1. The aim is to increase production at the shop level.

2. The focus is on improving output through work simplification and standardisation.

3. The theory studies management from bottom to top.

4. It is based on scientific observation and measurement.

5. It covers narrow perspective of management theory.

**Fayol (Father of Principles of Management):**

1. The aim is to increase overall production of the organisation.

2. The focus is on developing principles that can be applied to coordinate internal activities of the organisation.

3. Management is viewed from top to bottom.

4. It is based on personal experience later translated into universal truth.

5. It has wider perspective and, therefore, wider applicability.

**c. Weber’s Bureaucracy Theory:**

Max Weber (1864-1920), a German sociologist, made significant contribution in the fields of management, economics, philosophy and sociology. In the field of management, his most significant contribution is his work on bureaucratic management. At the time when managers had traditional authority (authority by virtue of a particular class by birth) or charismatic authority (authority by virtue of appeal and social power), Weber propagated the need for organisations to be managed in a more rational manner. He introduced rational-legal authority system (rather than charismatic and traditional authority) to manage business organisations. The system was rational because organisations with formal authority-responsibility structures aimed to achieve a set of pre-determined goals. It was legal because authority was exercised by a person not by virtue of his appeal, class or reference but by position in the organisation and was bound by a system of well- defined rules and regulations. He identified a set of characteristics of large organisations which helped in their rational operation. Such organisations were known as bureaucratic organisations. Weber evolved an ideal type of bureaucracy which was a superior form of organisation with features of efficiency, objectivity, unity, discipline etc.

**Contribution of Classical Theory to Management Thought:**

1. Classical theory was the first to focus on management as a separate field of study.

2. It provided groundwork for development of later theories. It highlighted basic organisational problems to the management.

3. Many principles (job specialisation and scientific methods of work) and functions of management of the classical theory hold true even today.

4. It provides a set of management principles and functions based on experiments and scientific methods which can be applied to a large number of business and non-business organisations.

**Limitations of Classical Theory:**

1. This theory originated when organisations had stable and simple structures. They had very little interaction with the environment. The modern organisations are complex and changing in form and, therefore, do not fully comprehend the principles of classical theories. The theory was, therefore, more practical in the past than in the present.

2. The principles of management are not universally applicable in the organisations today. The ‘universality of concepts’ does not always hold good. The principle of unity of command, for example, does not apply in organisations where jobs are highly specialised. There is extensive division of work and people receive orders from various functional heads.

3. Employees are viewed as tools rather than resources for contributing to management objectives. Their social and psychological needs are altogether ignored.

4. The focus of theory is more on task than people; human behaviour and desires are ignored.

5. Monetary rewards are more important than non-monetary rewards. This is not always true. Non-monetary rewards like status, power, recognition etc. can be more powerful than money in many cases.

6. Initiative and creativity of employees are totally ignored. Overemphasis on rules made these rules an end. People strictly followed rules forgetting why these rules were framed.

**3. Behavioural Theory:**

**Management thinkers of this approach focused on human relations and attributed organisational success to:**

1. Organisational goals, and

2. Satisfaction of personal needs of human beings.

When principles of classical theory were put to practice, the responses at the work place were not very positive. When researchers tried to analyse human behaviour at work, they found that classical theorists viewed people as means of production and suggested ways to increase production. But unfortunately, managers could not achieve the targets of production as people at the work place did not always behave rationally. The focus was on mechanical side of the organisation and human side of the organisation was totally ignored. In behavioural theory, the focus shifted from workplace conditions to human side of the organisation. The focus changed from job to workers who performed those jobs. ‘Production-oriented’ approach was substituted by ‘people-oriented’ approach. Behavioural theory is a “perspective on management that emphasises the importance of attempting to understand the various factors that affect human behaviour in organisations.” It recognises that employees’ behaviour is not affected by job conditions alone. Internal reactions to the job situation also affect their behaviour.

**Two main theories which promote this idea are:**

a. Human Relations Theory

b. Behavioural Science Theory

**a. Human Relations Theory:**

This theory analyses the impact of ‘what is achieved, how it is achieved and why it is achieved on people in the organizations’ (Terry and Franklin). The approach emphasises that “management does not do, it gets others to do”. When focus of management is human beings and human relations, it boosts the morale of employees and productivity and efficiency of the organisations increase. “Human relations refer to the ways in which managers interact with their subordinates.” Managers should know the factors that motivate the employees so that good human relations are developed in the organisations. The theory considers organisation as social system that looks after socio-psychological needs of the workers. It looks beyond rewarding employees by financial incentives alone. Workers have to feel satisfied at the work place and, therefore, managers adopt participative decision­ making, job enrichment, cordial work relationships etc. This will promote individual goals, provide them work satisfaction and positively contribute to organisational goals

**Evaluation:**

1. The human relations theory focused on promoting organisational efficiency through satisfaction of social and psychological needs of workers more than other needs.

2. Workers are part of the group where informal rather than formal communication and leadership are more effective.

3. Managers get better results by changing their management style; participative approach is better than authoritarian approach; managerial skills are more important than technical skills.

4. Financial incentives are not always as rewarding as non-financial incentives in affecting the human behaviour.

**Limitations:**

**This theory suffers from the following weaknesses:**

**(i) Design of the theory:**

The theory is based on experiments on a group of people which is not representative of the general population. Social and psychological needs are not always as important as emphasised upon. They are secondary to physiological needs and unless workers are satisfied with their pay packages and working conditions, they are not motivated to work for their social needs.

**(ii) Analysis of the theory:**

It analyses group dynamics and decision-making as more important variables than unity of command to increase productivity. This may not always hold true.

**(iii) Interpretation of the theory:**

It over-emphasises the fact that objectives can be achieved if cordial relations are maintained in the organisation. Differences of opinion amongst people can also generate new ideas and innovations.

**(iv)Human relations philosophy:**

It says that informal groups satisfy workers and promote productivity which is not always true. It is proved empirically that informal groups at the work place are a very simple assumption about workers’ contribution to their jobs. Factors like motivation, communication and leadership also contribute to organisational efficiency. These factors are considered in the behavioural science theory.

**(v) Scientific method and human relations approach:**

Human relations approach is not based on scientific methods. Workers are viewed as mere means to contribute to organisational goals. The needs they want to fulfil through work and work environment are ignored.

Despite the shortcomings, Hawthorne studies are important contributors to the study of social factors on industrial production. It pioneered in changing the managerial focus from task to people. Workers should be treated as human beings and not as hired labour. People have to be treated with dignity and respect. Their values and beliefs have to be respected. John G. Adair comments: “No other theory or set of experiments has stimulated more research and controversy nor contributed more to a change in management thinking than the Hawthorne Studies and the human relations movement they spawned.”

**b. Behavioural Science Theory:**

Human relations theory lacked scientific vision to the study of human behaviour. This was considered in the behavioural science theory. Elton Mayo and other researchers applied scientific methods to study human behaviour at their work place. While human relations theorists take simple view of human behaviour (they focus on inter­personal relations), behavioural theorists take complex view of the work situation (they focus on the performance of individuals and groups). The approach focuses not on individual behaviour (human relations approach) but on group behaviour and relationship amongst different groups affected by varied social and cultural beliefs.

They adopt concepts from various disciplines and test them in business organisations and laboratories before they are accepted as management theories. Behavioural science theorists take wider view of organisational behaviour. They apply the concepts of social sciences or behavioural science (Psychology, Sociology and Anthropology) to understand the behaviour of human beings. Psychology is the study of individual human behaviour. Sociology is the study of human behaviour in groups. Anthropology is the study of human behaviour as individuals and members of groups. Thus, these researchers came to be known as behavioural scientists rather than ‘human relations theorists’. This theory is, thus called the behavioural science theory. “The behavioural science approach emphasises on scientific research as the basis for developing theories about human behaviour in organisations that can be used to develop practical guidelines for managers. “Some behavioural scientists, like Maslow and McGregor believe that more than a ‘social man’, worker is a ‘self-actualizing man’. Generally, workers want their lower-order needs to be satisfied before higher-order needs (ego and self-actualization), but there are people who work for higher-order needs even at the cost of their job security. The behavioural scientists motivate people according to their need perceptions. They believe that people differ with respect to their needs, values, attitudes and perceptions and, therefore, act differently in similar situations. Managers understand these needs and values, satisfy them through motivators and synchronize their individual goals with organisational goals.

**Features:**

1. It emphasises on participative and group decision-making rather than individual decision-making.

2. It emphasises on self-direction and self-control rather than control by managers.

3. It suggests positive measures to improve the performance of sub-standard workers rather than taking negative actions against them.

4. It considers organisation as a group of individuals and identifies the reasons why individuals join groups and factors that influence the group behaviour. Informal groups and group norms are considered important.

5. Behaviour of people is different as members of group than as individuals.

6. While working together, people form informal groups which have their own norms. Group norms have powerful influence over organisational efficiency.

7. It introduces the concept of ‘complex man’ over ‘social man’ with varied needs. According to behavioural scientists, human behaviour is need-based and, therefore, people react differently to different situations.

8. It appreciates conflict in the organisation. Conflict of opinion is considered desirable for human development. The sociological approach to behavioural science theory recognises interaction amongst people of social groups, their cultural relations and coordinates organisational activities with social and cultural values of members of groups. It accepts that informal organisation co-exists with formal organisation (characterised by formal leadership and well-defined authority- responsibility relationships).The theory also asserts that since people do not react to same situation in the same way, general principles of management cannot always be applied to organisations. Managers should create social and friendly environment at the work place, allow participative decision-making and integrate individual goals with organisational goals so that employees cooperate with managers as a group to increase productivity.

**Contributors:**

Sociologists like Blake, Selznick, Durkheim, Pareto, Dalton and many others have also contributed to sociological aspect of the behavioural theory.

**Evaluation:**

Behavioural scientists have scientifically contributed to the human element; their needs and working environment, interpersonal relationships, group behaviour and need for motivation, leadership and communication in guiding organisational behaviour and solving group conflicts. It satisfies social and psychological needs of employees, emphasises on interpersonal relations and group dynamism. Though this approach has significantly contributed to management theory, it is not always practical to deal with human behaviour the way the theory suggests because of the complex nature of human beings. Human nature is not predictable; it is not guided by the same motivational forces. Group norms may not always supersede organisational norms, group decision-making may not always be better than individual decision-making and social or human relations approach may not always be better than technical aspects of work.

**4. Modern Management Theory:**

With increasing complexities of organisations, modern management theory developed as a synthesis of quantitative theory, systems theory, contingency theory and operational theory of management.

**The modern management thought is characterised by the following features:**

1. Management is responsive to environmental changes. Successful organisations adapt to environmental changes as part of the management practices.

2. Business organisations are dynamic institutions composed of inter-related divisions and sub-divisions.

3. Firms have multiple objectives. Managers balance economic and non-economic objectives and maximise the interests of diverse groups of stakeholders like shareholders, customers, suppliers etc.

4. Management is multi-disciplinary in nature. It draws knowledge from various disciplines and synthesizes it to solve managerial problems.

5. Management is future oriented. It forecasts environment through scientific techniques and discounts it to make decisions in the present. Effective forecasts reduce risk and increase organisation’s adaptability to changing environmental variables.

**a. Quantitative Theory:**

It became an acceptable theory during World War II when Britain had to solve the problems of war (Researchers wanted to increase the efficiency of bombing and find procedures for detecting enemy supplies). The problem was that the radar system did not perform well at field sites as it performed at the testing stations. On-site scientific observation was, thus, called during actual operation. The problem was studied by P.M.S. Blackett, a Nobel laureate of the University of Manchester. To examine several perspectives of the problem and solve complex problems of war, Blackett assembled a team of people from different streams like Mathematics, Physics, Statistics, Engineering and Economics.

This team was known as Operations Research (OR) team. It composed of an astrophysicist, two mathematical physicists, a general physicist, two mathematicians, three physiologists, a surveyor and an Army officer. Specialised knowledge of members of this team helped the British solve their problems. Subsequently, when Americans entered the war, the US military services also formed an OR team based on models similar to those of the British and applied quantitative methods for effective utilisation of scarce resources.

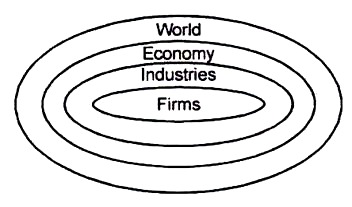
Mathematicians, engineers, physicists, psychologists and others were recruited to assist the task of military decision-making. Besides improvements in the movements of radar, activities such as anti-submarine operations, aerial mining of the sea, ship manoeuvres under aerial attack and statistical analysis of bomb damage were also studied. After the war was over, the quantitative specialists found jobs in business organisations and applied the inter-disciplinary techniques of OR to industries. Large corporations and government agencies designed research activities to deal with operational problems similar to research efforts directed to product development and marketing. Operations research is “the application of scientific methods to problems arising from operations involving integrated systems of people, machines and materials.” It involves knowledge of inter-disciplinary research team to provide optimum operating solutions. “The quantitative management viewpoint focuses on the use of mathematics, statistics and information aids to support managerial decision-making and organisational effectiveness.”

**b. Systems Theory:**

The theories discussed so tar (classical, behavioural and quantitative) focus on one aspect of the organisation; ‘task’, ‘people’ or ‘mathematical decision-making’. They apply under definite set of assumptions. The systems approach takes broader view of management where the organisation is viewed as a whole, unified and purposeful entity composed of different parts. System means a complex whole, a set of connected parts or an organised body of things. It is a set of parts or things which perform common functions. Rather than analysing parts of the organisation independently, systems theory views the organisation as a whole which operates in the larger external environment.

It assumes that each part bears relationship with every other part of the organisation and, therefore, manager should view the organisation as a whole consisting of several inter-related parts. This theory provides new thinking to the study of organisations and management. It identifies simultaneous variations of mutually dependent variables of the organisation.

**In the context of the economy as a whole, with various firms operating in it, this circle can be represented as:**

**[](http://cdn.businessmanagementideas.com/wp-content/uploads/2016/08/clip_image008.jpg)**

The systems approach, thus, views organisation as a single, integrated system of sub-systems. “It is a set of inter-related parts that operate as a whole in pursuit of common goals. The systems approach as applied to organisations is based largely on work in biology and the physical sciences.”

**c. Contingency Theory:**

The contingency viewpoint developed in 1950s when a research team headed by Joan Woodward, an industrial sociologist, studied 100 British firms of different sizes producing different products. Better performing companies were compared with average or below- average performing companies to know the reasons why they performed better. It was concluded that difference in performance of those companies was not because of principles of classical theories but because of better technology to produce goods. This developed a theory that ‘appropriate actions by managers often depend on (or are contingent on) the situation’.

According to classical theory, if management wants to get the best out of workers, it should increase wages or relax working conditions. The behavioural school of thought emphasises on human needs to maximise their contribution to organisational output. Contingency approach is synthesis of the two. It does not advocate either of the two to be universally applicable. It depends on the situation. If workers are skilled, participative style of management or behavioural theory can be effective but if workers are unskilled or their physiological needs are more important than the higher-order needs (self-actualisation needs), classical theory will be more appropriate.

“Contingency theory is a viewpoint that argues that appropriate managerial action depends on the particular parameters of the situation. Hence, rather than seeking universal principles that apply to every situation, contingency theory attempts to identify contingency principles that prescribe actions to be taken depending on the characteristics of the situation. “Each organisation is unique, each problem is unique, each decision is unique and, therefore, the way of tackling every situation is also unique. Every decision or solution depends upon the variables that affect the situation. Different situations call for different decisions. There is no best way of doing things universally in all situations. The theory developed when managers applied principles of management to different problem- solving situations and concluded that these principles could not be universally applied to all the situations.

**The contingency approach considers three important constraints that affect decisions within the organisations:**

**(i) Technological constraints:**

Different organisations require different technology. Some organisations (like iron and steel manufacturing units) require expensive technology which cannot be easily changed to meet the changing demands and to that extent, have limited capacity to adapt to the external environment. Depending on the type of technology used for producing goods in

1. Unit or small batches

2. Masses or large batches

3. Continuous process

The elements of organisation (span of control, delegation, centralisation, decision-making etc.) have to be designed in different ways.

**(ii) Task constraints:**

These constraints arise from the nature of work performed by employees. If employees perform simple, methodical, repetitive tasks, management style is objective in nature, that is, based on policies, standards and rules. If workers perform complex and non-repetitive tasks, management style is subjective in nature, which is, based on judgment, intuition and innovativeness. Managers should know variation in tasks (more or less) while applying the contingency theory.

**(iii) Human constraints:**

Competence of workers and factors that motivate them to work also affect the management style. If workers are motivated only by economic rewards, their lower-order needs are strong. Managers usually adopt authoritative style of leadership, vertical chain of communication and no involvement of employees in the decision-making process.

If higher-order needs of workers are strong, managers adopt participative style of leadership. Employees participate in the decision-making process and communication is both vertical and horizontal. Keeping these constraints in mind, contingency approach relates organisation’s internal environment with the external environment. It assesses the impact of environmental factors on the organisation and vice versa and arrives at the best solution to the problem in the prevailing situation. Thus, this approach does not advocate ‘universality of management principles’. Management concepts, principles and theories depend purely on the situation. There is no best style of management. Management style changes with changes in environmental factors. Managers analyse the external environment, their strengths and weaknesses, managerial concepts in the light of environmental factors and choose a concept or theory that best fits the situation.

**d. Operational Theory:**

“The operational approach to management theory and science draws together the pertinent knowledge of management by relating it to the managerial job that managers do. It tries to integrate the concepts, principles, and techniques that underlie the task of managing.”

Since managerial concepts apply at all levels of management in all kinds of organisations, business or non-business, this theory manages different situations by taking the best from theories (classical, behavioural, systems, quantitative etc.) in different schools of thought and unifies them into one theory. Rather than applying one approach, it picks up the best and relevant aspects of different theories that can practically apply to a given situation. Since management is a complex task that involves relationships amongst variables that affect internal and external organisational environment, managerial knowledge must be an integration of pertinent knowledge from different schools of management thought.

Operational theory is also regarded as the management process school of thought where management process is considered as a set of management functions (planning, organising, actuating and controlling) which distinguish managers from non-managers. The emphasis on these functions varies with the actual situation. Managers seek knowledge of other theories with process framework as central management functions to be performed. This theory has practical application today.

**1.8. Human Resource Management**

Human Resource Management is essential to any organisation and how these resources are managed in a firm is a critical element in a company’s pathway to success. First organisations must plan the Human Resource need of the organisation. This is followed by the recruiting and selecting process. Many Organisations open the recruitment to internal as well as external candidates. This is to ensure opportunities for career development is available to existing staff at the same time that the organization seeks fresh faces and ideas. Selection is done by a small panel normally through the interview process, a well-tested way of getting the right candidate. These new employees have to be trained. Training should be systematic and well planned; it should cover all categories of staff. Training helps to improve staff performance, another important function of HRM.Training should span from orientation to retraining for new skills. Training helps improves staff performance, and performance assessment [PA] should contain key indices and must be done professionally and objectively by the assessing panel. The principle reward system is that it should be attractive enough for people to join as well as remain in the organisation. A reward system ordinarily consists of salary and other monetary and non-monetary elements.

Human Resource Management (HRM) deals with formal systems for managing people at work. The main formal systems are recruitment and selection, training, and development, performance assessment, and reward system. The policies and practices in each system must help to establish a firm’s sustainable competitive advantage.

Human resource Process of an organisation begins with man power planning. The number of employees, the types of jobs and qualifications form part of the planning for recruitment. Recruitment proper can be by various ways as follows:

* Advertisement through print Media-Key attributes: average processing cost. Large coverage, many applicants, takes time to process, better chance to get suitable candidates
* Company’s website-least cost, the rest as above

Professional Journals-Average cost, qualified and experienced candidates

* Graduating Students from colleges and Universities-not much cost, fresh candidate and qualified but little experience
* Headhunting-Normally done by agency, high processingcost,suitable candidates but on his/her terms
* Internal Qualified staffs-No processing costs, brings satisfaction to workforce, experienced candidate, and may suffering-breeding.

Training is the next element of HRM.An organisation has to plan for the training needs of its employees in terms of types of training and categories of staff and the budget among others. Besides orientation for the new staff, there are also other types of training for existing staff such as upgrading of skills and learning new technology. Training should be done to fulfil the organisations needs but the trained employees should be amply rewarded and placed for career development.

The reward system consists of salaries and other monetary and non-monetary benefits. An organisation has to consider its capacity to pay the standard in the industry. This reward system should be competitive so that candidates are attracted to join the organisation and continue to remain. For many corporations in the private sector, the compensation and benefits are done through collective bargaining between management and the Unions.

**ACTIVITIES**

1. Discuss the functions of management in relation to an organisation of your choice

2. What are the components of Victor Vroom’s expectancy Theory?

3what are some causes of stress at work places and how can be tackled

4discus barriers of effective communication

5what are rewards in organisations and state types of rewards you have just learnt

**REFLECTION**

In your own understanding are management functions and theories being applied today at work places? Just your answer with an organisation of your choice.

**CONCLUSION**

The unit discussed the meaning of management and identified management function s as planning, leading, controlling, and as well organising. It also dealt with levels of management which top management, middle and front line with the skill at each level. The unit also looked at management theories propounded by various scholar s among who are Fayol, and Taylors.

**Study Questions.**

1. Differentiate between Administration and Management.
2. Explain in Details, the Levels of Management at an organisation of your choice, and state how skills area applicable at each level by giving concrete examples.
3. [i]Explain in Details the Management functions as Propounded by Fayol.

[ii]State the Management levels of an organisation of your choice and state what roles are played at each level.

1. Define Management and give the objectives of Management.

5. Discuss by giving concrete examples the similarities between Fayol’s and Taylor’s theory in relation to an organization of your choice.

6. Explain in details Taylor’s scientific theory of Management in relation to an Organisation of your Choice in Zambia today.

7. Discus the main differences between Training and Development

**2.0THE OVERVIEW OF ORGANISATIONAL BEHAVIOR**

UNIT 2

**Introduction**

This unit provides you with an understanding of people at work place. It discusses the systematic approach to understanding the actions and attitudes of people that take place in organisations by using organisational behaviour theories and models. The unit will also discuss individual differences, perceptions, motivation and how these relate to rewards, teams and groups. It also delves into organisational design, structure.You will also be subjected to learn about attribution theory and reinforcement theory in relation to the foundations of individual behavior.Study questions will be given at the end of the unit for you to cement your understandings of the learned concepts.

**Objectives:**

At the end of the Unit, Students should be able to:

* Define concepts and theories of organisation behaviour.
* Trace the roots of Organisation behaviour.
* Demonstrate the importance of Organisation behaviour to organisations and Individuals.

**2.1. Definitions and concepts of Organisational Behaviour**

Cole (2006) defines organisational Behaviour as the systematic study of the behaviour of individuals and groups in the workplaces including and analysis of the nature of groups, the development of structures between and within groups, and the process of implementing change. The rationale of organisational Behaviour is to predict and /or control the behaviour of individuals and groups in pursuit of management goals, which may or may not be shared throughout the organisation. It is said that Organisational behaviour is one of the most complex and perhaps least understood academic elements of Modern general management, but since it concerns the behaviour of the people within organisation it is also one of the most central…its concern with individual behaviour issues thrown up in the modern business world. It is further stated that Organisational behaviour is the study and understanding of individuals and group behaviour, and patterns of structures in order to help improve organisational performance and effectiveness. In short we say that organisational behaviour is defined as the field of study that endeavours to:

(i)Understand

(ii)Predict

(ii)Change human behaviour that occurs in the organisational context for the purpose of enhancing effectiveness of organisations.

Characteristics of Organisational Behaviour

Organisational Behaviour is a relatively young multi-displinary field that pulls from the Psychology, Sociology, Anthropology, and Social Psychology.

Psychology-This is the science that seeks to measure, explore and sometimes change the behaviour of humans and animals. The unit focus is the individual and contributions include personality, motivation and perceptions.

Sociology-This is the study of people in relation to their fellow human beigns.Their focus is on the area of group dynamics. Contributions,, in the area of communications, power, and politics conflict and organisation culture.

Anthropology-This is the study of societies to learn about human beings and their activities. The focus is on organisation structure and groups.

Social Psychology-This is the area of psychology that blends concepts from psychology and sociology and that focuses of the influence of people on another.Contributiobns include attitude and behaviour change, group process and decision making.

It can thus be concluded that the study of organisational behaviour embraces an understanding of:

* The behaviour of people
* The process of management
* The organisation context in which the process of management takes place
* The organisational process and execution of work
* The interaction with the external environment of the organisation is part of.

**2.2Importance of OB in Organisations**

The variables outlined above provide the parameters within which a number of inter related dimensions can be defined-the individual, the group, the organization and the environment-which collectively influence behaviour(Mullins,2010).Therefore the importance of Organisational Behaviour in organisations cannot be overemphasized as indicated below:

**The Individual**-Organisations are made up of individual members. The individual is a central feature of organisational behaviour and a necessary part of any behavioural situations, whether acting in isolation or as part of a group, in response to expectations of the organisations, or as a result of the influences of the external environment where the needs of the individual and the demands of the organisations are incompatible, this can result in frustration and conflicts. It is the task of management to integrate the individual and the organization, and to provide a working environment which permits the satisfactions of individual needs as well as the attainment of organisation goals.

**The Group**-Groups exist in all organisations and are essential to their working and performance. The organisation comprises groups of people and almost everyone in an organisation will be a member of one or more groups, be it formal or informal. Informal groups arise from social needs of people within organisations. People in groups influence each other in many ways, and groups may develop their own hierarchies and leaders. Group pressures can have a major influence over behaviour and performance of individual members. An understanding of group structure and behaviour complements knowledge of individual’s behaviour and adds dimensions to organisations behaviour.

**The organisation**-Individuals and groups interact within the structure of the formal organisations.Struture is created by management to establish relationship between individuals and groups, to provide order and systems and to direct the efforts of the organisations into goal-seeking activities. It is through the formal structure that people carry out their organisational activities in order to achieve aims and objectivves.Behavoiur is affected by patterns of structure, technology, styles of leadership and systems of management through which organisational processes are planned, directed, and controlled.

**The environment**-The organisations functions as part of the broader external environment of which it is a part. The government affects the organisations through, for example technological and scientific development, economic activity, social and cultural influences and Governmental actions. The effects of operations of the organisation within its environment are reflected in terms of managements of opportunities and risks and the successful achievement of its aims and objectives. Handy (2012) states that the increasing rate of change in environmental factors has highlighted the need to study the total organisation and the processes by which the organisation attempts to adapt to the external demands placed upon it. Increasing globalisation means organisations must respond to different market demands and local requirememets.

**2.3. Contrast between Management and Organisation Behaviour.**

Management has been defined as the process through which efforts of members of the organisation are co-ordinated, directed and guided towards the achievement of organisational goals. The clarifications of objectives, planning, organising, directing and controlling other peoples work. However, Management is a generic term and subject to many interpreteations.Bhaskar (2011) defines Management as one that is active, not theoritcial.It is about changing behaviour and making things happen. It is about developing people, working with them, reaching objectives and achieving results. Indeed all the research into how managers spend their time reveals that they are the creatures of the moment, perpetually immersed in the nitty-gritties of making things happen. Management must always be something of an art, especially in so far as it involves practice, personal judgement and dealing with people. However, it still requires knowledge of the fundamentals of management, and competence in the application of specific skills and techniques. Management can be viewed from the following perspectives:

* Management can be science-successful managers are those who have learned the appropriate body of knowledge and have developed an ability to apply acquired skills and techniques.
* Management as politics-successful managers are those who can work out the unwritten laws of the life in the organisational judge and are able to play the game so that they win.
* Management as art-successful managers are those born with appropriate intuition, intelligence and personality which they develop through the practice of leadership.
* Management as Magic-successful managers are those who recognise that nobody really knows what is going on and who persuade others of their own powers by calling up the appropriate gods and by engaging in the expected rituals.

Organisational Behaviour on the other hand has defined as the study of what people think, feel and do in and around organisations. Organisations are groups of people who work independently towards some purpose. It is said that there are four perspectives of organisational effectiveness and these are: Open system, organisational learning, high performance work practices, and stakeholders. The five main types of workplace behaviour are task performance, organisational citizenship, counter productive work behaviours, joining and staying with the organisations and work attendance.

Cole (2006) has defined organisational behaviour as a term applied to the systematic study of behaviour of individuals within work groups, including an analysis of the nature of groups, the development of structures between and within groups, and the process of implementing change. The rationale of organisational is to predict and /or control individual and group behaviour in pursuit of managerial goals. Which may or not be shard throughout the organisation.

The definition indicates that the principal issues addressed by organisational behaviour are:

* Individual behaviour and performance at work
* The nature and working of people in groups
* The nature of social structures and organisation design at work.
* The process involved in adapting behaviour to meet changing conditions. These issues are dealt with in the context of work organisations and the goals that have been set for term by their leaders.

From the above, it can be deduced that while management is defined as the process of getting things done through other people, managers are responsible for achieving the objectives of the organisations through people.Management functions include planning, organising, leading and controlling. The main emphasis of management is on applied skills.

On the contrast, organisational investigates the impact that individuals, groups and the organisational structural have on behaviour within organisations, for the purpose of applying knowledge towards improving the effectiveness of an organization

2.**4. Challenges in OB**

Employees and managers in today’s business organisations work in an environment characterized by a more rapid rate of change and greater demands for adaptations. The following are some of the major challenges of organisations face today;

1. Globalisation

Globalisation is the shrinking of the world through networks of communications, transportations and technology. The world has now become a global village and national borders no longer pose barriers. In the process, the manager’s job has changed in that;

* There are more foreign assignments
* Working with people from different cultures and
* The manager is operating from a different environment i.e. legal, economic, and technological and as a result this manager may need to learn extra language, such as Chinese language which is becoming more popular as those who speak Chinese may have an advantage doing business with Chinese firms.

2. Workforce diversity

One challenge faced by organisations today is adapting to people who are different. Workforce diversity addresses among people within given countries. Examples include gender, age, race, religion, ethnicity, ability, etc. In many organisations, the workforce now includes a growing population of women in both white and blue collar jobs. As a manager, one must stop treating people the same and instead recognize their individuals but at the same time, they must not discriminate. Minorities such as women must be allowed to feel comfortable in order to for the organisations to benefits from diverse viewpoints so that it can serve as diverse group of customers.

3. Quality

Quality means conformance to requiremement.There is an increasing in completion as a result of excess capacity. It means that an organisation must continuously improve to keep ahead of the completion and critical to meting these requirements is a customer-centred approach.

4. Improving Customer Care

The challenge for service providers is that it is customer drive n and therefore pleasing the customer is critical. The organisation must anticipate and exceed the expectations of customers because the service industry is labour intensive; the success of the organisation depends on the employee’s response to customers.

5. Advancement in Technology

New innovations in the field of information technology [ICT] pose an important challenge for managers. Communication technology means people are working from anywhere, anytime such as in the car, at home, at airports and even while on holidays. The failure to separate work and home life may lead to stress as employees are on call 24/7.The employee need to be adequately informed on which company goals are among most important so that they prioritize their work. Managers also need to help employees to achieve a productive balance between work and leisure.

6. Organisational challenge

Organisational Challenge undergoes a lot of change as they attempt to adapt to the global environment. A manager must always be prepared for change whether anticipated or not. In the current financial crisis, organisations have had to adjust in order to survive. In organisations, there is need to invest in continuous learning in defining and solving problems.

7. Improving People skills

Good managers ought to have excellent people skills. Organisational behaviour is important because it helps managers develop these skills, for example conflict management skills. The more managers know about organisational behaviour, he better they will be in designing motivation jobs, listening to others and creating effective teams.

8. Improving ethical behaviour

In a highly competitive environment, there is pressures to bend the rules in order to get the job done.eg.In order to get a contract, one may engage in unethical behaviour such as bribes.However,because of being under increasing public scrutiny, companies must behave ethically in order to survive in the long run. Unfortunately, because there is no universally accepted standard of ethics, to build a company that is ethical is a challenge. Corruption, kickbacks, insider trading and price –fixing are example of unethical practices

**2.5. Historical Roots of OB**

Successful management depends on the managers’ ability to understand and work with people of varying backgrounds, needs, perceptions and aspirations.Various management theories have contributed to our understanding and are the foundations on which organisational behaviour is built.

One of the earliest scholars to study organisational behaviour was Kurt Lewin and therefore he is known as the Father of Organisational Behaviour.

**2.5.1 Universal Management**

This took place in the 1830s to 1910, when there was a boost in the manufacturing industry.HenryFayol, an Engineer, and later manager came up with a set of management tasks of:

* Planning
* Organising
* Staffing
* Directing and
* Communicating.

Assumptions of Universal Management

[i]Successful managers are interchangeable among organisations because the process of work is the same across all organisations, even those of differing purposes.

[ii]The universal management process can be reduced to a set of separate functions and related principles.

The Universal principles of management include:Division of work,Authority,Displinary,Unity of command, Unity of direction,Remuneration,Centralization,Scalar chain,Oder,Equity,Stability of tenure,Initiative,Esprit de corps and subordinations of the individual interest to the general interest. These principles captured most of the manager’s job and hence were very popular. As a result, he is known as the father of management. However, the drawback to Universal Management was that it only showed what managers sought to do but not how it should be done.

**2.5.2. Scientific Management**

The industrial Revolution that followed led to a, mass production, increased rail and road networks and opening of new markets. Cheaper transportations meant that large scale production, distribution and also bulk purchasing at discounts. As factories grew, there were challenges on organisations and management.Fredick Taylor was the first to attempt to systematically analyse human behaviour at work. His observations were that management was inefficient and that there were a lot of wastages. After analysing each job, the engineer determined the most efficient way to perform the task. This involved the breaking down of each task in its smallest unit to figure out the best way to do each job. This led to specialisation of jobs as we see it today eg.Secondary School teachers teaching a particular subject. Therefore, according to Taylor:

* The was only one best way of doing a particular job
* The emphasis was the division of labour into small specialised, standardized jobs.

However, this approach had the following drawbacks:

[i]There was increased monotony at work

[ii]There was lack of focus on the employees.

**2.5.3. Human Relations Movement**

While owners of companies became more pre-occupied with the day to day running of the organisations, the relationships with workers came to shaped by the formal requirements of the job alone. The Human Relations Movement took place between the 1920s and was an effort to make managers more sensitive of employee needs. The Hawthorne studies, workers output was affected by various factors such as how they were treated, how they felt about their jobs, and relationships with co-workers and bosses. The most significant result from the study was that the relationship between workers and superiors had the most significant impact on productivity.

**The Hawthorne Contributions to Organization Studies**

The Hawthorne Experiments were the first systematic attempt to undertake serious research into the workplaces. They helped to redirect attention away from issues such as fatigue, accidents and responses to physical conditions,-all of which treated human beings primarily as physical organisms-and towards a consideration of the people as intelligent human beings, worthy of respect of their supervisors and alive to all possibilities of human interaction’s at work. In particular, the Hawthorne experiment shoed that:

* Workers should not be viewed in isolation from others, but as members of a group.
* Membership of a group, and status that goes with it, is as important to individuals as monetary incentives or good physical working conditions.
* Informal groups can exercise a strong influence over employees in the work place
* Supervisors and managers need to take account of the social and psychological needs of employees in securing their commitment to organization goals.
* Groups of individuals who are made to feel special will respond in positive ways to organize demands
* The results of conducting research in the work place may not always be what the researchers anticipated, or indeed hoped for.
* The pattern of behaviour, where people’s positive response to being part of research project obscures other factors in the work environment has been called “Hawthorne Effect” and this concept has proven to be major contributing to social science.
* Paying attention to the job or task as a means of raising productions (i.e. Scientific Management/Industrial Engineering Approach) is likely to prove counter –productive, unless employee’s social needs are sufficiently catered for at the same time.

Another study was carried out by McGregor and is known as McGregor’s Theory X and Theory McGregor argued that the style adopted is a function of manager’s attitude towards Human Nature and behaviour at work. He put forward two assumptions called Theory X and Theory Y which are based on popular assumptions about people and work.

Theory X Assumptions

[i]. Most people dislike work and avoid it when they can

[ii]Most people must be coerced and threatened with punishment before they can work.

[iii]Most people prefer to be directed. They avoid responsibilities and have little ambitions. They are only interested in security.

**2.5.4. Decision Making School**

March and Simon described organization as a social system. The individuals make decisions to join an organisations and thereafter decide whether to or not work.

Assumptions-A person has a rational mind. He/She analyses decisions the situations and the rewards that are involved or the punishments

To be an effective, manager sets the premise for employees’ decisions and relies on the rationality of the individuals to make choices which would be best for both themselves and the organizations.

**2.5.5. Contingency**

The term contingency implies the applications of various tools and techniques must be appropriate to particular situations since each situation presents its own problems. The contingency Approach is an effort to determine which of the management to functioning to apply to specific situations.

Individual groups, management styles, industries and technology can vary enormously. Good managers analyse the situation and choose the most appropriate action.

The contingency approach therefore contends that there is no one best way to manage in every situation.

**ACTIVITIES**

Discuss the organisational opportunities and challenges of globalisation.

Define OB and explain the different perspectives of organisation effectiveness

**REFLECTION**

From what you have studied, how OB does helps to influence behaviour in individuals?

**CONCLUSION**

The Unit looked at the definitions of OB as well as the importance of OB in organisations. Furthermore, the unit discussed the historical roots of on and contrasted between management and OB.

**STUDY QUESTIONS**

1. What is organisational behaviour? Explain the concepts and theories of OB.
2. Discus the main challenges of OB in organisations today.

3.0. THE FOUNDATIONS OF INDIVIDUAL BEHAVIOUR

UNIT 3

**Introduction**

In this Unit you will be introduced to the factors that directly influence voluntary behaviour and performance as well as explain the big five personality traits in the five –factor model and discuss their influence on organisational behaviour. The unit among other issues will define personality, and state sources of personality. You will also learn about the reinforcement theory and the concepts of learning theory.

**Objectives:**

At the end of the unit, Students should be able to:

* Define personality and state the sources of personality
* Discuss job fit and other forms of fits
* Explain individual differences
* Explain in details the concept of reinforcement and attribution theories
* Describe the process of OB modifications
* Describe what attitudes are and their functions

3.1. **Definitions**

Personality refers to the relatively enduring pattern of thoughts, emotions and behaviours that characterise a person, along with the psychological processes behind that characteristics.It is often said that personality is one tool or aspect of an individual which helps managers decide and understand human behaviour. Cole (2006) defines personality as the dynamic organisation within the individual of those psychophysical systems that determine his characterises behaviour and thought. Furthermore, personality is said to be as consisting of stable characteristics which explain why a person behaves in a particular way.

Measuring Personality

There are two ways of measuring personality which are:

[i]Self-reporting-This is a common way of measuring personality which in which the individual rates themselves.

[ii]Observer Rating Surveys-This is the second type of measurement is where an individual is rated by another of with or without their knowledge. This helps to provide an independent assessment of personality and has a higher chance of accurately predicting behaviour.

3.1.1. **Development of Personality**

Sigmund Freud developed the Psychoanalytical approach which emphasised the importance of:

* Early childhood experiences, particularly parental relationship and dealing with trauma.
* Different levels of conscious and the influence of unconscious mind on behaviour
* Understanding the “whole” person in relation to their past.

Early childhood experiences were seen by Freud as Paramount in understanding the adult personality. According to Freud, there are three stages foe all individuals which are Oral, Anal, and Phallic stages. It is argued that these changes are significant in that if the child finds the stage too difficult and conflicts too hard and traumatic, an arrested development or “fixation” could result. This means that problems associated with the stage may be relieved at a later time in adult life.

Freud stages highlight the importance of parent-child relationship. If a Child finds a stage too problematic and the change result in a battle between a parent and child, the likelihood of the stage becoming fixated is higher. A fixation at oral stage of development may result in a adult gratifying his or her oral needs in stressful; situations as an adult. They may resort to smoking cigarettes, drinking beer or may be verbally aggressive or sarcastic to others.

An inner force [or libido] was also identified by Freud. The Libido was seen as Universal human Characteristics which provides the necessary life energy for progression through the developmental stages.

The Personality structure of the individual develops as the child becomes to term with the new changes at each stage of life. Each stage was characterised by an internal struggle of domination by three personality structures –the Id, Ego, and the Super Ego as well as the external conflict with the outside relationship.

The Id-consists of instinctive, hedonistic part of self. It is governed by pleasure principles.

The Super Ego-this is the conscious of the self, the part of our personality which is influenced by significant others in our life. The Id and super ego are in conflict with each other, with the id desiring certain behaviours and the super ego attempting to discipline and control behaviour.

The Ego- has to make sense of the internal conflict in our mind between the id and super ego and the external world. The Ego is the descion-making part of our personality and is engaged in rational and logical thinking. It is governed by the reality principle.

However, Freud’s theory has been criticised on the grounds that:

* It is not a replicable and his argument were circular
* Samples used were atypical
* It is subjective and scientific
* A heavy emphasis on early childhood makes it highly deterministic and
* It disregards later development and changes:

3.1.3. **Applications of OB**

With regards to organisation behaviour, Freud’s theory still has much to offer with respect to understanding stress at work. When the going gets tough it is easy to slip into habitual ways of responding that have been learned as children. Within the working context, such behaviour may be seen as inappropriate and yet bring immediate relief or comfort to the individual. Instances include regressing into temper tantrums or gaining relief by excessive eating or drinking and can be seen to protect the ego from painful memory or unwanted impulse. Freud labelled these **as Defensive Mechanisms.**

* Regression-adopting childhood patterns of behaviour
* Fixation-inflexible and rigid behaviour or attitudes
* Rationalisation-elaborate covering up of ideas/motives
* Projection-attributing feelings and motives to others.

3.1.4**Sources of Personality**

Nature (genetics) and Nurture (Environment) factors play a role in personality development. Personality appears to be a result of both hereditary and environment factors.

Hereditary Factors-These are those factors determined at birth. These include Physical characteristic such as Gender, Energy Level and Temperament. These are influenced by who your parents are. Research indicates that traits of fear, shyness and aggressiveness can be traced to the genes.

**Environmental Factors**

Adults play a role in their own development of personality by actively choosing organisations they join, the job they take and activities they participate in. Even Children create their own personalities because they can influence other children.

Environmental factors also include instilled by the family. The family including members of society shapes the personality of an individual by the way they interact.

3.2**Attitudes**

Attitudes are reflective statements of how we feel about something. It could be a person, an object or events and can either be favourable or unfovarble.Statements that people make is therefore an expression of the attitude that we have.

Components of Attitudes

There are three main components of attitudes and these are Cognitive, Affect and Behaviour.

1. **Cognitive**-It is a part of an attitude which describes the way we perceive something is. Cognition is therefore the knowledge that a person presumes to have about something.

**2. Affect-**Affect refers to the feeling that a person has about something. I “don’t like my Boss” is an example of an attitude.

**3. Behaviour-**Behaviour refers to that component of an attitude that guides a person’s behaviour. It is an intention to behave in a certain way toward something or somebody.

Managerial Implications of attitudes

Attitudes are an important for their behavioural component because:

1. They give warnings of potential problems

2. They influence behaviour

Potential problems arising from negative attitudes include:

* Absenteeism
* High job turn over
* Stealing
* Drug abuse
* Unionisation.

Attitudes are not only favourable but they can also be favourable. There are also job and on the job attitudes. Job attitudes refer to the positive or negative evaluations that employees hold about their work. The major job attitudes are:

1 **Job Satisfaction-**This describes a positive feeling about job as a result of a number of discrete job elements. A person who has a high level of job satisfactions has positive feelings about their jobs.

2. **Job Involvement**- This is the extent to which an individual identifies with a job and actively participates in it. A person with high level of job involvement is proud of the work they do and care about the work. Job satisfaction is caused by the work itself, opportunities for advancement, supervision, relationship with co-workers and superiors. Therefore, job involvement is related to a reduced number of absenteeism and turn over.

Attitudes are hence not stable as personality attributes and can change when:

i. New information is received

Ii.When the object of the attitude becomes less important to the person

Iii.Attitudes can also change when change takes place in the attitude object.

Organisational commitment

It is understood that one’s identifications with his/her organizational and feels proud of being its employee. It is defined as state in which an employee identifies with a particular organisation and its goals, and wish to maintain membership in the organization.

3.2.1**Functions of Attitudes**

Attitudes can serve four main functions, and these are:

1. **Knowledge-**One of the major functions of attitudes is to provide a basis for the interpretation and classification, of new information. Attitudes provide a knowledge base and frame work within which new information can be placed.

2**. Expressive**-Attitudes become a means of expression. They enable individuals to indicate to others the values that they hold and thus to express their self-concept and adapt or internalize the values of a group

**3. Instrumental-**Held attitudes maximize rewards and minimise sanctions. Hence attitudes towards other people (or objects) might be held because of past positive (or negative) experiences.Behaviour or knowledge which has resulted in the satisfactions of needs is thus more likely to result in a favourable attitude.

**4Ego-defensive. -**Attitudes may be held in order to protect the ego from an undesirable truth or reality.

3.3**. Perception in Organizations**

Perception is defined as the Process of organising, interpreting and integrating external stimuli received through the senses, the mental process involved in identifying and subjectively interpretation objects, concepts and behaviour, the attainment of awareness insight and understanding. Moorhead (2012) defines Perception is the process by which we select organize, and the evaluate stimuli in our environment to make it more meaningful to ourselves. Perception acts as a filter of all the stimuli that bombarded us so that we are not overwhelmed by it.

**3.3.1. The Process of Perception**

It is important to understand perception because people’s behaviour is based on their perception of what reality is and not reality is. There are three steps in the perceptual process, and these are:

1**. Selective Process-**This is the first process of perception. It is defined as the process of filtering information our minds receive, e.g. in seeing or hearing we do not simply hear or see everything. The process of perceptual selection is based on internal and external factors.

Internal Factors-these are those relating to the state of the individual. Internal factors that affect perception are motives, values, interests, attitudes, past experiences and expectations

People will only pick stimuli that interest them or supports what they are looking for. Information that conflicts with what we believe is often ignored or distorted to conform to our preconception and expectations.

External factors are those characteristics of the targets we perceive .Our attention can be drawn by:

Motion-something moving.

Intensity-how bright the colour is.

Size-how big or small something is.

Novelty-How rare something is.

Salience-How a given object stands out from others around it.

**2. Organisation-**This involves organising the stimuli that were selected to make it easier to interpret. According to social cognition theory, people organise stimuli into mental maps of different concepts, events or types of stimuli that contain both the attributes of the concept, events or types of stimuli that contain both attributes of the concept and the relationship among the attributes. These are called schemes and once they are established, they affect how we handle future information as they determine what we attend to remember.

**3. Evaluation-**The final stage is evaluation. The evaluations that we make are subjective and based on individual attitude, needs, experiences, expectations, goals and physical conditions prevailing at the time.

**3.3.2 Draw Backs on Perception**

Perception helps us to cope with the numerous stimuli that bombard us so that we are not overwhelmed by it, but it has its disadvantages, and these are:

i-It prevents us from taking in everything that we should

ii-it makes our interpretation open to questions

iii-it promotes stereotyping

Perceptual Distortions

Our perceptions are vulnerable as it can be distorted at any time. There are numerous perceptual; distortions to avoid and these are:

* **Halo effect**-This occurs when our evaluation of a person is dominated by a single trait. Favouring someone who is attractive and rating them favourably in other areas such as intelligence is an example of halo effect.
* **Central Tendency-this** occurs when a person avoids extremes judgement and rates everything as average. A teacher who guides his pupils as average and gives them an average mark without considering the highest or lowest has central tendency.
* **Contrast effect**-These are present when our evaluations are affected by comparison with other people we have recently encountered who either better or worse. In reality, we rarely evaluate people in isolation but are affected by those we have encountered. In the recent past.
* **Projectio**n-This refers to the tendency to attribute ones attitude or feelings to another person. A person may attribute negative attitude toward their job to the supervisor they have instead of the idea that they may just be in the wrong profession.
* **Stereotyping-**It occurs when we attribute behaviour or attitudes to a person on the basis of the group to which the person belongs. In sterotyping, we judge someone beads on our own perception of the group to which he or she belong to e.g. Women Moslems as terrosists.Managing diversity address stereotyping of people .e.g. the handicapped women etc.

3.3.4 **Perception and attribution Theory**

Attribution theory suggests that we judge other people’s behaviour by attributing meaning to their behaviour in the light of perceived internal or external forces. Internally caused behaviour is perceived to be under the control of the individualize they have made a choice in selecting the behaviour.Externally caused behaviour results from environmental forces that perceived to influence people’s behaviour and over which the individual has little or no control.

In other words, Attribution theory refers to making inference and over which the individual has little or no control.

Three rules are:

1. Consistence (the persons behaviour in the past)
2. Distinctiveness(the persons behaviour in other settings
3. Consensus(how others would behave in the same situation

Three Attribution errors are:

1. Fundamental attribution error(attributing own actions to external factors and other actions to internal factors
2. Self-serving Bias attributing our success to internal factors and our failures to external factors)

3.**4The Reinforcement theory**

Where attribution theory has strong links with ideas about human perception, reinforcement theory, as applied to motivation, has major connections with learning theory. The reinforcement theory of motivations suggests that a given behaviour is function of the consequences of the earlier behavior. Thus all behaviour is determined to some extent by the rewards or punishments obtained from previous behaviour, which have the effect of reinforcing current actions.

Reinforcements contends that behaviour is a function of its consequences. Behaviour that produces rewarding consequences is likely to be repeated, whereas behaviour that produces no rewards or has punishing consequences is less likely to be repeated.

1**. Positive Reinforcement-** Positive Reinforcement offers that rewards to increase the likelihood that a desired behaviour will be repeated. Anything that encourages an individual to repeat a desired behaviour can be classified as positive reinforcer.Some common positive reinforces used by organisations include praise, recognition of accomplishment, promotion and salary increase.

**2. Punishment-**Punishments are the application of negative consequences whenever undesired behaviour occurs. The purpose of punishment is to decrease the likelihood that the individual will repeat the desired behaviour e.g. The purpose of punishment is to decrease the likelihood that the individual will repeat undesired behaviour.e.g The manager may discipline an employee who comes late for work as was the case with Lusaka Province Minister Bowman Lusambo [who sent away 45 employees at his office for late coming], or neglects to clean up the work area. The disciplinary action may take the form of verbal reprimand, a monetary fine, a demotion, or if the employee persists a suspension all with intention of discouraging the behaviour.

**Avoidance-**is the maintained of desired behaviour in order to escape or avoid the known unpleasant consequences.Some students come to class on time in order to avoid reprimand from the teacher.

**Extinction-is** the absence of any reinforce, either positive or negative, following an incidence of undesired behaviour. The theory states that if undesirable behaviour is simply ignored, it will eventually cease.

3.4.1**Principles of Reinforcement**

1. Positive reinforcement should take the form of incentive bonuses and praise. Earning incentive bonuses and receiving praise from management provide strong extrinsic rewards.

2. Immediacy-to get maximum productivity, reinforcement must be immediately

3. Individualisation-incentive programmes should be designed to reward individual performances. Thus, low performers should

4. Measure output, not process-reinforcements programmes should focus on how much produce, not how they do it.

**3.4.2. Concepts and Learning Theory**

**Le**arning is defined as a relatively permanent change in behaviour that occurs as a result of a person’s interactions with the environment.Learning is critical for companies to survive. The only competitive advantage for a company us to have a manager **who** learns faster than its competitors.

A-B-Cs of behaviour modifications: To change behaviour by managing its antecedents

(a)Positive reinforcement, (introducing a desirable consequence to increase

or maintains (removing or avoiding consequences to increase or maintain future behaviour.

(b)Negative Reinforcements (removing or avoiding consequences to increase or maintain future behaviour)

(c)Punishment (a consequence decrease chance of future behaviour)

(d) Extinctions (no consequence follows the behaviour –do nothing)

3.4. **Learning Models**

Effective learners rely on four learning modes

1. Concrete experience

This is being able to involve yourself fully and openly and without bias in new experiences. The emphasis is on feelings.

1. Reflective Observation

It is being able to and observes these experiences from many perspectives. The emphasis is on watching.

1. Active experimentations

Being able to use theories to make decision and solve problems

1. Abstract Conceptualization

It is being able to create concepts that integrate their observations into logically sound theories.The emphasis is on thinking.

3.5. **Psychological Contracts**

The most important asset that very organisation has is its people, they build the products, they ARE the company. Finding, the right candidates to join the essential and difficulty task of every recruiter. They can make it easier on themselves and provide better employers if they use the principles of person job fit. So, what is this Person Job fit?

3.5.1 **The person job fit**

Person job fit [P-Fit] is a structure which measures the compatibility between an individual’s characteristics (Psychological and biological needs, goals and values,) and those of the specific job they are going to do. Person –organisation /company fit (P-Fit) and person-person fit. Each playing a vital role in how an employee will be able to work at the company/organization.The same role on a different team or company is going to be different job and therefore require slightly components for fitting in and performing optimally. This refers to the concept to how well an employee is suited for his or her position. In addition to person job fit organisations also use person team fit, Person Company fit, person role fit and person to person fit to ensure they minimise rate to turn over.

3.5.2 **Individual difference**

Individual differences, examines how people are similar and how they differ in their thinking, feeing, and behaviour. No two people are alike even identical twins think differently. In this study, we strive to understand ways in which people are psychologically similar and particularly what psychological characteristics vary between people. Individual differences addresses three broad techniques and these are:

(i)Developing the adequate descriptions taxonomy of how people differ

(ii)Applying differences in one situation to predict differences.

(iii)Testing theoretical explanation of the structure and dynamics.

Taxonomy of individual differences-this work has focused on the finite ways in which individuals differ in terms of a limited number of latent or unobservable constructs.

Test Theory-considers the differences in vocabulary in particular language. Although it is logically possible to organise in terms of specific words, they know.

Personality and Ability-although to some all aspects of are, the term personality refers to aspects of individuality, and typical usage divides the field into ability and personality.

Predictive Validity-Individual differences are important only to the extent that they make a difference. A brief summary of six traits dimension that powerfully predict behaviour across the life span are:

* The big five personality trait
* Extraversion –Introversions
* Neuroticism-Emotional Stability
* Agreeableness-Disagreeableness
* Consciences-Disorganised
* Openness-Closed Minded

3.5.3 Organisation Behaviour Modifications

Process and steps in organisation behaviour modification

3, 5, 3.1Meaning of Organisation Modification

Modern behaviourists lay great emphasis on operant conditioning for moulding behaviour of individuals and motivating them. Behaviour modification, popularly known as OB MOD makes use of various reinforcements to influence the behaviour of individuals. OB Mod is derived and developed from the work of B.F. Skinner. This technique helps the managers in modifying or eliminating undesirable behaviour and replacing it with behaviour that is more compatible with goal attainment.

OB Mod in simple words can be defined as a technique for modifying the modifying or behaviour of the organisational members so that they are engaged in desirable undesirable behaviour and. replacing it with behaviour. It can be used for motivating the employees as well as for enhancing organisational effectiveness

According to Stephen P. Robbins, “OB, Mod is programmes where managers identify performance related employee behaviours and then implement an intervention strategy to strengthen desirable behaviour and weaken undesirable behaviours.”

According to Schermerhorn, Hunt and Osborn, @OB, Mod is the systematic reinforcement of desirable work behaviour and the non-reinforcement or punishment of unwanted work behaviour.@ It includes four basic reinforcement strategies. Positive reinforcement, negative reinforcement, punishment and extinction

**A-B-C’s of Behaviour Modification:**

Behaviour modification as has been just explained helps the manager in eliminating or modifying undesirable behaviour and replacing it with behaviour that’s more compatible. It further helps us to understand how environmental contingencies influence behaviour.

There can be two contingencies of behaviour:

(i) The Antecedents. These are the events preceding the behaviour.

(ii) The consequences i.e. the events that follow a particular behaviour.

Both these variables put together form the A-B-C model.

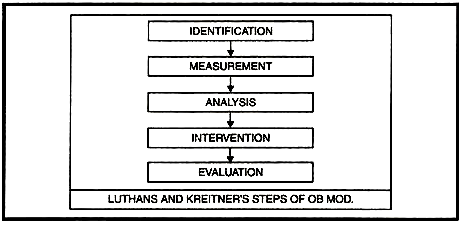
For performance,the main aim of this model is to change Behaviour by managing its antecedents and consequences as is shown in the following diagram:

[](http://cdn.yourarticlelibrary.com/wp-content/uploads/2015/08/image22.png)

Steps in OB Modification:

Fred Luthans and R. Kreitner developed and used OB Mod to represent a behavioural approach to the management of human resources improvement.

The steps given by them in applying the OB Mod are summarized in the following figure:

[](http://cdn.yourarticlelibrary.com/wp-content/uploads/2015/08/image23.png)

These steps are discussed as follows:

1**. Identification:-**The first step in the OB Mod is identification of performance related behaviours. First of all the behaviour should be identified as desirable or undesirable from the point of view of the organisation. Then in the next stage, critical behaviours, that have significant impact on the employees’ performance, should be given due attention. The critical behaviours can be identified through discussions with the particular employee and his immediate superior as both are closely intimated with the job behaviours.

Some of the critical behaviours which affect job performance are absenteeism or attendance, tardiness or promptness, complaints or constructive criticism, listening to or not listening to the instructions, etc. If such behaviours are modified, good results could be expected. Due attention should be given to the critical behaviour because they get repeated again and again.

**2. Measurement:-**After the critical behaviours of the employees have been identified, the next step for the manager is to measure the frequency of the critical behaviour over time. The measurement can be done by observation and by extraction of information from records. If the frequency is within the acceptable limit, it will require no action, but if it exceeds the acceptable limit,  
it will need immediate attention. The measurement of behaviour will also help the managers in determining the success in changing the employees’ behaviour.

**3. Analysis:-**At the next step, the managers will have to do a functional analysis of the behaviour that requires modification. This analysis will determine what circumstances lead to a particular type of behaviour, what are the consequences of such behaviour etc. Contingent consequences of behaviour should be identified because these consequences have impact on subsequent behaviour. Moreover, some contingent consequences appear to be affecting the critical behaviour on the surface only, the functional analysis should try to find out the competing contingencies for every behaviour also.

4**. Intervention**:-Once the critical behaviours have been identified and the circumstances which cause such behaviours have been determined, the next step will be to develop an effective intervention strategy. There are several strategies that can be used at this stage. These include positive or negative reinforcement, extinction or punishment.

The use of a particular strategy will depend upon the type of situation faced. After developing and implementing a particular strategy, the frequency of resulting behaviour is measured. If a behaviour change has occurred in the right direction, the manager will select a reinforcement schedule that will maintain the desired behaviour.

5**. Evaluation**-The last stage in OB Mod is the evaluation whether the intervention strategies are working properly or not. The basic purpose of OB Mod is to bring change in undesirable behaviours so as to improve performance. Evaluation will reveal whether the undesirable behaviours have been substituted by desirable behaviour or not. If there has been a change in behaviour, whether it is permanent or just temporary.

Further, the evaluation will also show whether there is improvement in the performance or not. If there is a positive change, it suggests that the interventions are successful. However, if the change is not significant, it may call for adoption of alternate and more appropriate strategies.

Utilities of OB Modification:

OB Mod has been applied successfully in many organisations, service as well as manufacturing, to improve organisational effectiveness and understand human behaviour in organisations. It is an important technique of human resource management.

The major strengths and utilities of OB Mod are as follows:

1. Can be put to Testing:

OB Mod concentrates on a person’s external behaviour and this allows a manager to realistically observe and deal with outward manifestations of behaviour. Since it deals with observed behaviour it can be put to testing.

2. Development of Employees:

OB Mod presents a set of tools by which people can learn new behaviours and skills and thereby replacing undesirable behaviours. Positive reinforcement could be used to encourage desirable behaviour by the employees. Social learning theory can be of great use in the effective implementation of any training programme for the employees. Thus, OB Mod is a great technique of developing the employees.

3. Control and regulation of employee behaviour:

OB Mod provides various tools to the managers for effectively controlling and influencing the behaviour of employees in the organisation. Most behaviour in the organisation are learned, controlled and changed by the consequences. The managers can use operant conditioning to control and regulate the behaviour of subordinates by manipulating the reward system.

The behavioural consequences that are rewarding increase the probability of desired behaviour whereas aversive consequences decrease the probability of desired response.

**ACTIVITIES**

1. Discuss the component of both attribution and reinforcement theories

2. Discuss the basic perceptual process

3. How is personality developed?

**REFLECTION**

Analyse types of attitudes at work places and state functions of attitudes.

What are individual differences?

**CONCLUSION**

The unit started by defining personality, and explained the development of personality. Furthermore, the unit discussed attitudes and psychological contracts with reference to person job fit. Perception was discussed with reference to attribution and reinforcement theories. The unit also described organisational modification process and steps inn OB modifications.

**REVISIONS**

1. Describe the factors that directly influence voluntary individual performance and behaviour

2. What are attitudes?

3. Describe the importance of Person Job fit to organisations

4. Discuss the sources of personality

**ORGANISATION PROCESSES AND APPLICATIONS**

**UNIT 4**

**Introduction**

This unity will introduce you to groups in organisations. You probably belong to a group but this unit will discuss the characteristics of groups, how they are formed and strucuture.The unit will delve to discuss power and influence and decision making as well as leadership, motivation, stress and organisation design. The unit will end by discussing organisation cultures and types of conflicts.

**Objectives:**

At the end of the unit, students should be able to:

* Define a group and state the stages of group formation
* Describe the negotiation process and state types of negotiations
* Define motivation and explain the theories of motivation of expectancy theory
* Define stress and explain cause of stress in organisations
* Discuss organisational design elements

4.1. **Groups in Organisations**

A group is defined as any number of people who:

* Interact with one another
* Are psychologically aware of one another
* Perceive themselves to be a group

Therefore, this definition helps to distinguish groups from mere collections of individuals, be they a crowd, a rabble or some random gathering, who have no real interactions between them and who consider themselves more as individuals within a group rather than as members of a group

4.1.**1Types of Groups**

[A] Formal Groups

These are created to achieve a specific e organisational objective and are concerned with coordination of work activties.In groups, the members each have their roles defined for them. They also tend to be relatively permanent although there may be a change in the membership of the team.

[B] Informal groups

These are formed to satisfy the psychological and social needs of group members but not necessarily the tasks at hand. They are based on personal relationship and membership can cut across the formal structures of the organisation. It is important to recognize the existence of the informal groups because if they are strong, they may negatively affect the organisation performance.

4.1.2. **Characteristics of Effective Work Groups**

* A belief in shared aims and objectives
* A sense of belonging to the groups
* Acceptance of groups values and norms
* Full participation by all members and decision-making is by consensus
* There is free flow of information and communication
* Open expression of feeling and disagreement
* Conflict resolution
* Low levels of staff turnover.

4.1.4. **Features of an Informal Group**

The influence of informal groups in the workplace was first defined by Hawthorne experiments, as having the following Features

* Informal groups are likely to less permanent
* They generally meet social security needs before other needs
* Group leadership is likely to be exercised in line with their organisation expects
* Their behaviour may or may not be interpersonal relationship than by any role allocated by the management
* They draw their norms (rules) of behaviour from amongst themselves
* Their goals are decided more by what they feel is right for them rather than by what is laid down by the management
* Their behaviour is derived more from interpersonal relationship than by any role allocated by management
* Their first loyalty tends to be towards their fellow group members rather that to the organisation as a whole

4.1.5. **Importance of groups**

1. People in groups have an influence each other; they may even develop their own hierarchies and leaders (informal)

2. Group pressures exert a major influence on the behaviour of individual members and their work performance

3. Groups are an essential feature of the work patterns of organisations

4.1.6**. Group Development**

There are about five stages of group development and they are as follows:

1. Forming

2. Storming

3. Norming

4. Performing

5. Adjourning

Below are the stages of group development

[A] FORMING

This refers to the initial formation of the group, where tasks have to be understood, resources and information acquired, individuals have to get to know one another, and there is considerable reliance on the leader. It is a period of uncertainty; group members take time to know each other and the purpose of the group. Members of the group are self-conscious and superficial. The focus is on the acceptance.

[B] STORMING

The storming stage represents that period when problems begin to be faced more openly that in the earliest stage, individuals begin to challenge the task and have to confront emotional issues between themselves. This period of relatives’ upheavals the moves into a more considered stage where conflicts are settled, new standards are developed and owned by the members and cooperation really takes off. There is tension, criticism and comfrotation.The group subdivides into cliques and skilled leadership helps the group to focus on common vision.

[C] NORMING

During this stage there is development of shared expectations about group roles and norms. There is collaboration and commitment, increased cohesion and idenfication with the group. Leadership provides positive feedback on progress and development set of expectation.

[D] PERFORMING

When the group is working effectively both in terms of its goals and its internal relationship, Team- work develops and solutions are found. The most energy of the group is focused on the achieving its goals productive and there is increased cohesion, acceptance and mutual support. Leaders encourages the group to evaluate its effectiveness and this is the last stage for permanent groups

[E]ADJUORNIG

This is the last stage in for temporal groups. After objective is achieved, the focus now is more on closure than performance. Members struggle between holding on and letting go and there is reflection, learning from and celebrating achievements.

4.1.**7Group Cohesion**

Cohesiveness is the degree to which members are motivated to stay in the group. It can enhance or impede group performance. Either enhance or impede group performance. Cohesive groups tend to do better than non-cohesive groups. If the goal of the group is to increase productivity, cohesive group do better and vice –versa. Cohesive groups can be increase by:

* Having smaller groups than larger ones
* Groups that have experienced success have higher levels of cohesiveness
* Groups with a common threat or enemy
* Competition with other groups or outsiders can increase cohesiveness
* Groups which are more difficult to join ,or have a higher perceived prestige
* Groups that emphasize member similarities e.g. values, attitudes education experience etc.

4.2. **Power and influence**

From the layman’s point of view, power you may define power as strength to do work.However,several Scholars have defined power differently/Let’s look at what Cole says about power” Power is essentially a matter of getting people do things you want them done2006:207”Other scholars have defined power as the ability to control resources, human being inclusive. It is also defined as the ability to act.

4.2.1**Sources of power**

French and Raven (2012) defines five sources of power namely:

1***. Coercive power-this*** is the form of power which uses force and threat to achieve the intended goals

2***. Reward Power-*** this form of power uses reward to influence people’s compliance, therefore, for it to be effective, rewards must be desired by the target group

3. ***Legitimate power***- this is also called authority”. Is power conferred on an individual by an organisation? It implies power the power over resources and is limited in some ways.

4. ***Expert power***- this is the kind of power which comes from possessing specialised knowledge and skills

***5Referent power***- this is also called personal power or charisma, where the individual’s power comes from the high regard he or she is held in by others .However this kind of power vanishes and so it is often employed in conjunctions with power sources.

4.**3Descision Making**

**4.3.0Nature of Decisions Making**

Decision-making is a key activity at all levels in an organisation. All employees make decisions: from the front-line employee who has to decide how to handle a difficult customer to an executive who has to choose between projects that are competing for funding. Given this it is no surprise that a vast body of knowledge – [decision theory](http://en.wikipedia.org/wiki/Decision_theory) – has been developed to support the process of decision making.

Decision theory concerns itself with rational decision making– that is, decisions that are based on an objective evaluation of available options and their consequences, leading to a choice that is made on the basis of such an evaluation alone.  In reality, though, many decisions are not made this way.  In this post I look at the different ways in which decisions are actually made in organisations, drawing on a brilliant essay by James March entitled, [How Decisions Happen in Organizations](http://www.tandfonline.com/doi/pdf/10.1207/s15327051hci0602_1).

Decision making as a rational process

The standard view of decision making is that it is a process of rational choice based on:

Knowledge of alternatives

Knowledge of the consequences of each of the alternatives

Ordered preferences by which consequences can be evaluated

Rule(s) by which a particular alternative can be selected

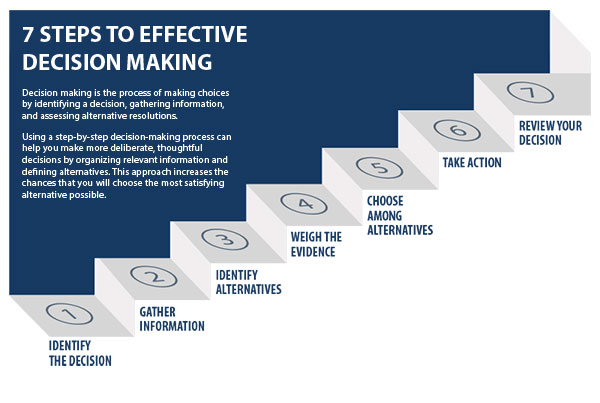
In its basic form, decision theory assumes that each of the above is fully known. As March it states: In the most familiar form of the model, we assume that all alternatives, the probability distribution of consequences conditional on each alternative, and the subjective value of each possible consequence are known; we assume a choice is made by selecting the alternative with the highest expected value. This emphasis on expected value may be moderated by a risk preference (i.e. some value associated with the variability of the outcome distribution).

, there are a number of challenges to this ideal picture of decision-making. These include:

Uncertainty about consequences of actions: The standard theory of rational choice assumes that decision-makers have knowledge of all possible outcomes of actions. However, this is not possible because humans are bounded rational – their ability to seek and process information is limited by their cognitive abilities and available resources. Quite often it happens that consequences reveal themselves only after a decision has been made and implemented. As March mentions, “…management requires tolerance of the idea that the meaning of yesterday’s action will be discovered in the experiences and interpretations of today…”Uncertainty about preferences:  The standard theory assumes that preferences are stable and consistent. Quite often, it happens that preferences change with time and different preferences can be inconsistent with each other.

The role of risk:  Typically, in theories of rational decision making [risk appetite](http://en.wikipedia.org/wiki/Risk_appetite) (of an individual or organisation) is treated as a single fixed number. In reality, it varies with situational factors such as level of threat to survival, excess resources available etc. Moreover, it also depends on the (often unarticulated) hopes and fears of individuals who are making the decision. Conflict between decision makers: Rational theories of decision making assume that conflict between decision makers can be resolved by (rationally!) evaluating conflicting alternatives and choosing the best one based on an agreed decision rule. The problem is that in such situations it is often impossible to come up with such a decision rule. Negotiations over criteria can go on interminably and conclude without agreement.  March suggests that the reasons why decisions get made despite this is that people rely on trust and reputation rather than formal agreements in order to reach a consensus.

4.**3.1Descision Making Process**

.4.3.1.

Decision making is the process of making choices by identifying a decision, gathering information, and assessing alternative resolutions.

Using a step-by-step decision-making process can help you make more deliberate, thoughtful decisions by organizing relevant information and defining alternatives. This approach increases the chances that you will choose the most satisfying alternative possible.

**Step 1: Identify the decision**

You realize that you need to make a decision. Try to clearly define the nature of the decision you must make. This first step is very important.

**Step 2: Gather relevant information**

Collect some pertinent information before you make your decision: what information is needed, the best sources of information, and how to get it. This step involves both internal and external “work.” Some information is internal: you’ll seek it through a process of self-assessment. Other information is external: you’ll find it online, in books, from other people, and from other sources.

**Step 3: Identify the alternatives**

As you collect information, you will probably identify several possible paths of action, or alternatives. You can also use your imagination and additional information to construct new alternatives. In this step, you will list all possible and desirable alternatives.

**Step 4: Weigh the evidence**

Draw on your information and emotions to imagine what it would be like if you carried out each of the alternatives to the end. Evaluate whether the need identified in Step 1 would be met or resolved through the use of each alternative. As you go through this difficult internal process, you’ll begin to favour certain alternatives: those that seem to have a higher potential for reaching your goal. Finally, place the alternatives in a priority order, based upon your own value system.

**Step 5: Choose among alternatives**

Once you have weighed all the evidence, you are ready to select the alternative that seems to be best one for you. You may even choose a combination of alternatives. Your choice in Step 5 may very likely be the same or similar to the alternative you placed at the top of your list at the end of Step 4.

**Step 6: Take action-**You’re now ready to take some positive action by beginning to implement the alternative you chose in Step 5.

**Step 7: Review your decision & its consequences-**In this final step, consider the results of your decision and evaluate whether or not it has resolved the need you identified in Step 1. If the decision has *not* met the identified need, you may want to repeat certain steps of the process to make a new decision.

4.3.2. Types of Decisions making-before delving into the types of decision makings it is imperative you know the elements of decision Situations which are:

**5 ELEMENTS OF THE DECISION SITUATION**:

The Decision Makers

Goals to be served

Relevant Alternatives

Ordering of Alternatives

Choice of Alternatives

There are basically six [6] Types of Decisions Every Organization Need To Take

The following are the main types of decisions every organization need to take:

1. **Programmed and non-programmed decisions:**

Programmed decisions are concerned with the problems of repetitive nature or routine type matter: A standard procedure is followed for tackling such problems. These decisions are taken generally by lower level managers. Decisions of this type may pertain to e.g. purchase of raw material, granting leave to an employee and supply of goods and implements to the employees, etc. Non-programmed decisions relate to difficult situations for which there is no easy solution. These matters are very important for the organisation. For example, opening of a new branch of the organisation or a large number of employees absenting from the organisation or introducing new product in the market, etc., are the decisions which are normally taken at the higher level.

2. **Routine and strategic decisions:**

Routine decisions are related to the general functioning of the organisation. They do not require much evaluation and analysis and can be taken quickly. Ample powers are delegated to lower ranks to take these decisions within the broad policy structure of the organisation. Strategic decisions are important which affect objectives, organisational goals and other important policy matters. These decisions usually involve huge investments or funds. These are non-repetitive in nature and are taken after careful analysis and evaluation of many alternatives. These decisions are taken at the higher level of management.

3. **Tactical (Policy) and operational decisions:**

Decisions pertaining to various policy matters of the organisation are policy decisions. These are taken by the top management and have long term impact on the functioning of the concern. For example, decisions regarding location of plant, volume of production and channels of distribution (Tactical) policies, etc. are policy decisions. Operating decisions relate to day-to-day functioning or operations of business. Middle and lower level managers take these decisions.

4. **Organisational and personal decisions:**

When an individual takes decision as an executive in the official capacity, it is known as organisational decision. If decision is taken by the executive in the personal capacity (thereby affecting his personal life), it is known as personal decision. Sometimes these decisions may affect functioning of the organisation also. For example, if an executive leaves the organisation, it may affect the organisation. The authority of taking organizational decisions may be delegated, whereas personal decisions cannot be delegated.

5. **Major and minor decisions:**

Another classification of decisions is major and minor. Decision pertaining to purchase of new factory premises is a major decision. Major decisions are taken by top management. Purchase of office stationery is a minor decision which can be taken by office superintendent.

6. **Individual and group decisions**:

When the decision is taken by a single individual, it is known as individual decision. Usually routine type decisions are taken by individuals within the broad policy framework of the organisation. Group decisions are taken by group of individuals constituted in the form of a standing committee. Generally very important and pertinent matters for the organisation are referred to this committee. The main aim in taking group decisions is the involvement of maximum number of individuals in the process of decision­- making.

4.3.**3Approaches to Negotiations**

Negotiators use different ways and tactics of negotiating like presenting demands, deadlines, mediation, arbitration, best alternative to a negotiated agreement, collective bargaining, collective action, conciliation, contract, dispute resolution, expert determination, game theory, Nash equilibrium, prisoner’s dilemma, etc.

Many organizations, universities and business schools across the world are teaching negotiation as a subject and also conducting research in this field. We find a lot of literature available on this topic in different resources.

Approaches to Negotiation:

As with conflict management, negotiation can be handled in different ways. The outcome of a negotiation depends on the approach.

**Bargaining Orientation:-**This approach is based on the premise that one person can win only at the expense of the other – that any victory by one party must be matched by the other’s loss. That is why this is also called the win-lose approach.

Although this approach is marked by competitiveness and may create ill will, this is sometimes the best approach when the other party is determined to take advantage of you or when your interests truly conflict with those of the other party and compromising is not a satisfactory option.

**Lose-Lose Orientation:-**This is adopted when one negotiating partner feels his own interests are threatened and reacts by doing all he can to ensure that the outcome of the negotiation does not serve the other party’s interests either. In effect, everybody ends up being a loser.

Lose-lose outcomes occur when negotiating partners ignore one another’s needs or when the need to hurt each other outweighs the need to find some kind of an acceptable solution.

**Compromise:-**A lose-lose situation is hardly a desirable outcome. To avoid this, sometimes people compromise. Both parties give up a part of what they had originally sought, and settle for something less than that. A compromise is the best way out when it is impossible for both parties to convince each other or when even the partial attainment of one party’s goals depends’ on the satisfaction of the other.

Compromise is a good option when disputed resources are limited. For instance, if two managers each need a full-time secretary, but budget restrictions make this impossible; they may have to compromise by sharing one secretary.

**Win-Win Orientation-**When the needs of the negotiating parties looks at some of the aspects of this approach, the win -win approach is superior to other problem-solving styles, because everyone ends up feeling satisfied. However, such a solution is only possible when the needs of the parties involved do not conflict.

This approach works well when the following five steps are followed:

a. Determine the Needs of Both Parties:

If both parties can identify what issues are important to the other, they would find it easier to work toward a mutually acceptable solution.

b. Develop a List of Possible Solutions:

Once the basic issues have been identified, the two parties can sit together and come up with several solutions that would satisfy everyone’s needs. All possible solutions are put down, without any of them being evaluated

c. Choose the Most Appropriate Solutions:

At this stage each solution is evaluated and the ones that are most promising are adopted.

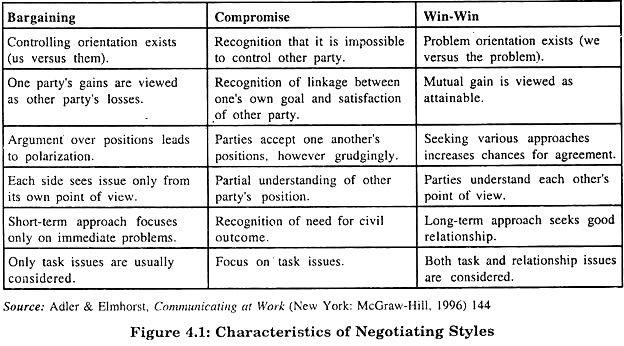
d. Implement the Solution:

Once the best solution is decided upon, make sure everyone understands it, and then implement it.

e. Follow up on the Solution:

Even the best plans need to be monitored after they have been implemented. A while after the plan has been put into action, meet with the other parties involved and discuss how the solution is working out. If anyone’s needs are still unmet, you could go back to the problem-solving procedure and identify another solution.

The table below shows the characteristics of different negotiating styles:

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4.4. **Leadership**

4.4.**1Definitions of Leadership**

This Unit will define leadership, and then discusses types of leadership as well as leadership Qualities

Handy (2005) defines leadership as the process where an individual or a small group influences the effort of others towards the achievement of goals in a given set of circumstances. It is a social process in which one person in a group harnesses the knowledge, skills and motivation of the other members in the attainment of group goals. This process implies consent-wiling or grudging- of the group. Leadership involves managing the external boundaries of the group, as well as dealing constructively with the members internal responsiblities.Leaders are required to identify need for change and to use their influence to redirect the energies of the group members accordingly. In short leadership is the ability to influence, motivate and enable others to contribute towards the effectiveness of the organisations of which they are members. Shared leadership is the view that leadership is broadly distributed rather than assigned to one person, such that people with the team and organisation lead each other.

4.4.**2Types of Leadership**

(A)***Laissez-faire (permissive)*** -this is the leader who doesn’t attempt to coordinate or control the actions of a group and group effectiveness depends on individual responsibilities and self-control. Furthermore group member are allowed to make decision without any input from the leader.

(B)***Democratic***- this is the form of leaderships where a leader uses two way communications and is directly involved with group members in setting goals and conducting activities. He consults with members as well as delegates authority and responsibility to group members. In addition he considers attitudes, feelings and values of group members in making descion/

(C)***Authoritarian***-this is the form of a leadership where a leader has little or no concern for the attitudes, feelings an values of members and he establish goal as well provide coordinating activities. In addition this leader makes most actions without consulting members. In short, these can be grouped as:

* Exploitative-authoritative-where power and direction come from above, threats and punishments are employed.
* Benevolent –authoritative- top-down emphasis consultation allowed, rewards available as well as threats
* Consultative approach- power and direction operate after discussion with employees; communication flows up as well as down. Some team work and employee involvement.
* Participative approach- high participation, lateral as well vertical forms of communication, various forms of motivation encouraged. This is the ideal system.

4.4.3. **Characteristics of Leadership**

Credible leaders must exhibit the following qualities:

* Honest- that is they are truthful, trustworthy and consistent in deed and action
* They are forward-lookng:,having a sense of direction and concern for the future
* They are inspiring ,that is they are enthusiastic and positive about the future
* Competent-they must be capable, productive and efficient.

4.5. **Motivation**

4**.5.1Definitions-**Armstrong (2008) defines Motivation as the human Process that activates, directs, sustains, and stops behaviour. The starting point of motivational is process is a need, which is anything an individual requires or wants. It is also defined as the processes both instinctive and rational by which people seek to satisfy the basic drives, perceived needs and personal goals which trigger human behaviour. There are basically four common characteristics which underline motivation and these are:

* The purpose of motivation is to predict behaviour
* Motivation is multifaceted
* Motivation is described, usually as intentional
* Motivation is typified as a phenomenon. .

Motivation can be extrinsic, that is it is related to tangible rewards such as salary and fringe benefits, security, promotion, contract of service, conditions of work etc. It can also be Intrinsic that is related to psychological rewards such as the opportunity to use one’s ability, a sense of challenge and achievement, receiving appreciating, recognition etc.

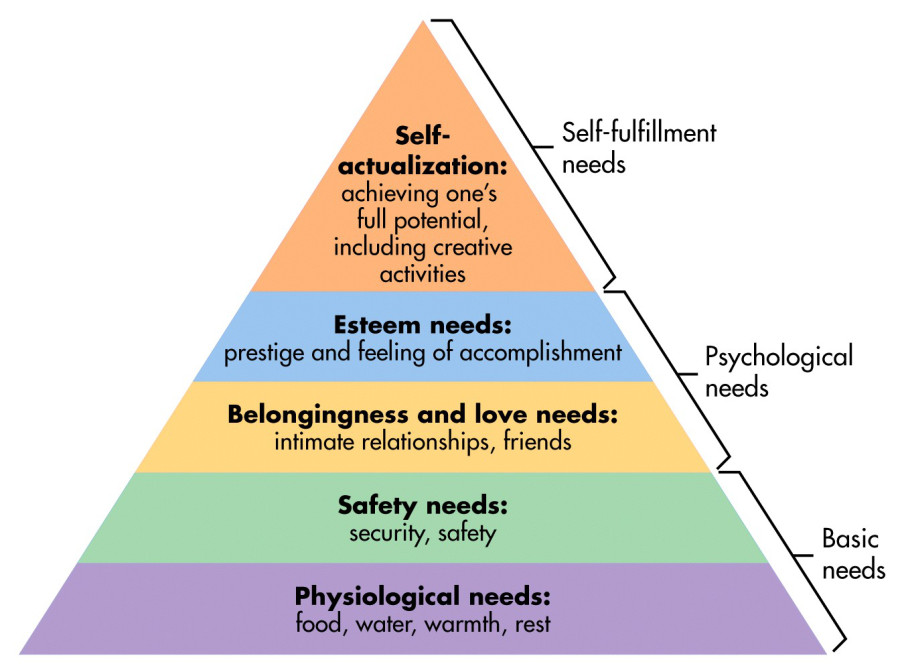
‘**4.5.2Early Theories of Motivation**

Motivational theories can be grouped into two categories which are content and process theories. Content theories deal essentially with what appears to motivate people (i.e. what causes them to divert effort towards certain kinds of desired outcomes).

4**.5.2.1Content theories**

[A] Abraham Maslow’s who stared that people’s needs are arranged in an hierarchy in which basic needs generally have to be satisfied before higher needs come into play. The basic needs include Physiological needs and safety needs, followed by social and affiliation needs. The higher needs include esteem needs and self –actualisations to which were later added curiosity and the need to understand,

DIAGRAMMATIC PRESENTATION OF MASLOW’S OF HIERARCHY OF NEEDS



Maslow defined give levels of categories of needs and explained each level as follows:

1. **Physiological Needs**-these are basic needs like water, food and shelter and are necessary for survival .Organisations can satisfy this need by providing better salaries and wages to its employees.
2. **Security Needs**-These refer to the need for security, stability and protection from physical or emotional harm. Organisations can satisfy this need through pension’s plans, health care plan and a safe work environment.
3. **Social needs-** These refer to humans need for social interactions, friendship, affections and love. Organisations can meet this need through social interactions, company outings and sponsoring family outings.
4. **Self-Esteem**-The need to feel good about oneself and to be respected, appreciated and recognition by others. The organisation can meet this need by providing feedback to employees, recognising employee’s achievements and high performance.
5. **Self-Actualisation**-This is the need that people have to realise their full potential. Thus nee can be satisfied by allowing employees to use skills and talents successfully.

[B]**McClelland Need theory**.-Achievements theory based on idea the most distinct motive is the need for achievement (nAch).An individual’s strength of this need is what most strikingly points to different levels of activity compared with colleagues. Two other key motives are the need for affiliation (nAff) and the need for power (nPow).McClelland has made use of the Thematic Appreciations Test as a means of eliciting motive.

[C**] Herzberg Two Factor Theory**

This theory states that one’s attitude towards work can very well determine success or failure. In other words, things that people feel good about at work are motivating and these things they do not feel good about are de-motivating.Therefore,meeting hygiene factors does no increase motivation but merely eliminates dissatification.it also makes it possible to apply motivators. Hygiene factors include quality of supervision, pay, company politics, physical working conditions, relations with others and job security.

1. Hygiene factors-these are work place factors, when not met, lead to job satisfication.When they are met, they do not lead to job satisfactions, but rather to a lack of dissatification.Therfore, meeting hygiene factors does not increase motivation, but merely eliminates dissatification.It also makes it possible to apply motivators.Hygines factors include quality of supervison.pay company policies, physical working condition, relations and job security.
2. Motivational factors-These are intrinsically rewarding factors in the work environment. They are motivators because they stimulate positive motivation. They include factors relating to job such as promotion and personal growth opportunities, recognition, responsibilities, and achieving. Meeting these factors will increase motivation by creating satisfying work environment.

[C]McGregor-he propounded theory X and Theory Y in which the former represents managements assumptions that employees only respond to inducements and threats and the latter represents the assumptions that employees can be trusted, want to achieve and can accept resposibility.Theory X encourages self-actualisation at work.

4.5.1.2. **Process Theories**-These theories move the focus away from what motivates people in order to consider motivation from the point of view of how people become motivated. The most comprehensive theory is the Expectancy Theory, while others are Equity, goal theory, attribution theory, and reinforcement theory. In this Unit we shall look at the Expectancy and Equity theories

[I]**Expectancy Theory**- Cole (2006) suggests that Expectancy Theory focuses on the outcomes, and in particular on the anticipated outcomes of behaviour. The concept of individual perception is on the central to Expectancy theory, since it is predicted on the basis that motivated behaviour arises from the perceived value placed by an individual on an activity, especially in terms of the benefits that are expected to flow from that activity.

The three concepts of Expectancy theory are:

Expectancy-i.e. perception of the likelihood that a particular act will produce a particular outcome.

Instrumentality-perception that performance will lead to rewards.

Valence-Belief that attractive rewards are available.

**Diagrammatic presentation of expectancy theory**

External influence

Expectancy

Performance

Effort

Instrumentality

Valence

Personal capabilities

[II] **Equity Theory-**The Basis of Equity Theory is that is that people make comparisons between themselves and others in terms of what they invest in their work inputs and what outcomes they receive from it. It is founded on people’s perceptions of inputs and outputs. The theory states that when people an unequal situation, they experience Equity tension” which they attempt to reduce by appropriate behaviour. This kind of behaviour will entail people to act positively to improve their performance and seek improved results or may act negatively by working more slowly than usual on the grounds of being underpaid.

4.5.**5Learnimg and Motivation**

More than often, you have heard of the word learn. Can you give the definition of Learning in your understanding and then compare your definition to scholarly definition by Cole, who defined Learning as”:

*The process, by which people acquire knowledge,understanding, skills and values, and apply them to solve problems, throughout their daily life. The learning process engages an individual’s emotional as well as intellectual dimensions, and enables him or her to control or adapt their environment. While much individual learning is put into store, most learning leads to behaviour, which can be recognised and assessed.*

**Des**ler (2012) defines learning as a relatively permanent change in behaviour that occurs as a result of experience. Learning is critical for organisations to survive. The only competitive advantage for an organisation is to have a manager who learns faster that its competitions.

**4**.5.5.1**Factors affecting Learning**

Human learning is a complex process which involves numerous internal and external factors. Internal factors are those arising from the individuals persons (intelligence, temperament, health etc.) and from persons personal experience, the internal factors are those arising from the individual factors are those arising from the individual environment i.e. the context of learning.

**Internal Factors affecting Learning are:**

1. Intellectual capacity

3. Health

4. Personal attitudes

5. Past experience

**External Factors affecting learning are:**

1. Ability of teachers

2. Teaching and learning methods

3. Learning content [degree of difficulty]

4. Learning content [workplace]

5. Learning AIDS

**Theories of Learning**

[A] Classical conditioning-this was developed in Russia by Pavlov. His lab experiments demonstrated hoe instincts reflexes, such as salivation, could be conditioned to respond to a new stimulus. The normal and Physiological reaction to food is the salivation response. Pavlov found that by combining food with a new stimuli [bells, tones and buzzers] ,the dogs under study will salivate if it were repeated with food. Later on Pavlov used the same bells without food, and the dogs still salivate. This experiment showed that there power between strength associations.

STAGE1-Food [Stimuli]………………………………Dogs Salivates [response]

*No learning-an automatic instinctive salivation response to sight of food*

STAGE2-Food and bell [stimuli]………………………Dogs Salivates [response]

*Repeated over many trials the dogs begins to associate Bell with sight of food*

STAGE3.Bell, no food [stimuli]………………………..Dogs Salivates [Response]

*The dogs have been conditioned to the sound of bell even though no food appears.*

[B] Operant conditioning BF Skinner advanced the ideas of Thorndike and produced a thesis of operant conditioning. Skinners experiment with animals showed the effects of rewards and punishments on animal learning. Unlike Classical condition, Learning was rewarded after the responses had occurred. He proved that a response would be learned when the animal associated the behavioural response to a reward (or reinforcement) and could be broken with punishment. Once the rat had learned that pressing, the lever equalled the onset of food, it responded to the lever consistently. The rat had been conditioned to act in a particular kind of way. Skinner called these responses “superstitious” as the animal had acted through such behaviour and produced results.

STAGE1.Stimuls (S) not recognised…………………………………….Response(R) [No response]

*No learning-a hungry animal, often a rat would be placed in a box (called Skinner box).The box would be empty except for a leaver and food container.*

STAGE 2.Stimuls (S)[lever]……………………………………………..Response(R)By trial and error the rat presses the lever and the lever releases a pellet of food[Reinforcement of food]

*Over many “trials the rat begins to associate the food with “pressing the lever*

STAGE 3Stimulus(S) Lever…………………………………………….Response(R)Pressing the lever(reinforcements Reward of food)

*The rather learned to respond to the lever for the reward of food.*

From this experiment it is therefore evident that the technique of shaping (modifying and controlling behaviour) and the identifications of the stimulus response bound can be applied to work situations. Illustrations of power can be seen in almost any work organisation, bonuses, prizes, reaching sales targets etc.

4.6**Stress**

4.6.**1Definitionof stress**

Desler (2012) defines stress as a condition in which the body reacts to danger in the same way as our hunting ancestors, but spread over a long period of time. It is therefore said to be the non-specific response of an organism to demands that tax or exceed its resources. Stress is further defined as an adaptive response to a situation that is perceived as challenging or threatening to the person’s well-being (Moorhead, 2010).

4.6.**2Causes of stress-**Stress in organisational can be caused by a number of factors notable among these are:

* Lack of participation-if one is not involved in decision making process, they may become stressed up
* Work overload-too much work given to one at the time
* Work under load-when one has little work to do than his capacity
* Responsibility over others especially in life and death situations
* Role ambiguity-This happens when ones role boundaries are not clear
* Occupation, type of jobs done -working long hours e.g. Doctor on call
* Working conditions-if conditions at work places are poor such as ergonomics (poor light, noise, ventilation, bad tools etc.
* Lack of communication between managemt and employees‘
* Repetitive work.

In other words stress can be caused by Personal factors, Domestic and social situations as well as work relationships. Other causes are job characteristics, external environment, organisation structure and physiological symptoms.

4.6.3. **Managing Stress at work places.**

There are a number of measures by which individuals and organisations can attempt to reduce stress and effects at work places. Organisation need to give greater attention to training and development, support counselling, and conduct job design.They must also ensure there is good communication with staff and provide effective support throughout the process

Other measures are to encourage healthy work-life balance

Make sure everyone has clearly defined objectives and responsibilities.

Make sure work place hazards such noise are controlled

Change the way jobs are done

Avoid people working long hours and give enough work loads

Provide training for those who need more

4.7. **Organisation Design**

4.7.1 **Design elements**

Design elements in organisation culture are varying, but the most notable ones include:

* **Span of Control**- this is the situation where a number of people directly reporting to the next level

1. Wide span of control is possible when other coordinating mechanisms are present, tasks are routine and there is low interdependence among employees
2. Problem with tall hierarchies: overhead costs, lower quality and less information, focus power around mangers and staff less empowered and less engaged
3. Problems with flatter hierachies:undermines management functions, increases
4. Workload and stress and restricts managemt career development.

* **Centralisation and Decentralisation**

(i)Centralisation-this is where decisions authority is held by a small group

(ii)Decentralisatin-decsions authority and power dispersed throughout the organisation

(iii)Firms decentralise as they get larger and older.

* **Formalisation**

1. The degree to which organisations standardise behaviour through rules,procedures,formal training and related mechanisms
2. Increases as firms get older, larger and more regulated

(iii) Problems reduce flexibility, discourage organisations learning and creativity, reduce work efficiency and increase job dissatisfaction

* **Mechanic Vs. Organic Structures**

(i)Organic-wide span of control, little formalisation, high decentralised decision making and operate better in rapidly changing environments

(ii) Mechanistic: Narrow span of control .high degree of task formalisation and centralisation, better in stable environments.

4.7.**2Departmentalisations**

Desler states that organisations have six forms of departmentalization and these are;

(i)Functions-establish chain of command creates common mental models and encourages staff to coordinate through informal communications\*

(ii)Simple structure- only few people, broadly defined roles and flexible, outputs or clients.

(iii)Functional Structure-Organised around specific knowledge of resources, centralised

(iv)Divisional Structure-group geography output or clients

(v)Team-Based-self-directed teams, organised around work processes and organic structure

(vi)Matrix Structure-Project based or multinational

(vii)Network structure-alliance of firms creating a product/service supporting firms bee- hived around a hub or core firm, popular because emphasis on core co\*\*\*\*\*mpetencies and rapidly changing technology.

4.7.3**Job Enrichment**-This is also called “Vertical job loading”. It involves building motivators into jobs e.g. achievement, recognition, job interests etc. It usually does involve additions to personal responsibilities and changes to any one job are likely to affect others around it. Especially the job next up the line (usually the supervisor)

Advantages

1. Improves employee performance
2. Increases individual motivation at work
3. Reduces absenteeism, sickness and other behaviour due to boredom and lack of interest.

Disadvantages

(i)Requires considers approach to existing jobs in job sets

(ii)It is costly

(iii)It may not be easy to match pay etc. to new responsibilities’

(iv)One man’s job enrichment can be another man’s job impoverishment

(v)Supervisors have a lot to lose if their jobs responsibilities are allocated to their own staff.

4.7.**4 Job Rotation**-This is switching people between jobs involving similar tasks and levels of responsibilities.

Advantages

(i)It reduces monotony and boredom

(ii) It creates opportunities to increase employees’ interest

Disadvantages

1. Benefits of increased interest and reduced boredom likely to be marginal.

4.7.5 **Specialisation-**Within the formal structure of an organisation work has to be divided among its membership and different jobs to each other. The division of work and the grouping together of people who should, wherever possible, be organised by reference to some common characteristic which forms and logic link between the activities involved. It is necessary which forms logical link between the activities involved. It is necessary to a balance between an emphasis or matter or functions at higher levels of the organisation, and specialisation and concern for the staff at the operating level.

4.7.6 **Coordination**

Coordination goes side by side with Division of labour. Division of labour is the subdividing of work into separate job assigned to different people, while coordination has three main forms which are: Informal communication, formal hierarchy and standardsation.Desler defines coordination as the balancing and maintaining the team by ensuring a suitable division of work and seeing that tasks are performed in harmony.

4.8. **Organisation Culture.**

4.8.1. **Definition of Organisation Culture.**

You may have heard of the word culture, but have ever wondered what it means? Try to define the word culture and compare the scholarly definition by Handy (1993) who defines Organisational Culture as

*“The basic assumptions that a given group has invented discovered or developed in learning to cope with its problems of external adaptation and internal integrations and that have worked so well enough to be considered valid and therefore to be taught to new correct way to perceive, think and feel in relation those problems”*

Furthermore organisational culture is said to be the collection of traditions, values, policies, beliefs and attitudes that constitute a pervasive context for everything we do and think in n an organisation (Mullins.J (2010).

4.8.2 .**Types of organisational culture**

There are a number of ways in which to classify different types of Organizational culture. However, the four main types include.

1. Power Culture-This type of culture is frequently found in small entrepreneurial organisation and relies on trust, empathy and personal communications for its effectiveness. Control is exercised from the centre by the selection of key individuals.
2. Role Culture-This is often stereotyped as bureaucracy and works by logic and rationality. Role culture rests on the strength of strong organisational pillars. Job description is often more important than the individual and position power is the main source of power.
3. Person Culture-this is where the individual is the central focus and any structure exists to serve the individuals within it. Every organisation will have its own unique culture and most large business are likely to be something of a mix of cultures with examples for each of the four types in varying areas of the organisations.
4. Task Culture-This is job oriented or project –oriented. In terms of strucuture,the task culture can be likened to net, some strands of which are strong than others, and with much of the power and influence at the interstices.

4.8.3. **Creating Organizational culture.**

Culture is reinforced through the system of rites and rituals; patterns of communication, the informal organisation expected patterns of behaviour and perceptions of the psychological contract. It is suggested that a view of organisational culture based on distinguishing three levels and creations of culture which are: Artefacts and creations, Values and Basic assumptions.

Level 1-Artefacts-The most visible level of culture is artefacts and creations- the constructed physical and social enviroment.This includes physical space and layout, the technological output, written and spoken language and the overt behaviour of group members.

Level 2. Values- cultural learning reflects someone’s original values. Solutions about how to deal with a new task, issue or problem are based on convictions of reality. If the solution works, the value can transform into belief. Values and beliefs become part of the conceptual process by which group members’ justify actions and behaviour.

Level 3.Basic underlying assumptions-When a solution to a problem works repeatedly, it comes to be taken for granted. Basic assumptions are unconsciously held learned response. They are implicit assumptions that actually guide behaviour and determine how group members perceive, think and feel about things.

4.8.**4.Emerging issues in Organisational culture.**

Organisations have witnessed great transformations in respect of structure, operations and due to trends in Globalisations, employment relationship, changing workforce and information technology. The following are some of the Emerging issues in Organisational culture: The following are some of the emerging issues in organisation cultuture:

Slow to react to external/internal changes as systems are designed for stability

Too many structural layers slow down and reduce communication effectiveness

Authority Is maintained centrally, reducing the effectiveness of front-line staff

Problems take too long to solve and keep recurring, wasting time and resources

Purposes are often in conflict (Ex: finance wants to save – depts. need to spend)

The structures and systems create problems by dividing and boxing people

Most people are excluded from the decision-making and thinking processes thereby limiting potential to change and adapt quickly

People are not involved or included in the purpose of the organization and feel apart from it rather than a part of it

Failure is a greater focus than success

The organization does not perform as well as it should or could

Top of Form

Bottom of Form

4.8.5. **Managing Organisational Culture.**

One important management task is to create, maintain and change the organisation to enhance the organizations effectiveness. The culture of the organisation can be managed by:

Selection -This is the selections of individuals who have the knowledge skills and abilities to perform the job within the organisation successfully.Identfication and hiring depend on the interviews opinion of how well the individual could fit into the organisation.

1. Top Management-The actions of top management have the biggest impact on the organisation’s culture. Through what they say or do, top management establishes norms that filter down the organisation. Leaders create, maintain and change culture by how they create resources, recruit and reward staff, model and teach as well as they pay attention to measures an d control on regular basis.
2. Socialisation-Socialisation is the process by which organisations bring in new members into the culutres.Employees are socialized or trained in the cultural values of the organisation either through formal training or by observing the actions level managers. This is done through stories, Rituals, Symbols and Languages.

**ACTIVITIES**

Describe how groups are formed in organisation

Mention types of groups you know

Who is a leader?

**REFLECTION**

What is culture and what is the emerging issues inn organisation culture?

**CONCLUSION**

This unit introduced you to group formation as well power and influence. The unit also discussed types of decisions and the steps of decision making. In addition, the unit looked at motivations theories with reference to expectancy theory. Other areas discussed included stress organisation design and culture.

**Revision**

1. What are the sources of power in organisations?

2. Discuss the decision making process and types of descion

3. With reference to motivation, describe the theory of expectancy

4. What is stress? And what are causes and consequences of stress at work

5. different between job description and job rotation.

COMUNICATION AND CONFLICT

UNIT 5

5.1. **Organisational Communication**

**This** unit will introduce you to communications in organisations. It will define communication; the process of communications as well as the channels of commincations.In addition, the unit will discuss barriers to effective communication and the types of conflicts including managing conflicts in organisations.

Objectives. At the end of the unit, Students should be able to:

* Define communication and state the process of communication
* State the barriers of communication in the communication process
* Discuss the types of conflicts and how to manage conflicts

McShane (2000) defines communication as the process by which information is transmitted and understood between two or more groups. It is said that effective communication occurs when the senders thoughts are transmitted to and understood by the intended reciever.The two main types of communication are Verbal and Non Verbal.

5.1.1**The communication Process**

Bovee (2010), states that communication is a dynamic, transactional (two-way) process that can be broken into six phases. The following is the process:

1. The sender has an idea

2. The sender encodes an idea

3. The sender transmits the message

4. The receiver gets the message

5. The receiver decodes the message

6. The receiver sends back the message

5.1.2 **Channels of Communication**

When communicating, there are various methods you can use to send your message to someone. There are basically three methods and these are:

(A)Oral communication- This is the form of communication where you communicate by word of mouth in form speeches, groups work, phone calls, video chatting, tele-conferencing etc.

(B)Written Communication as the name suggests, implies this is communicating by writing. This can be in form of Text messages, Fax, Emails, instant messaging, periodicals, notices, Memos,letters,Circulars,WhatsApp,messenger etc.

(C) Non Verbal-This is the form of communications which includes body language, facial expressions, physical distance, mode of dressing etc. Others include tone of voice.

5.1.3. **Barriers to Communication -**Interference in the Communication process that distorts or obscures the senders meaning is called noise. This is the kind of noise, by a variety of communication, barriers. The following are the Barriers to Communication;

* Restrictive Environment
* Distractions
* Deceptive tactics
* Information Overloads
* Communications apprehension
* Language
* Emotions
* Filtering.

5.**2Organisational Conflicts**

**5.2.1 Definition of conflict**

Conflicts are defined as a form of interaction among concerned parties that differ in interests, perceptions and preferences. It starts with one party the perceives that the other has been negatively affected or is about be negatively been affected. Cole (2006) defines conflicts as a condition that arises whenever the perceived interests of an individual or a group clash with those of another individual or group.

5.2.2 **Sources of Conflict**

Conflict areas due to:

As result of completion over scarce resources

Due to define information

Due to difference in values, interests, perceptions, education, culture goal etc.

Due to ambiguity or poorly defined turf

5.2.3**Types of conflicts**

According to Robbins, “Conflict is of two types which are positive and negative conflicts.” Positive Conflict is one where there’s a chance for people to test their capabilities, stimulate interest as we as better idea are produce. In addition, there’s is clarification of individual views and long standing problems are brought to the surface and resolved.

Negative conflict is one where distance between peoples is increased due to communication, it is also a situation where some people feel defeated and demeaned, and there is resistance rather that team work.

Other forms of conflicts include process conflict. These arise due how the work is accomplished.Loe levels of process conflicts are functional. Task conflict relates to the content and goals of the work. High, levels of task conflict becomes dysfunctional when they create unnecessary about task roles.

5.2.4 **Managing Conflicts in Organisations**

Conflicts in organisations can be managed to avoid harmful effects.

(i) Clarification of goals and Objectives-Clarification and refinement of goals and objectives will help to avoid conflicts in organisation.

(ii) Resource Distribution-Managers need to strive to district resource at equally at all times

(iii) Group activities-Overlapping a group members with a “linking pin “as well as carefully selection of project teams or tasks forces for problems affecting more than one group.

(iv) Leadership and Managements-A more participative style of leadership and managerial behaviour is likely to assist in conflict managements.

(V) Avoidance –it is a form conflict handling mode that recognizes that a conflict exists but there is a lack of concerns about the desires of either party

(vi) Accommodation- It is a form of conflict handling mode which satisfies the other parties concerns without taking own needs or desires into considerations

(vii) Compromise- it is a give and take stance by both parties to the conflict

**Activities**

1. How do you define communication in your own words?

2. List down forms of communications and give advantages and disadvantages of each

**Reflections**

Explain how barriers to communication can be overcome in organizations.

**Conclusion**

The Unit discussed the Communications in organisations. The unit defined communication and explained the channels of communications. In addition, the unit looked at barriers to communication. The unit ended by looking at types of conflicts and how they can be managed.

**Revision**

1. What is communication?

2. Describe the process of communication.

3. What are barriers to communications?

4. What are conflicts and how can they be managed in organisations?

5. Discuss the methods and channels of communication

**PERFORMANCE MANAGENT**

UNIT 6

6.1. **Definition of Performance Management**

Organisations are created to achieve goals. The Role of Managers is to ensure that these goals are achieve by carrying out the four management functions of Planning, Organising, Leading and Controlling. Performance Management falls under Controlling and is defined as A continuous process of identifying, measuring and developing the performance of individuals and teams and align their performance with organisational goals. Other scholars have defined Performance Management as a systematic approach to improving individual and team performance in order to achieve organisational goals.

Armstrong defines Performance Management as the continuous process of identifying, measuring and developing performance of individuals and teams, as well as aligning performance with the strategic goals of the organisations.

Objectives: At the end of the unit, students should be able to:

* Introduce and explain the concepts of performance management
* Explain how performance management is linked to organisation performance
* Define rewards and the purposes of reward in organisations
* Discuss types of rewards in organisations
* Explain the work-life relationship and balancing work life linkages

6.1.**2Nature of Performance management**

The concern or focus of performance management is organisational performance. In organisational performance we are interested in the ability of the individuals, teams or units of the organisations to achieve set objectives. Hence the use of approaches that management undertakes to produce successful performance. Simply stated, strategy is management’s game plan to strengthen the organisations positions, please customers, achieve performance targets and remain competitive. The Strategy is crafted after detailed study of the company’s vision, mission and objectives and an analysis of the strengths, weaknesses, opportunities and threats existing in organisations environments. The ability of the organisation to acquire and efficiently use available resources to achieve specific goals defines organisational performance and effectiveness. This can be seen in terms of:

* Profitability
* Degree to which accomplishment(goals achieved)
* Degree to which members/customers are satisfied
* Resource acquisition
* Healthy internal; processes(communication flow, low intergroup conflicts, employee trust and loyalty)
* Strategic constituent satisfaction
* Degree to which organisation is of value to the community.

6.1. **Purpose of Performance Management**

If [Performance Management](http://www.pmia.org.au/whatispm.html) is implemented correctly with specific [objectives](http://www.peoplestreme.com/objectives.html) tied to the strategic and operational plan, organisational performance outcomes will likely increase very quickly. For example, if the CEO asked for a 3% increase in gross margin, this objective would be cascaded down to every department, team and individual who can influence the increase in gross margin.

Those who are successful at achieving this objective will get a favourable review, those that could not, will get an unfavourable performance evaluation in the absence of extenuating circumstances. The process of [Performance Management](http://www.peoplestreme.com/key-performance-indicators.shtml) therefore drives organisational performance outcomes. Employees that achieve the organisational goals are rewarded with favourable reviews and bonuses in line with their performance and contribution to the organisation.

**Communication Improves-**The employee and manager communicate more frequently and agree on changed objectives to suit continuing changes in conditions and priorities. This is an inclusive and collaborative process, which ensures that the employee has input and does not feel they have wasted the year. The employee works towards specific objectives that are relevant. If the organisation is using a Performance Management product that has a performance diary, both the manager and employee attend the review meeting with copies of their performance diary notes. This contains content from the performance period to be reviewed. Given that both have content, they feel much better prepared and stress is lower than if they were attending a meeting not aware of the subject matter.

**Everyone Knows the Rules-**Where there is a well-structured [Performance Management](https://www.peoplestreme.com/product/performance-management) system that is effectively communicated, both the employee and manager enter the process with better levels of confidence as there are "rules" that clearly stipulate what is being assessed and how. Employees are assessed on achievement of objectives that have been clearly identified and agreed to. Managers have a better framework to assess an employees' performance as they are familiar with the criteria to assess the employee. The outcome is that both individuals have an informed discussion and focus on achievement of both personal and business objectives, not on issues that are irrelevant.

**Better Recording Opens Up Communication-**If the organisation has a system with a performance diary, then both parties are prepared with relevant content to discuss. They have diary notes that relate to performance during the entire performance period. This raises confidence and reduces stress levels. Both parties feel more comfortable and they can have a content rich and factual discussion about performance.

**Frequent Communication Reduces Stress-**Given that these performance reviews happen more frequently, the discussion centers on performance of objectives rather than being dominated by the employees' needs. The needs of the business are discussed more frequently to achieve specific performance outcomes. This means both the employee and manager communicate more effectively and achieve better outcomes. Emotionally charged discussions tend to be displaced by business focused discussions on achievement of objective outcomes.

As expectations are modified when a [Performance Management](https://www.peoplestreme.com/product/performance-management) system is introduced, most organisations switch to defined performance periods. This means that strategic and operational objectives are set at the beginning of the performance period. Formal performance reviews are then conducted quarterly or half yearly and enable management to direct and fine tune effort in relation to the objectives.

**Appraisals Become Relevant for Everyone-**By conducting more frequent reviews, objectives can be adjusted and modified to suit changing business conditions. This dramatically increases the probability that the objectives are relevant and are able to be acted upon during the performance period.By performing frequent performance reviews, visibility is increased dramatically. Areas of non performance receive much more focus and attention and problems can be acted upon much quicker. Most Performance Management systems provide reporting as to who has or has not achieved their objectives (departments and individuals). Adjustments to objectives or strategy can then be made to ensure expectations can be met. Alternately, expectations can be modified as appropriate. By reviewing more frequently, all managers and employees start to plan and execute to clearly thought out objectives. This results in better resource management and enables managers to work on the business, not in the business.

**Employee learning and Development Starts to Happen-**Given that most Performance Management systems require managers and employees to commit to a development plan, employees experience real personal development and become more engaged with the organisation. They feel part of the organisation and start to understand that they and the organisation are interdependent. The organisation is developing the employee and the employee is working towards developing the organisation by achieving its goals. The majority of Performance Management systems are able to provide graphical compliance reports. Therefore, the setting of objectives and development plans for employees can no longer be ignored. Employees see real planning, are involved in setting meaningful objectives and have input into personal development plans which benefit both themselves and the organisation. In all, this results in an engaged [workforce](https://www.peoplestreme.com/product/workforce-planning) who are extremely committed to achieving real outcomes for the organisation.

6.**2Individual rewards**

Individual rewards are rewards given to individuals in an organisation such as base pay, salaries, bonus, promotion, praise, transfers etc. As expected, individual rewards are aimed at improving organisation performance and increasing motivations among individuals with different skills and qualifications. These are awarded based on performance, qualifications, experience, skills and competence. Theses rewards can be awarded at the end of month, or year or upon meeting set targets and goals

6.2.1 **Purpose of reward-**As earlier alluded to, rewards come in various forms but they are all aimed at the same purposes in an organisation. Both extrinsic and intrinsic, rewards aim at motivating employees via salaries, bonuses, praises, promotions etc. I addition rewards aim to be ethical as no employee would love to have his employees go hungry and without pay after selling their labour. Furthermore, rewards aim to comply with legal rights such as the minimum wage. Moreover the rewards provide an organisation with the right to retain sufficient employees with right skills and qualifications, Cole(2006) states that rewards are used to support goals of an organisation with the goals of employees and to ensure that the organisation is able recruit sufficient manpower.

6.2.2 **Types of rewards**-There are a number of different types of reward programs aimed at both individual and team performance.

**Variable Pay-Variable** pay or pay-for-performance is a compensation program in which a portion of a person's pay is considered "at risk." Variable pay can be tied to the performance of the company, the results of a business unit, an individual's accomplishments, or any combination of these. It can take many forms, including bonus programs, stock options, and one-time awards for significant accomplishments. Some companies choose to pay their employees less than competitors but attempt to motivate and reward employees using a variable pay program instead. Good incentive pay packages provide an optimal challenge, one that stretches employees but remains in reach. If too much is required to reach the goal, the program will be ignored.

**Bonuses-**Bonus programs have been used in American business for some time. They usually reward individual accomplishment and are frequently used in sales organizations to encourage salespersons to generate additional business or higher profits. They can also be used, however, to recognize group accomplishments. Indeed, increasing numbers of businesses have switched from individual bonus programs to one which rewards contributions to corporate performance at group, departmental, or company-wide levels.

According to some experts, small businesses interested in long-term benefits should probably consider another type of reward. Bonuses are generally short-term motivators. By rewarding an employee's performance for the previous year, they encourage a short-term perspective rather than future-oriented accomplishments. In addition, these programs need to be carefully structured to ensure they are rewarding accomplishments above and beyond an individual or group's basic functions. Otherwise, they run the risk of being perceived of as entitlements or regular merit pay, rather than a reward for outstanding work. Proponents, however, contend that bonuses are a perfectly legitimate means of rewarding outstanding performance, and they argue that such compensation can actually be a powerful tool to encourage future top-level efforts.

**Profit Sharing-**Profit sharing refers to the strategy of creating a pool of monies to be disbursed to employees by taking a stated percentage of a company's profits. The amount given to an employee is usually equal to a percentage of the employee's salary and is disbursed after a business closes its books for the year. The benefits can be provided either in actual cash or via contributions to employee’s plans. A benefit for a company offering this type of reward is that it can keep fixed costs low. The idea behind profit sharing is to reward employees for their contributions to a company's achieved profit goal. It encourages employees to stay put because it is usually structured to reward employees who stay with the company; most profit sharing programs require an employee to be vested in the program over a number of years before receiving any money.

**Stock Options-**Previously the territory of upper management and large companies, stock options have become an increasingly popular method in recent years of rewarding middle management and other employees in both mature companies and start-ups. Employee stock-option programs give employees the right to buy a specified number of a company's shares at a fixed price for a specified period of time (usually around ten years). They are generally authorized by a company's board of directors and approved by its shareholders. The number of options a company can award to employees is usually equal to a certain percentage of the company's shares gained.

**GROUP-BASED REWARD SYSTEMS**

As more small businesses use team structures to reach their goals, many entrepreneurs look for ways to reward cooperation between departments and individuals. Bonuses, profit sharing, and stock options can all be used to reward team and group accomplishments. An entrepreneur can choose to reward individual or group contributions or a combination of the two. Group-based reward systems are based on a measurement of team performance, with individual rewards received on the basis of this performance. While these systems encourage individual efforts toward common business goals, they also tend to reward under-performing employees along with average and above-average employees. A reward program which recognizes individual achievements in addition to team performance can provide extra incentive for employees

**RECOGNITION PROGRAMS**

For small business owners and other managers, a recognition program may appear to be merely extra effort on their part with few tangible returns in terms of employee performance. While most employees certainly appreciate monetary awards for a job well done, many people merely seek recognition of their hard work. For an entrepreneur with more ingenuity than cash available, this presents an opportunity to motivate employees.

In order to develop an effective recognition program, a small business owner must be sure to separate the program from the company's system of rewarding employees. This ensures a focus on recognizing the efforts of employees. To this end, although the recognition may have a monetary value (such as a luncheon, gift certificates, or plaques), money it is not given to recognize performance.

Recognition has a timing element: it must occur so that the performance recognized is still fresh in the mind. If high performance continues, recognition should be frequent but cautiously timed so that it doesn't become automatic. Furthermore, like rewards, the method of recognition needs to be appropriate for the achievement. This also ensures that those actions which go farthest in supporting corporate goals receive the most attention. However, an entrepreneur should remain flexible in the methods of recognition, as different employees are motivated by different forms of recognition. Finally, employees need to clearly understand the behaviour or action being recognized.

Recognition can take a variety of forms. Structured programs can include regular recognition events such as banquets or breakfasts, employee of the month or year recognition, an annual report or yearbook which features the accomplishments of employees, and department or company recognition boards. Informal or spontaneous recognition can take the form of privileges such as working at home, starting late/leaving early, or long lunch breaks. A job well done can also be recognized by providing additional support or empowering the employee in ways such as greater choice of assignments, increased authority, or naming the employee as an internal consultant to other staff. Symbolic recognition such as plaques or coffee mugs with inscriptions can also be effective, provided they reflect sincere appreciation for hard work. Both reward and recognition programs have their place in small business. Small business owners should first determine desired employee behaviours, skills, and accomplishments that will support their business goals. By rewarding and recognizing outstanding performance, entrepreneurs will have an edge in a competitive corporate climate.

6.2.3. **Linking Rewards and Performance**-When performance is Rewards are linked to performance, the following are the advantages: Performance Related Pay (PRP) provides individual employees with financial rewards linked to an assessment of their work performance, such as: sales commission, bonuses for reaching targets, piecework payments or financial profit sharing. The following are the advantages:

|  |
| --- |
| **Advantages**  Managers can use a defined framework for setting goals. It should improve individual productivity and performance  Employees are more likely to focus on what they need to do to improve if this is directly linked to pay   * A good PRP system will reward the best performers. * It is an effective way of dealing with poor performance. * Rewarding high performance can assist in retaining staff. * It provides a direct incentive for employees to achieve defined work targets. * The contribution an employee makes is recognised with a tangible reward. * A healthy performance based culture can be developed with its introduction. |
| |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | |  | | --- | |  | | | |

**6.2.4. Rewards System-**Armstrong, states that there are basically two approaches to rewarding the employee i.e. the traditional and contingent pay systems. In traditional pay plan, salary and salary increases are based on position and seniority whole under the contingent pay systems, salary and salary increases are based on job performance. A reward is something that increases the chances that specific behaviours and results will be repeated or employee will engage in new behaviour and produce results.

A motivated workforce can be a significant factor in organizational success. When employees are motivated to work at higher levels of productivity, the organization as a whole runs more efficiently and is more effective at reaching its goals. This is in contrast to an unmotivated workforce, who can negatively disrupt an organization and distract employees from their work. For this reason, it is imperative that managers understand the power of reward systems and how they are used to influence employee behaviour.

**Rewards** are positive outcomes that are earned as a result of an employee's performance. These rewards are aligned with organizational goals. When an employee helps an organization in the achievement of one of its goals, a reward often follows. There are two general types of rewards that motivate people: **intrinsic** and **extrinsic**.

Intrinsic Rewards-**Intrinsic motivation** is internal to the person in that it is something that you have to offer yourself and is driven by personal interest or enjoyment in the work itself. Because intrinsic motivation exists within the individual, achieving it does not depend on others. Some people believe that the most powerful rewards come from inside a person.

Employees who are [intrinsically motivated](https://study.com/academy/lesson/intrinsic-motivators-examples-lesson-quiz.html) tend to work at higher levels of productivity and strive to develop professionally. **Intrinsic rewards** include things such as: personal achievement, professional growth, sense of pleasure and accomplishment.

**Intrinsic Rewards in the Workplace-**In knowledge economy where the greatest asset an employee can offer an organization is their intelligence, experience, problem solving ability and change-savvy persona, intrinsic rewards are especially important to workers. In fact, **Frederick Herzberg**, who is one of the leading theorists of [workplace motivation](https://study.com/academy/lesson/workplace-motivation-theories-types-examples.html), found intrinsic rewards to be much stronger than financial rewards in increasing [employee motivation](https://study.com/academy/lesson/what-is-employee-motivation-theories-methods-factors.html). This is not to say that employees will not seek financial rewards in addition to intrinsic rewards, rather it just means that money is not enough to maximize motivation in most employees. People want to feel like their contributions matter.

For example, an employee might want to reach a sales quota set by his manager to earn the bonus that is attached to it, but unless the employee feels a sense of accomplishment as part of making those sales, the motivation to achieve the quota is less powerful. To help employees with their intrinsic motivation, managers should:

* provide meaningful work
* allow workers to make choices through a high level of autonomy
* provide opportunities for employees to show their competence in areas of expertise
* facilitate professional development so that employees can expand on their level of knowledge
* offer frequent opportunities for employees to reward themselves
* allow employees the opportunity to connect with those with whom they serve to obtain valuable feedback
* give them a path to monitor their progress with milestones along the way

**Extrinsic Rewards-Extrinsic motivation** is based on tangible rewards. Unlike intrinsic motivation that is self-administered, extrinsic motivation is external to the individual and is typically offered by a supervisor or manager who holds all the power in relation to when extrinsic rewards are offered and in what amount. Extrinsic rewards are usually financial in nature, such as a raise in salary, a bonus for reaching some quota or paid time off. However, extrinsic rewards can also be as simple as getting the better office, verbal praise, public recognition or awards, promotions and additional responsibility.

These material rewards can be motivating to employees because pay, time off, advancement and recognition are important to most workers. Just imagine how de-motivating it would be to underpaid, overworked and unappreciated, and you can quickly see how important extrinsic rewards are to organizational success. An extrinsically motivated person will work on a task that they do not particularly care for simply because of the anticipated satisfaction that will come from some extrinsic reward. For example, the employee may not be interested in the product he is selling, but reaching the quota means the bonus, therefore he is motivated to put forth the effort he needs to meet the sales quota.

An employee reward system should motivate employees to perform at their highest level. Job security and opportunities for advancement encourage employees to take pride in their work.

**Compensation-**Salary and wages are rewards that satisfy an employee’s basic needs. Part of your employee reward system should take into account the salary structure you use. Establish a set of measureable objectives for each employee to meet. Periodically evaluate employees to see how well they are meeting the objectives. Workers who meet the objectives for their job should receive the reward of a pay raise.

**Benefits-**Another type of extrinsic reward is the benefits package you offer each employee. While salary, overtime, commissions, merit pay, profit-sharing and bonuses all fall under the category of compensation, benefits are often less direct. They include such items as health insurance, retirement plans, and use of a company car, company mobile phone, expense accounts for meals and travel and an entertainment allowance. Benefits might also include subsidized housing, moving expenses and flexible working schedules. An attractive benefits package may help to motivate employees to perform well and to encourage them to stay in your employ.

**Recognition-**Recognition serves as a psychological, or intrinsic, reward by acknowledging the accomplishments of an employee in front of his peers. This type of reward can be as simple as maintaining a "Wall of Fame" for employees who meet and exceed established goals. "Employee of the Month" is another type of recognition that you can create. The goals you establish for recognition can be short- or long-term, or a combination of both. The reward can be physical, such as a gift certificate to a restaurant, or it can be something intangible, such as a day of paid leave. Any type of recognition is good as long as it is consistent and fair to all employees.

**Appreciation-**Appreciation is another intrinsic reward that you can show your employees. It’s best to show appreciation personally, such as with a handwritten thank-you note. Another way to show appreciation is to stop by the employee’s desk and say thanks for a job well done. Showing that you appreciate the work the employee is performing for the company is a prime motivator for them to continue doing so.

**Performance or Behaviour-**Define what will be rewarded. There are two ways to approach this: performance and behaviour. Performance is an easy action to reward because positive performance means that the overall goals are being accomplished. Behaviours are not as clear-cut for business owners, but they are an effective means of training employees so that employees develop the proper work habits and daily activities. Employers should consider both types of actions because it's important for employers to reward effort in employees who are learning and are working to improve.

Reward programs for the different types of actions could be different.

6.**3. Work-life linkages-fundamentals and balance**

Despite the worldwide quest for Work-Life Balance, very few have found an acceptable definition of the concept.

Let’s first define what work-life balance is not.

Work-Life Balance does not mean an equal balance. Trying to schedule an equal number of hours for each of your various work and personal activities is usually unrewarding and unrealistic. Life is and should be more fluid than that.  
  
Your best individual work-life balance will vary over time, often on a daily basis. The right balance for you today will probably be different for you tomorrow. The right balance for you when you are single will be different when you marry, or if you have children; when you start a new career versus when you are nearing retirement.

There is no perfect, one-size fits all, balance you should be striving for.The best work-life balance is different for each of us because we all have different priorities and different lives.

However, at the core of an effective work-life balance definition are two key everyday concepts that are relevant to each of us. They are daily **Achievement and Enjoyment**, ideas almost deceptive in their life.

**ACTIVITIES**

1. Explain the nature and purpose of performance management in your own understanding.

2. Define rewards and explain purpose of rewards

**REFLECTIONS**

What do you understand by work life?

Explain how rewards can be liked to performance

**CONCLUSION**

The unit discussed the nature of performance and its purposes. In addition, the unit explained individual rewards in organisations as well as reward systems. Furthermore, the unit discussed work- life relationship and balancing work-life linkages.

**REVISION**

1. What is performance management?

2. Explain the purpose of performance management

3. What are forms of individual rewards in organisations?

4. Differentiate between Training and Development

5. Discuss in details, the reward systems in organisation

**ORGANISATIONAL CHANGE AND DEVELOPMENT**

UNIT 7

7.**1Definition of Change**

The concept of change implies that a situation, person or thing has altered in someway. Change implies difference, adaptations, innovation and renewal.Kanter (2015) defines Change as the process of any new, problem –solving idea into use. There are basically two types of Change and these are Reactive change (where the organisation is forced to respond at short notice to external or internal influences). The other form of change is Planned change (where the organisation initiates changes proactively.

Cole (2006), states that changes in the external Environment are particularly liable to affect business organisation, as this is where their customers and their compatriot are. This unit will introduce you to process of organisation change, sources of resistance to change both individually and organisational. It will end by discussing training and development as well as team building.

Objectives. At the end of the Unit, students should be able to:

* Describe the process of organisational change
* Discuss sources of resistance to change and how to manage such resistance
* Differentiate between training and development
* Discuss team building and differentiate between teams and Groups

7.2. **Forces of Change**

An organisation can only perform well through interactions with the broader external environment of which it is part. The structure and functioning of the organisation must reflect, the nature of the Environments in which it is operating.There arefactorswhich create an increasing volatile environment, such as:

* Uncertain economic conditions
* Globalisation
* Political interests
* Level of government interventions
* World competitions
* Rapid developments in new technology and information age.

Mullins (2008) adds that force of change include conflict from within organisation as well as the changing nature and composition of the patterns of management. Others are increased demand for quality and high levels of customer service and satisfactions

7.3 **Resistance to Change**

Despite the positive outcomes, change is often resisted at both the individual and organisational level. Résistance to Change or the thought of implications of change, appears to be a common phenomenon. Both Organisations and individual resist change.

7.3.1**Individual resistance to Change**

Some common reasons for individual resistance to change within organisations include:

[A] **Habit-**

People tend to respond to situations in an established and accustomed manner. Habits may serve as a means of comfort and security, and as a guide for easy decision –making. Therefore, proposed changes to habits, especially if the habits are well established and require little effort may well be resisted.

[B**] Fear of the Unknown-**

Changes which comfort people with the unknown tend to cause anxiety or fear. Major changes in an organisation present a degree of uncertainty.eg the introduction of ICT.A person may resist promotion because of the uncertainty over changes in responsibilities’ or increased social demands of the higher position.

[C]**Economic Implications-**

People are likely to resist change which is perceived as reducing either directly or indirectly their pay or other reward. Requiring an increase in work for the same level of pay or acting as a threat to their job security.

[D]**Selective perception**-

Peoples own interpretation of stimuli presents a unique picture or image of the “real “world and can result in selective perception. This will in turn lead to biased view of a particular situation, which fits most comfortably into a person’s own perception of realty.

[C] **Inconvenience or loss of Freedom-**

If change is seen as likely to prove inconvenient, make life more difficulty, reduce freedom of action or result in increased control, there will be resistance.

[D] **Security in the past-**

There is a tendency for some people to find a sense of security in the past. In times of frustration and difficulty, or when faced with new unfamiliar ideas or methods, people may reflect on the past. There is always a wish to retain old or uncomfortable ways.

7.3.2 **Organisational Resistance to change**

Although Organisations have to adapt to their environment, they tend to feel comfortable within the structure, Policies and procedures which have been formulated to deal with a range of present situations. Some of the main reasons for organisational resistance against change are:

[A] **Organisation culture**

The pervasive nature of culture in terms of how things are done here also has a significant effect on organisation processes and behaviour of staff. An ineffective culture may result in a lack of flexibility for or acceptance of change.

[B]**Threats to power**

Change may be seen as a threat to power or influence of certain groups within the organisation, such as their control over decision resources or information. Where a group of people have over a period of time, established what they perceive as their “territorial right”, they are likely to resist change.

[C]Maintaining stability-

The more mechanist or bureaucratic the organisation structure the less likely it is that the organisation will be responsive to change. Therefore, the need for formal organisation structure and division of work, narrow definitions of assigned duties and responsibilities, established rules, procedures and methods of work, can result in resistance to change.

[D]**Investment in Resources**

Change often requires large resources which may already be committed to investment in other areas or strategies. Assets such as buildings, equipment etc. cannot be easily changed e.g. Motor car manufacture may not find it easy to change to a social-technical approach and use of autonomous work groups because it cannot afford the cost new purpose-built plant and specialised equipment.

[E]**Past contracts or agreements**

Organisations enter into agreements or contracts with other parties, such as government, other organisations, trade unions, suppliers and customers. These contracts and agreements can limit changes in behaviours.

7.4-**Managing Change**

7.4.**1. Managing Organisational change**

Laurie, (2014) states that Managers understand what types of change the organisation is capable and incapable of handling. They identify three factors that affect organisational response to different types change and what an organisation cannotdo. The following measures can help change organisations manage change:

i. Education and Communication-Help people understand the reasons for change. This clears up any misunderstanding that often causes resistance.

ii.Participation and Involvements -Encourage others to be involved in the design and implementation of change as this improves commitment when people acquire a stake in the success

iii.Facilitation and Support -Provide encouragement, support, training, counselling and resources to help people who are affected by the change.

vi. Resources-access to abundant - high quality resources increases an organisations chance of coping with change

v. Processes-the patterns on interactions, co-ordinations, communications and decision making employees use to transform resources into products and services. Process may be formal and explicitly defined and documented, or informal and routines or ways of work that evolve time.

vi. Values-the standards by which employees set priorities that enables them to judge whether an order is attractive, whether customers is more or less important or whether an idea for a new product is attractive or marginal.

7.5. **Training and development**

Cole explains that a Training plan is systematic statement of training intentions and the means bywhich they are achieved and measured. Training plans are central to the trainings processes.

Training Methods. Organisations engage in various Training methods. These are the means used to communicate information, ideas, skills, attitudes and feelings. These methods are crucial to trainer’s success and they are normally categorized as:

**[A] Off the Job Training[B] On the Job training**

1. Lectures/talks job instructions

2. Classroom Instructions Learning from experienced workmates

3. Programmed Instructions Coaching/counselling

4. Group discussions Delegation

5. Case Studies Secondments

6. Simulations exercises Special projects

Traditionally training has comprised of the learning a set of skills. Or predictable actions or behaviour. This change in skills and behaviour is usually aimed at improving the current job performance of an individual. Training may also prepare an individual for a potential job or role.

Development not only seeks to improve performance in a role, but seeks to bring out some form of maturity growth. Development is used to increase the potential of an employee as well as equip them to be ‘better’ individuals.

**Training-**[Training](https://rapidbi.com/why-training-fails-time-for-a-new-approach/) is usually a short term process.

Training usually requires guidance (or instruction) in a series of steps to gain a skill, or set of predictable knowledge.

Often for non-leadership related activities, aimed at a specific task or job role.

**Development**

Is more long term in nature?

Often includes education in philosophical and theoretical concepts aimed at developing relationships, often for the purposes of improving leadership skillsMore general and non-tangible than specific.

**The Purpose of Training**

To provide the ability to undertake a task or job

To improve productivity and workforce flexibility

To improve safety and quality

To develop the capability of the workforce

**The Purpose of Development**

More productive management and leadership come from better educated and informed managers. Research has shown that the performance of managers can be improved through:

Better knowledge

[Changing attitudes](https://rapidbi.com/change-management-approach-and-models/)

Increased capability and skills

The purpose of ‘development’ is to improve leadership effectiveness through planned and structured learning. A planned approach to developing managers and leaders will enable the growth of managers. It will also provide for the future needs of the business or organisation.

7.5.**1Differences between training and Development**

| COMPARISON | TRAINING | DEVELOPMENT |
| --- | --- | --- |
| Meaning | The action of teaching a person a particular skill or type of behaviour. | The action of providing the opportunity for an individual to improve their general knowledge and abilities for their overall growth. |
| Term | Short Term | Long Term |
| Focus on | Present/ immediate need | Future role |
| Concentrated towards | Job & ability | Career & possibility |
| Who leads? | Trainer/ Line manager | Self |
| Purpose | To improve the work performance or capabilities of an employee. | To prepare individuals for future challenges. |
| Number of people | One or many | Only one |
| Aim | Specific job or role related | Conceptual and general knowledge |

 7.6-**Team Building**

Objectives: Students should be able to:

1. Describe how to build a team

2.Explain the importance of team s and team work

3. Differentiate a team from a group.

4. List down types of teams.

7.6.**1Definitions**

Teams are developed from the groups which become the trueteams via basic group processes,and the passage of time, team development activities.Handy(2008) defines a team as a special type of a group whose individual efforts result in performances that is a greater the sum of the individual input.Furthermore, it is said that a team is a small number of people with complementary skills who are committed to a common purpose, set of performance goals and approach for which they hold themselves mutually accountable.

7.6.2. **Types of Training**

There are various types of teams in organization some which are:

i. Work teams- these make or do things such as manufacture, assemble sell or provide services.

ii. Project teams-these work on long term projects, often over a period of many years

ii.Management teams-Coordinate and provide directionsto the sub –units under their jurisdiction and integrate among sub-units.

iv. Transformation teams-these are composed of multinational members whose activities span multiple countries.They tend to be virtual teams, communicating electronically more often than face -to-face.

7.6.3. **Importance of Teams**

Teams are becomingincreasingly useful in organisations because:

* They generate high production
* The need for speed and flexibility
* Absenteeism and turn over are reduces
* Increased complexity, uncertainty and size of tasks to be accomplishes

7.6.3**. Differences between Teams and Groups.**

From a distance Teams and Groups appear to be the same, but let’s look at the main differences between teams and groups.

TEAMS GROUPS

1. Members support each other Members work individually

2. Limited size Medium or large size

3. Selection is critical Selection is immaterial

4. Self-controlling Controlled by one man

5. Mutual understanding. Focus on leader

6. Dynamic interaction spirit of togetherness

**Activities**

1. What is a Team and explain how it is formed.

2. Differentiate between Teams and Groups

3. List down resistance to change

Reflections

Critically analyse the main differences between Teams and Groups

**Conclusions**

The unit discussed the process in organisation change as well as resistance to change in individual and organisations.The unit also looked at how manage change in organisations. Furthermore, the unit discussed Team building and Training and development and conclude by making difference between Teams and Groups.

**REVISIONS**

1. Explain how Teams are formed in organizations.

2. Define Training and differentiate it from Development.

3. State forms of resistance to change and explain how these can be managed at workplaces.

4. Why do people resist change?

**Congratulations! You have just successfully completed this course in Management and Organisations Behaviour.**

**BEST of LUCKY in your EXAMS**

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