# IC-90

# HUMAN RESOURCE MANAGEMENT

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**This course is based on revised syllabus prepared with assistance of:**
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**Revised Edition: 2016**



The course is purely meant for the purpose of study of the subject by the students appearing for the examinations of Insurance Institute of India and is based on prevailing best industry practices. It is not intended to give interpretations or solutions in case of disputes or matters involving legal arguments.

This is only indicative study material. Please note that the questions in the examination shall not be confined to this study material.

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# PREFACE

This study course on Human Resources Management has been prepared for the use of candidates appearing for the Fellowship examination of the Insurance Institute of India. The course can also benefit students pursuing this subject as part of rheir studies for examinations other than the Fellowship of the Insurance Institute of India.

The course deals with the principles and concepts relevant to the Management of Human Resources. These principles and concepts are uniformly applicable, regardless of the nature of business or industry. They may vary to some extent, between countries and communities because of factors relating to values and culture. In service businesses – insurance is a service business – the importance of managing human resources is a critical factor.

Human Resources are complex entities. They are not amenable to influence through any standard stimulus or intervention. They have skills. They have their own ideas as to what needs to be done and how. They are also subject to changes and developments in societal values, political compulsions, demographics, trade unions, technology, etc. Concepts from psychology, sociology and other social sciences would be relevant in understanding these complexities. This course will naturally be far from being a complete or comprehensive text. Students are advised to read other books or journals on the subject and try to gain wider knowledge of the subject.



The developments referred to in the last chapter on the Future were happening in March 2016, when this book was being written. By the time this book is published, may be in a couple of months, new developments may have taken place, adding to or negating some of the existing ones. Those who are studying this book after a couple of years may find some of it obsolete. They may be familiar with and even practising the newer technologies and devices. That is the expected pace of change.

The book is written without recourse to jargons or too much theory. However, in view of the complex nature of the subject, students are advised to take the help of other students or other experienced seniors in their towns, for discussing and better understanding of the concepts in the book. This would provide better clarity.

# CONTENTS

# CHAPTER 1

# INTRODUCTION TO MANAGEMENT SCIENCE

## Chapter Introduction

This chapter deals with the concept of management and its evolution. In this chapter we will study about the evolution of different schools of management, the theories and the principles that evolved over a period of time.

## Learning Outcome

What is Management?
Evolution of Management Thought
Human Relations Approach and Social System
System Approach

## A. What is Management?

### 1. Introduction to management

### Definition

Very broadly, management is the science that deals with the use of resources in an organisation in order to achieve the purposes of the organisation.

Every organisation has a variety of resources at its disposal. They are acquired at a cost. They are meant to be applied to achieve certain predetermined objectives of the organisation. The subject of Management lays down principles and concepts relating to this process of using the available resources, to obtain the desired results. Cost is also a factor because money is also a resource, acquired from banks or the money market at a cost.

Individuals pursuing objectives (also called goals) also use resources like money, time, equipments, materials, etc to attain the objectives. Principles of management apply to such individual pursuits as well. But the dimensions of the resources in organisations being much larger, the principles have been developed in the context of organisations.

### 2. Evolution of management

Management, as a subject for study, is of recent origin; may have been developed during the last, about, a hundred and fifty years. But management had been practiced as long as human life had existed. We find references to management issues in ancient literature.



One of the earlier works is the Arthashastra by Chanakya, also known as Kautilya and Vishnu Gupta, who lived between 350 BC and 275 BC and was a Professor in Taxila University and also adviser to the emperor Vikramiditya Maurya. The Atrhashastra as well as the Chanakya Niti lay down precise rules relating to monetary and fiscal policies, security of the State, relations with other kingdoms, etc. as well as the responsibilities of the king for the welfare of the people.

The magnificent pyramids of Giza in Egypt were built more than 4000 years ago, involving 2.3 million blocks of stone, by tens of thousands of workers with different skills over a period of nearly twenty years. The Kailasanath temple, among the Ellora caves near Aurangabad in Maharashtra, was carved out of a rocky hill between the 5th and 10th century. The Brihadeesawara temple in Thanjavur in Tamil Nadu was built 1000 years ago with stones collected from over 60 miles away and the stone weighing 80 tons, was carried to the top of the temple at a

height of 216 feet, by people sliding it over an inclined ramp more than a mile in length.

These massive structures, built to the specifications of designs visualised by some master designer, could not have been possible but for some persons directing the work of thousands of workers, who were contributing in small bits everyday to create the ultimate structures. Those persons were practising what we would later learn as the Principles of Management.

Principles of management can be seen in operation in some of the oldest organisations like the military and the Catholic Church. The Catholic Church holds together a large and wide-spread organisation across the world under the central authority of the Pope. The expression „Line of Command" commonly used in Management is borrowed from the military.

**Principles of management**

## Example

Let us consider a simple example of a general insurance company wanting to shift its Accounts department from the ground floor of a building to the first floor of a newly rented building. This is, on the face of it, a simple job.

The job would have been done well if, after completion of the shifting process, everybody in the Accounts department is in a position to start work immediately in the new premises. The shorter the period the process of shifting took, the better it would have been.

The process would also be considered satisfactory if:

there is not much loss of time in employees trying to locate their places of work

the relevant records and other equipments are in place

the telephones are connected and the extension numbers known to everyone and so on. If not managed very well, there could be a lot of confusions in these and other matters, resulting in work remaining badly affected.

To manage well even a simple job as the one referred to in the earlier paragraph, it would be necessary:

for someone to be in charge of the operation (Responsibility),
for him to know what should be the final result when the job is completed (Objective),
to work out how the job should be done and how much time it should take (Planning),
the number of persons to be engaged in the task and the amount of money and other resources that may be required (Resources) and then

arrange to gather the resources (organising)

After having done all this, the plan has to be executed or carried out as planned. One or more assistants may be deputed to ensure that there is no hitch or impediment in the process This is called Supervision or Control, which is necessary to locate hitches that may not have been anticipated and decide on the action required to deal with those hitches so that the objective is not missed.

### 4. Management science

As stated earlier, Management is the science that deals with the use of resources in an organisation in order to achieve the purposes of the organisation.

Management science deals with issues relating to managing a group of persons and other resources in such a way as to achieve the objectives for which the group is formed.

**Example**

The President of a club manages the activities of the club in order to achieve the objectives of the club, which may be providing relaxation and entertainment to the members.

Business organisations may have multiple and varied objectives. The objectives of the production department would be different from those of the Accounts department, which may again be different from those responsible for Marketing activities. Each of these objectives would be using different kinds of resources and working on principles of management, which could be different.

#### a) Resources in management

Whatever be the objective of an organisation, it needs resources to achieve the chosen objectives. The resources are usually:

Men,
Materials,
Machines,
Money and
Minutes (Time)

These resources have to be managed if they have to contribute to the achievement of the objectives. Each of these resources will have to be managed differently. Appropriate principles and concepts have been developed as to how each of these resources must be managed.

### b) Human resource

The expression „human resource" refers to People. It is the most critical resource in an organisation. The utilisation of all other resources depends on this resource. None of the other resources can achieve anything by themselves. They will contribute only in the manner that they are utilised by the people handling them. It is also the most difficult resource to manage. They have their own identity and ideas as to what needs to be done and how it needs to be done. They have skills, which may be unique. For these and many other similar reasons, the management of Human Resources is of crucial significance in every organisation.

## 5. Management: Science or Art

Management is not a pure science like Physics or Mechanics, which lay down clear predictable relationships between input and output or stimulus and response. When heat is applied to water and the temperature reaches $100_0$F, the water will boil and become steam. But sciences like economics or psychology or meteorology do not lay down such predictable outcomes. They suggest possibilities. There are too many factors in any given situation that interact with each other, that it becomes difficult to predict the outcome accurately.

Painting has rules. So has music. These are taught in schools. But painters and musicians often digress from the rules and create totally new effects which become the identity of their outputs and also add to the dimensions of the rules that are taught. They are artists. Art allows them the freedom to move away from the rigidity of the rules.

Those practicing Management also will have to make decisions that do not conform entirely to laid down principles, because of the way they see the situation. Thus, we may say that management is both a science and an art. The practice of management is an art but the body of knowledge on which managers depend for their actions, is a science.

## Test Yourself 1

Which of the following is / are considered as resource/s in

management? I. Men

Materials
III. Machine
IV. All of the above

## B. Evolution of Management Thought

The practice of management has been in evidence right from the time human beings joined together to carry out various activities. However, the development of a theoretical framework of management came about only with the industrial revolution in the UK and the USA in the late 18th and 19th centuries. As industrialisation and international trade and commerce developed, the need for the systematic study of managerial aspects became evident. Some thinkers and analysts tried to synthesise the observations they made and the knowledge they gained and put forward what are known as different approaches to management or different schools of management thought. The main schools of thought which helped in developing management science are the following:

Max Weber"s Ideal Bureaucracy Theory
Taylor"s Scientific Management Movement
Administration Theory
Human Relations Approach
Systems Approach
Contingency Approach

### Max Weber"s Ideal Bureaucracy Theory

One of the earliest writers on management was Max Weber (1864 – 1920). He was a German professor in sociology. In his book titled, „The Theory of Social and Economic Organisation", Weber described a formal organisation as a „Legal – Rational" system based on precisely defined and organised „across-the-board" competencies of various offices and individuals. He called such a system a Bureaucracy.



The essential components of a formal bureaucratic organisation, as described by Weber, are

**Division of labour**, meaning that at every level and position, the tasks to be performed are to be clearly determined and defined

**Hierarchy of positions**, meaning that the chain of command is clearly defined and understood along with Responsibility and Accountability at every level

**Uniformity of rules** relating to conduct and discipline, which would apply uniformly to everyone.

**Impersonality**, meaning that individual personal considerations would not apply when dealing with work and people. Recruitment, placements and promotions will be based on prescribed qualifications.

**Primacy of merit** meaning people will occupy high positions by virtue of their competence and not their political or social contacts.

b) A bureaucracy, as envisaged by Weber, worked on the basis of

Impersonality, not whims of individuals

Hierarchy of positions representing tasks of different kinds

Rationality which not only emphasises Impersonality, but requires written records being maintained to make known the basis of actions and decisions

Procedures to be laid down and followed

These days, the term „Bureaucracy" has acquired a rather derogatory connotation indicating a large, unwieldy organisation full of delays and red tape.

A bureaucrat is assumed to be a person who is not sensitive to the outcome of the tasks entrusted to him and finds ways to avoid responsibility by quoting rules. But Weber"s principles of hierarchy, division of labour, uniformity of rules, etc, continue to be the basis of most organisations today, whether small or big, whether in the public sector or in the private sector.

One can see that in restaurants, cinema theatres, departmental stores or business offices every employee has a defined task which only that person is allowed to perform. That effectively, is bureaucracy in action.

The compulsions of fast moving changes in the environment because of global competition and advancements in technology are making organisations to allow employees increasing freedom and autonomy at work. But the bureaucratic structure remains at the core.

Customers contact large organisations like an insurance company, at a number of points viz; the various offices and its employees. The service received by the customer has to be uniform, regardless of which office or employee interacts with him.

The organisation"s behaviour, as seen through its employees, has to be consistent. It cannot vary from place to place or from employee to employee. It cannot depend on the whims of individuals. Only then will these offices be seen as part of the same company.

The organisation"s rules and policies and systems have to be clearly laid down, understood and acted upon uniformly throughout the organisation. It is not convenient to check from seniors every time as to the correct course of action. Neither can adhoc actions by any employee be permitted.

Thus, the need for ensuring that uniform treatment is provided to all customers, makes bureaucracy, with clear rules and procedures, authority and centralisation, inevitable. The same considerations apply to treatment of employees also. Specialisation in tasks helps speedy and accurate performance of tasks as well as development of expertise.

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**aylor‟s Scientific Management Movement**

The year 1911 marked the beginning of a new school of management thought which became famous under the name of „Scientific Management‟. This school of thought was developed by Frederick W. Taylor (1856 – 1915) who was a mechanical engineer. He was also probably the first management consultant to be employed by a factory.

Taylor applied engineering principles to study work done in factories and find ways to improve efficiencies. He began to experiment with the methods of doing work and found that changes in methods would increase the outputs per worker with reduced effort and therefore help the worker to improve his wages.

**Example**

The angle at which the shovel is held and moved could lift a larger quantity of material with lesser use of energy.

Taylor observed that, in spite of accelerated industrial development, workers were experiencing monotony, boredom and fatigue. They were not satisfied with the wages that they thought were low. Taylor thought of introducing the piece-rate systems whereby wages were related to quantum of work done. He began to provide proper training to workers. He attached great importance to proper job selection, placement and training so as to get maximum advantage of each employee‟s potential.

His efforts to scientifically define the standard for a full day‟s output became the beginning of scientific management. Taylor book published a book in 1911 entitled, „Principles of Scientific Management‟.

Taylor‟s idea of scientific management was based on the following principles:

Every job must be understood in terms of time taken and process. This became the subject of „Time and Motion‟ studies.

Time and Motion studies should be the basis for comparing jobs to decide on wages and qualifications required for recruitment, replacing „Rule of Thumb‟ methods.

Workers should be given detailed instruction on how to do the work and also supervised closely to avoid waste of resources.

Workers should be given proper training and helped to grow instead of leaving it to themselves to learn on their own

Scientific management brought about a revolution in thinking about jobs and workers. It was possible and necessary to understand ways of doing a job for better productivity and earnings for the workers, by observing the effects of changes in the methods of operations. It laid emphasis on improving productivity by increasing the ratio between output and effort.

This approach gave a fillip to the concept of study of work and, in course of time, found application even in offices where the work done was not manual. The focus of such studies shifted also to conditions of work like ventilation and lighting as well as layout of work places as all of them had effects on productivity.

In his testimony before a Special Committee of the House of Parliament on 25th January 1912, Taylor said that "scientific management was not a bundle of efficiency devices, or a system of fixing costs and determining piece work wages, or a system of paying bonuses, or a method of holding stop watches over man and writing down things about them; not even a study of the movement of men, but a system to bring about a mental revolution on the part of the workmen towards work and management, as also to revolutionise the management‟s understanding of their duty to workmen. Both would strive to increase surplus instead of bothering about how to divide surplus".

Taylor‟s concepts looked at the human being as a factor of production like a machine, for example. They did not become aware that the human being, unlike a machine, had a mind and emotions and that they would not always be stimulated by self-interest and financial incentives alone. The awareness that the human being was different from a machine emerged only by the 1930s leading to the Human Relations School, which will be explained later in this chapter

### 3. Administration Theory

Henri Fayol (1841-1925) a French industrialist, based on his experiences of managing a mining company, put forward the first theory of general management which came to be known as the Administration Theory. In 1916, Fayol enumerated fourteen principles of management. Fayol‟s contribution was broader than that of Taylor. Fayol‟s fourteen principles are comprehensive and embrace almost the essentials of all the functions of management. The fourteen principles are

**a) Division of Work**

Workers should, at all levels, be specialised in specific tasks. This will ensure better ability, confidence and accuracy which will, in turn, improve output both in numbers and in quality. It will also enable reduction in the number of objects to which attention and effort must be directed. Change of work requiring different skills will require adaptation and therefore, can cause reduced output.

**b) Authority and Responsibility**

Authority is the right to give orders. Whoever gives orders is responsible for the results of those orders being carried out. Thus authority and responsibility go together. The best safeguard against abuse of authority is integrity. Integrity is a personal attribute of a person and is not conferred either by election or ownership.

**c) Discipline**

Every member in an organisation is required to respect and abide by the rules of conduct and of work processes. This implies that the rules are fair and also that penalties for transgression are clear and uniformly applied.

**d) Unity of Command**

A person should receive instructions from only one superior. Otherwise authority will be undermined and discipline likely to be threatened.



**e) Unity of Direction**

This means that the operations in organisation must all have objectives which are moving in the same direction and not in conflict with each other.

**f) Subordination of Individual interest to the Common Good**

The interests of individual interests should not get precedence over the interests of the organisation as a whole.

**g) Fair Remuneration**

Fayol suggested that fair remuneration would recognise cost of living and business conditions, rewarding exceptional efforts, using job rates, bonuses, profit sharing and other methods.

**h) Centralisation**

This refers to the extent to which the decision making powers are retained at the higher levels of the hierarchy (centralised) or delegated to the lower levels of the hierarchy (decentralised). Too much of either will not be proper. The optimum levels would depend on a number of factors including the nature of the business and the experience of the personnel involved.

**i) Scalar Chain**

There should be a clear chain, or scale of supervision from the bottom to the top. This chain would decide the flow of authority and communication. It would be an error to deviate from the chain except when the exigencies of business demand so. This principle reinforces the „Unity of Command"

**j) Order**

There must be a place for everything and everything must be in its place. Several hours of labour and of time are wasted in organisations searching for things which are not found when required. This may happen due to human factors, negligence being only one of them, or systems errors.

**k) Equity**

Managers should be fair in their decisions and treatment of subordinates.

**l) Stability of tenure of personnel**

Efficiency is promoted by a stable work force. High employee turnover undermines efficiency.

**m) Initiative**

Within the limits imposed by respect for authority and for discipline, subordinates must be free to think and carry out their plans.

**n) Esprit-de-Corps or Union is Strength**

This emphasises the need for team spirit, morale and harmony.

Fayol"s fourteen principles represent the first attempt at a compete theory of management and included the basic management functions of planning, organising, staffing, leading and controlling.

Henri Fayol is often referred to as the „Father of modern management theory", because he recognised management as a separate industrial activity, distinct from others, like technical, commercial, financial, security and accounting.

Many of the basic principles are still valid after several decades of experience. In fact, some of them are being rediscovered.

The works of Taylor and Fayol are essentially complementary. Both believed that proper management of personnel and other resources was the key to industrial success. The major difference in their approaches centered on their orientation. Taylor"s perspective concentrated at the operative level. Fayol spent most of his time in executive positions and had more of a top management perspective.

## C. Human Relations Approach and Social System

The early theories concentrated on the structure and tasks of the organisation. Both Taylor and Fayol had recognised the human factor. Taylor tried to link the individual to the machines and recognised fatigue, rest periods and physical capabilities as relevant. Fayol had recognised kindliness, justice, morale, teamwork, etc. But both were concerned with productivity and efficient task performance and studied the individual to the extent he contributed to task.

Towards the late 1920"s Elton Mayo (1880 – 1949) along with Roethlisberger and other colleagues conducted extensive studies at the Hawthorne plant of the Western Electric Company in the USA to ascertain the effect of physical aspects like light, ventilation and temperature on the output of workers. Their work was based on Taylor"s concepts relating to effects on work and productivity. The conclusions were surprising. The variations in work outputs following changes in ventilation and light conditions were not as expected. Careful observations brought to light that emotional factors influenced productivity more than physical, environment factors.



During their experiments between 1927 and 1932, Mayo and Roethlisberger found that the output of work did not conform to the anticipated patterns when working conditions were altered. Work output improved when lighting was reduced as well as when lighting was increased. Further probing revealed that the morale and output were affected by factors other than working conditions.

Their studies also found that informal work groups had significant impact on workers" productivity. Group standards and sentiments were more important determinants of a worker"s output than wage and other incentive plans.

The researchers learnt that the attention paid to workers had a greater effect on productivity than improvement in the physical aspects. These findings helped in focussing on the feelings and attitudes of workers. It was seen that people are ruled by emotions and feelings. Workers are social beings and are prone to influence by peer groups. Attitude to work is

influenced as much, if not more, by social interaction than economic incentives or working conditions.

**Thus, a new concept came to be recognised as important in the work place viz., the social system. The Hawthorne Studies of Mayo and his colleagues gave rise to the Human Relations Approach to Management.**

The Human Relations Approach asserted that the person at work was a bigger and different entity than the performer of a task. The individual brought to the work place his entire complex personality, including his emotions and need for social relationships and these affected the work which he performed. Social relationships (belonging to a group) was one such factor. In addition to the technical system that included machines and workflow, there also existed in organisations, social systems developed through the interaction of the individuals.

Both rate-busting (too much work) and chiselling (too little work) occurred deliberately, affecting and affected by personal attitudes and group behaviour. Effective management had to concern itself with the social systems. Behaviour in organisations had to be studied as a separate discipline.

The Human Relations approach made the following important contributions to management thought:

Organisations are social entities in addition to being technical entities.

Rational economic assumptions about human behaviour were inadequate to explain behaviour at work.

Informal work groups exist in organisations, with affiliations different from the formal work groups

The understanding of informal work group culture is crucial to understanding behaviour of workers at work

Productivity is intimately related to workers" satisfaction

Workers" motivation is not based merely on economic considerations, but sentiment and need for social affiliation also play important roles.

Workers" participation is important especially in communication and decision – making

The Human Relations Movement (HRM), triggered off an entirely new branch of study called Organisational Behaviour (OB). Yet the concepts developed by Weber, Taylor and Fayol cannot be considered irrelevant, in modern times.

Ways to improve clerical activity and office efficiency can be done through principles of Time and Motion study, developed by Taylor. Ergonomics, looking at relationships of human body to work, thereby helping designs of office furniture, and instrument panels in aircraft cockpits, etc is an extension of Taylor"s methods. Increasing globalisation, the need for transparency as well as fairness to consumers, will require systems guaranteeing uniformity and consistency that bureaucracy seeks to establish.

## D. Systems Approach

The approaches to management discussed so far considered the organisation as an independent entity. As the complexity of organisations increased, it was realised that no organisation is independent, but is affected or influenced by the environment within which it functions. The environment consists of others in the same business or industry, the rest of the economy and the policies that govern it, the society at large and so on. Similarly, the various parts (departments and elements) of an organisation interact with each other and are affected and influenced by each other. The systems approach seeks to understand the dynamics of such interactions of the parts of a system and the whole of it.

A „system" is an organised unitary whole, comprising of two or more inter-dependent parts or components, called subsystems.

In other words, a system is a combination of subsystems that acts as a single entity rather than as a mere collection of individual parts. Each part influences and is influenced by every other part in the system.



By way of analogy, one may think of the human body. The body functions as a result of the coordinated efforts of its various parts like the nervous system, the digestive system, the respiratory system, etc. Each of these parts have organs and structures performing separate tasks that together ensure proper responses (nerves), digestion, intake and distribution of oxygen, etc.

Each of these subsystems is dependent and related to each of the other subsystems. Unless these subsystems function in unison, the end result is the mal-functioning of the total system viz. the body. The body as a whole is a different entity (a person) and not merely a summation of the individual systems. The behaviour of the entity (body) is a resultant of the function or the behaviours of the individual parts or subsystems and their interactions. Likewise, the work of an organisation is organised through the creation of several departments and sections. An organisation is a system with many subsystems and is also a subsystem within a bigger system, which is the society.

A system has several parts which are dynamic, inter-related and inter-dependent.

## Example

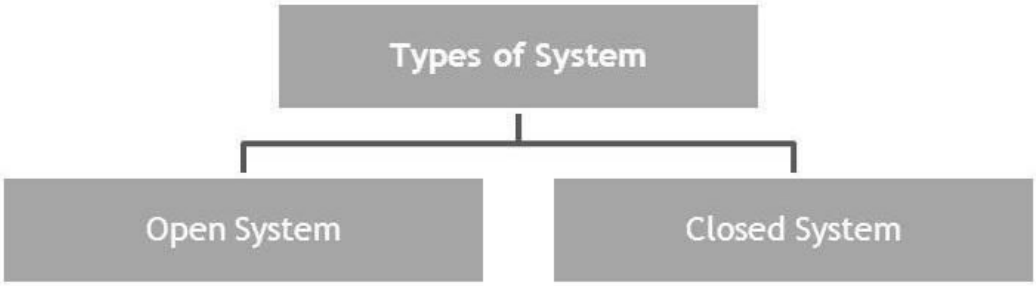
The quality of play in a football match is influenced by the spectators, whose behaviour (enthusiasm or disgust), in turn, is influenced by the quality of play.

A musician feels encouraged to put in a better effort when the audience is knowledgeable and appreciative of the performance. The performance of a musician is a function not only of his skills but also of the nature of the audience in whose presence the performance is happening. The behaviour of an element affects the whole.

This is so in a classroom and in an office. The customer influences the behaviour of the counter clerk and vice-versa. In the human body, if there is a small boil in the little finger causing pain, the mind may become sluggish, the appetite may be affected, concentration will become difficult.

A system may be a closed system or an open system.

**Diagram 1: Types of System**




### i. Closed System

A closed system has little contact with the outer environment.

## Example

A clock is a closed system having little interaction with the environment outside it. It keeps on doing its work, regardless of what happens in the room in which it is.

The refrigerator is also a closed system.

### ii. Open system

An open system receives inputs from the environment, transforms the inputs into outputs and sends the outputs to the environment.

An organisation is an open system. It receives inputs like people (which will include their skills), capital, materials, equipments as well as information from outside for being converted into outputs to be sent out to the outside environment. Outputs would be products, services, profits and satisfactions. An organisation, when viewed as an open system, makes it more complex and therefore, more difficult to comprehend.

## The Contingency Approach

Arising out of the systems approach, management theorists came to believe that there was no one best way of structuring organisations and that what is appropriate in one situation may not necessarily be so in another situation.

According to this approach management science considers that management is a complex process and that there is no single approach to management matters. This is known as the contingency approach and this approach is still being refined so as to be of help in designing organisations to be more and more effective.

## Test Yourself 2

_____ means that the chain of command should be clearly defined and understood along with responsibility and accountability at every level.

I. Division of labour
Hiearchy of positions
III. Uniformity of rules IV.
Primacy of merit

## Summary

Management is the science that deals with the use of resources in an organisation in order to achieve the purposes of the organisation.

Whatever be the objective of an organisation, it needs resources to achieve the chosen objectives. The resources are usually
Men,
Materials,
Machines,
Money and
Minutes (Time)

The expression Human Resource refers to People. It is the most critical resource in an organisation. The utilisation of all other resources depends on this resource.

The main schools of thought in the evolution of management science are the following:

Max Weber"s Ideal Bureaucracy Theory
Taylor"s Scientific Management Movement
Administration Theory
Human Relations Approach
Systems Approach
Contingency Approach

Max Weber, in his book titled, „The Theory of Social and Economic Organisation" described a formal organisation as a „Legal – Rational" system based on precisely defined and organised „across-the-board" competencies of various offices and individuals. He called such a system a Bureaucracy.

The essential components of a formal bureaucratic organisation, as described by Weber, are

Division of labour
Hiearchy of positions
Uniformity of rules
Impersonality
Primacy of Merit

The school of management thought which became famous under the name of „Scientific Management", was developed by Frederick W. Taylor (1856 – 1915).

Taylor‟s idea of scientific management was based on the following principles:

Time and Motion studies should be the basis for comparing jobs to decide on wages and qualifications required for recruitment, replacing „Rule of Thumb‟ methods.

Workers should be given detailed instruction on how to do the work and also supervised closely to avoid waste of resources.

Workers should be given proper training and helped to grow instead of leaving it to themselves to learn on their own

Henri Fayol (1841-1925) a French industrialist, put forward the first theory of general management which came to be known as the Administration Theory. In 1916, Fayol enumerated fourteen principles of management.

Fayol‟s fourteen principles represent the first attempt at a compete theory of management and included the basic management functions of planning, organising, staffing, leading and controlling.

The Human Relations Approach asserted that the person at work was a bigger and different entity than the performer of a task. The individual brought to the work place his entire complex personality, including his emotions and need for social relationships and these affected the work which he performed.

The Human Relations Movement (HRM), triggered off an entirely new branch of study called Organisational Behaviour.



The systems approach saw an organisation as a system, with many subsystems and as also a subsystem within a bigger system, which is the society.

Contingency approach of management science considers that management is a complex process and that there is no single approach to management matters.

## Key terms

Administrative Theory

Authority

Bureaucracy

Complex Personality

Contingency approach

Division of labour

Hierarchy

Human Relations

Impersonality

Organisational Behaviour

Piece rate

Procedures

Rationality

Resources

Responsibility

Scientific Management

Social System

Systems and Sub systems

Time and motion study

## Answers to Test Yourself

**Answer 1**

The correct option is IV.

**Answer 2**

The correct option is II.

## Self-Examination Questions

**Question 1**

Who is known as the father of scientific management?

I. Max Weber
F W Taylor
III. Henri Fayol
IV. Henri Ford

**Question 2**

"A person should receive instructions from only one superior". This is known as principle of _____

I. Order
II. Scalar chain
Unity of direction
IV. Unity of command

**Question 3**

"There must be a place for everything and everything must be in its place". This is known as principle of _____.

I. Order
II. Scalar chain
Unity of direction
IV. Unity of command

## Answers to Self-Examination Questions

**Answer 1**

The correct option is II.

**Answer 2**

The correct option is IV.

**Answer 3**

The correct option is I.

# CHAPTER 2

# FUNCTIONS OF MANAGEMENT

## Chapter Introduction

This chapter deals with the jobs to be done in the process of managing. These jobs are called functions.

## Learning Outcomes

- Planning
- SWOT Analysis
- Organising
- Delegation
- Staffing
- Decision Making
- Controlling
- Coordination

## A. Planning

### 1. Planning

#### a) Purpose to be achieved

In the famous book, *'Alice in Wonderland'* Alice reaches a spot where the road forks into two paths.
"Which path should I take?" asks Alice.
"Where do you want to go?" asks a voice.
"Oh. I don"t care" replies Alice.
"In that case it does not matter which path you take" states the voice.

This incident shows us in a simple way that for every activity there should be a purpose and only when the purpose is clear can we think of what is to be done to achieve it. In a similar way while managing, the first step would be to identify the purpose to be achieved. This is the first step in planning.

While planning, the manager has to answer the following questions:

What are the goals / objectives to be achieved? (Why am I doing?)
What activities will lead to such objectives?
What resources are required to do those activities?
How and when should those activities be carried out?

#### b) Level at which the planning is being done

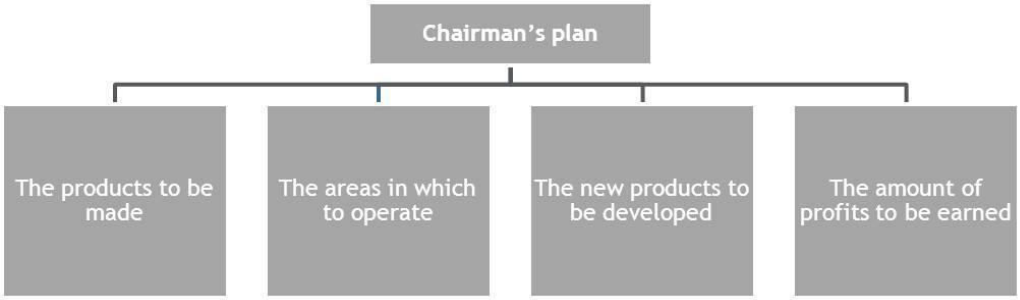
The nature of the goals will depend on the level at which the planning is being done.

**Chairman"s plan**

A Chairman"s plan will be in terms of the total organisation,
the products to be made,
the areas in which to operate,
the new products to be developed,
the amount of profits to be earned and so on.

He may also be planning for diversification of the business into new areas or for getting rid of some businesses which are not productive enough. These plans may cover long periods of more than one year.

**Diagram 1: Chairman"s plan**




**Departmental level**

At a departmental level, the objectives will be down to details.

The **factory manager** may have as his objectives the amount of production or the mix of products and may plan for a year or for the next six months.

The **Accounts Manager** may be planning for the finances to be generated for the new projects to be undertaken for the next five years or merely on reducing the idle time for funds in the banks during the shorter term.

As the level of the manager goes down the hierarchy, the objectives will become increasingly specific in details and numbers and shorter time frames. But the objectives at the lower levels will not be totally unrelated to the objectives at the higher levels. They will be linked. There are various techniques to ensure this.



**c) Determining the activities to achieve the planned objectives**

The next step in planning is to determine the activities to achieve the planned objectives. Planning then proceeds with the selection, from among the various alternatives available, of the type and course of actions required for achieving the objectives.

Once that choice is made, one has to decide

- ow to do it,
- he appropriate time frame,
- he personnel,
- aterials and equipment required to do the activities,

- Ā ▫ Ā ▫ Ā ▫ Ā ▫ Ā ▫ ow to acquire these resources,
- Ā ▫ Ā ▫ Ā ▫ Ā ▫ Ā ▫ he funds required and how to arrange for the funds and so on.

In short, planning is deciding in advance what to do, how to do it, when to do it and who is to do it, etc.

Planning is the most basic of all managerial functions, which will give direction to the activities for the future, through the determination of mission, objectives, goals, strategies, policies, procedures, rules, programmes, schedules and budgets. These names are given to different kinds of planning decisions and are taken at different levels, which will be explained in details in the paragraphs that follow.

**Mission and Goals**

The mission of an organisation is the **broadest possible statement** of why that organisation has been created. It would be stated in very general terms and without a time frame.

It would be **spelt out by the promoters or the Board of Directors**. The mission would remain unchanged for quite some time and would provide the rationale for all its activities.

The **Mission statement for the Government of India** would be found in the Preamble of the Constitution of India.

When Government set up the **Life Insurance Corporation of India** in 1956, its mission was stated to be **to spread insurance products all over India, particularly in rural areas and economically backward classes and to provide financial insurance covers against death at low premiums.**



The mission statement of a business organisation may also specify values to be upheld in its operations. It may say that it will never do anything illegal. It may enjoin on all its employees to uphold the highest ethical standards in behaviour. It may state that it will encourage local producers and entrepreneurs through its purchase policies. It may declare that it will ensure that none of its activities or products or processes will, in any manner, cause harm to the environment. It may also decide that it would never resort to overcharging the customer, even if at times, there exists an opportunity to do so.

Objectives or goals are stated in specific quantitative terms and indicate how the mission would be carried forward in a specified time frame. The Zonal Office or Regional Office of an insurance company might lay down an objective for a certain percentage growth in business for the next year, while the Branch offices under it might set their contribution to that growth in terms of expectations of business, area-wise and / or agent-wise and / or plan-wise in shorter periods. Therefore, setting goals is a method of giving

effect to the mission in quantitative and time - bound, actionable and measurable terms.

## 3. Strategies

### a) Strategies and tactics

While discussing planning, one would come across the expression „Strategic Planning". Strategies differ from tactics, mainly in the extent of details and specifics and time frames. Both words are commonly used in the military. In the Army, the top generals decide strategies and the local commanders determine tactics. In businesses; top managements may discuss strategies to attain dominance in the market place, which may range between mergers or takeovers of similar companies or building market shares through lower costs and better quality. A business strategy decision may be whether to conduct marketing directly or through distributors.

### b) Corporate strategy

It will deal with matters referred to in the mission statement. It will refer to the portfolio of interests it wants to pursue, whether it wants to acquire other businesses or not and what would be the financial ratios like Return on Capital Employed, that it would aim at.

### c) Business strategy

It would deal with business positioning, distribution arrangements, use of capital, use of technology and so on.

### d) HR strategy

It will deal with ways of acquiring and preparing adequate human resource capital, training in-house or outsourced and so on.

### e) Difference between strategies and tactics

Strategic planning gives only broad indications and not specific details, while tactical decisions will specify operational details. An investment strategy decision may involve a choice of the preferred mix of allocation between bonds, stocks and other instruments. Tactical decisions may determine the timing to buy and to sell. Strategic decisions may be to support local talent for employment and to help them to qualify for the prescribed standards, while the tactical decisions may relate to criteria for selecting potential recruits.

**Policies**

The planning process may lay down policies. Policies are statements of intention, declarations of broad objectives towards which resources will be applied.

A policy clarifies principles and values of management. Policies are not decisions but provide guidance for decision makers.

**Example**

A policy may be that staff (at certain levels) should be recruited only from among the local persons.

There can also be a policy that 50% of the appointments to the officers" cadre will be made through internal promotions and the balance by external recruitment.

There can be a policy that all the cars owned by the company will be replaced after 5 years.

A policy guideline will normally apply in a variety of situations and across the organisation. Policies exist relating to:

use of contract labour versus internal staff,
facilities for health care,
encouraging individual initiatives,
tolerance of indiscipline and so on



Policies on purchasing may require long term agreements with vendors or suppliers or looking for new vendors every six months or so, in order to avoid vested interests.

**5. Procedures**

Procedures lay down detailed steps for doing things.

**Example**

For example, in an insurance office a major item of very important, but repetitive, activity relates to handling of money. Premiums are paid at the counter in cash and by cheques. They are also received by mail. Accounting for these promptly and accurately is an absolute necessity. Otherwise, the policy records may not reflect the payments made and service to policyholders will suffer. It is also necessary that the payments are banked speedily. Otherwise, they will remain idle without being invested, causing loss of valuable earnings.

Therefore, procedures are laid down as how these payments should be received and handled, the records to be maintained and updated, how to ensure that lapses do not occur and so on. The procedures may also provide for checking of every one of these activities by another person as there can be no room for any errors in these activities.

**Difference between procedure and policy**

A procedure lays down step-by-step details of actions while a policy lays down a general guideline.

## Example

For example, in the matter of purchasing, the policy may be that purchases beyond a certain value can be made only on the basis of quotations from at least three vendors. The procedure will lay down that the quotations must be opened only in the presence of specified persons, who should sign on the quotations and in a register to be maintained showing the quotations received.

**Rules**

Rules lay down what is permissible and what is not permissible. In a sense, a rule is law for the company.

"No smoking" is a rule.

Amount of interest to be charged for default in payments and how to calculate interest are rules.



When there is a rule, there is no discretion unless the rule itself allows for it. Some offices have rules on the dress to be worn at work. Rules can be changed by those who made the rules.

**b) Difference between rules and policies**

Rules are general guidelines and therefore may seem similar to policies. Policies provide guidance for making decisions. Rules provide guidance for actions. Policies may change less frequently than rules. Policies will have applications in a much wider set of situations, while a rule may apply in a lesser number of situations.

All procedures will follow rules. But there may be rules independent of any procedure.

**Example**

For example, the rule „Please leave your footwear outside" written at the entrance to a computer room may not form part of any procedure. But the various rules laid down as regards who may operate the computers, whose permission they should take, what password they should use – all these make up for procedures.

**Programmes**

A programme is a decision involving a number of activities to be performed over a specified period of time in order to achieve a stated objective.

**Example**

An insurance company wanting to penetrate deeper into the remote areas, may choose to try out some intensive marketing activities in a village or district. The company may decide to do various promotions, publicity, exhibitions, competitions, meetings, door to door canvassing, etc. over, say, a period of six months or so. This would be called a Programme as it involves many related activities for a specified objective over a period of time.

**Programmes are one time actions, not repetitive.** A programme is usually a concentrated effort. There can be a programme to familiarise all employees in the new plan of insurance proposed to be introduced soon so that from the day of launch, the offices will be ready to answer all questions and to service the proposals.



**8. Schedules**

Schedules lay down the sequence in which a series of operations will be carried out. The schedule will also lay down the time frame for such activities.

**Example**

The **production department** will have a schedule specifying how much, of what product, will be made, when.

The **sales department** will have a schedule of billing, time-wise or customer-wise or area-wise.

**Computer operations** follow schedules over specified time cycles so that the inputs reach the various related departments in time for them to use these inputs.

What information should go in, and what output should be generated and in what sequences, constitute a schedule that will be repeated every day, or week, as the case may be. This is different from a procedure which deals with how the input or output should be prepared or checked and sent, to whom and in what formats.

**Budgets**

A budget is a plan stated in numerical terms. It may state the expectations with regard to incomes from various sources and the expectations of expenses on various heads. These figures, usually in financial terms, are worked out from the physical targets planned out by the various operating departments.

The budget may refer to numbers (of actual cash) or ratios (of recoveries) or combinations of these.

It may indicate capital outlays (creating assets) or it may indicate cash flows or it may show profitability of operations.

A budget may be a comprehensive document including in it, all operations. It may also be specific to the operations of a department

A budget is a fundamental planning instrument. It clarifies objectives, lays down targets in detail for every operation and helps resource allocation. Budgets vary in accuracy and detail. A review of the budget (which means comparing actuals with expected ones) will give an overall view of how the plans are working in practice and also decide on whether the targets and / or the allocations need to be revised.



A budget is usually prepared for a financial year, but may also be split up into budgets for shorter periods to make frequent reviews possible.

## B. SWOT Analysis

### 1. Concept

SWOT stands for Strengths, Weaknesses, Opportunities and Threats. Good planning should, it is suggested, take note of these four factors.

S and W relate to characteristics of the organisation which is making the plan. S and W are internal factors and will include management styles, policies, morale, decision processes, research capability, trade unions, etc.

O and T are related to happenings in the environment. They are external factors and will include political, regulatory, technical, technological, competitive, financial, economic, demographic, social, etc. factors.

## 2. Analysis

Scanning of the internal environment will clarify the organisation"s strengths and weaknesses.

**Strengths** are resources which are available to be exploited, things which can be done well.

**Weaknesses** are the opposites of strengths, lack of resources or lack of competences. These are determined in absolute terms as well as in relation to the competition.

Scanning of the external environment will clarify the changes that may provide **opportunities** (to be taken advantage of) as well as **threats**, constraints or risks (which have to be guarded against).

By clarifying strengths, weaknesses, opportunities and threats (SWOT), it becomes possible to determine the possibilities that exist and towards which efforts can be directed. The objectives are thus chosen.

### Example

Having a dedicated supplier or a dedicated customer may be considered a strength. That may turn out to be a weakness if suddenly a big new competitor enters the market and tempts the supplier or the customer away.

The possibility of the big competitor coming on the scene may be discovered as a threat through the observation of events in the environment. Months before its happening, there would be clues, referred to as „market buzz" indicating that possibility.

If that possibility is recognised in time, the adverse effects on oneself can be averted through various strategies.

Analysis of O and T would require sensitivity to information in journals and in industry related conferences or experts in various fields. Top managers make it a point to read a variety of journals and attend many meetings where experts may either speak or participate in discussions. The purpose is to catch the „buzz".

## 3. Strategies

After the SWOT analysis, strategies will have to be worked out to

**strengthen** the strengths,
**overcome or neutralise** the weaknesses,
**take advantage** of the opportunities and

**overcome or neutralise** the effects of the threats

The possibility of a cheaper and better substitute may be a threat to which there may be no response.

**Example**

The photo studio, where one went to get photos taken or to get negatives developed, had no alternative but to close shop after digital cameras and smart phones entered the market.

Cheap imports from China forced many factories to close down in the 1990s and towards the turn of the 21st century. Some shifted manufacturing to China.

The entry of big multinationals into India after the economy opened up since the last decade of the twentieth century was an opportunity for many suppliers of accessories to automobiles and farm produce to hotels and for food processing companies.

There were severe threats to the local manufacturers of competitive products, who had to either sub-serve the newcomers or find capital and technology to match the new products. Many closed down their businesses and moved to other ventures.

But many took help from the new entrants to understand their needs and produce appropriate products. For example, top grade hotels which used to import salad leaves helped some farmers to grow high quality salad leaves and the import stopped altogether in a few years. Several engineering companies upgraded their machines and technologies to meet the standards of the new automobile manufacturers.



### 4. Changing the weakness

After the SWOT analysis, organisations may find it possible to do something to change the weakness. A change in policy may be called for. There could be repositioning of its product.

**Example**

A well-known chemical company, making products related to agriculture had decided that they would not make anything that harmed the soil.

An imported product claiming to multiply the yield in the farm suddenly became the rage. This company refused to compete. Its business practically came to a standstill. It retained all its staff and used them to do useful research and develop new products.

Three years later, the farmers discovered that their land had been badly damaged by the imported chemical and stopped buying it. The Indian company came back in full strength. Its share price, which had fallen to single digits three years back, went up to more than Rs. 400 in less than a year.

The purpose of the SWOT analysis is to look at the likely developments in the foreseeable future and be prepared for what might happen. It is not possible to see the future with any certainty. Therefore, the practice is to work out the likely scenarios and give values to it in terms of probability. Three scenarios may be prepared, the worst, the most likely and the most favourable.

## Test Yourself 1

_____ lay down what is permissible and what is not

permissible. I. Schedules

Policies
III. Rules
IV. Procedures

## C. Organising

The second important function of management is organising, which is the activity of creating the organisational structure necessary to carry out the planned activities.

A structure will comprise of:

people with responsibilities for specified tasks,
the relationship between these people,
the hierarchy (who will report to whom and who will give instructions)

The tasks will also include gathering and arranging the resources (people, money, materials, machinery, etc.) to perform the activities as planned. The activities will be many and will have to be done at different places, by different people, at different times, in such ways that they not only do not hinder each other"s efforts, but positively support and complement each other.

## Example

We can consider a very simple example of organising. Let us imagine that the Sports and Recreation club in an office wants to organise sports for the annual day function. It is customary to form various committees and designate volunteers and allot various jobs to them.

One person will be in overall charge and all the others may keep him informed of the progress of their activities either directly or through the team leaders.

The group of people so assigned duties, constitutes an organisation for this annual day. The organisation will be disbanded after the meet is over and after a review of the accounts as well as of the lessons, if any, for better performance the next year.

If the sports happen to be the All-India sports with more events and visiting competitors coming from outstations, etc., not only would there be more people involved with more tasks but the jobs of co-ordination would be more complex.

## 1. Roles

An organisational structure consists of roles and the groups in which they are placed. A role is a position which a person will occupy. That person is called the incumbent in that role. Every role will have tasks and responsibilities attached to it. Every role will be related to another role, as

Sub-ordinate
Superior or
Peer (same level)

The incumbent of a role will have to supervise his sub-ordinates, report to his superior and work in collaboration with the peers.

### Sections or departments

All roles reporting to the same superior role will be collectively called as a team, a section, a department or any other name that reflects the commonness in that group. They may also be called Branches, Divisions, Zones, Regions, etc. In a team, all the members would be expected to achieve an objective together, like in a football team. Separate jobs may be allotted to the team members by consensus between themselves or by the team leader or captain.

### Different sections within an organisation

A section will consist of persons who are having tasks which relate to the same function, not necessarily the same objective.

The personnel section may deal with all personnel matters but the tasks may be as varied as recruitment, disciplinary matters, salary administration, etc.

A department may consist of several sections. A branch office is normally responsible for operations in a specified geographical space. A big city may have many branch offices.

Divisional offices have supervisory functions over branches.

Zonal and regional offices may have supervisory functions over divisional offices and so on.

There would be an hierarchy of groups and offices.

**Departmentalisation**

In a big organisation, several activities are to be undertaken to ensure that the overall objectives of the business are achieved. Many of these activities are similar and repetitive. For effectiveness of performance and control, it is necessary to group similar activities together. Such grouping of similar activities to facilitate administration results in the organisation structure. Departmentalisation is the process of dividing a large organisation into small and operational units of administration.

**a) Principles for departmentalisation**

While deciding on departmentalisation, the principles laid down by Fayol relating to unity of command, etc., have to be kept in mind. Subject to that, the grouping can be done in many different ways. Normally, similar functions are grouped together.

This is the pattern in many insurance companies. There will be separate departments for

processing and underwriting new business,
marketing,
policy servicing,
claims,
legal,
personnel and so on



Manufacturing companies may have separate departments for purchases, for production, for quality control, etc. Textile mills may have separate departments for ginning, spinning, weaving, dyeing, etc.

**b) Departmentalisation on the basis of different products**

The grouping can also be done on the basis of different products.

An **engineering company** may have a separate division for selling boilers and another for water purification plants.

A **hospital** will have separate departments for attending to out-patients (functional) and another for children (product).

A **multi-product organisation** like Godrej will have separate divisions for personal care products, food related businesses, home products, etc., where everything relating to those products will be attended to within the Division.

**c) Departmentalisation on the basis of region**

Departments can be formed also on the basis of region. In that case, the regional office would be responsible for all activities for all products within that region. This structure is adopted in big organisations operating within a big country like India or by multinationals. This structure makes it possible to cater to the requirements of local laws, markets or practices".

**d) Departmentalisation on the basis of specific customers**

Departments may also be formed to cater to specific customers.

For a bank; corporate clients, non-resident Indians and government institutions are different kinds of customers.

A manufacturer of garments may supply to retailers with their own brand name. They may also be selling through e-commerce outlets like Snapdeal or Flipkart. They may also be manufacturing for big clients who sell in their own brand names in India or abroad. All these clients will have different demands and need to be dealt with differently. Separate departments can serve these requirements more effectively.

**Line and staff**

In organisations, some functions are called „Line" functions and some functions are called „Staff" functions.

A „line" function is one that produces results directly in its core business areas, while a „staff" function is one that that provides support services.

Selling is a line function. The cashier"s job is a line function. Recruiting people is a line function.

Giving legal advice is a staff function. Planning is a staff function. Execution of the plan will be done by the line.

Traditionally both these were kept apart, because they needed different specialisations. Recent trends however tend to bring them together under the same superior for better co-ordination and speedy decisions.

There is an increasing need for „staff" functions to keep in touch with the changes or developments in the environment and advise the line personnel.

Changes happen more frequently than ever before, in every aspect that is of concern to an organisation.

Changes happen in the areas of laws, technology, life styles, expectations of people, markets and everything that affects an organisation whether commercial or not. While the „staff" are expected to know about these changes better, the „staff" personnel can benefit also from the „line" personnel who are in touch with the environment. Therefore, the structures tend to provide that they work in close proximity within the same department and make joint decisions.

## 4. Span of control

In an organisational structure, there is always a superior to whom sub-ordinates will report. The expression „Span of Control" is used to refer to the number of persons who report to any one superior. The term span of control is also known as „Span of management," „Span of supervision" or the „Span of authority".

The concept is relevant because the structure should not make the span of control too big or too small. One will lead to inefficiency and the other to waste. Since supervision has a significant influence on the productivity and performance of the organisation, span of control is considered to be a very useful concept in management.

### Relevant factors to decide optimum number of sub-ordinates

The optimum number of sub-ordinates, a manager can control and supervise varies, according to experts, from a small number of four to a relatively large number of twenty. Some of the factors relevant to determine the optimum number are:

**Nature of work:** If the work is simple, routine and repetitive, the manager can effectively look after a large number of subordinates. If, however, the work is not of a routine nature, the span may have to be small.

**Capabilities of sub-ordinates:** If the sub-ordinates are qualified, capable and committed to the tasks assigned to them, a manager may be able to manage a relatively large number of sub-ordinates.

The **experience and abilities of the manager** also determine the span.

**Well-defined authority and responsibility:** If the authority and responsibility of each sub-ordinate is properly and clearly defined then he may not have to consult the supervisor often. In such a situation the span of control can be large.

v. **Degree of decentralisation:** In a highly decentralised set up the supervisor does not have to take too many decisions. This helps the supervisor to look after a large number of employees.

**Sophisticated information and control system:** If the organisation has sophisticated information and control system then supervision will be easier and hence the span of control can be larger.

**Proximity of locations:** In case the sub-ordinates are located in and operate from places which are distant from each other, as in the case of sales people spread over a vast territory, supervision becomes difficult.

**Levels of hierarchy**

Span of control is closely linked to another concept in organisation structure, namely, that of the number of levels in the hierarchy. The smaller the span of control, the larger would be the hierarchy. Conversely, the larger the span of control, the smaller would be the hierarchy. The number of layers affects the flow of information and the effectiveness of communication. The trends are towards reducing the levels of hierarchy.

**5. Decentralisation**

**a) Authority vested with role**

An organisation structure clarifies roles. Every role has responsibilities as well as tasks attached to it. Every role will also have some authority vested in it.

Authority is the right to give orders to the sub-ordinate and ensure necessary compliance.

Authority is also to use resources like spending money.

Authority is essential for discharging responsibilities.

Exercise of authority requires use of discretion while making decisions and is subject to the rules if any, relevant to that matter.

**b) Flow of authority from top to the bottom**

Authority flows from the top to the bottom through the structure of an organisation.

**Example**

Authority flows from the Board of Directors to the Executive Committee or Chief Executive and further to other functionaries.

The authority passed on to a lower level will always be less than what is vested in the higher level. If more authority is retained at the top and very little is passed on downwards, the organisation is said to have a highly centralised structure. On the contrary, if the authority retained at higher levels is minimal and most of the authorities are passed on downwards, the structure is said to be highly decentralised.

**c) Centralisation and decentralisation**

There is no rule about the extent to which an organisation should decentralise. Both centralisation and decentralisation have advantages and disadvantages. These have impacts on speed of decision making and ability to respond to new situations.

Significant opportunities may be lost forever, if decisions are delayed due to high centralisation. These have also impacts on building up people. Generally, matters on which the decision makes a long term commitment will be reserved at the higher levels.



**Example**

Renting a car has a shorter term implication than buying a building, which in turn has a shorter term implication than acquiring another company.

**Test Yourself 2**

Which of the below is correct with regards to selling?

I. It is a line function
II. It is a staff function
It is both; a line as well as staff function
IV. It is neither a line nor a staff function

## D. Delegation

### 1. Delegation

#### a) Meaning

Delegation is the process by which a manager passes on to his sub-ordinate, the authority to make decisions and the responsibility to achieve certain results. Instruction to perform a certain task is not delegation.

If a peon is asked to go and deliver a letter to someone, that is a task assigned. The peon has a responsibility in performing that task. He has to be careful not to lose that letter, for example. He has to be prompt and not waste time. This level of responsibility is at a minimal level.

In delegation, the sub-ordinate will be told what to achieve and he will have some discretion to decide how he has to go about it. Responsibility is for achieving the objective. While delegating the responsibility, the sub-ordinate will also be given the authority to decide whose assistance he may draw upon or the amount of money that he may spend and so on.

There is always some authority and some responsibility attached to a role that a person is occupying. These are determined when the structure is determined. What is delegated is beyond these. What is delegated is to a person and not to a role. It would also be for a specific period. What is delegated may be what normally would be part of the senior"s (the one who is delegating) role.



#### b) Delegation – A tool to develop people

Studies show that when people are given authority to make decisions and responsibility to achieve results they are likely to show enthusiasm and commitment in their work. Delegation signifies that the person concerned is being given a responsibility, not normal for the role he is occupying. This has a message of confidence in his abilities. It also gives the sub-ordinate an opportunity to learn about jobs normally handled at a higher level and thus improves his experience. It is a tool to develop people. Also, delegation gives senior managers additional time to concentrate on jobs which require their attention

#### c) Barriers to Effective Delegation

Despite the distinct advantages of delegation, managers are often unwilling to delegate and many sub ordinates are reluctant to accept the delegated responsibility. This may be because the manager:

is autocratic and unwilling to delegate

feels that he can do it himself

does not have confidence in his subordinates

is insecure and apprehensive that the subordinate may do the job better than him

The reason for failure to delegate may also be because the sub ordinate may be:

not interested in taking up higher responsibility

afraid of criticism if the job is not done satisfactorily

feeling that he does not have adequate resources to do the job

reluctant to take up new jobs without personal benefit

feeling that he lacks the necessary skills

afraid of trade unions and / or peer groups that dissuade them from additional jobs

**d) Inverted pyramid type of structure**

Modern organisation structures tend to be different from the traditional structures. As stated earlier, the trends are towards reducing the number of levels in the hierarchy. Decentralisation is happening to much larger extents because of the need for faster decisions making. This is also made possible because of the higher skill levels of personnel and fast communication technologies.

It is often accompanied by what is known as „an inverted pyramid" type of structure. The „inverted pyramid" type of structure consists of the customer at the top followed by employees, management and the top management towards the bottom.

## E. Staffing

The function of organising will determine the jobs to be done by people. The function of finding the people to do those jobs is called staffing. Staffing is included in the function of organising, as if it is the procurement of a resource. Another view is that the resource of people is not like other resources and has to be treated differently. Staffing includes recruitment and selection of people, their training and development and so on. These are dealt with in detail in subsequent chapters of this course.

**Classes of workers**

In another development, organisations are tending towards conducting the work with the help of three classes of workers:

a group of core workers,
a set of contractors and
a complement of flexible work force

**Core workers:** Qualified professionals, technicians and managers, who are in regular employment, make up the core workers.

**Contractors:** The routine work of the organisation is contracted out to specialist agencies which are able to carry out the work more economically.

**Flexible work force:** The flexible work force of part time and temporary workers can be engaged as per needs and this complement can be increased or decreased depending upon the changing needs.



The work which is contracted out may be done in a different country or countries altogether. Back office jobs relating to the businesses of companies in the USA are contracted out to organisations in India or Philippines.

### 3. Leading or directing

#### a) Leading

Leading is the process of influencing people. Leadership requires power. That power can come from a number of factors, all of which will, in different ways, make the persons being led amenable to being influenced by the leader. That they will make their contribution to the goals of the organisation. The analysis of the function of leading would focus on motivation, leadership and communication.

People working in an organisation are members of the social system within the organisation as well as of social systems outside. They are members of families, social clubs, trade associations, political parties, etc. Each person is a different one with his own unique needs, feelings, pressures, etc. Rules, procedures, work schedules, etc., are prepared keeping in view an „average" person, to be applied uniformly to all workers. But employees are not „average" persons, may not react to these rules, procedures and schedules the same way. It is the leader"s job to understand each one of these unique persons and get them to work for the organisation in accordance with the rules, procedures and schedules

There are various theories about how people can be motivated to work. Such theoretical knowledge will be discussed later in the chapters on motivation. Leadership requires understanding of motivation.

**b) Directing**

Directing is the process of communicating to the people appropriately (in time and content) what to do, how to do it, and why it has to be done. If direction is inappropriate, the work will not be done properly; the results may not be as expected. Direction includes instruction and coaching. Direction is also related to leadership, which influences the motivations of people. A subsequent chapter deals elaborately with the principles of leading and directing

## 4. Managerial levels and skills

A manager"s job is to use the resources at his disposal in such a way that the expected result is obtained. This is so at all levels. But the nature of actions to do the job will not be the same for all managers. The skills required will also vary accordingly. For this purpose managers are usually divided into three levels viz., frontline, middle level and top managers.

**a) Frontline managers**

Managers who directly guide and supervise those who actually perform the work, are the frontline managers. We can say that administrative officers in insurance companies or banks or other such institutions belong to this category. They require technical skills which is knowledge and methods to do the jobs.

### b) Middle level managers

Middle level managers are positioned above the supervisors but below the most senior executives like general managers. Plant managers, departmental heads, staff officers come under this category. At this level human skills are required. Human skills are the skills for understanding and motivating people and getting along with them. Activities included in these skills are communication, leadership and motivation.

### c) Top level managers

Top level managers are involved in policy making for the company as a whole. Executive directors, board members and presidents are examples of top level managers. They require conceptual skills, to understand abstract or general ideas and apply them to specific situations

Technical, human, and conceptual skills are not exclusive to the three levels of managers. All managers should have all the skills.

At the **frontline**, the manager needs more of technical skills, a little less of human skills and perhaps only a nodding acquaintance with conceptual abilities.

The **middle level manager** would already have had adequate technical skills but would be required to use more of human skills at his work.

The **top-level manager"s** time would mostly be spent in jobs requiring conceptual skills. Human skills and technical skills may be necessary to influence the decisions to be taken with his conceptual skills



## F. Decision Making

All managers, at all levels, irrespective of the jobs for which they are responsible, are required to make decisions. A decision is necessary to plan the job and at every stage of its implementation. Whether a new job has to be entrusted to A or to B is a decision. A decision is a choice to be made. A choice can be made only if there is more than one alternative to choose from. If there are no alternatives, there is no choice to be made and therefore, no decision to be made.

### a) Programmed and non-programmed decisions

A programmed decision is one in which the parameters for decision are laid down in the rules or policies. Underwriting of new proposals for insurance would be an example. The choice will be limited to determining the extent to which the proposal meets the prescribed parameters.

When no guidelines exist, then the problems coming up will have to be decided without the help of rules. Such decisions are called non-programmed decisions. The discretion of the decision maker would be much greater in the case of a non-programmed decision.

Strategic decisions are obviously non-programmed. Almost all decisions at the top level are non-programmed. Whether a branch which has not been doing well for the last few years, should be closed now or kept on watch for one more year, will be a non-programmed decision.

Non-programmed decisions are often, but not necessarily, taken by groups. Non-programmed decisions are often considered as precedents and have the effect of rules or guidelines to be followed in future similar cases by lower levels.

**b) Futurity in decisions**

A decision is made at present so that certain outcomes may occur in future. It sets into motion today a set of activities which are expected to lead to certain events in future. The expectation is based on the present understanding (of cause-effect relationships possibilities etc.) of the manager, which are formed largely on what may have happened in the past as experienced by him. Therefore, it is said that a manager, while deciding, links both the past and the future, through his present actions.

**c) Sloughing off the past**

Planning is a decision. It does not guarantee a specified future. It does not determine with finality the things to happen in future. We live in a world of uncertainty and rapid change. To continue doing things as if the conditions of the past will continue in future would be disastrous. One must be ready to meet the changes in the future, as the future unfolds.

Planning does not help one to predict or foresee what will happen in the future but the process of planning (that compels the planner to look at the environmental changes) helps one to anticipate and be prepared for the future. In so trying to anticipate, it helps sloughing off the past. Sloughing off or discarding or shaking off, is done, not because the past was improper or wrong, but because of the awareness that the purposes sought to be served by past methods may no more be appropriate for the likely future. This requires proper understanding of the past.

**d) Planning is based on possibilities and probabilities**

Planning involves looking into the future. It is however not prophecy. It is not forecasting in the sense of saying beforehand what will happen. Neither

prophecy nor forecasting is possible. Planning is necessary because it is not possible to prophesy and forecast.

A plan is not a blueprint of the future but is worked up on the basis of possibilities and probabilities. It is judgment on the basis of data available now, about what kind of future may develop and can be built. It decides on what to do now, so that we may (not will) get the results when we want them.

**e) Planning makes adaptation easier**

Planning recognises the futurity in present decisions. It does not reduce the uncertainty of the future but it increases one"s readiness to meet it. Adaptation becomes easier than if the changes had not been anticipated at all. The longer the period one looks into the future, the more ambiguous and unpredictable the scenario becomes. The longer one might take to change one"s operations (marketing plans, product mix, production processes etc.), the more it is necessary to look further into the future.

## G. Controlling

**a) Meaning**

When a plan is made, it is assumed that the plan will achieve the expected results in the future. One cannot be sure that it will happen so. Therefore, while implementing the plan it is necessary to observe carefully that the activities are on course. Controlling is the process of ensuring that:

the activities are being carried out as planned and that
the activities are leading to the expected objectives



The control function may detect variations in actual happenings compared to the plans, suggesting that something is not right with

execution of the plan,
the plan itself and / or
the objectives

These variations may happen because of errors in communication, errors in assumptions and / or changes in the environment since the plans were made. Corrective actions may have to be taken accordingly. Business targets may be revised upwards or downwards, personnel may be replaced, or special campaigns may be undertaken.

**b) Controlling techniques**

Appraisals, business reviews, budget reviews and audit are all different aspects of the controlling function. Some of these are done as the activities are happening. Others are delayed and are retrospective. The controlling function is

most effective when it happens closest to the time of actions. Otherwise, they may provide lessons for the future, but some wastage may have happened.

Some techniques developed for controlling include:

Management by objectives (MBO),
Programme Evaluation and Review Technique (PERT) and
Critical Path Method (CPM)

**Setting measurable standards**

Every controlling mechanism will have to lay down standards against which actual performance can be measured. These standards have to be measurable and within time frames. If any activities have to be carried on during a period of say, six months, the standards will show expectations of progress every say, week or fortnight. They may relate to incomes, costs, use of materials, results achieved, etc. If standards are not measurable, control will be difficult. The points at which the measurements have to be made are called critical points.

## H. Co-ordination

### a) Meaning

Co-ordination is the function that ensures that all activities are happening in proper sequence in time and in space.

## Example

A building can be constructed if the materials come in right quality and right quantities and at right times. If too much comes too early, there is wastage through idleness during storage; if too little or too late, there is wastage because other works cannot proceed.

If a tunnel is being bored from both ends, they will meet in perfect alignment only if the two jobs are co-ordinated in matching measurements and positions.

If a new branch of an insurance company is to be opened, the selection and posting of staff, renting and furnishing of premises, printing of stationary, delivery of equipment are all important activities. There is a sequence in these activities that can be ensured only through effective co-ordination. The control functions will detect whether the co-ordination function is satisfactory or not.

This function ensures that all activities integrate into one operational whole. The method to ensure proper co-ordination is to have periodical conferences or meetings between members of relevant departments. Co-ordination is effective as and when the work is being done, before it is complete. Otherwise, either

correction will not be possible or the job will have to be redone. Both are not satisfactory solutions. Co-ordination avoids waste.

## Test Yourself 3

Top level managers need more of _____ as compared to other skills. I. Technical skills

Conceptual skills
III. Human skills IV.
All of above

## Summary

Planning is deciding in advance what to do, how to do it, when to do it and who is to do it. The first step would be to identify the purpose to be achieved. This is the first step in planning.

The mission of an organisation is the **broadest possible statement** of why that organisation has been created. It would be stated in very general terms and without a time frame.

Objectives or goals are stated in specific quantitative terms and indicate how the mission would be carried forward in a specified time frame.

Strategies differ from tactics, mainly in the extent of details and specifics and time frames. Corporate strategy will deal with matters referred to in the mission statement.

Policies are statements of intention, declarations of broad objectives towards which resources will be applied.

Procedures lay down detailed steps for doing things. A procedure lays down step-by-step details of actions while a policy lays down a general guideline.

Rules lay down what is permissible and what is not permissible. In a sense, a rule is law for the company.

A programme is a decision involving a number of activities to be performed over a specified period of time in order to achieve a stated objective.

Schedules lay down the sequence in which a series of operations will be carried out.

A budget is a plan stated in numerical terms. It may state the expectations with regard to incomes from various sources and the expectations of expenses on various heads.

SWOT Analysis: S and W are internal factors and relate to characteristics of the organisation which is making the plan. O and T are related to happenings in the environment. They are external factors.

Organising is the activity of creating the organisational structure necessary to carry out the planned activities.

An organisation structure clarifies roles. A role is a position which a person will occupy. That person is called the incumbent in that role. Every role will have tasks and responsibilities attached to it. Every role will also have some authority vested in it.

Departmentalisation is the process of dividing a large organisation into small and operational units of administration. Departmentalisation can be done on the basis of different products, region or specific customers.

The expression „Span of Control" is used to refer to the number of persons who report to any one superior.

Delegation is the process by which a manager passes on to his sub-ordinate, the authority to make decisions and the responsibility to achieve certain results.

The „inverted pyramid" type of structure consists of the customer at the top followed by employees, management and the top management.

The function of organising will determine the jobs to be done by people. The function of finding the people to do those jobs is called staffing. Staffing is included in the function of organising, as if it is the procurement of a resource.

Leading is the process of influencing people.

Directing is the process of communicating to the people appropriately (in time and content) what to do, how to do it, and why it has to be done.

Managers are usually divided into three levels viz., frontline, middle level and top managers.

Decisions may be programmed or non-programmed.

Controlling is the process of ensuring that the activities are being carried out as planned and that the activities are leading to the expected objectives.

Co-ordination is the function that ensures that all activities are happening in proper sequence in time and in space.

## Key Terms

Authority

Budget

Controlling

Coordination

Decision Making

Delegating

Departmentalisation

Directing

Futurity

Goals

Leadership

Line-Staff

Mission

Objectives

Organising

Planning

Policy

Procedure

Programme

Roles

Responsibility

Schedule

Span of Control

Strategies

SWOT Analysis

## Answers to Test Yourself

**Answer 1**

The correct answer is III.

**Answer 2**

The correct option is I.

**Answer 3**

The correct option is II.

## Self-Examination Questions

**Question 1**

_____ lays down step-by-step details of actions while a _____ lays down a general guideline.

I. Strategy, tactic
II. Rule, policy
III. Procedure, policy
IV. Schedule, programme

**Question 2**

Departmentalisation can be done of the basis of:

I. Different products
II. Region
Specific customers
IV. All of the above

**Question 3**

_____ need more of technical skills as compared to human skills and conceptual skills.

I. Frontline managers
Middle level managers
III. Top level managers
IV. Board of Directors

## Answers to Self-Examination Questions

**Answer 1**

The correct option is III.

**Answer 2**

The correct option is IV.

**Answer 3**

The correct option is I.

# CHAPTER 3

# HUMAN RESOURCES MANAGEMENT (HRM)

## Chapter Introduction

This chapter deals with the emergence of concepts related to Human Resource Management and explains the difference between Human Resource Management and Personnel Management. Towards the end of the chapter we will study about perception, stimuli, perceptual errors and difference between experience and learning.

## Learning Outcome

- Human Resource Management
- The Whole Man
- Behavioural Sciences
- Perception
- Experience and Learning

## A. Human Resource Management

### 1. Introduction

Management is the process of using resources in order to produce goods and services.

Resources are of many kinds. Every kind of resource needs to be managed differently. The subject of materials management deals with concepts relating to the ways of managing materials. Financial management deals with the ways to manage money. Operations management deals with the production process which includes how to manage machines. We also have several concepts on managing Time. Personnel management focuses on people. Hence all of them focus on: Getting the best out of the resource concerned and Not allowing it to be wasted.

All resources are valuable assets. They are not available in plenty in the environment. They are procured at a cost and for a purpose. If not properly used, they go waste and the cost incurred becomes a waste. Principles of management provide guidelines to minimise the costs of procurement and to maximise the benefits that they have the capacity to provide.

In many organisations, there was no separate Personnel department. Matters relating to employees were looked after by what was known as the Establishment department which looked after buildings, furniture and other inanimate things along with the staff. Managers thought only of production and profit and looked upon employees only as means for producing goods and services just like any other factor of production. Therefore, Personnel Management consisted of maintaining these factors to the extent they were necessary for aiding the production and creation of profit.

### 2. Employees: Most valuable assets

Over a period of time, it was recognised that the most important of all assets of an organisation is its people. Many managers say that even if they lose all the money and machines, they would be able to rebuild their enterprises all over again, if their people are not lost. A CEO said that all his assets walked out of his office at 5 pm, the time the office closes.

A certain bank claimed that the patronage of their customers was not because of its furniture or its interiors but because of what they had put behind the desks.

No plans, however brilliantly conceived, can succeed unless the people implement them. Machines, including computers, are only as good as the people who work on them. Therefore, managing people or Personnel management became one of the most important functions of management.

## 3. Personnel Management vs. Human Resource Management

### a) Personnel Management

Traditionally personnel management used to deal with ways of recruitment, placement, leave, salary administration, perquisites, promotions and transfers, retirement benefits, disciplinary matters, etc. The approach was to ensure uniformity while dealing with people. The rules would be applied without discrimination. Individual problems did not matter.

Since the last thirty years or so, the subject of management of people is called Human Resources Management (HRM) and not Personnel Management. The difference is not merely in the nomenclature. **There are basic differences in the approaches between Personnel Management and HRM.**

### b) Human Resource Management (HRM)

Human Resource Management (HRM) is based on the understanding that every individual is complex, endowed with the potential to enhance skills and become a more valuable asset as well as having, at the same time, the capacity to withdraw his skills from work and become a liability. No person can be looked upon as having standard specifications, like other resources have. They cannot be treated in the same manner uniformly. Each person needs to be handled according to his unique personality

No resource other than the Human resource has this characteristic to become a more valuable asset or to become a liability, at its choice. All other assets, money, materials, machines and time, have capacities and capabilities, which are known at the time of procurement. They can all be described in standard parameters which will not change from time to time. They will perform to their stated capacities consistently during the expected life time, provided they are taken care of through appropriate maintenance procedures. Over a period of time, these resources depreciate in value and cease to be assets. Their capacities will not enhance by themselves unless some improvements or additions are made to them.

As against this, HR can learn and acquire knowledge and skills on their own, thus enhancing their capabilities, sometimes in totally different areas. They have minds of their own and may work harder or less as they choose to, for reasons that no one else may be able to understand. They are autonomous in their behaviours. They create their own goals. Unlike other resources, human resources may not depreciate at all. On the contrary they can appreciate.

Therefore, proper management of HR requires that they be provided with opportunities to realise their full potential for growth. It is also necessary to avoid situations that make them withdraw their skills and knowledge at work. Properly managed, they will not only continue to be assets but improve their value to the organisation and not become liabilities. HRM seeks to look at satisfaction of employees, clarity of roles, organisational climate, opportunity to learn and grow, preparation for the future and so on.

The activities of HRM can be broadly classified under four functions:

Acquisition,
Development,
Motivation and
Maintenance

**Developments affecting HRM**

There were four main developments that made managements realise that people could not be treated as mere means of production.

Governments actively intervened through legislations, laying down minimum wages, overtime allowances, retirement benefits, gratuities and other welfare measures, like job security, working conditions, leave facilities, etc., to ensure that workers are not exploited. Mechanisms were created for the redressal of grievances and industrial disputes. Many judgements handed down by the courts of law pointed to the necessity of treating employees with dignity and respecting their rights.



Trade unions became very active to seek better prospects and benefits for the workers.

Various studies like those of Elton Mayo (which have already been referred in the earlier chapter) revealed the complex nature of human beings who are influenced by social factors more than by working conditions and incentives, because of which traditional methods of treating them like materials of production became inappropriate.

Developments in behavioural sciences, which contributed a great deal to the understanding of complex issues like personality, motivation, leadership, communication and so on.

### 5. Purview of HRM

The following areas belong to the purview of HRM.

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election and Placement of Personnel
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ob design and Job Enrichment
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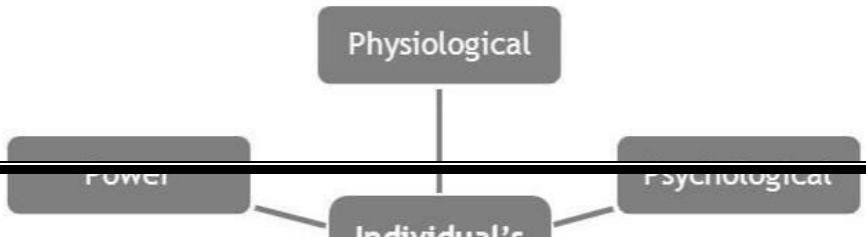
## B. The Whole Man

### 1. Dimensions of Personality

The concepts on HRM are based on the understanding that an individual is a multifaceted personality, operating in several different roles in the family and in the society at all times. The person at work is this total person and is not devoid of the emotions and pressures from the other roles. All these affect the worker at work. The approach to management of a person has to be holistic. Peter Drucker, one of the greatest management thinkers of our times, has stated that when a company recruits a person it employs „the whole man."

It is believed that every individual has five distinct dimensions to his personality that affect his work. They are

**Diagram 1: Dimensions of Individual"s personality**



**Physiological**: which relates to the use of physical strengths, stamina, coordination (of senses, mind and muscle), alertness, speed of response, patterns of rhythm, stress, sharpness of observation, etc.

**Psychological**: which relates to his self-image, sense of self-worth, complexes, fears, preferences, satisfactions, enthusiasm, etc.

**Social**: which relates to his affiliations, memberships and status in religious, professional or community groups

**Economic**: which relates to his earnings, standard of living

**Power**: which relates to his need (or lack of it) for dominance or dependence

All the employees may not be ambitious, wanting to grow. There may even be a few who are problem employees. HRM believes that it is better to concentrate on the majority of the employees who are desirous of taking the opportunities available for growth rather than be obsessed with the few who are different. While not ruling out appropriate corrective measures including disciplining such employees, HRM suggests that such activity may be least important in the whole plan of HR development.

### Development of „People"

HRM considers development of the „people" in the organisation as one of the prime responsibilities of all superiors in the organisation and not the job only of the specialised Personnel or HR department. If we look at financial management we find that only persons with adequate qualifications and experience in finance would be managing the financial matters. So is the case with marketing and production.

But with HR, every manager has to manage his people and be responsible for their growth and for their contribution to the organisational goal. In fact HRM pervades all areas of the organisation. Only the administrative aspects of HRM are handled by the specialised department, which will deal with personnel matters and also maintain records relating to the growth of each individual.

This is a very significant development from the erstwhile personnel management outlook. As a result, it becomes necessary that every manager who has people working with him, be called upon to focus on the development of the people working with him and integrating their personal goals with those of the organisation. Obviously, HRM itself needs to be integrated with the whole management. Though HRM is one aspect of management as a whole (the other major aspects being financial management, production management, and marketing management), it has a say in every area because people are involved in every sphere of activity.

## 3. The Knowledge Worker

HRM recognises that the present-day worker is what is known as „Knowledge worker."

**The contribution that a worker makes to an organisation is based more on his knowledge and expertise than on his mechanical and motor skills**

This is happening everywhere; not only in organisations based on specialised knowledge like consultancy and research organisations or in clerical jobs in offices. The machines in factories have computers that make them to some extent autonomous, responding to signals received from other parts of the system as inputs. The operators in the control room have to be alert and responsive to the various signals in the control panels to understand if any problem is brewing. Many of the jobs in an insurance office, particularly the ones in the underwriting, claims and investment departments, are based on the use of knowledge.

**Those who have to interact with customers play a major role in customer satisfaction**

They are required to use their brains and not their muscles during those interactions. The responses to enquiries are based on the knowledge that they have about the organisation and its policies and products.

**These people in the front line, interacting with the customers would come to know as soon as some trouble is brewing**

The trouble may be due to an individual"s error or misbehaviour or due to a general problem like an unexpected rush. These employees can alert the seniors who may be in their cabins, so that the trouble can be handled. They may also do nothing and let a major crisis develop. They also have the choice of adding to the trouble, either inadvertently or to "enjoy the fun". The choice to alert or to ignore or to aggravate is a matter of individual discretion.

**The resource available in people, is their knowledge, their skills, their insights, their creativity**

These resources become available to the organisation for planning, adaptation or innovation, only if the people who possess them make them available. They may make the resources available or withhold the resources. They have the choice. The choice is made according to whether they feel like contributing to the organisation or not. They cannot be forced to think, if they are in no mood to think.

**e) Supervision of a knowledge worker is difficult**

He cannot be directed to use his knowledge. The extent to which he is using his knowledge at work cannot be known. The amount of time spent on a job that requires use of knowledge is not a measure of the quality of the job. More time spent on a job does not make the job better or worse. So also a long report on an investigation or enquiry is not necessarily a good one. A shorter one may perhaps, have been better and more to the point. One can use a lot of data and references without any significant contribution to the output.

Knowledge workers enjoy considerable autonomy in how and how much of their knowledge and their skills they use at work.

> **A person can increase his capacity through learning and experience. The manager"s responsibility is to utilise the knowledge of a worker to the best extent possible.**

Knowledge is expanding continually and fast. Graduates of today perhaps know more than the graduates of yesterday. There is increasing specialisation. Simultaneously, knowledge is becoming multidisciplinary. There is increasing awareness that because of the complexity of phenomena, events cannot be explained by simple linear relationships. Several forces impinge on any given situation at any given time, causing events to happen. Some of these forces may have roots in the past.

Ability to grasp the realities in these complex systems is necessary to make one"s work more appropriate and effective. Such ability does not improve with age or with hierarchy. People at lower levels can also contribute very significantly to improve corporate effectiveness.

Employees of service organisations like banks and insurance companies are all knowledge workers. They will use their discretions to use their knowledge or otherwise, not because they are told to do so but because they want to do so. They will want to do, and will do, if they feel empowered have a sense of belonging to the organisation and are committed.

These are aspects of motivation that HRM focusses on.

## C. Behavioural Sciences

The two phrases, HR Management (HRM) and HR Development (HRD), are often used as interchangeable synonyms. In fact they are not the same. HRD deals with activities that contribute to the growth of individuals, enabling them to acquire more skills and competencies. HRM is more comprehensive and includes HRD, which will focus on education and training as well as job rotation.

The concepts relating to HRM are developed largely from sciences relating to behaviour of people like Psychology, Sociology, Anthropology and Social Psychology. These sciences deal with human beings, their nature and their behaviour as individuals and as members of groups. The science of Anthropology (which is known as the science of man) concentrates on the role of culture in human behaviour. Psychology, which is the study of the mind, makes the greatest contribution to our understanding of human behaviour. Social psychology focuses primarily on group structure, group behaviour, attitudes, social influences and leadership.

### a) Psychology

Psychology is the science that attempts to explain and sometimes change behaviour in human beings. Psychologists study learning patterns, perception, personality and counselling skills. At present industrial and organisational psychologists are contributing to the understanding of work-related problems like fatigue, boredom and stress. They have also been working on learning, motivation, leadership, and job satisfaction.



### b) Sociology

Whereas psychologists study individuals, sociologists study the social system, which is made up of interacting individuals. In other words, sociology studies individuals in relation to other human beings. Specifically, sociologists have made valuable contributions to the study of group behaviour in organisations. Sociologists have given us ideas of group dynamics, work teams, organisational culture, communication, power, conflict and inter group behaviour.

### c) Social Psychology

Social Psychology is a science which blends concepts from Psychology and Sociology. These help in understanding attitudes, communication patterns, and group decision making processes. One of the important contributions made by social psychologists relates to the phenomenon of change and how it affects people.

### d) Anthropology

Anthropology is a study of man and his activities in the society. The work of anthropologists on culture and environment has helped in understanding differences in values, attitudes and behavior between people in different countries and within different organisations.

### e) Political science

Political science also has influenced studies in organisational behaviour. Organisations are political entities. Power struggles exist in organisations. Apart from trade unions who try to dominate, different departments and different professionals also seek to hold power and try to force their viewpoints and interests, while decisions are being made on policies and strategies Political science deals with the behaviour of people in the context of holding power.

### f) Organisational Behaviour

The subject of organisational behaviour is people. People, as stated several times earlier, are complex entities. Therefore our ability to make simple, accurate and sweeping statements is limited. This means that organisational behaviour concepts must necessarily be subject to conditions or factors in the context.

## Example

We can say that X will, most likely, lead to Y, but that too only under condition Z.

Scholars of Organisational Behaviour would avoid providing prescriptive recommendations. What is to be done will depend on the situation.

## Test Yourself 1

Which dimension of an individual"s personality relates to the use of physical strengths, stamina and co-ordination?

I. Physiological dimension
Psychological dimension
III. Social dimension
IV. Economic dimension

## D. Perception

### 1. Perception

Perception is an important concept of great relevance in HRM. It affects behaviour of people. Simply stated the concept of perception says that what one sees is not the same as what there is to be seen.

**Example**

When a person looks at a sunset and says "Beautiful" or admires the screen dialogue of his favorite hero, he is expressing his personal reaction to an external event. The beauty is not in the sunset but in the mind. Another person may look at the same sunset and not get excited. Another may see the same sunset and get quite depressed at the impending darkness. Another may not be moved at all, but may be carefully measuring the time taken for total setting.

The powerful dialogues of the hero may be seen by someone else as "ranting", a lot of meaningless noise.

Perception is what makes people:

Not see facts / data the same way
Not be objective about observations and judgments
Argue
Prejudiced or biased



### 2. Stimuli

Stimuli include shapes, movements, colours, sounds, touch, smell, etc which our senses come in contact with

We do not oftek see what there is to be seen. We do not react to all the stimuli that we receive from the outside.

**Example**

As one goes along a road in a bus, one does not "see" or "listen" to all that is there to be seen or heard. We may not notice the latest Ferrari car parked on the road or the movie star in a shop en route, which other passengers in the bus may have seen. If we see a video recording of an event that we were part of, we will notice things that we had not noticed when the event was happening.

The stimuli are selected. We are not aware of what we do not pay attention to. There is a lot of reality in the world outside that we are not aware of and therefore, as far as we are concerned, do not exist.

One responds to the selected stimuli differently on the basis of the interactions with the previous recordings in our memory which exist in the form of memories, beliefs, values, needs, etc. The meaning or significance of the stimuli emerges from that interaction. We form opinions of people from their appearances.

**Example**

If we find a young man walking behind a young girl, we attribute meanings thereto in our unique ways. We do so, on the basis of what we "know" from past experience of similar situations.

We might also observe details of behaviours that support the meanings we have made.

**Example**

We shout at a subordinate who questions our decision, while we may calmly explain the decision, when another subordinate asks the same question. This happens because the question is attributed meanings of "challenge" in one case and "clarification" in the other case.

In other words, the stimuli from the outside world, in terms of visuals and sounds is organised within our minds, in terms of our own logic, created by ourselves from our past. What we really see or perceive is what our mind interprets, of the world outside.

What is real to us is not always the reality outside but our interpretation or perception of the reality. We may feel that the customer was demanding and rude, as if that is a fact. It is not a fact. It is only our perception.

**Example**

A counter clerk who reported to the manager that his senior had not come and work was being held up, was accused by the Assistant Manager of having made a complaint against him.

**3. Why do perceptions differ?**

Perceptions differ because of

Limitations of our sensory capacity
Inadequate contact with world outside
Inadequate data from world outside
Limitations of past experiences,

Our own beliefs and values developed during education and upbringing and later life.

Perceptions of people differ. What one sees or hears is interpreted through the filter of one"s perception. Perception of a person as well-meaning and kind-hearted, will lead to acceptable interpretation of even harsh, apparently abusive, language.

## Example

When a superior calls a subordinate to discuss a problem, one subordinate may perceive it as an occasion to understand and learn, while another may perceive it as an occasion to be reprimanded for a default.

The perceptions which the subordinates have differently of the nature and character of the superior, interpret the communication from the superior differently. The difference in perception will determine the attitude of the subordinates while meeting the superior, collaborative in the first instance and defensive or even hostile in the second.

Our perceptions, in a way, precondition our thoughts and views. If we know that a person is honest, then all data favouring that knowledge is accepted and remembered and data to the contrary, rejected and forgotten. On the contrary, if we know that the person is dishonest, the minutest event pointing to dishonesty, gets our attention to confirm the knowledge.

Our perceptions are often affected by the proximity of other information or data. This is the cause of the phenomenon known as optical illusions.

### 4. Perceptual errors



## Definition

Perceptual error is the difference between reality or fact and perception.

Perceptual errors may happen due to a number of factors. Some of them are

**Role or status of other person**: We look down or look up to some kinds of people. This is not the same as, but may be the cause of, psychological distance (not feeling close to one another).

**Occupation**: Our jobs and training give unique points of view differently from others. Public sector employees see issues differently from customers or private sector employees. Customers see differently from producers.

**Physical features**, manners and dress.

**Body language** viz. posture, eye contact, facial expressions, gestures

**Non-verbal symbols** like loudness of voice, accent, tone etc.

**Incomplete reception of and inadequate attention** to all available symbols and data in environment.

**Limited capacity of mind** to process information.

**Stereotyping** or attributing positive or negative characteristics on the basis of generalised categorisations related to sex, community (some are aggressive and some are mild), position (managers vs union), etc.

**Halo effect** by which one single positive or negative factor forcefully eclipses other characteristics. The polished behaviour of a person may make us blind to his attempts to cheat.

## E. Experience and Learning

### 1. Everybody learns all the time

Age is irrelevant for learning. A teacher may help in learning. But one learns even without the help of a teacher. Often one learns something different from what the teacher is trying to teach.

### Example

When an activist, trying to make people give up alcoholic drinks, showed that when alcohol was poured into a glass with water full of germs, the germs died, a member of the audience got up to say that if one has germs in his stomach, one must drink alcohol.



### 2. One acquires knowledge and skills through learning

Knowledge is cognitive. Skill is when the knowledge is used. We all know how to ride a bicycle. But it becomes a skill only when we actually ride it without falling.

There are coaches coaching the world"s best players in every sport, tennis, cricket, badminton or hockey. They know cognitively how to play, but do not have as much skill as the player he is coaching. They may not have won even one tournament.

Similarly, consultants know, but it requires an entrepreneur to make the decisions of managing the business.

### 3. Skill comes from practice

In schools and colleges, teachers make students do a lot of exercises, in class as well as homework. These exercises reinforce learning and develop skills. The same is the reason for laboratory work in learning science subjects. The „doing" in the laboratory is the experience, because of which one begins to „know", what till then, was a concept, an idea. When a person knows, he does not forget and does not have to remember. One who has learnt how to swim never forgets. It is part of his automatic reflexes. Learning is effective and permanent when the experience (of doing) reinforces the cognitive learning.

A person at work can be said to have experience only if he has learnt from the work. One can learn from the work if he tries to understand what is being done and why it is being done the way it is being done. One can learn from work much more in depth than from books or classes. There is only one Dr. Devi Shetty among cardiologists. There was only one Nani Palkhiwala among legal luminaries. Dr Abdul J Kalam and his colleagues developed the rockets and the science underlying them. The scientists at the space centre developed appropriate technology to reach the skies faster and at cheaper costs. They, and many like them, had continued to learn long after they completed formal education and created knowledge for others to learn from.

One who carries out the prescribed routines without bothering to ask the purpose of those routines is giving away the opportunity to learn. Personal development and growth happens when there is addition to knowledge and skills. If this does not happen, the worker really has not had experience, even if he may have spent many years doing work.



## Test Yourself 2

Which of the following is an example of stimuli?

I. Shapes
Colours
III. Smell
IV. All of the above

## Summary

Management is the process of using resources in order to produce goods and services.

All resources are valuable assets. They are not available in plenty in the environment. They are procured at a cost and for a purpose. If not properly used, they go waste and the cost incurred becomes a waste.

Principles of management provide guidelines to minimise the costs of procurement and to maximise the benefits that they have the capacity to provide.

Over a period of time, it was recognised that the most important of all assets of an organisation is its people. Therefore, managing people or Personnel management became one of the most important functions of management.

Traditionally Personnel management used to deal with ways of recruitment, placement, leave, salary administration, perquisites, promotions and transfers, retirement benefits, disciplinary matters, etc. The approach was to ensure uniformity while dealing with people. The rules would be applied without discrimination. Individual problems did not matter.

Human Resource Management (HRM) is based on the understanding that every individual is complex, endowed with the potential to enhance skills and become a more valuable asset as well as having, at the same time, the capacity to withdraw his skills from work and become a liability.

The activities of HRM can be broadly classified under four functions:

Acquisition,
Development,
Motivation and
Maintenance

It is believed that every individual has five distinct dimensions to his personality that affect his work. They are:

Physiological dimension.
Psychological dimension
Social dimension
Economic dimension
Power dimension

Perception is an important concept of great relevance in HRM. It affects behaviour of people. Simply stated the concept of perception says that what one sees is not the same as what there is to be seen.

Perceptions differ because of:

Limitations of our sensory capacity
Inadequate contact with world outside
Inadequate data from world outside
Limitations of past experiences,
Our own beliefs and values developed during education and upbringing and later life.

Stimuli include shapes, movements, colours, sounds, touch, smell, etc.

Perceptual error is the difference between reality or fact and perception.

Age is irrelevant for learning. A teacher may help in learning. But one learns even without the help of a teacher. Often one learns something different from what the teacher is trying to teach.

Knowledge is cognitive. Skill is when the knowledge is used. Skill can be developed with practice. Personal development and growth happens when there is addition to knowledge and skills.

## Key terms

Anthropology
Behavioural sciences
Development
Experience
Group
Growth
Knowledge worker
Learning
Perception
Power
Psychological distance
Psychology
Reinforcement
Sociology
Social psychology
Whole man

## Answers to Test Yourself

**Answer 1**

The correct option is I.

**Answer 2**

The correct option is IV.

## Self-Examination Questions

**Question 1**

Which of the following discipline studies individuals in relation to other human beings?

I. Psychology
II. Sociology
Anthropology
IV. Political science

**Question 2**

Which factor/s can lead to perceptual error?

I. Occupation
II. Halo effect
Non-verbal symbols
IV. All of the above

**Question 3**

The „subject" of organisational behaviour is _____.

I. Organisation
Perception
III. People IV.
Learning

## Answers to Self-Examination Questions

**Answer 1**

The correct option is II.

**Answer 2**

The correct option is IV.

**Answer 3**

The correct option is III.

# CHAPTER 4

# ACQUIRING HUMAN RESOURCES

## Chapter Introduction

This chapter deals with various aspects involved in acquiring human resource and explains the importance of job analysis. Towards the end of the chapter, aspects related to placement, transfer and promotion are also discussed.

## Learning Outcome

- Human Resource Planning
- Job Analysis
- Recruitment and Selection
- Placement, Transfer and Promotion

## A. Human Resource Planning

### 1. Human Resources (HR) Planning

A well planned HR function will ensure that the right people are available at the right places at the right times. To do so, one needs to know the requirements and also the availability of people. Invariably there will be shortages in many places. It would therefore, be necessary to recruit people into the organisation.

Sources from which recruitments can be made will have to be worked out. These sources may not provide people as per the organisation"s requirements. Institutions which equip people with skills, like industrial training establishments or management institutes, have their own calendars that earmark slots of time when recruitments can be done.

A newly recruited person will need time to learn the job required of him and time to be ready for taking up the assignment, due to personal commitments. These factors are not under the control of the HR department. The HR plan will have to work within these uncertainties and produce the people as and when the operating departments need them. That is a major challenge.

### 2. Human Resource Inventory

The first source for availability of people is the organisation itself. For this purpose, the HR department should have what is known as an HR Inventory or Manpower Inventory. This would be a complete list of the existing employees, showing their:



- names,
- educational details,
- training,
- present position,
- salary,
- capabilities,
- limitations and
- special skills

extracted from various performance and other reports.

This inventory can be of use in finding suitable candidates for posting as well as training, promotion or transfer. Most organisations have the HR Information System (HRIS) which will, in addition to HR inventory, also have other information like date of birth and compensation, on each employee.

### 3. Finding out requirements

HR Planning will have to begin from finding out the vacancies that may arise.

#### a) Vacancies arising out of retirement, resignations or deaths

Assuming that there are enough person now to carry out the current tasks in the organisation, vacancies will arise in future due to retirements, resignations or deaths. Retirements can be known from the HRIS. The other two cannot be known. Past experiences are not good enough as indicators to the future.

#### b) Vacancies due to people going on leave

Apart from vacancies arising out of retirement, resignations and deaths, there can also be vacancies which are not permanent, like people going on leave. If the leave is planned annual leave, the office may be able to manage with some adjustments in work locally. But if the absence happens to be because of sickness and is likely to be prolonged, the HR department may be called upon to help.

#### c) Vacancies due to expansion plans

Requirements will arise due to expansion plans. This may mean more people in existing offices or more offices in same places or more offices in more places.

If there are plans for diversification of business or hiving off some businesses, the requirements will be affected.



#### d) Induction of new technology in organisation

The numbers will be affected by plans for inducting new technologies, or restructuring the organisation or for introducing new systems. Some of these plans might ask for newer or different skills of people. Some of these plans may mean that some of the existing personnel will become redundant.

Some of these plans may happen in a short time. Some may happen only after a longer period. The HR department, therefore, will have to be in touch with the various levels of management to be able to assess the requirements in the near as well as the not-so-near future.

#### e) Succession planning

Some organisations use the HRIS for what is known as succession planning. The idea of succession planning is that the vacancies that arise due to

retirements, transfers and / or promotions at important middle and senior levels are filled up without delay.

The succession plan will identify people from within the organisation, who will be ready to take over when the vacancy arises and prepare them to do so. The purpose is to ensure that there should not be a vacuum at those important levels.

The succession planning exercise will show whether there is enough strength in the existing manpower to fill up the important vacancies as they may arise in future and whether anything special needs to be done to ensure that the strength becomes adequate.

## Test Yourself 1

What is the first source of recruitment for an organisation?

I. Recruitment agency
II. Advertisement
III. Educational institutes
IV. Employees within the organisation

## B. Job Analysis

### 1. Activities

Job analysis is an important step in HR planning. While deciding on posting a person to a role, his capabilities for performing on that role must be assessed. For this, the capabilities necessary for the jobs to be done in that role need to be known. Job analysis helps to identify the capabilities required to do the jobs in a role.



## Definition

A job is a collection of activities that have to be done by an individual. These activities may be related or unrelated to each other.

**a) Activities in a job may be:**

**Basic operations:** like paying out cash, preparing invoices, verifying signatures, maintaining personnel files, working on machines like typewriters, computers etc;

**Supervisory functions:** which are in the nature of checking on basic operations performed by others, including helping them to perform those operations;

**Managerial functions:** which are in the nature of determining objectives and focusing on the future.

**b) Job analysis includes**

Clarifying the activities, that are to be done
Determining the parameters of those activities, namely, stating the criteria to evaluate whether those activities have been done properly or not
Categorising them in terms of simplicity, complexity, importance, etc
Identifying the knowledge and skills (physical, mental, social, technical, human or conceptual) necessary to be able to perform those activities.

**On the basis of job analysis, it is possible to**

Distinguish between operational, supervisory and managerial jobs;
Evaluate which jobs are more important than others, although no job will be unimportant. If any job is unimportant, it can and should be, eliminated.
Make an hierarchy of jobs on the basis of difficulty in acquiring the knowledge and skills necessary to do the various jobs;
Identify the jobs that are very crucial or critical for the operations
Decide the kinds of jobs that will have to be done in various offices and various points of time.

All the determinants arrived at after job analysis may change from time to time.

**Example**

Certain operations may be eliminated as part of reorganisation.
Computer linkages eliminate paper work and transmission thereof.
New technology makes it possible to avoid visual verification of signatures.
Paper is not carried from one table to another in some offices.
In the banks, cheque books may be printed and delivered immediately across the counter, soon after a request is made, which eliminates the operations of stocking and accounting of printed cheque books.
In some banks, cheque books may even be done away with, because of electronic banking.

Therefore, it is necessary to do job analysis fairly frequently to take note of the changes that are taking place.

**2. Knowledge and skills**

Knowledge and skills to do a job are usually stated in terms of qualifications and experience. Strictly, both of these are inappropriate and inadequate. To do a clerical job, it is not necessary to be a graduate. A graduate in mathematics has different knowledge and skills than a graduate in economics or literature. Most people have no occasion to use at work what they have learnt in schools and colleges.

Experience refers to the extent of learning which has occurred at work. The number of years spent in doing certain operations, is not really a good determinant of experience. Some learn faster than others at work. Quite a few professionals and successful entrepreneurs have not had any formal education in their teens. This is particularly true these days with youngsters finding that their ideas can be converted to big businesses.

The Start-Up initiative of the Government of India has shown that the new businesses will grow beyond all expectations. But, for reasons which will be explained later in this chapter, at the time of recruitment, importance is given to formal education and experience.

## 3. Job Description, Job Specification and Job Evaluation

### a) Job description

Job description is a statement about the purpose, scope, duties and responsibilities of a job. It includes information relating to the title of the job, the main functions, responsibilities and limits of authority associated with the job clarifying title, what is to be done, where it is to be done, how it is to be done, performance standards, duties and responsibilities attached to it.

### b) Job specification

Job specification lays down the personal attributes and abilities required to perform the job. It is a standard or criteria for personnel to be employed.



### c) Job evaluation

Job evaluation compares jobs and places them in common compensation groups. Job evaluation is helpful in salary administration.

Job evaluation can be made by allotting points to the various factors relevant to the job (knowledge, working conditions, physical efforts, hazards, equipments used, scope for use of discretion) and then aggregating these points with appropriate weightages.

On the basis of Job analysis, the requirements will have to be moderated after asking the following questions

Can these requirements be met from the existing personnel?
Is it possible to reallocate the work being done by the existing staff?
Is the existing staff being used to their full potential?
Can the work be divided up or eliminated altogether?

### 4. Job design

Job analysis may lead to job design which is restructuring of the job in order to adjust to the change in technology, environment, personnel, etc. There are various methods for redesigning jobs such as, job enrichment, job enlargement, job sharing and other related methods.

### 5. Parameters relating to a job required for job analysis

The various parameters relating to a job required for job analysis can be known by using one or more of the following methods:

**Performance**: actually doing the job

**Observation**: watching others doing the job

**Interviews**: asking people who are doing the job

**Structured questionnaires**: asking people on the job to respond to a questionnaire, which has a list of tasks, behaviour, knowledge and skills

**Diaries maintained by employees** stating in detail what they have done

**Critical incidents**: listing out significant events from which the more important and crucial elements can be identified

## Test Yourself 2



_____ is a statement about the purpose, scope, duties and responsibilities of a job.

I. Job analysis
Job description
III. Job specification
IV. Job evaluation

## C. Recruitment and Selection

### 1. Recruitment

After estimates are made of the requirements of the personnel, for existing and future operations, it is necessary to find and appoint the required personnel for filling up the requirements. The process of doing so is called Recruitment and Selection.

### Definition

Recruitment is that part of the process that finds persons who could be considered for the appointment.

#### a) Sources of recruitment

Organisations have specific policies about whether recruitments will be made from outside the organisations or, through promotions or otherwise, from within the organisation.

Some recruit from outside only at the level of peons, drivers, watchmen, etc and also at the level of assistants. At the lowest level of officers, appointments will be made up to a certain percentage from outside the organisation and the remaining, by way of promotion from within the organisation. There could be, however, exceptions in the case of technical skills like legal, or public relations, or computer specialists. Some organisations do not hesitate to induct outsiders at any level, if found to be desirable. If the jobs have to be filled up only from within the organisation, recruitment will be made on the basis of the records (HRIS).

Some of the sources from which persons can be found are

Advertisements in newspapers / journals
Employment exchanges
Placement and head hunting agencies
Educational and training institutions
Professional or other associations
Friends and relatives
Existing and old employees who could recommend friends and acquaintances
Own records about existing employees as well as applications received from time to time

Of late, the social media is being used extensively for the search. Sites like Facebook and Linked-In provide information about the availability of people. Persons, who are relatively well placed, but have reasons for seeking a change may not respond, to public advertisements or even contact placement agencies for opportunities, but may respond to information in these social media. Contacts made through these media may also recommend their acquaintances, who, they know, may be interested in a change.

Before tapping any of these sources for names, it is necessary to determine and state the relevant criteria relating to age, qualifications, experience, physical characteristics, sex, etc.

Some of these criteria will be determined by Job Analysis. Some of the criteria will be determined by the policies of the organisation. Some organisations are committed to appoint local candidates only, particularly at levels where skills required are low. Some prefer relatives of employees.

Sex may not be an important consideration for many jobs. For jobs involving physical exertion, or extensive travel for long periods in interior areas, men may be preferred. Appointment of women may be limited to unmarried women or to non-transferable jobs, only. These are all variables in organisational policies.

**b) Reservations**

There are reservations of jobs for certain categories of persons like weaker sections, scheduled castes, scheduled tribes, ex-servicemen, etc in the public sector. Such reservations are not mandatory in the private sector. But there are pressures that demand reservations in the private sector as well.

There is a concept of Affirmative Action, which requires that organisations must provide opportunities for people who have been deprived of such opportunities. They may have been deprived not necessarily because of caste reasons. They may have been deprived because they are living in areas where there has not been much economic development (remote areas), or they are what are called „transgenders", or they have disabilities like being spastics, deaf and dumb, short of limbs and so on.

Some organisations prefer to appoint handicapped persons for jobs for which physical disabilities are not a hindrance. Blind persons, spastics and those with only one arm can do quite a few jobs in offices.

### c) Recruitment through advertisements

Recruitment through advertisement in the press has the advantage that the range for selection becomes quite wide. There is a belief that public organisations should not distribute jobs among acquaintances but should provide opportunities to maximum number of job seekers, particularly in the context of limited employment opportunities.

Advertisements inform large numbers about the available opportunities. Advertisements are resorted to even if there is only one vacancy, because of the need to spread the net wide and find the best for an important job.

The process of advertising is expensive because advertisement space in newspapers cost a lot and a large number of applications will have to be processed. This may not be justified if the number to be appointed is small. The cost of advertising may also not be justified if there may not be many meeting the specifications for the job.

There are newspapers catering only to employment in which advertisements may be cheaper. Expensive advertisements in the national dailies may be limited to a short space just mentioning that recruitment is on for certain positions and a reference to the specialised employment newspapers for detailed information.

### d) Recruitment agencies

The sources for names referred to above may be appropriate where jobs are at lower levels or require mostly routine activities. Where the jobs require highly specialised skills, of which there are not likely to be many available in the market, the source would be placement agencies or social media. They usually have names of highly qualified persons who are looking for better opportunities, but do not want to make that known. Such persons will be found in distant countries or working in organisations in very different businesses

## 2. Selection

**Definition**

Selection is that part of the process that makes decisions as to who, among the persons identified through recruitment, should be appointed.

The candidates or applicants available after recruitment would satisfy the criteria or specifications made while inviting applications. It does not mean that all of them are good for appointment. The specifications would be factors verifiable on paper viz. qualification (graduation marks obtained), age, past experience, etc. None of these are determinants of suitability for appointment.

**a) Educational qualification vs knowledge and skill**

Educational qualifications are indications of, but not determinants of, knowledge and skill. Ability to score marks in an examination is not the same as the ability to use it in a practical situation. There may have been additions of knowledge, as well as erosion of knowledge, since the passing of the examination,

**b) Attitudes, aptitudes and behavioural characteristics**

Attitudes, aptitudes and behavioural characteristics are not easy to document. Pleasantness in dealing with people, alertness and sensitivity to situations, responses under situations of stress and pressure, characteristics like arrogance and humility, ambitions and expectations are difficult to standardise as specifications but are important in organisational work. These have to be looked into. Therefore, a selection has to be made from among the applicants.

**To make a good selection, there should be more applicants than the number to be selected.**

The number to be selected is the number of vacancies. It is believed that the candidates should be 3 to 5 times the vacancies. In response to advertisements, very large numbers may apply. When the candidates are more, something has to be done to bring down the number.

If the numbers who have applied are very large, we can use qualification as a criterion to bring down the numbers. One can eliminate the less qualified or the ones with lesser marks in the same examination. There is no great rationale in doing so except that this would be objective criteria. It is possible the one with less qualification may have been more suitable for the job.

After thus bringing down the number to be selected from, tests can be administered for preliminary elimination. The tests can be devised depending upon the nature of the positions to be filled.

In the case of clerical vacancies, simple tests can be administered in language skills, communication skills, general awareness, numerical ability, ability to identify similarity in patterns, memory, reasoning, etc.

It is also possible to devise tests on skills relevant to the function of the vacancies, like typing, stenography, machine operations, filing, record keeping, etc.

These tests are intended mainly to eliminate numbers and get a short list of candidates for the final selection process.

After the number of candidate is brought down to a reasonable number, the serious selection process will begin. Selection is made by using one or more of the following techniques.

Personal interview by one or more individuals separately, or as a panel, also called the selection board.

Group discussions among the candidates, which is observed by the selector or selectors.

Psychological and aptitude tests.

In basket exercises.

References and medical tests.

For senior or important vacancies, the selection process may be in more than one stage, each stage generating a shorter list for the next stage. While selecting management trainees from graduates of management schools, there may be as many as three or four shortlists before final selection.

For important positions, where there may only be one candidate to choose from, the selection interviews may be done separately by a few senior persons independently. In some companies, if the person to be selected may have to work in a group, the existing group members are asked to interact with the candidates and make a decision.

**d) Interviews**

The person to conduct an interview must be properly briefed about the way to conduct the interview. An interview is not the place to check on data which is available already on the records. Data on family background, hobbies, achievements, etc. are available on records. An interview is also not a place to show to the candidate that his knowledge and understanding of any matter is not adequate.

An interview is an opportunity to make an assessment about the candidate on attributes which can be best known only through personal interaction. Attitudes, views, behaviours, values, belief systems, styles, aspirations, expectations are examples of such attributes.

The interviewer therefore has to get the candidate to talk and do more, revealing his inner thought processes. It follows that the interviewer should

talk as little as possible

avoid making the candidate uncomfortable

enable and encourage the candidate to talk

avoid arguing with the candidate

Simple questions on achievements, family background, etc. will be appropriate to the extent that they

are preliminaries, intended to make the candidate shed the tension and begin to feel comfortable

lead to explore further issues that are of relevance in making valid assessments

There are some kind of questions that can be answered by giving factual information on data. “Who is the Indian political leader who was originally an Italian?” is an example of such a question. There is only one answer to that question. Such questions are referred to as closed questions. Closed questions help to check general awareness.

There are other kinds of questions that can be answered in a number of different ways and require the candidate to think. He will have to give his opinion and his reasons. “Why do you say so?” is a question of this kind. Such questions are called open-ended questions. They are exploratory in nature and reveal the thinking process of the candidate. They are most appropriate to understand the person being interviewed.

Exploratory questions would elicit answers that reveal the candidate‟s thoughts. These thoughts may not find the approval of the interviewer. But they would show how the candidate thinks. If the disapproval is expressed, the candidate may get disturbed and even nervous. There is no need to argue with the candidate or to prove him wrong. The interview is meant to help know the candidate. However, such expressions of disapproval or challenge to the candidate‟s position may be selectively done to test

response to situations of stress
emotional control.
whether he was just repeating whatever he may have heard or read, without application of mind.

When the interview is being conducted by a panel, the individuals in the panel need to have some understanding about how they will divide the work and time among themselves. Each member should be able to complete whatever he is exploring, before another member gets into the action. The following tendencies are common and should be avoided

Interrupt the candidate who is talking in response to a question and suddenly shoot out with a question on an entirely different topic
While a candidate is responding to probing questions from one member of the panel, another tries to elaborate on the answer of the candidate, giving an impression that the probing questions were unnecessary
Discussion between the panel members on the appropriateness or correctness of the answers of the candidate.

### e) Group Activity

In this method, about eight to ten candidates will be brought together and asked to perform an activity. The activity could be assembling a figure from broken pieces like a jig saw puzzle, solving a problem of prioritizing ten items on the basis of importance in a given situation, finding a solution to tackle a difficult management problem or discussing a topic of common interest.

Group activities provide a lot of data about the candidates, to the extent that they reveal the thought processes, creativity, values, listening ability, argumentativeness, aggressiveness, etc. The process is equally important as it reveals interpersonal skills and important behavioural tendencies.

### f) Tests

#### i Psychological tests

Psychological tests are intended to test behavioural characteristics like dominance, tolerance, adaptability, adjustability, aggression, emotional characteristics, etc. These tests have to be carefully chosen after checking for reliability and validity. These tests produce very unreliable results, if they are not administered by competent and trained persons. Some of these characteristics will be revealed in group discussions as well.

#### ii Intelligence quotient

There are also tests to determine the level of Intelligence. Called the Intelligence Quotient or IQ, it finds the level at which the person"s intelligence has developed compared to his age. If the IQ is 100, the growth is normal. More or less than 100 would mean higher or lower levels of growth. Studies show that there are different aspects of intelligence. Some are good at language fluency. Some have excellent memory power. Some are good at spatial visualisation and so on. Comparisons on the basis of one ratio would not lead to appropriate judgements.

### g) In-basket

An “in-basket” is a set of papers which might come to an executive desk. The candidate is expected to record his decision on each of those papers. These decisions may be discussed later, between the candidates themselves or with the selectors. The decisions are expected to indicate executive competence as well as values. An in-basket exercise is appropriate as a selection tool if the vacancy is in jobs at a high level, involving policy decisions and for promotions from within.

Selection of those recruited from within, may not need such elaborate processes as a lot of data is likely to be available in the HRIS. If the selection is for a higher level of responsibility and there is not enough data to assess suitability for such levels, some selection processes may be gone through.

**h) References and medical tests**

References and medical tests provide secondary data, after the main selection process is over. These only confirm suitability but do not decide suitability.

## 3. Induction

After the selection process is complete, the appointment letter may be issued. But before placing the new appointee on the job, it is advisable to let him go through what is called Induction. The purpose of induction is to help the candidate to understand the organisation, its structure, its values, its objectives, its policies, etc. The process of Induction is also called orientation.

During the first few days or months of the Induction, all the new recruits may receive the same inputs, about the organisation as a whole. After that, they may be separated according to the jobs which they are likely to undertake and given inputs pertaining to those jobs, so that they will be find it easier to get into the routine. They will be provided with a complete description of the job and also told about the rules and procedures to be followed at work. They may be informed about the authority they can exercise as well as their responsibilities.



Candidates selected for All India Services will have the original induction together after which they will be separately given orientation towards the IAS, IFS, IPS or other service to which they had been selected. Later they may be given further orientation according to the States to which they are allotted, for them to know the language, customs, traditions etc., of the people of that State. Orientation is not done in a formal manner by small companies.

Orientation is also useful when an existing employee is transferred to a new role in the same place or another place. However experienced or senior in age and service a person may be, it takes a little time to adjust to the new environments of work and to begin to perform as expected. If the transfer involves a change of place, the orientation is also necessary to get familiarised with the facilities in the new place.

## Test Yourself 3

During the selection process, which of the below is intended to test behavioural characteristics like dominance, tolerance, adaptability, adjustability, aggression, emotional characteristics etc?

I. Psychological test
Physiological test
III. Intelligent quotient
IV. In basket

## D. Placement, Transfer and Promotion

### 1. Placement

When a person is appointed after the selection process, an opinion would have been formed as to what kind of jobs he may be suitable for. After induction and orientation, the new employee would be sent to the job he was thought fit for. However sophisticated the selection process, one cannot be sure that the judgement made was right. The performance at work may be disappointing. The HRD philosophy believes that no employee can ever be dubbed as „unfit." If he was indeed „unfit" he could not have passed through the selection process.

**At the time of admission into an organisation, a person, most likely, will be**

Enthusiastic
Intending to contribute his best
Hoping to develop as an individual and as a professional
Expecting that in due course he will achieve recognition and distinction and so on.

**b) It is possible that some time after admission, the person may**

Discover that the expectations are unlikely to be realised
Perceive that there is very little possibility to develop and grow
Become withdrawn and reluctant to contribute
Seek recognition and distinction through avenues other than work, by becoming a deviant, a rebel.

**c) Performance at work is a function of**

**Skill:** Skill relates to ability to do the job.
**Will:** Will relates to the willingness to do the job. This would be high to start with but can reduce in course of time. This can also happen

because the employee does not find the job challenging enough or does not suit his temperament.

**Support:** Support relates to the support from the rest of the office and will include clarity on the tasks, clear direction from the superiors and help in case of difficulty, acceptance by the rest of the team and so on.

Performance will happen only if all the three factors are positive. If any of these three factors is zero, the total performance will be zero. Therefore, if performance is poor, one must also examine whether there is any problem with the Support factor.

An employee"s first placement and the support he experiences at that time, usually turn out to be important factors to determine the course of his future career. Many of one"s attitudes are moulded during the early days at work

## 2. Transfers

**Definition**

Transfer refers to the movement of an employee from one job to another within the organisation.

It may or not involve any significant change in the emoluments and status. Transfer is one of the methods of filling up a vacancy that arises in an office. Transfers may be done also as part of the career plan for individual employees, with a view to provide them wider experience.

While transfers are an organisational necessity, employees tend to look upon transfers as problems and sometimes even as punishment. Transfers involve relocation, which is not always convenient. Children"s school admissions, elderly parents not being in good health, working spouses and other commitments in society can be disconcerting and cause financial strain as well. Organisations also tend to use transfers as ways of punishment, thus giving even justifiable transfers a bad perception.

## 3. Promotion

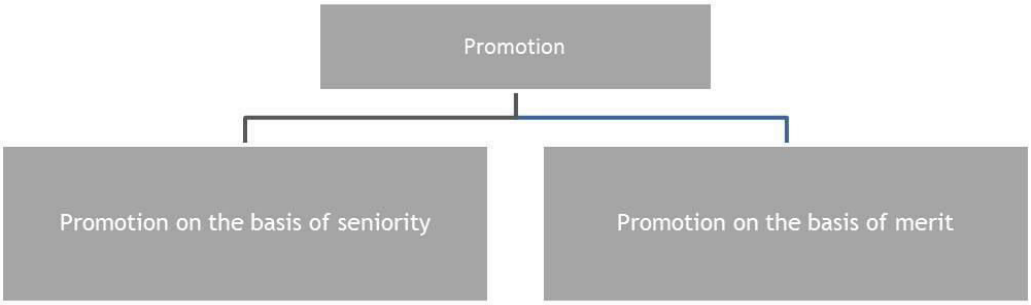
**Definition**

Promotion is the advancement of an employee to a higher post with more emoluments, prestige, higher status and greater responsibilities.

Filling of higher posts through promotion of existing employees enhances the morale of the employees and enables them to see future opportunities for themselves. However, promotions may be made even in the absence of any vacancy in the higher level. This is done to avoid employees feeling that the opportunities for growth are limited.

Promotions are generally made on the basis of seniority or merit or a combination of both these criteria.

**Diagram 1: Promotion**




**a) Promotion on the basis of seniority**

Seniority may have a greater weightage at lower levels. Seniority has the advantages of objectivity, transparency, absence of scope for favouritism.

**b) Promotion on the basis of merit**

Merit will have a greater weightage at higher levels. Merit based promotion has the advantages of recognising and rewarding a meritorious worker and enthusing every aspirant to higher level of performance.

A properly devised promotion policy should clearly spell out the basis, methodology etc. of consideration of merit. It should provide an objective appraisal of all employees on a regular basis and find acceptance among employees, as they would see that their careers depend on the policy.

All employees would be happy to get a promotion. But that happiness would disappear soon, if the new position does not have a clearly higher level of responsibility. The happiness would also be diminished if the promotion is accompanied by a transfer.

Promotions may also be declined by some persons who would prefer not to undergo the inconvenience of transfer. But if an employee, who is expecting a promotion, does not get it, the unhappiness is severe.

Non-promotion would convey a message to the community of colleagues and their families that he is not „up to the mark". That would be a disgrace that he and the family will have difficulty facing. There have been cases of good employees suffering serious breakdowns when they find their name missing in the list of promotees.

## Test Yourself 4

_____ refers to the advancement of an employee to a higher post with more emoluments, prestige, higher status and greater responsibilities.

I. Recruitment
Selection
III. Transfer
IV. Promotion

## Summary

A well planned HR function will ensure that the right people are available at the right places at the right times.

Human resource planning will have to begin from finding out the requirements for people.

The first source for availability of people is the organisation itself. For this purpose, the HR department should have what is known as an HR Inventory or Manpower Inventory.

A job is a collection of activities that have to be done by an individual. These activities may be related or unrelated to each other.

Job Analysis is related to three other processes called job description, job specification and job evaluation.

Job description is a statement about the purpose, scope, duties and responsibilities of a job.

Job specification lays down the personal attributes and abilities required to perform the job. It is a standard or criteria for personnel to be employed.

Job evaluation compares jobs and places them in common compensation groups. Job evaluation is helpful in salary administration.

Job analysis may lead to job design which is restructuring of the job in order to adjust to the change in technology, environment, personnel etc. There are various methods for redesigning jobs such as, job enrichment, job enlargement, job sharing and other related methods.

Recruitment is that part of the process that finds persons who could be considered for the appointment.

Selection is that part of the process that makes decisions as to who, among the persons identified through recruitment, should be appointed.

An interview is an opportunity to make an assessment about the candidate on attributes which can be best known only through personal interaction.

Selection through group activity technique provide a lot of data about the candidates, to the extent that they reveal the thought processes, creativity, values, listening ability, argumentativeness, aggressiveness, etc. The process reveals interpersonal skills and important behavioural tendencies

Psychological tests are intended to test behavioural characteristics like dominance, tolerance, adaptability, adjustability, aggression, emotional characteristics, etc. These have to be carefully chosen after checking for reliability and validity.

There are also tests to determine the level of Intelligence. Called the Intelligence Quotient or IQ, it finds the level at which the person"s intelligence has developed compared to his age.

An "in-basket" is a set of papers which might come to an executive desk. The candidate is expected to record his discussion on each of those papers. An in-basket exercise is appropriate as a selection tool if the vacancy is in jobs at a high level, involving policy decisions and for promotions from within.

After the selection process is complete, the appointment letter may be issued. But before placing the new appointee on the induction is conducted for the candidate. The purpose of induction is to help the candidate to understand the organisation, its structure, its values, its objectives, its policies, etc.

After induction and orientation, the new employee would be sent to the job he was thought fit for.

Transfer refers to the movement of an employee from one job to another within the organisation.

Promotion is the advancement of an employee to a higher post with more emoluments, prestige, higher status and greater responsibilities. Promotions are generally made on the basis of seniority or merit or a combination of both these criteria.

## Key terms

Group activity

Induction

IQ

Interview

Job analysis

Job evaluation

Job enrichment

Job specification

Orientation

Performance

Placement

Promotions

Recruitment

Selection

Succession planning

Tests

Transfers

## Answers to Test Yourself

**Answer 1**

The correct option is IV.

**Answer 2**

The correct option is II.

**Answer 3**

The correct option is I

**Answer 4**

The correct option is IV.

## Self-Examination Questions

**Question 1**

_____ lays down the personal attributes and abilities required to perform the job.

I. Job analysis
Job description
III. Job specification
IV. Job evaluation



**Question 2**

Which of the following is appropriate as a selection tool if the vacancy is in jobs at a high level, involving policy decisions and for promotions from within?

I. Physiological test
Psychological test
III. Intelligent Quotient
IV. In basket

**Question 3**

_____ refers to the movement of an employee from one job to another within the organisation.

I. Recruitment
Selection
III. Transfer
IV. Promotion

## Answers to Self-Examination Questions

**Answer 4**

The correct option is III.

**Answer 5**

The correct option is IV.

**Answer 6**

The correct option is III.

# CHAPTER 5

# DEVELOPMENT OF HUMAN RESOURCES

## Chapter Introduction

This chapter deals with the responsibilities of an organisation with regard to the growth and development of its people and the ways to achieve them.

## Learning Outcomes

Manpower Development
Training
Counselling
Appraisals

## A. Manpower Development

### 1. Introduction

All resources, including HR, are obtained by an organisation at a cost. Resources, whether land or water or money, are scarce. They are valuable. There is demand for every resource from other organisations in business or otherwise.

It is the responsibility of every management to ensure they do not:

waste the resources acquired and
enhance their value or capabilities after acquisition

This responsibility is much greater in the case of HR, as they are the ones that can make the other resources perform and more importantly, their potential for development (or enhancement of capabilities) is unlimited.

Human beings are complex personalities and they require multi-faceted development:

physical,
intellectual,
social and
psychological

While many organisations do pay attention to the intellectual and technical growth of their employees by imparting them with necessary job knowledge, other qualities of the employees cannot be ignored. The development has to be holistic, covering the „whole" person and not merely the „worker" person. Some organisations extend such developmental activities to the family as well because the family at home affects the worker at work.

### 2. Manpower development

Manpower development seeks to achieve the following in a planned way:

Enable individuals to acquire / sharpen their capabilities

Enable everyone to discover and exploit their potentials for own and organisational purposes

Strengthen relationships, team work and collaboration between individuals, contributing to their well-being, motivation and pride.

### a) Cognitive knowledge

Cognitive knowledge can be acquired through reading, hearing and seeing. That knowledge is useful to anyone only if he can use it himself in practical action.

**Example**

A person may have learnt how to calculate various ratios to appraise a project or to work out cash flows. But when he sits down to do it in a real case, there can be a number of doubts which will arise. As he does it, slowly to begin with, he will get over those doubts and then he will know.

The difference is the same as between knowing how to ride a bicycle or a horse – everybody knows it – and being able to do the riding.

### b) Skill

Skill improves through doing. Learning of new tasks takes place through having to do new things. Repetitive doing of the same job will reveal (and cause learning) newer nuances and thus sharpen one"s skills. If the variations in such repetitions become minor, learning ceases to be worthwhile. The job becomes routine, monotonous and perhaps uninteresting. At this stage, newer jobs provide opportunities to acquire new skills. Both sharpening and acquisition of skills contribute to the development of the individual.



### c) Development of Individual

Development of professional competences is different from the development of an individual. The dimensions of individual development are many. They constitute the differences between a child and a grown up person, not physically, but mentally and emotionally. The most important of these is that the child sheds its dependency as he grows up. It learns to be on its own, to take responsibility for self. Management practices may make employees:

- be continuously dependent (on seniors, or other experts) and blaming others for all failures
- learn to take responsibility and not find excuses for failures in external circumstances
- understand the obligations of being a good citizen in a social system, where others also have their rights and where interdependence (not independence) exists

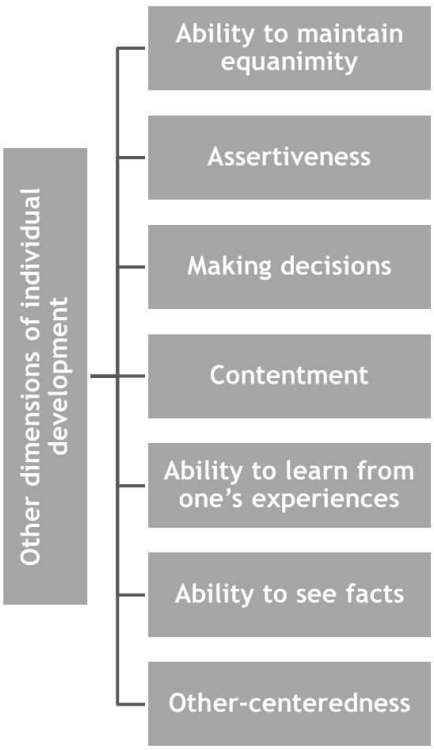
Dependence indicates immaturity. Independence could lead to arbitrariness.

Obligations of being a good citizen include adequate respect for:

the abilities and concerns of others
the authority and area of discretion of others (boundary maintenance)
the systems and procedures which are in vogue. Changes thereto may be made but only after due deliberation and knowing the rationale for their introduction in the past

**Other dimensions of individual development**

**Diagram1: Other dimensions of individual development**




Some other dimensions of individual development will be the following:

**Ability to maintain equanimity** (emotional balance) in situations of crisis so that the brain and mind can search for appropriate actions to overcome the difficult situations. Lack of equanimity may lead to extremes of anger or depression or panic, none of which are helpful for clear thinking and exploration of available options. Clear thinking becomes a casualty even in cases of ecstatic elation. That is therefore, as bad as too much of anger and despondency.

**Assertiveness:** Arising out of equanimity is the skill to be assertive, avoiding the extremes of submissiveness and aggressiveness. Both submissiveness and aggressiveness leave one dissatisfied and regretting - not having done differently.

**Making decisions** on the basis of data, avoiding the tendencies to: (i) act on hunches, (ii) confuse facts with one"s opinions (problem of perception)

**Contentment**, which means acceptance of one"s position and trying to do one"s best therein, without being over-anxious about the consequences thereof on oneself, either as reward or as punishment. Lack of contentment leads to continuous dissatisfaction, always wanting what one does not have, consequent disappointment when desires are not attained and possible psychic disturbances.

**Ability to learn from one"s experiences**, through reflective observation on whatever may have happened. A corollary to this would be to help others to learn, by sharing one"s experiences. The sharing would become mutually beneficial. This is also a test of professionalism.

**Ability to see facts:** Ability to learn implies ability to see the facts as they really are, not as one imagines them to be. In the process, one would become aware of oneself and his environment without being carried away by fantasies or hallucinations of imagined glory or imagined risks.

**Other-centeredness**, as opposed to self-centeredness, is an aspect of individual development. Self-centered people, through their behaviour, convey disrespect to others, attempt manipulation, seek unfair advantage (at the cost of others), generate suspicion and will have difficulty in seeking or giving collaboration.

Developed individuals will seek opportunities for continuous learning and growth within the organisation. When opportunities are made available, there will be satisfaction. There is a virtuous cycle that feeds on itself for sustained improvement.

Developed individuals will find it easier to respect and support other colleagues in the social systems. They generate collaborative responses with relative ease. They handle problems with confidence. They contribute to better organisational climates.

Not all individuals may want to develop the same way. Not all of them have the same strengths. Some of them may have difficulties and / or weaknesses which inhibit their development in certain directions. HRD practices take note of these unique features and seek ways to minimise the effects of such weaknesses, while allowing the other strengths to grow. The HRD practices can generate pride in one"s strengths, instead of shame that may develop if the weaknesses are highlighted.

The well-being of the individual is as important an objective of HRD, as his professional skills, team work, motivation and organisational culture. Wellbeing is both physical and mental and is concerned with satisfaction at work and at home. HRD therefore, looks at issues of Quality of Life (QL), Quality of Work Life (QWL) and often extends even to the home of the worker. Programmes related to stress management or Yoga, Vipasana, hygiene, childcare, balanced diets, personal finance, etc. deal with these issues.

**Behaviour**

**Concept**

Behaviour is what one does. Doing nothing is also „doing".

Behaviour occurs in a context. A person is rude or polite in a particular situation. Some justification for that behaviour may be found in the situation itself. The other person may have provoked the resultant behaviour of the employee. Similarly, the employee"s behaviour can generate a certain behaviour, pleasant or unpleasant, in the other person. It can even reduce the intensity of the unpleasantness in the other"s behaviour and even modify it to a pleasant one. It is difficult to identify the trigger for a particular situation.

**b) Dynamics of social behaviour**

All social situations are dynamic, changing with the combined impact of all stimuli, emanating from several sources, some of whom may not even be present in the situation at a given time. Anxieties related to some distant event (like the boss expressing displeasure in the morning, accident en route to work, report from the college about the son) may be affecting behaviour at work.

The events themselves do not cause any anxiety. The individual"s assumptions, beliefs, etc., interacting with the experience of the event, cause the anxieties, which in turn affect behaviour and thereby affect the other"s behaviour in the situation. Managers and also employees have to understand the dynamics of social behaviour, so that they may exercise appropriate influence in the situation.

### c) Social skills

A mechanical skill can be taught by explaining and showing the steps involved. If an activity can be analysed and broken up into its various components, the best way of doing it can be found and taught, like programming a computer. But the social skills need, not analysis, but synthesis, total understanding of situations, within the context of one"s logic of understanding. Training methodologies, if effective, influence behaviour by changing these logics. Hearing and reading are not as effective as seeing, doing, reflecting and experiencing.

### d) Favourable perception of behaviour

Behaviours will be perceived favourably by others, if the employee:

has a high energy level and does not seem to be tired or exhausted or bored or tense
is action oriented
listens
looks to be genuinely interested in others
can express clearly and effectively
makes people feel good
establishes eye contact with people
is pleasant in manners, does not hurt, tries to provide comfort
personalises transactions by using the other"s name or by reference to something that recognises him / her as a unique individual
treats others in a calm manner, even if harried himself / herself
makes the other person feel as though he is No.1 while acknowledging the presence of another requiring attention
forms correct impressions from observing body language
gets on the other"s wave length and is sensitive to his feelings, anxieties and fears
possesses a mature, entrepreneurial instinct that encourages him to go that extra distance to help and ensure satisfaction
has good work habits, like being prompt, not postponing work, attending to detail
is flexible, adaptable

xvii. has the ability to identify problems, understand causes and tries to work out solutions (not plead helplessness)

xviii. can prioritise tasks, set objectives and work them to completion

Many of these might seem to be natural traits. But all of them can be acquired. Some may have already acquired these capabilities before they joined the organisation. They might find it easier to practise them.

The skills have to come naturally while dealing with others. They have to be practised always. Then they will become habits. Otherwise they erode. None of these capabilities can be used sporadically, except perhaps, by consummate actors.

Employees will learn appropriate behaviours, from the way they see their superiors behaving. It is said that employees behave with customers, as superiors behave with employees. When they receive consideration, they learn to give consideration to others. If they are treated roughly, they may pass on similar treatment to others. Superiors are role models from whom sub-ordinates learn. Like all generalisations about behaviours, this statement will not be true always.

**4. Knowledge development**

In order to encourage employees to widen their knowledge base, employers provide a variety of incentives which include increments, special pay and accelerated promotion. The following are examples:

Graduation increments may be given to employees on their passing degree examination in any discipline.
Insurance companies encourage their employees to acquire Associateship or Fellowship of reputed technical and professional institutes like the Actuarial Society of India and Insurance Institute of India.
Persons interested in taking up part time studies are given permission by the employers as a matter of course, regardless of the fact whether the subjects taken up are of direct relevance to the business of the company or not.
Employees are helped to attend professional seminars conducted by professional organisations by paying the fees and treating the period spent as duty

Apart from the above instances wherein the initiative for acquisition of knowledge may come from the individuals, organisations also arrange for regular full time training for their employees. Many organisations have established well-equipped training centers at various levels, running courses suitable for employees at different levels and for different kind of tasks.

Employees are also deputed to training courses at various levels conducted by reputed establishments or professionals in India and even abroad. Those who attend such training programmes derive benefit from the contents of the programme as well as from the opportunity for exchange of views and sharing of experiences with executives serving in different fields in various parts of the country or even in other countries. Such exchanges lead to a wider vision, greater confidence, and higher maturity in the executives, paving the way for the growth of their personality, which in turn brings in benefits to the organisation.

## Test Yourself 1

Cognitive knowledge cannot be acquired through one of the following. Identify the odd one out.

I. Reading
Hearing
III. Speaking
IV. Seeing

## B. Training

### 1. Principles of learning

The social – learning theory has given us some principles of learning in the context of work. These are:

Individuals learn only when they **want** to learn. Workers in an organisation may be willing to learn when they are able to see how the training will be of help to them
Learning requires feedback. People learn better if they are told periodically about the progress they are making, as and when they learn, not at the very end
Reinforcement encourages repetition of learned behaviour. Thus if a worker is appreciated when he performs a task well, he is likely to continue to perform the task in that way
Practice reinforces learning
Learning begins rapidly but later flattens out, if not practised
Learning must be transferable to the job
Learning must result in a permanent change in behaviour

### Effectiveness of training

There are limitations to what training can achieve. Training is most useful, if it is done within the organisation, by the persons with whom the trainee is working and with the equipments with which he has to work. In a big organisation like an insurance company, the way work happens in one branch is not the way it happens in other branches.

People coming from different work situations, even within the same organisation, to a central place of training can help in better theoretical understanding of the concepts and rules but not be of help at the real work situation itself – not uniformly in any case. Graduates from the most eminent management institutes are often told to forget what they learnt in the management school and get to understand how the organisation that they have joined, works.

Managers of training classes in organisations try to develop courses of training keeping in mind the training needs for those attending the training sessions. Training needs are sought to be identified by:

Interviewing employees, their colleagues or seniors
Conducting surveys through written questionnaires
Direct observation of behaviour at work

A combination of more than one method can also be adopted. However, it is difficult to identify the actual needs. Performance and behaviours can be observed and deficiencies noticed. The cause of the deficiencies are, however, not so easy to identify. It requires specially trained professionals to do so.

Even if the needs are correctly identified, no training course of a week or month"s duration can bring about a permanent change. The inputs for correction have to be personalised for any worthwhile effect. A course designed to cater to a class cannot be targeting the needs of any individual.

In an earlier chapter, a brief reference was made to learning through experience. It was also mentioned that teaching does not necessarily end in learning. So also training does not ensure that either skills or knowledge are acquired. The **Social-Learning Theory** of learning states that we learn by observing what happens to other people as well as by direct experiences. This theory also implies that much of what we learn come from watching models – parents, teachers, bosses, characters in films, TV and so on.

### 3. Methodologies for training



Despite the limitations of class room training there are ways to help an employee to enhance skills and therefore of his value. The principle behind these methods or programmes is that it would provide the employee an opportunity to learn, mainly by doing, with minimal external guidance. The method will be most effective if the employee opts to go through the programme and not when he is „nominated for a course" as often happens. To enable options being made, programmes of training can be announced in advance specifying the contents and the objectives and the target employees (who should attend). Some of the methodologies of training are listed below:

#### a) Apprenticeship

Apprenticeship training is the oldest and the most commonly used method, especially when proficiency in a job is dependent on a variety of skills and on adequate practice. Operating various kinds of machines come under this category. Apprenticeship is useful in crafts and also in professions with or without any academic preparation.

In organisations, employees can benefit through apprenticeship, if they are being considered for a shift of duties involving different kinds of skills, like from a peon to a filing clerk or to a machine operator. Young executives identified to have the potential to rise high, can be attached to senior managers as Executive Assistants. The benefits of learning cannot be predicted but there will be as much benefits as when a new law graduate works for some time with a senior lawyer.

**b) On-the-job training (OJT) / Job rotation**

The employee is assigned a new job and he learns by doing with the help of a guide or mentor, who is available for guidance whenever required. One knows best what one does compared to what one sees others do or hears about. Learning on the actual equipment to be used and in the real environment of the jobs, makes it very effective. The method is effective for learning both unskilled and semi-skilled operations.

The commitment of the guide or mentor in giving adequate attention to the trainee will make a big difference to the effectiveness of this method. The method can be helpful to learn the „how" of doing things and also the „why" of doing them, which is equally, if not more, important. Job rotation is the name given when employees who are doing well are transferred to jobs that require different skills, as a part of a programme of career development

**c) Lectures**

The most common classroom methodology is the lecture. The content, sequence of ideas, development of thought and training are all under the control of the trainer. But this method is highly trainer-centered and not trainee-centered. It is rare that in the course of the lecture, the trainees" understanding is checked. The method ignores differences among trainees in learning styles and learning capacities. Studies in communication processes have shown that:

there is a limit to the capacity of a mind to concentrate on a specified topic and therefore it tends to digress after short intervals of time
absorption of what one hears (in a lecture) is less than what one sees or does

A lecture is a convenient method if the audience is large. It is appropriate if the audience needs only a general understanding (as in the case of an introduction or a prelude to more intensive learning) or broad appreciation of a subject. A lecture will have a better effect if:

it is interlaced with periodical diversions like illustrations, anecdotes and exercises
there are pauses for questions and answers and

audio-visual aids are used

### d) Conferences, Seminar and Workshops

These are participative group-centered programmes for learning.

**Conference:** In a conference, important issues are discussed. They may be business related like annual business plans and budget reviews. They may also be on broad overviews of what is happening in the environment.

**Seminar:** In a seminar the various participants are expected to come with prepared papers on the given topic. Sometimes the participants constitute themselves into smaller groups, called syndicates, for further in-depth study or analysis. The syndicates may report back to the plenary when it reassembles.

**Workshop:** A workshop or a clinic as it is sometimes called has the object of imparting practical experience to the participants, almost like a laboratory experiment. For example, let us imagine that a general insurance company wants to decentralise the settlement of mediclaim to its branches. It may call the nominated persons from the branches for a workshop where the trainees would be required to actually process some claim cases and calculate the amounts payable.

### e) Case studies

A case is a written description of a real life situation. Participants are given cases to study and identify the issues, and to explore the possible causes and solutions. The role of the trainer is that of a mere catalyst. He does not actively participate in the discussion but merely raises questions, summarises the discussion from time to time, and connects observations of the participants to concepts, where necessary.

He makes the group identify the assumptions underlying their comments and to challenge those assumptions. The purpose is to make the participants understand the complexity of real life situations as well as the perplexities of their own approaches to such situations. The main merit of the case study method is that it promotes analytical thinking and problem solving ability. One might also learn that what seems obvious at first is perhaps, not the reality and further possibilities must be explored.

### f) Role play

The role-play is a method in which the trainees are required to act out given roles in a given situation. Sometimes, they are given the script as in a stage play. Sometimes, the actors have to improvise the script on the spot. The situations may be related to employee-employer relationships, grievance handling, salesmanship, counselling, post-appraisal interview or a problem solving session. This method helps in practicsing interpersonal skills and getting insights into the dynamics of behaviour.

### g) Programmed instruction (PI)

Programmed instruction consists of a text, which progressively feeds information to trainees. The subject matter for learning is presented in small units called **frames**. They are arranged in logical sequence. After each frame, questions are posed which the trainee should answer before moving on. The merit of this method is that the trainee learns at his own pace, at his own time, at his own place of stay or work or leisure. Besides, immediate feedback on the extent of learning is available to the trainee. This method is very appropriate for learning and understanding theoretical concepts but not for acquiring operational skills.

### h) Computer Aided Training (CAT)

CAT, also called CAL (Computer Aided Learning) is a modern version of Programmed Instruction (PI). While PI is organised on paper, CAT is organised on computers. The principles of organising the learning messages and sequences are the same. But the larger flexibility of the computer programmes makes it possible to introduce more variety and alternatives to each learning module. CAT and CAL are more interactive than the PI. The computer can refer the trainee back to earlier or later modules depending on his responses at various stages. Also the display through coloured diagrams and charts makes the learning enjoyable.

### i) Simulation

Simulation techniques attempt to create situations in the class room similar to real life work situations, so that the skills required in real life may be tried out, experimented with and perfected. A 100% replication may not be practicable but a reasonable approximation can be attempted.

Vestibule training methods are simulations of one kind. Aircraft pilots are trained in artificial chambers resembling the cockpit of an aircraft. As the trainee pilot operates the controls, the chamber as well as the view in the screen in front of him will respond in exactly the same way as the aircraft in real flight. Simulation provides experience and practice avoiding the costly injuries and damage due to errors in real life and real equipment. The learning comes from the feedback on what the trainee did during the simulation.

### j) Model office

The model office is a simulation of an office. It creates a duplicate of an office with „in" and „out" trays of a number of desks. The simulation of an office can never be complete as the pressures and the interactions at work cannot be duplicated. This helps in the learning of the interconnectedness of various activities and how one"s work impacts on the work of others.

### k) In basket exercises

This exercise was referred to in the context of tests for selection. This can also be used for training a prospective candidate for a higher level of responsibility.

### l) Games

Games are exercises involving activities, individually and in groups. They vary in complexity and also in the duration over which they may be played. There are games that can be played in three hours or over three days. Normally the activities involve making decisions either individually or as a team. Each set of decisions is based on some data and the consequences that follow are influenced by factors not known in advance to the decision-makers.

The consequences of each decision may affect the tasks of other members of the team and also the tasks of the other teams. There may be occasional inputs from the managers of the game disturbing the validity of the judgements and assumptions made up to that time. The consequences of each set of decisions are worked out manually in simple games or by computer programmes in more complicated games and feedback given to the participants before they make the next set of decisions.

The participating individuals and groups are usually in competition. Constraints of time, resource, information, the need for continuous review and change of strategy are brought to bear upon the persons playing the game. The most useful benefits from the game come from the analyses made after the game



Business games can be used to understand issues relating to business policies and strategies in environments that are complex, uncertain and changing. Even very simple games can be used to focus on a variety of subjects like planning, resources allocation, decision-making, power dynamics and the behaviour pattern of individuals.

Games provide real experience. They are not played according to predetermined scripts. They are interactive. They are interactive with not only external factors like the actions of the other teams and the factors introduced occasionally by the managers of the game, but also interactive with the personalities (the fears, preferences, tendencies, values, etc.) of the individuals in one"s own team. They therefore provide great learning opportunities.

**m) Sensitivity training or T-groups**

Sensitivity training, also called T-groups or laboratory training, seeks to help individuals become aware of – sensitive to – themselves, their needs, values, attitude, and behaviour with the help of others in the group. The programme is unstructured and unplanned. When the group meets, there will be no agenda and no leader. The members of the group will gradually begin to interact, giving expression to their thoughts on what is supposed to happen, etc. and also on what they should do in that situation.

After about an hour or more, the individual members would have revealed themselves and even found bondings, closer with some and not so close with some others. Later, with the help of a qualified Faculty, the members of the group themselves will review the earlier happenings and provide feedback to everyone as to how they felt themselves and about others in the group.

Each member will make his own learning from the situation. The role of the Faculty is only to create a climate of trust and openness and to ensure that the group interacts adequately. This type of training sessions can be very effective in providing insights into oneself and improving communication and interpersonal skills.

**4. Learning versus unlearning**

Employees are adults. They have their own ideas and thoughts on many matters, as a consequence of what they have learnt in the past. Without some unlearning of the past, there cannot be any new learning. They would not easily accept that part of the past learning needs to be replaced by some new learning. Adults, therefore, are likely to be difficult learners.



They will not change their past learning just because someone says that it is necessary. They will unlearn the past and replace it with the new only when they see the validity for it themselves. Until then, they will deny the need. If the guide or trainer or mentor pushes too hard, that will be resistance – suppressed, if not open. If resistance is seen, it will not help to confront or to get aggressive. The most effective way is to admit that there is a different point of view that cannot be ignored and that more reflection would be advisable.

It is necessary to understand why adults find it difficult to unlearn. One"s identity at any point of time is the totality of what he has learnt till that point of time. All existing behaviours, beliefs, values, ideas, etc., that constitute one"s personality is because of what had been learnt in the past. That is the basis for the recognition that he enjoys and the relations with the rest of the world. That is what his colleagues respect him for. That is how he is known. He values that personality and is proud of it. It is not easy to accept that there is something wrong with it. Change is threatening and likely to be resisted.

However, there should be no problem in learning something new, as long as it does not affect the employee"s personality.

## Example

For example, learning new methods of doing work may be accepted, even if they are different from the ways he had been used to in his past careers. Learning new skills may not be much of a problem. Difficulties may arise only when the change affects his personal predilections, priorities and styles. In such situations, the learning is best when the employee accepts the new learning out of conviction instead of as a tactical compliance.

### 5. Stages of learning

The four stages of learning have been described as:

**Dissatisfaction:** The learner has to feel the need for some change in the existing behaviour and attitudes of himself or of others.

**Unfreezing:** This occurs when the existing learning of values, beliefs, assumptions (these are supports for behaviour) are challenged and questioned because of new experiences that suggest that these and the existing behaviours and attitudes are inappropriate.

**Conversion:** This refers to the replacement of or the modification of the existing learning of values, beliefs and assumptions with new learning that is different. This may happen when exploration of experience suggests that the new learning will support desirable behaviours and attitudes.

**Refreezing:** When the changes that occur during conversion are firmly internalised, so that they automatically become part of the learner"s behaviour and attitudes, the learning is complete.

All the stages of unfreezing, conversion and refreezing can occur when the learner is actively involved in the exploration of experiences.

#### Coaching and mentoring

**Coaching:** An employee who is posted to a new job may be provided with a coach, who will help him to learn the job. The employee may be a new entrant to the organisation or one who has been transferred from some other position or place. The coach may be a colleague with a little more experience who has got his own work to do, but makes himself available as and when required.

**Mentoring:** Another method is known as Mentoring. A new employee, on joining the organisation, is attached to a senior employee, who he is called the mentor. The mentor guides and coaches his ward in the ways of the organisation and its values in addition to helping him improve his knowledge and skills. Unlike the coach, this is a long-term relationship and it is not job-specific. In course of time, the ward may even occupy a position higher in rank and responsibility to that of the mentor. But the mentor remains the mentor, by virtue of his seniority in the organisation and the intimate relationship built up with his ward over the years

**Difference between coaching and training**

Coaching is usually done on a one-to-one basis. Training may be also on a one-to-one basis or may be by one trainer to a class of students.

Coaching usually deals with ability to do a specific task, while training may deal also with other perspectives relating to the work, its linkages with other jobs in the system and with the goals of the organisation.

A coach exercises a close watch on the ward"s learning while a trainer may, while dealing with concepts or with a class, not be able to exercise such a close watch. A mentor is concerned with the entire person of his ward, including his career.

Traditionally, training has focussed on technical and mechanical (motor) skills. Training has also to focus on interpersonal and social skills, on listening, on pleasing and not hurting, on understanding, on sensitivity to feelings, on recognising peculiar needs, on control over body language and so on.

The behaviour of a person comes from the way in which one sees the world, the assumptions one makes about why things happen and how they could be influenced, the beliefs about people and events, the values imbibed, etc. Changes in behaviour occur only when changes happen in perceptions, assumptions, beliefs, values, etc.

Changes are only partly cognitive. They are also affective, at the feelings level. They occur through learning something new and unlearning something learnt earlier. They need willingness to try new untested responses in preference to prior tested responses. Trainers are unlikely to have much impact on behaviours. Mentors have the maximum impact.

## 7. Evaluation of training

Training programmes cost money. A natural question to ask is about the benefits of incurring that cost. Evaluation by the participants at the end of a training session is not entirely reliable. Such evaluations tend to reflect the experience during training and may be indicative of the effectiveness of the trainer or the diligence of the learner. But it cannot be related to the learning that may have taken place sufficiently enough to change the behaviour at work. The test at the end of the training session also does not seem to be a true measure of the effectiveness of the training.

One should not expect that a person"s efficiency and behaviours would have changed through a period of training. Individual behaviours are affected by a number of other factors in the organisation. The influence that the inputs in a training session may have over the other factors is unlikely to be more than marginal. Therefore, an accurate evaluation of training is difficult.

**a) Approaches for assessing effectiveness of training**

Several approaches are adopted in assessing the effectiveness of training.

Training costs are similar to the costs incurred in maintaining expensive and valuable machinery. In such cases, the benefits are that the resource does not break down and no one would think of cutting those costs.

Another approach looks at training as investment, not cost. The difference is that while costs are sought to be cut, investments are seen as creating wealth and therefore, desirable.

A third approach says it is neither cost nor investment. It is like food and nourishment for the body. The benefits cannot be measured, except perhaps in the very long run.

Nevertheless, training programmes are essential to provide employees opportunities to update their own ideas on how the world and the organisation is changing and introspect on themselves and their future. The extent of benefit may not be measurable. The assumption is that there would be some benefits, just like food taken regularly benefits a person. Many modern organisations believe, as an axiom, that training is an essential activity in maintaining the health of the organisation through its human resources.

## Test Yourself 2

Of the four stages of learning, which one occurs when the changes during conversion are firmly internalised?

I. Dissatisfaction
Unfreezing
III. Conversion
IV. Refreezing

## C. Counselling

### 1. Counselling

#### a) Dealing with problem people

Managers come across problem people. They have to be helped to improve. Or else they have to be removed from the organisation. Normally, removal or dismissal is resorted to

if the problem is seen to be beyond correction like alcoholism or persistent misbehavior or
if the problem is of a criminal nature like committing a fraud or theft or
if it is a case of unacceptable indiscipline

Managements are not very enthusiastic about dismissing people, because the cost of acquiring that employee would go waste. Further, dismissals may lead to prolonged industrial disputes, diverting the organisation"s energies into non-productive channels

A person"s behaviour is an outcome of several factors, including factors outside the person and in the environment in which that behaviour takes place. It is difficult to know the causes for the particular behaviour which needs to be changed. The person himself may not know the cause. When the problem is not known, it would be difficult to find a solution.

#### b) Concept of counselling



If the manager tells the employee that there is a problem with him, it is unlikely that the employee will agree to it easily or agree to change. Change in behaviour comes from new learning after unlearning the past learning. This is not easy. The method to follow while attempting the correction, is to make the person aware himself that there is a problem and then help him to deal with it. This process is called counselling.

There are different types of counselling. Counselling is done for people with psychological problems. Such counselling is known as clinical counselling. It is done by trained psychiatrists. Managers are not so trained.

Basically, counselling means helping people to think and analyse their problems *themselves* and try to come to solutions which are acceptable *to them*. It is a delicate and skillful method of helping a person to see his own strengths and weaknesses and trying to find out what could be an appropriate solution for his problem.

### c) Counselling helps make a dispassionate analysis of the circumstances

In order to appreciate the true nature of counselling it might be interesting to see what counselling is not. Counselling is not offering solutions and assurances. Counselling is not telling someone what is wrong with him. The counsellor"s ability lies in helping the person counseled, (referred to as the client) to make a dispassionate analysis of the circumstances.

If a person is upset because he missed the promotion, the counsellor will not be able to get him the promotion. But he may help him by making him think through

why it may have happened,
whether his current responses are helping him and others close to him,
what would be an appropriate way to cope with the situation

Any advice is likely to be dismissed out of hand. He must reason out the alternatives himself.

## 2. Counselling skills

There are many skills required by a manager to become a good counsellor. The most important among them are the skills of active listening, empathy and intervention. The counsellor must be capable of being patient, tolerant and understanding.

### a) Active listening

Active listening means listening attentively so as to get both the *meaning* and the *feeling* behind what is being said. Maintaining general eye contact, being aware of non-verbal communication (body language) and concentrating on what the client says (avoiding the temptation to reply to his point) – these are characteristics of active listening. The skill of active listening can be developed by practice.

### b) Empathy

Empathy is the ability to see things as the other individual does. The client must have developed a particular feeling in the given situation, which must have given rise to the problem. When the counsellor listens with this approach and interacts with this understanding he shows empathy. Empathy does not mean that the counsellor agrees with the feelings and opinions of the client. It simply means that the counsellor understands exactly how the client feels in the situation.

### c) Intervention

Intervention is different from interruption or interference. The counsellor should avoid the temptation to interrupt the client. Intervention means helping the client to think through his own thoughts and examine the matter fully. Intervention should help the individual to re-evaluate his feelings, sentiments and values and look at the problem in a different perspective. Interventions must be brief, pointed and at times may consist of mere gestures.

### Qualities of a good counsellor

A good counsellor should be non-judgmental. He should be willing to accept the fact that, given help and encouragement, most people have the inherent capacity to understand and solve their own problems. Such a counsellor would convey to the client his genuineness, understanding and acceptance of the client as a unique individual.

He makes the client articulate his ideas and feelings and helps him to interpret the same.

He must go behind the feeling of the client and help him to identity the causes which give rise to the feelings.

A good counsellor knows the importance of completely avoiding judgmental statements because they put the client in a defensive position. He also meticulously avoids arguing because arguments will not solve the client"s problem.

The main thrust of counselling is that the counsellor is only a catalyst and does not allow himself to become a support. He encourages the individual client to stand on his own feet and become self-reliant.

The counsellor has to be „other-centred." He will have to see the problems from the point of view of the client. This is possible only when the client talks and says how he sees the issues. The way the client sees it is more important than the way the counsellor sees, because it is the client who has to see and acknowledge the problems and accept solutions.

## D. Appraisals

### 1. Performance factors: Skill, Will and Support

Appraisal or evaluation of performance is part of the development process. Performance of an individual is the resultant of:

his skill or ability to do
his willingness or motivation to do
the support he gets from the organisation

"Support" relates to availability of adequate information, equipment, direction etc.

All the three factors, Skill, Will and Support, must be present at the same time, if there has to be any performance. If any one of these three happens to be zero, the total performance is zero. An effective performance appraisal has to identify not only the performance but also the extent of skills (or lack of it), motivation and support. Only then will the difficulties experienced by the subordinate, come to light. Appropriate corrective steps can then be taken by the organisation to improve the performance. Appraisal then becomes useful as a developmental tool.

### 2. Annual appraisals

Traditionally, and even now in many organisations, an appraisal is an annual exercise, used to make decisions on the grant of increments and to determine promotions. Seniors would be required to complete appraisal forms, with their opinions on a number of traits (knowledge, attitudes, abilities, behaviours, etc.) and on how the appraisee had performed during the year gone by. This report may have to be reviewed by the next senior officer and perhaps by one more. Judgments are then made, by competent authorities, about whether at all, and if so, how much, increment should be given to the appraisee. If the performance is rated very high, the appraisee may be considered for a promotion.

#### a) Drawbacks

This method suffers from several drawbacks.

One of the important drawbacks is that the appraisers, aware that the appraisal would result in increments and promotions for their sub-ordinates, tend to manipulate the ratings with a view to obtain, what they thought, should be the right decision.

Appraisers tried to make sure that they were not stricter than their colleagues from other departments, as otherwise their influence on their sub-ordinates may suffer.

Some appraisers were able to use the appraisal as an instrument of punishment and make sure that sub-ordinates, who were difficult at times, suffered badly.

For all these reasons, the reports are less than genuine.

**Behaviour Anchored Rating Scales (BARS):** Opinions expressed in the appraisal reports tended to be based on the most recent impressions and not on events over the year. The report written at the end of the year depended entirely on the appraiser‟s memory and invariably only some aspects of performance - and that too of recent times - will come to mind. There was no uniform standard for evaluating the traits.

Even the meanings attributed to the various traits by different appraisers could not be assumed to be uniform. On what basis would one say that the appraisee was „Poor‟ or „Outstanding‟ on a trait like „Courtesy‟ or „Concern for Others‟? A solution was sought to be found by developing Behaviour Anchored Rating Scales (BARS) where every trait would be described in action terms, like "Tends to lose temper" and the rating being a tick on alternatives like „Rarely‟, „Often‟, „‟Very frequently‟. Though less arbitrary, clarity of BARS description could not be guaranteed and comparisons were still not good enough.

**c) Other appraisal systems**

Several other systems were developed from time to time with the aim to reduce subjectivity.



One was to use graphic rating scales.
Another was to appraise a few employees in a department collectively, by comparing and rating them on various criteria.
Another approach was to give the appraiser a free hand to do the appraisal and not confine him to pre-determined factors.
Another system tried was 360 degree appraisal, where everybody in the working group would appraise everybody else. The 360 degree appraisal, may avoid some kind of biases but not all biases, and was very cumbersome to organise. Also comparison between two individuals will become difficult as the basis of appraisals will have nothing in common.

None of the methods tried were found to be fully satisfactory. First of all, the appraisee does not get any feedback about his performance. In Government offices, the appraisal is called a „Confidential‟ report. The reviewer often has little contact with the appraisee and the review, far from becoming a valid second opinion, becomes an endorsement of the appraiser, based on ignorance. When the appraisal report is known to be the basis for increments, the appraisers tend to be liberal. Sometimes, the appraisal is used as an opportunity to „get even‟ with a difficult subordinate.

## 3. Management by Objectives (MBO)

### a) Concept

One of the ways tried to make appraisals more reliable, was to set standards of performance or goals, say at the beginning of the appraisal period and measure performances made at the end of the period. A budget may lay down the expected results. Comparison of results achieved with the budget will provide evaluations of "excellent" or "outstanding" at one extreme and "poor" at the other. The MBO or Management by Objectives approach was developed under which objectives would be set for every role after discussion between the role incumbent and his senior. The appraisal would be based on the extent of achievement of these objectives.

### b) Assumptions made under this method

This method also was not satisfactory. There is an assumption that achievement of results is an indicator of capabilities and attitudes. This assumption may not be wholly valid when the results are the outcome of not one person but of many in a team. The sales in an area may be the outcome of corporate promotional activities in that area or the dynamism of the retailer. The salesman"s contribution cannot be taken for granted.

An appraisal meant to reward through increments and promotions is a tool which the senior can use to frighten the sub-ordinate. Such an appraisal cannot be expected to be genuine and will be subject to manipulation by the appraiser and will be contested by the appraisee. An appraisal, to have any use as a developmental tool must be non-threatening and



- must provide reasonably accurate feedback to the appraisee
- seek views of the appraisee on the problems identified
- provide methods to overcome the problems which are identified
- seek view of the appraisee on how he wishes to see his career progress forward

### Key performance areas (KPAs)

An important concept related to development relates to setting Key performance areas (KPA) for every employee. It is suggested that every individual should identify certain KPAs for himself and seek to achieve them.

The KPAs are not given by the superiors as objectives to attain, but they are identified by the individual and discussed and agreed upon with the superior. They are within the responsibilities of the role. They may, or may not, clarify or supplement the main responsibilities.

## Example

For example a person responsible for generating information from a computer, may have as his KPA for the next few months, ensuring the purity of the inputs into the system or sitting with input generating personnel to ensure timeliness of inputs or writing a system manual for his colleagues. All this can be done along with his main tasks.

A training manager may have as his KPA for the next few months "to ensure that the number of participants attending a session is not less than 90% of the persons invited to attend".

An officer in a department may have as his KPA, rearranging the circulars file, so that "retrieval of any instruction does not take more than 5 minutes".

The purpose is to enable every employee to look at his tasks, the problems he meets in performing better than he is and take responsibility to find a solution.

**d) Appraisal feedback**

If feedback and improvement is intended, the appraisal cannot be threatening. The appraisee will have to accept the appraiser as meaning well. Also, it cannot be an annual procedure. The feedback should be given as and when the need for feedback is felt. That means that there should not be any fixed time frame for appraisals. The action to overcome the problems should also be taken soon after the feedback and should be within the capability of the appraisee. Otherwise the appraiser will have to organise the necessary support.

Regular meetings between superiors and sub-ordinates can clarify mutual expectations, set standards for the future as well as evaluate the past, thus making appraisal a continuous exercise, helping the development of the individual. These regular meetings will also enable employees to become aware of how they are being evaluated. The corollary will be messages of how corrections need be and can be made. They will not be surprised when deficiencies are pointed out, as they will know that measures for correction will follow.

## Test Yourself 3

Answer with regards to counseling skills. _____ means helping the client to think through his own thoughts and examine the matter fully.

I. Intervention
II. Empathy
III. Active listening
IV. Understanding

## Summary

Human beings are complex personalities and they require multi-faceted development – physical, intellectual, social and psychological.

Cognitive knowledge can be acquired through reading, hearing and seeing.

Skill improves through doing.

Some other dimensions of individual development will be the following: Ability to maintain equanimity, assertiveness, making decisions on the basis of data, contentment, ability to learn from one"s experiences, ability to see facts, other-centeredness.

Employees will learn appropriate behaviours, from the way they see their superiors behaving.

Apprenticeship training is the oldest and the most commonly used method, especially when proficiency in a job is dependent on a variety of skills and on adequate practice.

On-the-job training (OJT) / Job Rotation: The employee is assigned a new job and he learns by doing with the help of a guide or mentor, who is available for guidance whenever required.

Participative group-centered programmes for learning include: Conference, seminar, workshops etc.



Programmed instruction consists of a text, which progressively feeds information to trainees. The subject matter for learning is presented in small units called frames.

Simulation techniques attempt to create situations in the class room similar to real life work situations, so that the skills required in real life may be tried out, experimented with and perfected. A 100% replication may not be practicable but a reasonable approximation can be attempted.

The four stages of learning include: Dissatisfaction, unfreezing, conversion, refreezing.

Counselling means helping people to think and analyse their problems *themselves* and try to come to solutions which are acceptable *to them*. It is a delicate and skillful method of helping a person to see his own strengths and weaknesses and trying to find out what could be an appropriate solution for his problem.

There are many skills required by a manager to become a good counsellor. The most important among them are the skills of active listening, empathy and intervention.

The MBO or Management by Objectives approach was developed under which objectives would be set for every role after discussion between the role incumbent and his senior. The appraisal would be based on the extent of achievement of these objectives.

Individuals may identify Key Performance Areas.

## Key Terms

Aggressiveness

Assertiveness

Coaching

Counselling

Freezing

In basket exercises

KPAs

Learning

Management development

Mentoring

Role play

Simulation

Submissiveness

T-groups

Training

Unlearning

Wellness

## Answers to Test Yourself

**Answer 1**

The correct answer is III.

**Answer 2**

The correct option is IV.

**Answer 3**

The correct option is I.

## Self-Examination Questions

**Question 1**

Human beings are complex personalities and they require multi-faceted development which includes:

I. Physical
Intellectual III.
Psychological IV.
All of the above

**Question 2**

_____ means acceptance of one"s position and trying to do one"s best therein, without being over-anxious about the consequences thereof on oneself, either as reward or as punishment.

I. Equanimity
Assertiveness
III. Contentment
IV. Other-centeredness

## Answers to Self-Examination Questions

**Answer 1**

The correct option is IV.

**Answer 2**

The correct option is III.

# CHAPTER 6

# MAKING CHANGE HAPPEN

## Chapter Introduction

This chapter deals with the role of management in the process of change. The chapter also deals with concept of management development and importance of quality of work life. Towards the end of the chapter we will study about organisational development, climate, culture, values and philosophy in an organisation.

## Learning Outcomes

The Process of Change
Management Development
Organisational Development, Climate, Culture
Values and Philosophy

## A. The Process of Change

### 1. Introduction

Changes happen in every aspect of the world. If we believe Darwin, our species has changed from four-legged to two-legged mobility and to erect postures over many years. These changes can be looked upon as if they are evolutions in technology in nature.

Man-made technology is also the cause of many changes. Knowledge, demands, needs, products, aspirations, expectations, habits, fashions, values and beliefs are changing. In recent times, the pace of change has become faster. The knowledge created in the last 20 years, perhaps, exceeds the total knowledge created in human history before that. The changes brought about by new knowledge and technology are not slow and evolutionary as in nature, but they are radical and discontinuous.

All living beings adapt themselves to changing circumstances. Those who cannot, perish. The dinosaur is an example. There are different ways of adaptations. Some, like animals, move away from one situation to another through migration. Some like human beings try to modify the situation itself. Some change themselves, like the chameleon, changing colours or tortoises going within the shells.

Organisations are living systems, but of an order higher than human beings. They have the capacity to sustain long periods of growth, under any circumstances, through adaptation. Mergers, acquisitions, diversifications, etc. are some of the ways of adapting. They can also transform the internal structure substantially through strategic decisions to change, like mutation in nature.

### 2. Reactive response Vs Proactive response

#### a) Reactive response

Change, implying adaptation and transformation, is intended to improve effectiveness. The need for improvement has to be felt before change can happen. Change would then be a response to satisfy the need. The need may be felt because of awareness that the effectiveness is being adversely affected. In that case, the response is called a reactive one - in the nature of problem solving.

#### b) Proactive response

The need may also be felt through observation that effectiveness has not yet been, but is likely to be, affected adversely. In that event, the response is to an

anticipated situation, to a perceived threat. Such a response is called a proactive response, in the nature of preparing for a future possibility.

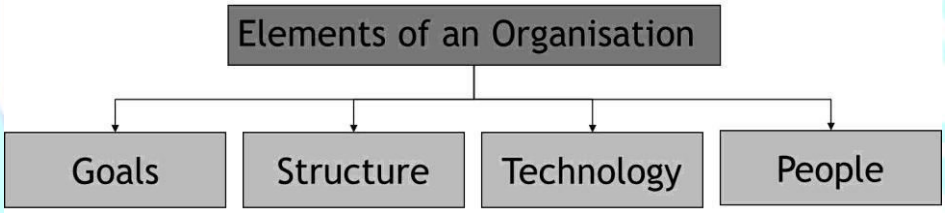
Whether reactive or proactive, change has to be planned and managed. If the change envisaged is not appropriate, the response will not be appropriate. Even if the appropriate change is envisaged, the direction of actual change cannot be taken for granted. It has to be carefully implemented. It is necessary to understand, monitor and control the process of change.

### 3. Change process in an organisation

Organisations are open complex systems. The four major elements of an organisation are:

Goals,
Structure,
Technology and
People

**Diagram1: Elements of an organisation**




Any change in any element of the system affects and is affected by all the other elements of the system. Change may begin in any one of these elements. In due course, all the others will be affected.

Every organisation undergoes change in the normal course, as it grows from a new small unit to a multiunit operation. In the initial stages, when the new organisation is being created as a viable unit, the style of management will be adhoc and entrepreneurial, procedures yet to get into place, without any formal system of communication and control, and everybody being in personal contact with everybody else. This would be like a compact family or the neighbourhood grocery store.

As the organisation becomes bigger, with larger numbers of people and more operational activities, procedures will become more formal. Personal contacts will become less frequent. The authority will be mostly at the top. Junior levels will have less autonomy. There will be tighter coordination and control.

After some time there will be a demand from lower levels for more autonomy to be effective. With more diversified activities, there would be a loss of top management control over detailed operations. There

would be conflicts over available resources. Autonomy for operations will require personnel with skills of accepting responsibility.

It may also result in field managers running their respective functions without a proper alignment between plans, money, technology or manpower in the rest of the organisation. The response may be to have tighter rules and regulations and rigidities in procedures. Procedures may then become more important than results. The staff-line conflict may become more acute. Then would come the stage for more collaborative team work, and collective decision making systems. The attempt would be to combine the requirements of flexibility and autonomy with internal consistency.

The normal process of growth of an organisation will throw up problems one after the other, requiring changes in structure, systems and people behaviour. These changes are necessitated by internal pressures. As described above, the changes are reactive. Proactive responses depend on the sensitivity one has, to emerging trends or forces.

Organisations, it is said, are slow to notice the need for change and to respond. They tend to interpret cues from the environment in terms of organisational history and past practices. Even if one observes some of the changes taking place, in the environment, it is not easy to recognise and admit that those changes might affect one"s habits or practices.

If there is public criticism, there may be a tendency to ignore it by:

attributing political motives or some such external factor, suggesting lack of genuineness and validity

alleging ignorance on the part of the critics about the complexities and technicalities of the business (“they don"t understand”)

conceding partial justification but not affecting the total system (“making mountains out of molehills”)

The people within, aware of the problems faced within, and the efforts being made to make the organisation effective, would be so conditioned by their awareness that they may remain blind to the possibilities of different alternatives. Current modes of thinking and behaviour combine to insulate one from contradictory evidence or pressures for change. If findings of research studies are produced, the methodology of the research would be questioned. Those grown up in authoritarian regimes may not easily understand the significance and values of democracy and human rights.

Those who have always practiced untouchability, do not envisage the possibility of the untouchables ever “becoming equals”. The behaviour pattern is the same, when branch offices and regional offices and departments at cross purposes are not able to see the “wrongs” being pointed out by others. The demand for change is like being shown a “wrong”.

## 4. Managing change

Management of change is concerned with

Context of the organisation (outer and inner)
Content of the change
Process of implementing the change
Time or sequence

### a) Context of the organisation

The context of the organisation, encompasses everything within and outside the organisation. If it is decided to introduce new technology at work, it is not enough to look at the availability of technology and the economics of it. The unions, government policy, political situation and popular opinion are also important. Equally important are availability of steady electricity supply, communication linkages, maintenance and repair services and trained personnel at the various locations.

The development of "strategy" to implement change, is not a rational process with a clear relationship between one factor and another. It is shaped by varying interests and commitments of individuals and groups, as a continuous and interactive (repetitive) process.

The process of „adaptation" to environment may sometimes lead to "drift" without any clear decision being made on the direction of change. Indecision occurs as a response to the environment as perceived.



**Example**

The need to shift from economic policies that gave Government a dominant say through licensing, centralised planning and ownership (nationalisation) had been felt even in the 1980s, long before the shifts were announced and implemented in 1991 and later. Most political parties found it difficult to disagree with this need, but found it equally difficult to actively support it. There was a certain ambivalence that existed because of the multiple interests that political leaders are concerned with.

**The most common manifestations of drift are:**

Strong and divergent departmental perspectives, leading to intergroup differences or conflict
Diffused controls from too many control points, having different thrusts
Low morale among the employees, manifesting in lack of concern for performance, poor inter-personal relationships, rigidity in styles of functioning and indifference to results
Employees having a feeling of being neglected

Poor response to market demands.

To put it simply, people within, experience a sense of uneasiness, feel "nothing is being done" or "nobody seems to be bothered".

The period of drift leads to growing signs of disquiet, eventually entering into a state of flux characterised by a lack of clarity of purpose, increase of divergent pressures and realignment of pressure groups. The period of disturbances caused by the "flux" and the realignment, is when the decision to change is made. The drift ends. This decision is possible when most of the forces in the situation modify their earlier ways of thinking.

**b) Content of the change**

The context determines the need for and direction of change. Content relates to the nature of change, what the end result after change should be. The content may relate to one or more of the elements in the system like:

Goals or objectives
Work group
Skills
Role relationships
Technology
Service functions (inspection, planning, quality check)
Structure
Management styles
Information systems
Wages and rewards

While the change may begin with respect to any one or some of these elements, other elements will also be affected and changes therein will become necessary, sooner or later.

It is often argued that the goals or objectives of an organisation do not change. Goals and objectives are not what are said to be the goals of an organisation, but the ends which are sought to be achieved by every operating unit. Goals change when priorities change.

**Example**

Goals can be different between one branch of an insurance company and another branch of the same company, between one department and another, between one period and another, between one person and another in the same department.

One person"s goals may be to complete the job. Another"s may be to attract the attention of seniors to his work.

### c) Process of implementing the change

Changes take place in organisations through people. Changes cause differences in the ways in which they behave. Organisational behaviour is the resultant of the behaviour of people as individuals and as groups. Changes in organisational behaviour have to be accompanied by changes in individual and group behaviours. While managing organisational change, the focus is also on individuals and groups.

We have learnt that for learning to take place in an adult individual, he has to first unlearn something. The same process takes place in organisations also. Organisations have knowledge. They have styles and methods.

Changes take place in organisations through the same processes of unlearning and, moving to the new learning. Changes do not become effective and operational unless they are managed properly, during the "moving" stage and refreezing made to happen. Changes have to take place in the minds of people, before they become organisational phenomena.

### d) Time and sequence

Some changes are quick to make and also quick to unmake. Such changes have short term implications. Some other changes have long term implications. They are slow to take roots. They touch basic structures and processes. Long term changes are normally part of "strategic" decisions. Strategic change is descriptive of the magnitude of alteration in culture, structure, product, market positioning, etc.

#### i. Strategic change

Just as a corporate plan gives rise to several smaller level plans, so also, strategic change generates several smaller order changes.

A change in the layout of an office is a change without long term implications.

A change in premises has longer term implications.
Purchase of a new building for office, has still longer term implications.
Construction of a commercial complex partly for office use and partly for letting out has more strategic implications.
Computerisation has very long term implications. That is part of strategic change in processing information. It takes time to become effective and is not easily reversible.

#### ii. Features of elements are important

Change decisions must take into account the features (both human and non-human) of the elements of the organisation. The social dimensions are as important as the technical.

## Example

In an office, the arrangement was that morning tea will be brought at one corner and not inside the working area. When a supervisor changed this practice and got the tea to be served at the respective desks, there was a protest. The apparent reason was that the desks and paper on them were getting spoilt. The real reason was that the social interaction during the 15 minutes break was being denied.

## Example

When a manger replaced the walls of his cabin with glass panels, the suspicion was that he wanted to watch the staff more closely.

### iii. Institutionalised changes

When structural changes become operational, the changes are said to have been institutionalised. It is possible to implement structural changes by command from the management. When the relevant processes are understood and practiced as intended, they become routines. The changes are then said to have stabilised or internalised.

## Example

A decision that senior officers in an office should meet regularly as a Management Committee to draw out plans, review performances and make decisions collectively, became institutionalised when the members of the Committee were announced and meetings were held with appropriate minutes of deliberations.



The change would become stabilised only when the members get into the habit of studying the subjects on the agenda, coming prepared for a discussion and being able to express themselves as equals, regardless of hierarchy, listening to others, exploring issues, and arriving at consensus decisions to which they will remain committed, without being concerned only with their respective functional areas. The change becomes effective only when it stabilises.

## Test Yourself 1

In the initial stages, when the new organisation is being created as a viable unit, what will be the style of management?

I. Ad hoc
Strategic
III. Hierarchical
IV. Formal

## B. Management Development

### 1. Management development

Management development is future oriented. It is not limited to imparting knowledge and operational skills to employees. The focus will be on the parameters of good management like climate, culture, leadership, vision, strategies and so on. Effective managers should have analytical, human, conceptual and specialised skills. But these are not enough. There are other factors which affect the commitment of employees at work and which affect the performance of the organisation as a whole. Management Development deals with such issues.

The world is changing at a rapid rate. The ways of doing business are changing. The applications based on new technologies are making traditional concepts of doing business outmoded and obsolete. Many new businesses require nothing more than ideas and the use of applications.

**Example**

Taxi services like Uber and Ola do not own any taxis but are able to provide lakhs of taxi rides per day across several towns and countries and generate incomes of a few thousands per day to those taxi owners who are associated with them. Travis Kalanick who founded the Uber service in 2009 was ranked No.4 in the Forbes list of super-rich with a net worth of 6 billion dollars.

The business models of many new businesses were unheard of some ten or fifteen years back.



**Example**

A Chinese telephone launched in Delhi on 20th January 2016, sold more than 70000 pieces in a few days through Flipkart on the basis of information about its features published in the Internet. No shop in the country had these sets on display.

Management development would seek to ensure that the organisation does not lose out on the changes happening in the environment. It is difficult to catch up with the new businesses. It is difficult even to anticipate the direction of the next big change in the business world. The best chance for being able to keep up with the changes would be an HR force which is active and energetic and full of vitality and willing to contribute to the success of the organisation. They have to be let loose and given the freedom to think and experiment. Traditional managerial styles may inhibit these requirements.

Traditional management styles may tend to generate attitudes of dependency (on others) and not taking responsibility for one"s actions. When this happens, the consequences are to disown failures and blame them on others – individuals or systems. This is a not a healthy management climate. It contains negative vibes.

A healthy climate should generate tendencies that recognise interdependence as well as respect for the others in the system. In such a climate, employees will act with responsibility and maturity and will also share both successes and failures.

**2. Quality of work life (QWL)**

**a) Quality of life (QL)**

Quality of life (QL) does not depend on the availability of material comforts.

**Example**

A well placed executive staying in a luxuriously furnished company flat, in a posh locality with, a couple of chauffeur driven cars at his disposal, may not have a good QL, if he feels harassed throughout the day, has high blood pressure, gets angry frequently and remains anxious about some problems or the other.

Experience at work affects Quality of life. If experience at work is dissatisfying, the consequent emotional disturbances will carry through to other activities in the family and socially, affecting Quality of life.



**b) Quality of Work Life (QWL)**

The quality of the experience at work is Quality of Work Life.

Quality of life and Quality of Work Life affect and build on each other. Bad QWL leads to absenteeism, turnover, drugs, alcoholism etc. Good QWL leads to involvement, commitment and creativity at work. Management Development looks at QWL.

**c) QWL programmes**

QWL programmes generally focus on the environment within the organisation and include:

basic physical concerns such as heating and air conditioning, lighting, safety precautions and

factors relating to health like clean atmosphere, drinking water, relaxation, fatigue and stress.

Also related to QWL are respect at work, suitability of working hours, convenience of commuting to work, monotony and challenge, freedom and responsibility, equity in reward systems, participation in decision making, levels of trust and recognition, behaviours of and relationship with superiors, colleagues and subordinates.

QWL is not based on any particular theory. Neither does it suggest a particular technique to be tried. QWL is concerned with overall climate and the impact of work on people. QWL tries to make work enjoyable, exciting and a pleasant experience.

**d) Variables that affect QWL**

QWL is, in the final outcome, the dependant variable. The variables that affect QWL are:

The individual, his needs, background etc.
Job characteristics, responsibility, skill levels, pressures etc.
Organisational factors, structure, support, communication, participation, reward systems etc.

**e) Happiness and satisfaction**

Happiness and satisfaction occur when the actual experience is consistent with what one would like to, or expects to, experience.

Events that are consistent with one"s deepest desires (needs and values) are very satisfying and vice versa. Events that cause fright and anxiety make the experience unpleasant. Unpleasant experiences make for bad QWL.



If stress leads to challenge at work and there is consequent learning and success, QWL is enhanced. The situation becomes challenging when the outcomes therefrom are “desired”. What one desires, is what one values as important. Thus QWL (and QL) are related to values.

Certain factors like absenteeism are indications of poor QWL, while commitment to work is an index of good QWL.

Organisations have the responsibility to improve the QWL of their employees. Otherwise, the contributions of employees will be less than optimal. Psychological energy and therefore, physical and intellectual capacities, improve with QWL. Taking care of QWL directly impacts on organisational performance.

### f) Options available with management

Aware that human needs and aspirations are unique, they are changing and cannot be ignored, managements have the following options

Employ only such persons as will like an environment of rigid structures and task specialisation. Those who prefer security and low risk, could be happy in such conditions.

Persuade employees to accept the environment of rigid structure through grant of monetary or other advantages.

Reduce personnel by mechanising and automating jobs.

Redesign environment to have the attributes desired by the personnel within.This seeks to improve QWL because it:

humanises the work
provides opportunity to upgrade existing skills
provides credible support for challenges and innovation
encourages taking of responsibility
recognises person"s non-work role also

People are inclined favourably or unfavourably to events, according to what their values indicate as desirable or undesirable. Behaviours are guided by values. People tend to be honest, respectful to elders, law abiding, helpful, god-fearing, frugal, charitable, obedient, offensive etc.; when their values support such behaviours. When a person"s behaviour is prescribed as cautious by one and timid by another, the difference is indicative of the values of the one who described, not of the one who is described.



**Example**

An organisation can help its employees in coping with stress, by

Showing them how to manage their emotions
Providing social support in stressful situations.
Demonstrating ways of coping with effects of stress.

### g) WELLNESS Programme

Programmes to improve QWL, also known as WELLNESS programmes take several forms like:

Improving motivation and potential through:
job redesign
job enrichment

Improving health through:
- yoga
- meditation
- regular physical check up
- bio feedback exercises

Reducing powerlessness through:
- various HRD practices
- training
- counselling

**Stress**

Stress is directly related to QWL. It is experienced by people, in the nature of tension or pressure. It generates a feeling of discomfort and sometimes even of helplessness. If not properly managed, stress can become the cause of debilitating illnesses, like peptic ulcer, colitis, insomnia, hypertension, diabetes, cardiac and kidney problems, etc.

**A person experiencing stress attributes it to someone else or to some situation, over which he has little control. In reality the experience comes out of what the person thinks about that situation.**

Some people get tense as soon as they get a call from the boss. Many people get frightened when confronted by a dog or a snake. The cause of the disturbance is really within themselves, a creation of the mind. There are students who get extremely anxious on the day the results are to be announced and there are others who do not bother, saying that anxiety does not help as the examinations were over long back.

**Stress is a condition when the body perceives „danger".**

In that perception, the body automatically gets ready to meet the danger. The response has to be either fight the danger (face it) or take flight (run away). Both responses require that the body"s strength be mobilised, that the state of alertness be high.

**c) It helps to be tense at the appropriate moment.**

A goal keeper in a football game has to become tense when the ball is being moved towards him. He can be seen to be on his toes literally, jumping, ready to meet the ball. That tension brings to the fore all his skills in coping with that „danger". But it does not help him to remain in that state of tension, when the ball is at the other end of the field. There is no danger. Stress helps to optimise the use of available energy and competences.

The changes that happen in the system due to stress include more blood being pumped to the muscles of the arms and feet, faster breathing and heartbeat, release of more energy into the system, withdrawal of normal maintenance activities (in the stomach, for example) eyes being dilated for sharper vision. Finger tips get cold .because less blood flows there.

If the condition of stress continues for a long time, without abating, the changed situation would not be reversed to normal. In that case, like a rubber band that is kept extended for a long time losing its elasticity, fast breathing, fast heartbeat, etc., will continue permanently and that is the cause of the diseases mentioned earlier. Therefore, while stress is helpful for superior performance, it is necessary that the stress condition is not allowed to last for too long.

**Situations at work in which people may often get stressed are:**

Inability to get results
Feeling pressurised by public / bosses / unions
Inadequate resources (powers, staff, time) to get work done
Not being appreciated (lack of recognition)
Inequitable rewards (someone else gets better benefits)
Too much work (overload)
Too little work (underload)
Needs not met
Not being included (groups organized against self)
Feeling unequal (in skills, status, qualifications, etc)
Monotony, no challenge at work
Close supervision
Little opportunity for growth
No clear responsibility (role ambiguity)
Role erosion (not allowed to do)
Role conflict (clashes with other jobs)
Multiple demands from role set
Fear of failure

**Some of the ways of coping with the stress and getting back to normal are:**

Relax
Do anything that is pleasant enjoyable, hobbies, swimming, listening to music, socialise
Practice meditation and yoga
Share with someone who understands you (friends, spouse, parents, some colleagues, boss, if possible)
Delegate, reduce burden on self
Rationally modify perceptions to move from fear to challenge, from noticing the negatives to seeing the positives in the situation
Try being assertive (state one"s position firmly) and avoid being submissive (kicking oneself) or aggressive (kicking others)

Some people tend to smoke or drink excessively to forget their tensions. These practices do not help to cope with the situation. One needs to take charge of self to remain healthy. One also has to be sensitive to the levels of stress experienced by the subordinates and help them cope. The simple ways are to refrain from making excessive demands on them and also be available for them to vent their feelings.

## 4. Methodologies

Management development focuses on individuals and more importantly on the organisation as a whole. All the methodologies of training referred to earlier in this chapter can be used for management development also. However, the emphasis being more on the group, sensitivity Training, OJT, case studies and in-basket exercises are likely to be more effective.

## 5. Career development

When employees join organisations at the start of their „careers", none of them are likely to have planned to stay in the same job for the rest of their lives. They expect to be able to learn and grow and move to different jobs that require higher level skills. Organisations, aware of these expectations, also chalk out „career paths" for employees to travel through. „Job rotation" referred to earlier, is a method adopted by organisations, whereby opportunities are given to the employees to demonstrate their potential for growth.

Career paths may provide opportunities for employees to make choices of careers. Professionals like lawyers, engineers or accountants may prefer to stay on jobs that help them sharpen their professional skills, even if the vacancies for vertical growth may be limited.



Career choices are made on the basis of several factors, which are very personal to each individual. There is also a balance struck by each individual on the factors that affect him.

Someone might prefer to continue staying with or near the town where the parents stay and give up opportunities that require him to relocate.
Someone may not be attracted by the perks attached to certain positions and would prefer to live a quieter life.
Not everybody is keen to accept responsibilities.
Health conditions of self or members of the family may be constraints on making choices.
Commitment to other causes may place limitations on one"s ability to accept jobs that require frequent travel.

Thus career development programmes will not be applied to all employees uniformly.

## Test Yourself 2

What are the ways by which an individual can reduce stress?

I. By practicing Yoga
By perusal of hobby
III. Delegating of task
IV. All of the above

## C. Organisation Development, Climate, Culture

### 1. Organisation development

Organisation development is defined as a systematic, integrated, organisation-wide effort, planned and managed from the top, aimed to increase organisational effectiveness and health using knowledge of behavioural science.

It is an attempt to enhance the organisation"s problem-solving capabilities and to cope with changes in the environment.

Organisation development seeks to strengthen group processes. Activities like analysis of problems, development of objectives, decisions on strategies are all made part of participative practices. The objectives and the ways to achieve them need not be the exclusive sole effort of the manager. The employees can contribute. Organisation development attempts to facilitate and institutionalise such participative practices.



The chief characteristics of organisation development are:

It is an organisation-wide educational strategy

The change is planned, usually with the help of a consultant

It has long term implications

Behaviour science concepts are used

The focus is on both the formal and informal systems because both are integral to the working of the organisation

A climate of trust and support is created

## 2. Climate

The expression "climate" is used to refer to the ways in which members of a group experience the working environment. This will have an effect on the commitment of members to the group and therefore affect attitudes at work.

Some of the elements of climate are

### a) Openness

In some groups, members do not feel comfortable to express themselves. There is a sensing that such expressions would not be welcome, that it is necessary to go along with what may be seen to be the views of some others, who may be perceived as dominating in the group. Openness is the extent to which members feel free to express themselves. Such behaviour comes out of perceptions, caused:

partly by observation and interpretation of events,
partly by the comments of friends and some colleagues and
partly by one"s lack of confidence in being able to justify one"s views

Nevertheless the perception is real and its effect in behaviour is real.

### b) Defensiveness

This is the opposite of openness. A person is defensive when he is not ready and willing to listen to views contrary to his own. If he hears any such contrary comment, he is quick to justify and argue doggedly, for his stand. Non-defensive persons would be willing to explore the validity of the other points of view and then, if necessary, modify one"s views.

Defensive persons do not listen. Only non-defensive persons have a chance to persuade others. Non-defensiveness or openness, which is automatically accompanied by listening, elicits non-defensiveness and listening in response.

### c) Authenticity

This characteristic refers to the genuineness or the bonafides in the behaviour of the members. When people are not seen as authentic, there is suspicion and lack of trust. Ill-tempered persons can be authentic. Polite and sweet sounding persons are not necessarily authentic.

If someone is not authentic, he may be trying to manipulate the situation to achieve what he wants, through false statements, misdirection and misinformation. Nobody likes to be manipulated. It conveys a message of

disrespect. It is also an attempt at self-aggrandisement. Those who are manipulated may even turn hostile.

**d) Belongingness**

In some groups, the members would always feel like getting out as fast as possible. They might regret having got into this group. In other groups, members would feel bad to have to leave, when circumstances compel them to do so. In some groups, others would be expressing a desire to enter. This desire to come in or to get out is an indicator of the climate.

The opposite of belongingness is alienation, not feeling part of the group, withdrawing from common effort and remaining aloof.

**e) Role clarity**

In some groups, members do not know what their responsibilities or duties are. They do not know what is expected of them. They are often told that they did not perform the activities properly, that they neglected duties or that they had exceeded their authority.

Sometimes two members may find that both of them had been doing the same job, unaware of the duplication. Such ambiguity of roles annoys, irritates and frustrates. On the other hand, role clarity helps build healthy climates.

**f) Goal clarity**

If role clarity is good, each member will know his goal. But all members have to know what the group as a whole is working towards. Clarity on the objectives or goals of the group helps to build up a healthy climate.



Rensis Likert had postulated that three sets of variables are relevant to determine climate.

The first are the **causal variables**, which are organisational structure, management policies, leadership styles, skills and behaviour.
The second are the **intervening variables**, which are caused by the first set and relate to climate factors.
The **end-result variables** are the result of the Intervening variables. They are productivity, costs, quality of work, etc.

Confidence in subordinates cause (create) in the subordinates, a feeling of freedom and enthusiasm (intervening variable) leading to high commitment and output. The leader is in control of the causal variables. The rest follow.

The leader is responsible for the creation of the climate. People orientation is not the only technique. Even very demanding leaders may create a climate that has cohesion, openness, authenticity, belongingness, etc. Demanding, task oriented leaders may be responsible for a lot of learning and creativity happening within the group.

## 3. Culture

The word „culture" implies an aggregate of values and practices and belief systems.

Values are the standards of rights and wrongs, because of which there are ways in which things are done. These differ from one organisation to another.

For values to become cultural dimensions, all members would have to subscribe to them, either consciously or subconsciously, and the values would exert a strong influence on the what and how people do at work, solving problems, making decisions, experimenting, innovating, conforming. On the aggregate, culture is the way they do it.

### a) Characteristics of culture of an organisation

Some of the characteristics of culture of an organisation are as follows.

Individual Initiative, the extent to which it is expected, encouraged or tolerated

Risk Tolerance

Direction or closeness of supervision, and extent of freedom available at work

Integration or interdepartmental togetherness

Communication, referring to the flows and levels of secrecy and transparency

Reward systems and how they are related to work

### b) Manifestations of prevalent culture

There are organisations in which:

Figures and data on achievements are cooked up

Pleasing bosses is more important than pleasing customers

Status symbols like size of rooms, shape of chair, quality of visiting cards and similar other peripherals are more important than the substantial characteristics of work

Adherence to completion of paper work is more important than what is done in the field

Conformity to budget limits is more important than results

Time taken in an action is more important than the cost of that action

Getting prior approval is more important than the merits of the proposal

These are manifestations of prevalent culture. These may be contrary to formal statements about organisational values. The prevalent, not the formal values, determine behaviour and culture.

**c) Other dimensions of culture**

Some other ways in which culture is identified include:

The power dimension, how it is distributed within, centralised or shared

The risk avoidance or uncertainty tolerance

Individual / collective dimension, which shows tendencies towards or against team work and collaboration

The masculine / feminine dimension, which refers to the people – task orientation, assertiveness, differences

**d) Cultural characteristics of successful companies**

In 1986, Tom Peters and R. H. Waterman published „In Search of Excellence" in which they identified the following cultural characteristics of successful companies:



A bias for action and for getting things done

They listen to the customer and learn from them

Autonomy, entrepreneurship, risk taking and innovation are part of their ways

Employees are treated as sources of innovation, quality and productivity

Simple lean organisational systems

Hands-on value driven management

Stick to the knitting: they stick to what they know they can do well and do that well.

## D. Values and Philosophy

Consistency and uniformity of behaviour become easier when the rationale for such behaviour is made known to the person concerned. These rationales are in the nature of values and philosophy of the company‟s management. When values and philosophy are known and shared by all, the emerging behaviour will tend to be appropriate to the ends determined by those values and philosophy.

Members of a community quite easily and naturally conform to the accepted norms of behaviour of that community. The norms are absorbed and internalised during existence in that community. Behaviour with regard to monogamy, polygamy, obedience to the law, not coveting the other‟s possessions, acceptance of one‟s station in life, being decent etc., emerge not because of legalities (what the law states), but because of proprieties, (what the values dictate). One‟s sense of right and wrong or one‟s sense of duty, constitute values. They automatically regulate behaviour.

**Values and philosophy are reinforced (or denied) by the behaviours within the community.**

If corruption is rampant in a community, it cannot be said that the community has a value that condemns corruption. Between

the preaching for a clean system
the law and the departments that seek to detect and punish the corrupt and the practice of corruption,

members observe, perceive and understand what the operating philosophy

is **b) Respect and politeness to others are values**

Managers who are impolite and disrespectful to their staff cannot expect the staff to be polite and respectful to the customers. One is unlikely to listen to others, unless one is listened to by others. It is said that people do unto others as others do unto them, not as they would like others do unto them. Employees tend to treat customers as they are themselves treated in the company. If a management believes in a certain philosophy that should govern all operations, then all actions should be consistent with that philosophy.

When values are commonly shared by the members of a community - or an organisation - their behaviours will automatically conform. When employees share values, they will use discretion and judgment in conformity with the policies of the organisation. The extent of supervision or control necessary will be less.

**c) Manifestations of values prevalent**

There are organisations in which:

figures and data on achievements are cooked up

pleasing bosses is more important than pleasing customers

status symbols like size of rooms, shape of chair, quality of visiting cards and similar other peripherals are more important than the substantial characteristics of work

adherence to completion of paper work is more important than what is done in the field

These are manifestations of the values prevalent - though not stated - in the organisation and absorbed by the employees.

Sometimes certain practices develop, contrary to the stated philosophies of the management. Unless practices are reviewed with reference to the stated philosophies and values and consequently modified, the actual behaviours will remain counter-productive.

**d) The senior management determines the philosophy and values.**

Values must be seen in practice. Only then will the rest of the organisation accept that these values are indeed intended to underlie the operations at all times and at all levels. If there is any difference between preaching and action, the messages from actions prevail.



How much do those at senior management levels know what is happening at the customer contact level? They will know little, unless special efforts are made to keep in touch. Several service organisations insist that the senior managers spend specified periods of time of every year doing contact level jobs.

**Example**

Mr. J. R. D. Tata, when he was Chairman of Air-India, used to be in close touch with passengers and cabin crew on flights.

Mr. Brijmohan Lal Munjal, founder of the Hero Cycles, used to spend time in the cycle dealers and repair shops to find out what his customers said about his products.

Senior executives in hotels spend time in the lobbies and the restaurants watching what is going on and talking to the customers.

These are all variations of the basic principle of M.B.W.A (Manage by Walking Around), which required managers to move around the operational areas and be in touch with what is happening. This is very important in service industries more than in other industries, because the production takes place at the interactions and cannot be checked for quality, sitting elsewhere.

The company"s philosophy and values have to be operational at the frontline where the customers interact with employees, who do not belong to the senior management. This will happen only when the values are internalised and the change has stabilised.

Comments and conversations of employees while at work, or informally in the canteen, will show what values are being practised. They will show how they perceive company values to be. What do they say to each other about supervision and management? How do they talk to each other, particularly if from different departments? What statements do they make about winners and losers? Do they think it is safer to make mistakes or to take risks? How much scope do they think they have, to suggest, to bring about change? These reflect what they have experienced and expect.

## Test Yourself 3

_____ refers to the ways in which, members of a group experience the working environment.

I. Values
   Climate
III. Culture
IV. Organisation development

## Summary

Organisations are open complex systems. The four major elements of an organisation are:

Goals,
Structure,
Technology and
People

In the initial stages, when the new organisation is being created as a viable unit, the style of management will be adhoc and entrepreneurial. As the organisation becomes bigger, with larger numbers of people and more operational activities, procedures will become more formal/

Management of change is concerned with:

Context of the organisation (outer and inner)
Content of the change
Process of implementing the change
Time or sequence.

The context of the organisation encompasses everything within and outside the organisation. The context determines the need for and direction of change.

Content relates to the nature of change, what the end result after change should be. The content may relate to one or more of the elements in the system like:

Goals or objectives
Work group
Skills
Role relationships etc

For learning to take place in an adult individual, he has to first unlearn something. The same process takes place in organisations also. Organisations have knowledge. They have styles and methods. Changes take place in organisations through the same processes of unlearning and, moving to the new learning.

Some changes are quick to make and also quick to unmake. Long term changes are normally part of "strategic" decisions.

Management development is future oriented. Management Development focuses on individuals and more importantly on the organisation as a whole. Different methodologies can be used for Management Development.

Experience at work affects Quality of life.

Quality of life and Quality of Work Life affect and build on each other. Bad QWL leads to absenteeism, turnover, drugs, alcoholism etc. Good QWL leads to involvement, commitment and creativity at work. Management Development looks at QWL.

Quality of Work Life is, in the final outcome, the dependant variable. The variables that cause Quality of Work Life are:

The individual, his needs, background etc.
Job characteristics, responsibility, skill levels, pressures etc.
Organisational factors, structure, support, communication, participation, reward systems etc.

Happiness and satisfaction occur when the actual experience is consistent with what one would like to, or expects to, experience.

Stress is directly related to QWL. It is experienced by people, in the nature of tension or pressure. It generates a feeling of discomfort and sometimes even of helplessness. If not properly managed, stress can become the cause of debilitating illnesses, like peptic ulcer, colitis, insomnia, hypertension, diabetes, cardiac and kidney problems, etc.

Some of the ways of coping with the stress and getting back to normal are:

Relax
Do anything that is pleasant enjoyable, hobbies, swimming, listening to music, socialise
Practice meditation and yoga
Share with someone who understands you, etc.

Organisation Development is defined as a systematic, integrated, organisation-wide effort, planned and managed from the top, aimed to increase organisational effectiveness and health using knowledge of behavioural science.

The expression “climate” is used to refer to the ways in which members of a group experience the working environment.

The word „Culture‟ implies an aggregate of values and practices and belief systems.

Values are the standards of rights and wrongs, because of which there are ways in which things are done. These differ from one organisation to another.

For values to become cultural dimensions, all members would have to subscribe to them, either consciously or subconsciously, and the values would exert a strong influence on the what and how people do at work, solving problems, making decisions, experimenting, innovating, conforming. On the aggregate, culture is the way they do it.

## Key Terms

Adaptability

Authenticity

Belongingness

Career development

Change

Climate

Culture

Job rotation

Openness

Quality of life (QL)

Quality of work life (QWL)

Rensis Likert

Stress

Values

Wellness

## Answers to Test Yourself

**Answer 1**

The correct option is I.

**Answer 2**

The correct option is IV.

**Answer 3**

The correct option is II.

## Self-Examination Questions

**Question 1**

What are the ways by which an individual can reduce stress?

I. By practicing Yoga
By perusal of hobby
III. Delegating of task
IV. All of the above

**Question 2**

Which of the following characteristic refers to the genuineness or the bonafides in the behaviour of the members?

I. Defensiveness
Authenticity
III. Openness IV.
Belongingness

**Question 3**

Which of the following is a causal variable?

I. Productivity
II. Cost
Quality of work
IV. Leadership style

## Answers to Self-Examination Questions

**Answer 1**

The correct option is IV.

**Answer 2**

The correct option is II.

**Answer 3**

The correct option is IV.

# CHAPTER 7

# MOTIVATION

## Chapter Introduction

This chapter deals with the concept of motivation and theories of motivation. We will also study about different methods that can be used by an organisation to motivate the employees.

## Learning Outcomes

- Meaning of Motivation
- Theories of Motivation
- Motivators
- Empowerment
- Rewards

## A. Meaning of Motivation

### 1. Introduction

Motivation is a word most commonly used in organisations but not at all understood properly. A question often asked by managers and supervisors is "How can I motivate my people to work?"

The question they are really asking is "How can I make my people to work the way I want them to work?"

In other words, the question is "How can I make my people obey me?"

If the subordinate obeys, he is „motivated" to obey and not to work.

The correct meaning of motivation is „the desire to do". „Doing" includes „Not doing". Therefore when an employee is not working, he is actually motivated not to work

In common parlance, a manager"s primary job is said to be „motivating" the subordinate, meaning, „to get him to do work as the manager wants". The assumptions here are that others may not perform by themselves, unless some external impulse is provided by the manager. Questions then arise as to what kinds of impulses could be effective. These impulses are referred to as „motivation techniques", which is a wrong use of the word.

There is an adage which says "You can take a horse to the water, but you cannot make it drink". This is actually a comment on "motivation", but is rarely understood to be so. Taking the horse to the water is the impulse. Drinking is the result of motivation. If the horse does not want to drink, it will not. That is entirely within the discretion of the horse.

In the normal interpretation of the adage, the horse is looked upon as stubborn, refusing the help rendered by the horse owner. It is normal for managers also to similarly blame subordinates when they do not respond in expected ways, to efforts made by managers, ostensibly to help. The lack of response is not because of undesirable attitude or character, but because of lack of motivation. The manager"s efforts are misdirected.

### 2. Importance

Misdirected efforts to "motivate" create a lot of waste of energy. Perceptions of "negative attitude", "coercion", "authoritarian" etc. emerge. Resistance strengthens. Consequently unpleasant, non-collaborative relationships develop.

The main cause of such situations is that managers do not recognise that the motivations of people are not all the same. An employee who is not cooperating is condemned as „not motivated", while the fact may be that he is highly motivated to be non-cooperative. That may be because he wants to get even with the boss, who may have troubled him on an earlier occasion.

An employee who joins the strike is said to be having a „negative" attitude in the perception of the officers, but a very „positive attitude" in the perception of the union.

The question of motivation is important because the nature of motivation determines the nature of the work of employees and how it affects the customer. The customer is not only the person who buys the products of the organisation, but is also the person within the organisation who is next in line in the flow of work. If A"s work depends on what B has done, A is the customer of B. This is the concept of the internal customer. Customer"s satisfaction, whether internal or external, is thus a concern of everyone, always.

**What is "Motivation"**

When a person wants to do something, he is said to be motivated to do that something. When a person does not do any work, he is motivated not to do any work. He is motivated to do or not to do because thereby, he gets some satisfaction. He is satisfying some need through that conduct.

## Example

When a person is relaxing and resting, it is because he feels the need for relaxation and rest and hopes thereby, to get some satisfaction with regard to some disturbance that he may be having. The need may also be just to avoid work for the time being.

The horse is not drinking water, because it is not thirsty and does not need any water. If it was thirsty, it would find the water, without the help of the horseman.

Motivation is an internal impulse and not an external stimulus.

When the manager wants the subordinate to work the way he wants, the manager is motivated; not the subordinate. If, as a result of the manager"s efforts, the subordinate feels like wanting to do as per the manager"s directions, he has become motivated. Therefore, if one is interested in influencing the conduct (or behaviour) of an individual, it is necessary to know what makes that individual „tick", what prompts him to action, what motivates him.

## Test Yourself 4

Which of the following statement is TRUE with regards to „motivation"?

I. Motivation is an external stimulus
II. Motivations is an internal impulse
Misdirected efforts to "motivate" result in collaborative relationships
IV. All of the above

## B. Theories of Motivation

Every human activity is goal-oriented. No one really does anything without a purpose. Even involuntary activities, like a sudden twitch of the face, indicate something. The activity is expected to lead to the accomplishment of something. No one does anything unless there was a need to be satisfied.

The needs of human beings are the motivators for their performance. The right understanding of human motivation requires the study of the needs of human beings. Many studies have been made of needs and there are some popular theories that indicate the dynamics of motivation.

Human needs are varied in number and peculiar in character. Neither the nature nor the intensity of needs is similar in different individuals. But all of us are trying to satisfy some need or the other, by doing something or the other. Avoidance of a dissatisfaction (or pain) is also satisfying. Several thinkers have propounded theories of motivations.



### Maslow"s theory of motivation

According to Abraham Maslow, needs are grouped into five levels, starting from the lower level to the higher level needs. He calls this order „The Hierarchy of Needs" which is explained below:

**Diagram1: Maslow"s Hierarchy of needs**

**a) Physiological needs**

These are the basic needs for survival like the need for air, food, water, warmth and sleep. According to Maslow, unless these needs are satisfied, the other needs do not arise.

**b) Security or safety needs**

These needs are related to avoidance of physical danger, threat, sickness and deprivation (of job or property, for example). Stability is sought.

**c) Affiliation or social needs**

Since human beings are social beings, there is a need to belong to, to feel friendly and be accepted by others. Families, religions and group memberships provide satisfaction of these needs.

**d) Esteem or recognition needs**

Every individual wants to be recognised by society. This is not necessarily recognition of achievement. It may be recognition of good character, reliability, lovability, to be talked well about. It provides self-respect, enhances self-esteem. It generates concern. If one is afraid, and another becomes aware of it and tries to help, there is recognition. Recognition is also sought through power, prestige and status.

**e) Need for self-actualisation**

Maslow ranks the need for self-actualisation or self realisation as the highest need which usually manifests after all the other needs are met. A self-actualising person tries to realise his maximum potential for self-expression and become really great and worthwhile.

The concept is that all human beings try to satisfy their biological needs first. However, there are differences in what constitutes satisfaction. The need for food may be satisfied by a frugal meal or by a lavish feast. The intensity of the satisfaction of the other needs of higher order also vary from individual to individual.

## Example

For Indian Yogis the need for self actualisation does not wait for satisfaction of the other lower level needs. The other needs are perhaps, not significant.

Some painters or poets are known to continually express themselves through the chosen medium, even if none of the other needs are met. They could be hungry and homeless and yet they seek expression.

For the people who are homesick, the need for belonging, love and affection is very important.

Satyagrahis of the freedom movement suffered pain from lathi blows and went to jail, even faced death, but tried to fulfill themselves in the cause of the country.

One may not understand the needs sought to be satisfied by suicide bombers, whether jehadis or naxalites, who live in jungles and caves and do not have any normal comforts, in terms of food or shelter.

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A person may want to belong to a high class of society (esteem need) and may want to seek admission to exclusive clubs, and therefore would like to earn well. He may therefore, try to cheat. He may dress and spend lavishly to appear rich, even at the cost of essential food for his family.

Persons working late in the office are ostensibly duty conscious, but may actually be wanting:

the money (overtime) or
to avoid going home or
manipulating some fraud

The same conduct, therefore, may arise out of different kinds of motivations. The same motivation may express itself in different kinds of behaviours

## 2. Herzberg Hygiene Theory of Motivation



A study by Fredrick Herzberg showed that among the number of factors that employees experienced in a job, some provided satisfactions while others only provided dissatisfactions, if absent. He called the former group of factors "motivators" and the latter "hygiene factors".

### a) Hygiene factors

Hygiene factors must exist satisfactorily. Otherwise, there are negative feelings. Their presence removes dissatisfaction, but does not make people enthusiastic to work. They do not make workers want to do. This theory is called the Hygiene Theory or the Two Factor Theory.

Hygiene factors include:

Company policy and administration
Supervision
Salary
Interpersonal relations and
Working conditions

Close supervision is dissatisfying, but freedom from supervision does not provide high level of motivation. So also, if the salary is not good, there is dissatisfaction, but if the salary is good, only the dissatisfaction is avoided.

The motivators are (i) achievement, (ii) recognition, (iii) the work itself, format-one below the other like Hygiene factors (iv) challenge in work, (v) responsibility and (vi) advancement.

Although fair administrative policies, working conditions, salary, etc. are important, without which the worker may not be productive even at the minimal level, it is necessary to focus on the motivating factors to strengthen and intensify the worker‟s drive to work at much above the minimal level.

The motivators make the worker want to excel, to achieve. These findings brought into focus that monetary incentives, by way of higher wages and welfare measures, (emphasised as part of the human relations school) may not produce positive long-lasting results. These findings led to the development of concepts like job enlargement and job enrichment to add to the job elements and make the job more challenging, responsible and rewarding to the worker.

### 3. Achievement theory of motivation

David McClelland emphasised that the need to achieve exists in all persons, but is dormant in many and that it is possible to strengthen the motivation to achieve. When so developed, such people work to great capacity. This was called the Achievement Theory.

People with high need for Achievement, also have a high need for Power, to be in control, to dominate. If the need for power of such people is not satisfied at work, there will be an attempt to seek satisfaction through disruptive tendencies, creating trouble, causing delays, etc.

### 4. Vroom‟s Expectancy theory of Motivation

Another concept relating to motivation is that the effort put in will depend on how strong is the need to obtain satisfaction. Making an effort is the cost. Satisfaction derived is the benefit. The mind makes a quick cost-benefit analysis.

If the benefit is more, the effort will be made. There are two intervening factors.

One is the relationship between the effort and the possibility of the outcome that can give satisfaction

The other is the perception of one‟s skills to perform.

If one doubts one"s capacity to perform, the effort will not be made. Secondly, if one doubts that the required satisfaction will not emerge from the effort, again the effort will not be made. If both perceptions are favourable, the effort will be made, if the need to be satisfied is strong.

To sum up, a person will make the effort to perform if:

he thinks that the effort can produce an outcome that may be satisfying (instrumentality)
he thinks that he has the skills to make the effort and produce the outcome (expectancy); and
the satisfactions that the outcome will provide, are strongly desired by him (valence)

This theory, called the Expectancy theory was developed by Victor Vroom, Porter and Lawler in the 1960s

## Test Yourself 5

In Maslow"s theory of management, _____ refers to the basic needs for survival like the need for air, food, water, warmth and sleep.

I. Physiological needs
Safety needs
III. Social needs
IV. Recognition needs

## C. Motivators

### 1. Financial incentives

Motivation is an internal impulse. Nobody can motivate a worker, except himself. The manager can only create situations whereby the worker may become motivated. Many people believe even now, that money is a big motivator, and the more money a manager gives to his subordinates, the greater is the work he can expect from them.

The theories cited above and many other studies show that money is not sufficient incentive for high level performances.

The manager may offer extra bonus for better production but this may have little effect on the work. It is possible that the need for money is suppressed by a stronger need to „belong" to the group, to be met by doing only as much as everybody else does. This was what the Hawthorne studies showed. Some may find that the amount of bonus offered is not commensurate with the extra

effort required to earn it. Some may not try for it because they feel that the extra effort is beyond their capacity.

The underlying assumptions behind all attempts to get people to work through offer of money is that human beings are basically economic beings who

- would respond positively when shown ways to reduce effort and earn more through higher output (Taylor)
- would be stirred to action by self-interest and economic advantages, and
- could be manipulated and controlled through the offer of financial incentives and working conditions

On the basis of empirical studies, it has been observed that human beings are not merely economic beings. Herzberg has established the limitations of financial incentives. They are also social beings. Attitudes to work are influenced by the social interaction, probably more powerfully than all the economic incentives and working conditions. Incentives may be rejected if they are seen as threatening to social cohesion.

Current approaches to managing human resources are on the basis that man is not only economic or social, but is a very complex being. People have many motives which they combine into different patterns. These motives are variable. Therefore, human behaviour is unpredictable and unique.

All persons have a set of values and perceptions (of the world around them) that are unique and very private. They are aware of some of these and blind to some others. They can explain some of their reactions and behaviour, but not all. Some value social approval and some do not. Some will value money incentives, while some do not. Some are content with their lot and some are ambitious.

In certain cases, the "carrot and stick" approach may still get the best of work. In general, the manager must try to understand the unsatisfied needs of his subordinates and see how best he can satisfy those needs.

## 2. Job enrichment

It is estimated that on an average people spend about 35% of their waking time on their jobs. Therefore, the nature of their jobs will have an important role in the satisfactions that they experience. Satisfactions may come from the comfort of doing the job without stress. Or it may come from the stress of the challenge in the job. The contents of the job can be designed in such a way as to provide for the needs of the employee. If managements can pay some attention to the content of the jobs and design them in such a way that people enjoy doing them, then they will succeed in making their employees happy and motivated on their jobs.

One of the ways of making jobs help in development is known as „job enrichment."

Job enrichment implies adding elements to the existing job which makes it more complete or more responsible.

In insurance we can think of a clerk attending to only one aspect of servicing of a policy, say, age admission. If he is given the responsibility of attending to all the servicing functions like age, nomination, loan and finally claim payment, he may find greater interest in his work.

Job enrichment is an attempt to make the job more interesting, providing more opportunity for challenge and achievement. This is done by giving more autonomy and responsibility.

**a) Job enlargement**

Job enlargement attempts to make a job more varied thus removing the dullness associated with performing repetitive operations for long.

Adding tasks to existing tasks is one way of enriching. Adding tasks that require use of discretion is another way. Tasks that require interaction with customers and helping to solve their problems may add to one"s importance and self-esteem

Another way of achieving job enrichment is to allow the employee to have direct relationship with the customer. People may enjoy interacting with the customers rather than sitting inside the office and poring over correspondence.

A third way of enriching jobs is by giving workers greater say in planning, doing and controlling their work. People may enjoy their work more when they have a feeling of empowerment and courage and the confidence that the management will support them in their efforts to serve the customers. Regular and systematic feedback also help employees to enjoy their work better. Job enrichment is related to Herzberg"s theory of motivation in which factors such as challenge, achievement, recognition and responsibility are seen as real motivators.

Technology is making organisations restructure jobs. Insurance companies are not exceptions. Several jobs are already happening on-line. There is a move to make policy records in demat form and be deposited with depositories, like shares and other securities. Premiums can be paid on-line. These affect the internal systems and procedures and calls for different skills on the part of employees.

One would expect that most of the employees will enthusiastically embrace the opportunity and acquire the skills. The cost of upgrading the skills would have to be met by the organisation. The benefits cannot be predicted. One cannot know what innovation or new application, one of these employees may propose and popularise.

## D. Empowerment

**a) The worker works well when he wants to.**

Workers may not want to, when they experience that they are being treated as machines, of no value other than doing the boring routines entrusted to them by their managers. Fear of punishment may motivate them only to avert the fear through:

Minimal performance or
Pretensions to performance or
Using pressure through unions or other external sources to avert the punishment.

On the contrary, they may want to work, if they experience importance at work, recognition of their ability, being trusted to take charge, being consulted for expertise and being recognised as a worthwhile, valuable human being. Herezberg"s findings support this assumption.

**Research studies have revealed that a challenging job is considered to be more meaningful and therefore, more motivating to employees, than a routine job.**

However, everybody does not like challenging tasks. Some people prefer routine work to challenge. To such persons adding tasks can be threatening and demotivating. Secondly a job is challenging only in the early stages, when it is new. Later, when mastered, the job becomes routine and monotonous.



**The resource available in people, is their knowledge, their skills, their insights, their creativity.**

These resources become available to the organisation for planning, adaptation or innovation, only if the people who possess them make them available. They may make the resources available or withhold the resources. They have the choice. The choice is made according to whether they feel like contributing to the organisation or not. This "feeling" is the motivation.

**Choices are exercised by people not because they are told to do so but because they want to do so**

If an employee senses a problem with a customer, he may try to solve the problem or he may just direct the customer to the senior or he may become rude and tell the customer that he need not expect any better treatment. Such choices are exercised by people not because they are told to do so but because they want to do so. Some may not want to exercise discretion even if told to do so.

Employees may want to try and solve the problem on their own initiative, and will do so if they:

feel empowered
have a sense of belonging to the organisation and
are committed

These are aspects of motivation.

**Empowerment is what an employee feels about his duty, about what is expected from him.**

An employee not feeling empowered, will not take initiative, will not do anything more than what he is told to do. Perhaps he will do less.

**f) Empowerment is not the same as delegation.**

A person who is formally vested with authority (delegation) may not exercise the same, if he feels that his judgment is likely to be questioned and reversed by the seniors. In this case, he does not feel empowered. He would not decide within his authority, unless he is sure that the decision would be the right one. Such persons delegate the authority upwards by consulting the senior for „advice", for „approval", etc; informally, if not formally.

An empowered employee does what he thinks needs to be done in the interest of the organisation, even if he does not have formal authority. Or he may chase people who have authority, to get them to do.



**If employees do not feel empowered, they may allow opportunities to pass by.**

A missed opportunity and the cost thereof will never be reflected in the accounting data or the output of the management information systems.

**Those who do not feel empowered do not challenge or attempt to modify the decisions of seniors, even when aware of the need to modify.**

In 1985 a space vehicle launched by the NASA exploded soon after takeoff. Investigations showed that the engineers had detected a faulty component justifying a postponement of the launch, but someone thought that keeping to the schedule of launch was very important and a suggestion for postponement would not be accepted.

**i) An empowered employee focusses on results.**

He is not inhibited by formalities of position, authority or function. He does not consider himself bound by rules and procedures. He believes that the organisation expects him to be aware of the ends to be achieved, and to act in furtherance thereof. He „sees" constraints, but does not feel prevented thereby, from what is to be done. Instead, he tries to overcome the constraints.

He believes that the organisation will not find fault with him for having done something new or unusual. On the contrary, he believes that the organisation will applaud him for having done something that had to be done.

He believes that he is expected to take the initiative and ensure that the customer"s needs are met and thereby maintain and enhance the reputation of the organisation. He believes that if he hesitates and the customer turns sour, he would be letting down the organisation.

**An empowered employee is likely to challenge company policies at meetings with seniors.**

If he is characterised as arrogant, rebellious or cantankerous, he may attempt conformity and feel less empowered. If well-intentioned efforts fail to work out as planned, there will have to be tolerance. Only then will the employees remain empowered.

**k) Empowered employees make demands on management.**

They dislike conforming to rules and procedures which they see as restrictive of their capacity to perform. It is difficult to control their behaviours through rules. They need to be coached on values and philosophy of the company. That would be the way to control their behaviour at work.

**l) Those used to traditional formal authority prevent empowering**

Those used to traditional formal authority find it difficult to encourage initiatives from others. They prevent empowering.

## E. Rewards

Theories on the motivations of people suggest that individuals act in order that they may get pleasure or satisfaction and avoid pain or dissatisfaction. Anything that gives satisfaction (pleasure) is a reward and anything that gives dissatisfaction (pain) is a punishment. People seek rewards and avoid punishments. The perceived possibility of rewards, leads to action. Punishments are part of the reward system.

This is so even in the traditional theories on motivation which emphasised on doing one"s duty and serving others. "Do your duty and not seek advantage to yourself" is the famous dictum in the Gita. This dictum is validated by the guarantee of a reward for doing one"s duty - the reward being the grace of God and ultimate bliss and happiness, even one"s elevation in the social strata.

**a) Rewards are of various kinds**

i. **Monetary rewards** may take the form of cash rewards, special increments, additional allowances, perquisites like transport, residential telephones, etc.

**Non-monetary rewards** have infinite variety. Some are job related like higher responsibility, shift to a position or place of choice, duties with more visibility. Some are not job related, like mention in company bulletins, press handouts, gifts to family, photographs in publicity literature, nominations for seminars, selection to address conventions, authority to represent company in negotiations or important meetings, holidays in a place of choice, admission to privileged rosters, (sometimes called clubs), invitation to lunch/dinner with V.I.Ps, and so on. Being made a role model is a big reward.

**b) Values of rewards vary**

An opportunity to represent the company at an important meeting or a holiday cruise may be liked by some. It is then a reward. But some persons may not enjoy such situations. To them, these are not rewards. They may seem to be punishments, if refusal of an offer from management is frowned upon.

**The value of a reward increases according to Cost, Exclusiveness and Visibility**

A prize worth Rs. 1000 has more value than a prize of Rs. 20. A gold medal has more value than a simple paragraph. A paragraph is better than a line. A 4-day trip to Goa is not as good as a trip to Mauritius. To be honoured in public is better than a letter of congratulations by post. A dinner with the Chairman is better than a dinner with the manager.

**A reward system usually includes punishments to prevent undesirable behaviour.**

A punishment tends to have more negative influence than the positive effects of rewards. The threat of punishment may not prevent unacceptable performance. On the contrary, it could inhibit performance.

**A reward is a confirmation of propriety, an endorsement of having done the right thing.**

If reward is not carefully monitored, they may convey the wrong messages and people"s behaviour may tend to be improper.

## Example

If the leaders in sales performance are honoured and decorated regularly with valuable T.V sets or trips abroad but those in the service functions like maintenance, repairs, etc. are not, or at best are given "mention" and badges, the message is that the customer is important only till he buys, not afterwards. The operating systems will not be supporting the promises made by sales.

**In work organisations, reward systems influence the directions in which the energies of the people are directed,**

The rewards available should be such as to provide pleasure to the employees. The action which is rewarded should reflect behaviours that the management wants to encourage.

## Example

There is a story of a wealthy businessman instructing his secretary to tip the mail boy every time he brought in the mail and finding later that the mail was being delivered one piece at a time.

Wages paid by the hour may cause delays in output. Incentives related to quantity of output may lead to neglect of quality of output. Reward systems should be related to the nature of desired performance. Otherwise the system misleads.

## Example

When an employee is given an assignment, he is initially willing to do it. But he asks himself "What if I don"t do it well?" If the answer to that question is threatening to himself, he becomes cautious, he finds ways of doing the work in a manner that will avoid the perceived threat. If discretion is to be used, he may avoid it. Or he may try to check the superior"s preferences (or views) before exercising discretion. Such "delegation upwards" is practised by many, in a variety of subtle and gross forms.

**Every decision involves a choice between multiple options and use of individual judgement.**

Making choices requires experience and confidence. Some may avoid making decisions because they can be risky. The risk is that the decision could, on the basis of events that follow, found to be wrong and the decision maker taken to task. If such a risk (of being taken to task) is perceived, decisions will be avoided. Decisions may be avoided by asking for more information or pointing out inadequacies in the available data. Other persons, within the organisation, or the customers, may be blamed for the inadequacies.

**h) The perceived threat of punishment for failure leads to inaction**

Often failures are attributed to individuals having done something wrong as an act of deliberate commission or neglect (omission). There is then the attempt to identify the person who did the wrong, to "fix responsibility" and take appropriate action against those found „responsible" for failure. Such systems tell the employees; "It is better not to fail".

Public sector systems are notorious in this respect. But private sector organisations are no exceptions. The criteria for failure are sometimes based on the rules and procedures, manuals etc. Non-adherence to rules, is looked upon as guilt that is punishable. The criteria are sometimes based on the preference of the persons who matter. They are sometimes based on the pressures built up by groups within or outside the organisation.

The perceived threat of punishment for failure leads to inaction. Persons who thus avoid using discretion or making decisions, cause delays. Delays are annoying. An employee who does not do, is expressing lack of concern for the customer. He may be perceived as not competent or without the right attitude. He is creating a dissatisfied customer. He does not recognise the customer. The expectations of the customer are being denied. The organisation suffers a loss of credibility. The customer will then avoid the organisation and go elsewhere. The decision against the company is made because of the apparent attitude of the employee. The organisation"s reward system is really the cause for this behaviour.

All failures in performances can be looked at in terms of skill or systems inadequacies. The persons concerned in the incident can be involved in the analysis of the situation and in the search for methods to improve the situation. Failure then becomes a learning opportunity for all. The opportunity for involvement is a reward.

### i) Reinforcement as an approach to motivation

Prof. B. F. Skinner, a Harvard Psychologist, suggested reinforcement as an approach to motivation. According to this, the individuals should be rewarded for good performance whenever it occurs. When performance is not satisfactory, the specific situation should be analysed to determine the causes which hamper good performance.

Unsatisfactory performance may be occurring because it had been rewarded. If a worker"s need for attention from the superior is being satisfied only when he makes a mistake, he will keep making mistakes so as to fulfil that need. So also workers may be negligent, in order to obtain the reward of less responsibility and workload. If good work is likely to get a worker a promotion and consequent transfer, that may be viewed as punishment and good work may be avoided.

## Test Yourself 6

_____ attempts to make a job more varied thus removing the dullness associated with performing repetitive operations for long.

I. Reinforcement
II. Rewards
Empowerment
IV. Job enlargement

## Summary

Motivation is an internal impulse and not an external stimulus.

The needs of human beings are the motivators for their performance.

Human needs are varied in number and peculiar in character. Neither the nature nor the intensity of needs is similar in different individuals. But all of us are trying to satisfy some need or the other, by doing something or the other.

According to Abraham Maslow, needs are of five levels, starting from the lower level to the higher level needs. He calls this order „The Hierarchy of Needs" which include:

Physiological need
Safety need
Social need
Recognition need
Self-Acualisation need

A study by Fredrick Herzberg showed that among the number of factors that employees experienced in a job, some provided satisfactions while others only provided dissatisfactions, if absent. He called the former group of factors "motivators" and the latter "hygiene factors. Hygiene factors must exist satisfactorily. Otherwise, there are negative feelings. The motivators make the worker want to excel, to achieve.



David McClelland emphasised that the need to achieve exists in all persons, but is dormant in many and that it is possible to strengthen the motivation to achieve. When so developed, such people work to great capacity. This was called the Achievement Theory.

According to Expectancy theory by Victor Vroom a person will make the effort to perform if

He thinks that the effort can produce an outcome that may be satisfying (Instrumentality)
He thinks that he has the skills to make the effort and produce the outcome (Expectancy); and
The satisfactions that the outcome will provide, are strongly desired by him (Valence).

The theories of motivation show that money is not sufficient incentive for high level performances. Non-financial incentives such as prestige, recognition, status, titles, etc. are more powerful motivators for better performance.

Job enrichment implies adding elements to the existing job which makes it more complete or more responsible. This is done by:

Job enlargement
Allowing the employee to have direct relationship with the customer
Giving workers greater say in planning, doing and controlling their work

Empowerment is what an employee feels about his duty, about what is expected from him. An employee not feeling empowered, will not take initiative, will not do anything more than what he is told to do.

Theories on the motivations of people suggest that individuals act in order that they may get pleasure or satisfaction and avoid pain or dissatisfaction. Anything that gives satisfaction (pleasure) is a reward and anything that gives dissatisfaction (pain) is a punishment

Rewards are of various kinds which can be classified under two categories:

Monetary rewards may take the form of cash rewards, special increments, additional allowances, perquisites like transport, residential telephones etc.
Non-monetary rewards have infinite variety. Some are job related like higher responsibility, shift to a position or place of choice, duties with more visibility.

Prof. B. F. Skinner, a Harvard Psychologist, suggested reinforcement as an approach to motivation. According to this, the individuals should be rewarded for good performance whenever it occurs. When performance is not satisfactory, the specific situation should be analysed to determine the causes which hamper good performance.



## Key Terms

Achievement theory

Empowerment

Expectancy theory

Herzberg

Hierarchy of needs

Hygiene theory

Lawler

Maslow

McClelland

Needs

Porter

Two-factor theory

Victor Vroom

## Answers to Test Yourself

**Answer 1**

The correct option is II.

**Answer 2**

The correct option is I.

**Answer 3**

The correct option is IV.

## Self-Examination Questions

**Question 1**

In Maslow"s theory of motivation, _____ refers to needs that are related to avoidance of physical danger, threat, sickness and deprivation.

I. Physiological needs
Safety needs
III. Social needs
IV. Recognition needs

**Question 2**

Which of the following is an example of non-monetary reward?

I. Increments
II. Transport facility
Residential telephone
IV. Nomination for seminars

**Question 3**

In Maslow"s theory of motivation, which need/s has / have been ranked as highest?

I. Physiological needs
II. Safety needs
Self Actualisation need
IV. Recognition needs

## Answers to Self-Examination Questions

**Answer 1**

The correct option is II.

**Answer 2**

The correct option is IV.

**Answer 3**

The correct option is III.

# CHAPTER 8

# COMMUNICATION

## Chapter Introduction

This chapter deals with the problems that hamper in communication in organisations, the reasons for those problems and the possible ways to avoid them.

## Learning Outcomes

- Understanding Communication
- Barriers to Effective Communication
- Principles of Good Communication
- Communication in Organisations
- Interpersonal Skills
- Adoption of Technology

## A. Understanding Communication

### 1. Introduction

#### a) Everybody communicates

Two activities that everybody does always are:

Decision making and
Communication

This is so within organisations as well as outside, in society. This is so regardless of the role that an individual has to play. Both these affect others with whom one has any contract or relationship.

#### b) Communication in organisations

When people meet, communication takes place. Organisations have people. In organisations, a lot of communication takes place.

A lot of messages go around, sometimes explicitly stated, sometimes implicitly understood.
Expectations and demands are communicated.
Authority is exercised through communication.
Relationships are built because of communication.

When things go wrong, it is usual to attribute the errors to "communication gaps". What are these gaps and how do they happen? If one understands how and why communication gaps occur, presumably they can be avoided. Thereby, perhaps, errors and misunderstandings can be avoided.

#### c) Role of communication in management

Managers have to communicate constantly. Others have to know the decisions made by the managers. Managers must know what others are doing and what is happening at various points in the organisation. Without information, they cannot decide. Communication plays an important role in the effectiveness of a manager. The competence of a manager will be enhanced if he understands the process of communication and acquires adequate communication skills.

## 2. What is Communication

### a) Meaning of communication

The word „communication" originates from the Latin word „*communis*" denoting common. Therefore, communication implies sharing.

**Definition**

Communication is the process of exchanging (sharing) thoughts, information, interpretations, ideas, opinions and decisions between persons, to create common understanding.

It will be seen later that „sharing" does not always take place. When understanding takes place there is communication.

**Effective communication:** When understanding is shared or is common, the communication is effective.

**Miscommunication:** When the understanding is different, there is said to be miscommunication or communication gap.

### b) Communication: The most vital process

Communication is considered to be the most vital process in organisations.

The goals and policies of the organisation have to be made known to the people.

The allocation of resources, the co-ordination of activities, the distribution of authority and responsibility, the reports on what is happening in the market and within the organisation, the results being achieved, the problems that are experienced, all need to be communicated between several points in the organisation.

The effectiveness of performances largely depends on the effectiveness of the communication processes. Communication is the very essence of the social system of the organisation.

Communication is found in organisations in various forms such as orders, reports, letters, memos, manuals, conversations and also rumours. Communication is not only of information (facts, ideas) but also of expectations, feelings, assumptions, demands, all of which together influence behaviour at work.

## 3. The process of communication

In the process of communication, the idea (or information) in the mind of one person, who is called the sender, is being transferred to another person, who is called the receiver.

### a) Clothing or coding of ideas

Ideas are abstract thoughts or concepts, which cannot be seen or contacted except by telepathy experts and mind readers - unless it is suitably clothed or coded and conveyed. Such clothing or coding may be in:

words (oral or written, using language),
illustrations (as in pictures, graphs or cartoons),
histrionics (tonal variations, facial expressions),
symbols or gestures (as in dance or mime)

The coded message has to be sent or transmitted through a medium or channel (direct face to face, messenger, telephone, message, e-mail, letter, circular letter, printed publication, etc.) which, when received by the receiver and decoded by him, will create an idea in the receiver‟s mind.

### b) How the process of communication occurs

Communication occurs, not when the receiver receives the message sent by the sender, but when he understands the thought of the sender. The meaning that the receiver makes of the message received, is the communication. **The communication is not the idea that the sender coded and sent but is the meaning that the receiver made of what he received.**



### c) Barriers to effective communication

If the idea in the sender‟s mind and the idea created in the receiver‟s mind are the same, communication is effective. In practice, several things happen during the process of communication, because of which, the meaning created in the receiver‟s mind is different from what was in the sender‟s mind. The reasons are many. They are called Barriers to effective communications. They may happen at the stage of coding, during the transmission in the medium or channel or at the receiver‟s end.

### d) How Meanings are made

Meanings are made of totalities. When one looks at a picture, one does not see every stroke of the painter, but only the total picture. Meanings are not made by logically arranging the contents of the various symbols received during the Communication process. One may not even notice (or hear) some of the symbols. Only some of the symbols are selectively interpreted and a

pattern of meaning is made, often adding details (to complete the pattern) from the receiver"s own imagination.

## Example

A person may smile,

when he is happy about something or
when he approves of another"s action or
when he disapproves (sarcastic) or
when he is getting tense or
when he feels relief (from tension) or
when he is getting annoyed and is about to begin pulling up the other

Does the smile mean approval or disapproval? The meaning will be made by the observer depending on how he sizes up the situation, how he sees the other body movements of the one who smiles, what he knows about the character of the one who smiles, etc. The way the body is tense, the way he looks, the movement of the eyebrows and the hands will also be interpreted.

**e) Body language**

The aggregate of signals emanating from the body is called the "body language". The meaning (of the smile) is specific in the context of

the particular situation,
the particular receiver and
the particular sender

The receiver adds his own data to what he observes of the body language. Part of what he adds comes also from the past impressions he has of the sender. Incidentally, what is added by the receiver may be attributed to the sender. Many misunderstandings happen then.

**Communication in Continuous**

**Meanings are continuously made**

Communication occurs continuously in organisations, in the sense that meanings are continuously made.

It is not only the formal orders, memos, letters, notices, etc. that communicate.
The location, size and quality of desks, communicate status differentials.
Smiles, greetings, frequency of contacts, ease of access to significant persons, nature of jobs assigned, extent of supervisions, consultation, etc., communicate competence and power differentials.

Observers interpret these and make meanings about who is close to whom and who is capable of doing what. Promotions and placement decisions communicate a lot about the company"s policies with regard to its people.

The way customers are treated or the concern shown for the quality in the production process, also communicate. These communications create perceptions. Likes and dislikes develop. They create relationships. They create expectations about work and about people at work; about what needs to be done, what will be tolerated, what one can get away with, etc.

Norms of discipline are communicated less by formal instruction than through the happenings at the work place. Some managers are able to obtain compliance and output, without having to resort to any unpleasant threat of disciplinary action, while others are resisted.

Expectations about competence of superiors and the respect they deserve are created by communications through the superior‟s behaviour. These are rarely programmed to communicate what they do communicate. The attitudes of a worker to work and to other people at work are formed partly through these communications of competencies, status, power and norms. Attitudes towards organisational practices and policies are also created through communications.

**Communication happens even if the sender is not sending any message**

## Example

If one is sitting quiet, a friend may come to him and ask whether anything was wrong. The quietness of one person had been noticed (received) and a meaning was made that something was perhaps wrong and the friend decided (response) to show concern.

The person sitting quiet may respond and politely say „Nothing‟ or be curt and say „Please leave me alone‟ or get angry and suggest that the friend mind his own business.



Meanings are made all the time, of everything that happens or does not happen and people respond to such meanings. Communication happens all the time, either formally or informally, deliberately or otherwise.

## Test Yourself 1

„Tonal variations‟ will be classified under which of the following?

I. Words

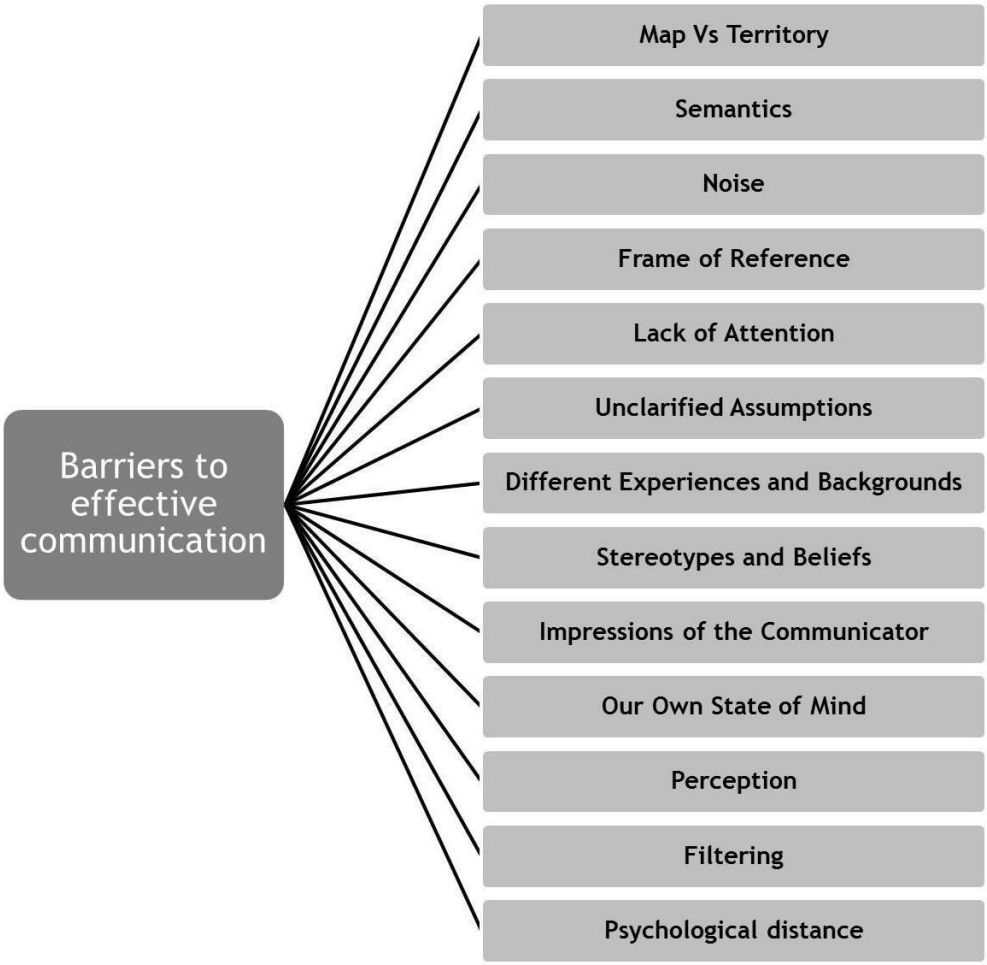
Histrionics

III. Illustrations

IV. Symbols

## B. Barriers to Effective Communication

**Diagram 1: Barriers to effective communication**




### a) Map Vs Territory

The first problem can occur in the coding. Language is the most common mode of coding. Language has limitations. It is not easy to capture the fullness of one"s thought within the limited confines of words. That is why there are few great litterateurs and cartoonists, although there are many writers and sketchers.

## Example

When one talks of a “beautiful” or “fantastic” innings by a cricketer who “played like a champion”, practically nothing is said about the innings itself. The words convey little more than one"s appreciation of the innings.

Hayakawa has illustrated this problem by comparing thoughts to territory, and words (or sketches) used for coding, to maps. However elaborately drawn, maps cannot represent fully the richness and the totality of the territory it seeks to represent. The territory consists of administrative boundaries, people and their cultures (dance, music, dress) rivers and mountains, birds and animals, trees and flowers, minerals and industries, climate and a host of other things. So also what is coded can rarely be complete as far as the thought or idea is concerned.

The receiver of the communication completes the missing parts of the thought by himself supplying the information which has not been codified by the sender. He may or may not check back for accuracy.

**Example**

Descriptive expressions like "the typist"s output was 40 letters in a day" communicate better than evaluative expressions like "the typist is too slow", although the descriptive statement is still not specific on the length of day and the nature of the letters. The receiver will supply this information from his imagination or past experience. If later, the information, so supplied by the receiver, is found to be wrong, the error is attributed to the sender himself.

**b) Semantics**

Secondly, problems are created by the choice of symbols.

**Words** do not mean the same to all persons.



**Example**

The word „run" has 400 different meanings. So also „fast".
Bedouins have 300 words to refer to a camel and Eskimos have 23 different words referring to snow.

**Abbreviations** have specific significances in specific societies. What it means in government circles, is not what it means in banks.

**Example**

DM can mean a District Magistrate or a Divisional Manager.
DD can mean a Deputy Director or a Demand Draft.
"Bill" refers to a document demanding payment in some countries, while it refers to a document making payment (like currency note) in the USA.
The word „family" means the „wife" in Tamil Nadu, something totally different than anywhere else.

A furious argument on the need for „role" clarity, ended only when it was discovered that one of them understood „role" as something to be acted out, as if on a stage, according to a pre-determined script.

**Gestures** also do not have universality in meanings. The meaning of a smile was referred to earlier. A nod may mean agreement in some communities, but disapproval in some other communities. These differences are problems of Semantics.

Familiarity with language is only part of the problem. Some expressions have connotations in popular usage beyond the dictionary meanings. The word „nonsense" is one such. A person said „Good" while acknowledging receipt of a piece of information. The listener got offended because the information was of an unpleasant nature that should normally evoke a response of sympathy. A manager got into serious trouble when he told his sub-ordinate to stop narrating „Ramkatha" and come to the point.
The sub-ordinate, a staunch Hindu, alleged that the manager, belonging to a different community, had insulted Ram.

**c) Noise**

Problems of communication may be caused because of "Noise" or disturbances in the medium of transmission.

**Example**

While listening to a radio, disturbances may be caused by electrical impulses, called „statics" as well as by overlap of adjacent frequencies. The message will then not be clear.

The use of more words than necessary, or inappropriate words by way of elaboration, explanation, illustration, etc. often create "noise". When a person talks too much, he communicates less, because there is more "noise". If the words and gestures and tonal variations are not in consonance with each other, there is noise. Words may have friendly connotations but the gestures and expressions may look unfriendly or the tone, fierce. The way one stands and what he does with his fingers (body language) also transmit messages. Noise is also created because of interference by others. When a person is making a point, interruption by another - the intention may be to clarify - can create "noise".

"Noise" may be created by the receiver himself. Sometimes while listening to a speaker, some of his comments may trigger off some thoughts within the listener and these thoughts constitute "noise" if they interfere with further listening. Such thoughts may be in the form of wanting to challenge the speaker or working out the relevance to one"s situation.

The following may result in vagueness and confusion:

poor choice of words and phrases,
lack of coherence,
poor organisation of ideas,
awkward structure of sentences,
inadequate vocabulary,
unnecessary repetition,
failure to clarify the implications of the words used, and
long complex sentences

Mannerisms (actions like adjusting the tie or repetitive use of words like „and all that") of speakers that are repetitive and not related to the talk, distract attention and create „noise".

**d) Frame of reference**

The context or background in which an idea exists is important to understanding the idea properly. If the context is not transmitted along with the idea, there would be a difference in meaning. The receiver will assume a different context.

**Example**

Political cartoons will have no meaning in a different country, where the topic dealt with is not known.

An enquiry made by a senior about the progress made in a job, with the intention of planning further follow-up jobs, can be understood (wrongly) as arising from doubts about the sincerity of the person concerned.

An instruction to „turn left after you cross the post office" turned out to be incorrect, because the person actually came from the direction, opposite to the one in which he was expected to come.

A Punjabi Officer in a bank, posted in Chennai (Tamil Nadu) got anxious when his General Manager complimented him on his knowledge of Tamil. (He could read and write Tamil). He thought he was being considered for a transfer to a remote branch.

**e) Lack of attention**

In big organisations, there are often complaints that letters, circulars, etc. do not reach the concerned persons. Dispatch and distribution problems may cause this, but not always. Failure to pay attention to bulletins, notices, minutes and reports is quite common.

We fail to pay attention because the mind often gets diverted into some other matters. Even when we do, we do not read every word, but try to absorb meanings. In the process, we may make meanings from some words and ignore some other words which may have modified the meaning. We do not read every word but the mind skips over parts of the written material.

We do not read because we think we know what the paper contains, having read it before, or assuming it from the earlier words. Important details are missed in the hurry to understand the totality. This phenomenon is the same as the experience of noticing details in a video recording, which we had not noticed earlier, even though we were present at and had witnessed the recorded event.

**Unclarified assumptions**

All messages make certain assumptions about the content of the message and the addressee.

**Example**

A customer may send a message that he will visit the seller"s plant at a particular time, assuming that the plant officials will arrange for somebody to receive him and also for his lodging and boarding. The assumption may not be recognised by the plant officials.

A peon, who was instructed to deliver an important letter on his way home and also allowed to leave office half an hour early, delivered the letter after he completed his shopping and social calls. The manager had assumed that the peon would go home straight from the office and therefore, did not bother to specify that the letter must be delivered by 5.30 p.m.

**g) Different experiences and backgrounds**

One can make meanings only within the limitations of one"s experience.

**Example**

To a person who has not studied physics or astronomy, a discourse on the black holes of tremendous energy, will not make any sense, not because the words are unfamiliar, but because the subject is unfamiliar.

An unfamiliar idea, coded in simple words, will still not convey any understanding. The new idea will have to be related to some familiar ideas before understanding can occur.

### h) Stereotypes and beliefs

All of us have stereotype ideas about other people and tend to behave on that basis. „Women are poor drivers" is one such common stereotype. There are similar generalisations about ethnic and other distinct groups like some are thought of as more intelligent, some are less reliable, some are very loyal, some are very self-centred, and so on none of these generalisations are valid, but they do colour our views of people and affect the interpretations of what they say or do.

### Impressions of the communicator

Our prior impressions of the person who is sending the communication tend to distort the meaning.

**Example**

If we know that the manager is a rough person who never has a nice word to say, a call from him, immediately prepares us to face the worst.

If that manager then says, "Have you done this?", we hear it as a critical comment and are ready to explain and defend ourselves. Defensiveness distorts.

### j) Our own state of mind

A worried, nervous employee finds a threat in everything that is said to him. A person who prefers to be alone, is very suspicious of a colleague who tries to establish social contact. People become nervous in the presence of very senior managers.



### k) Perception

This refers to what one sees. (This has been discussed in some detail earlier in this book). One does not see the world and the realities as they are. Each one of us has his own images and visions and viewpoints.

We interpret all that we hear and see, through the filter of these perceptions. Even the abuses from someone we love, are heard as affectionate sounds. Politeness from someone we suspect, may be seen as insulting. The instructions to be strict, emanating from a manager perceived to be lenient, will not be taken seriously.

### l) Filtering

Filtering refers to the selective omission or selection of some information, with a view to create a particular impression.

This is similar to the behaviour of children who hide some information from the teachers or the parents, in order to avoid an unpleasant situation for the time being. This happens often in organisations. Reports to the seniors will

be filtered to suppress certain drawbacks or failures. Filtering happens in a big way while writing Appraisals.

**m) Psychological distance**

This refers to how much people feel close to or distant from each other. This is determined by positions in organisational set up, or social factors like background, caste, life styles, living standards, etc. The lesser the psychological distance, the better the chances of effective communication.

## C. Principles of Good Communication

### 1. Clarity of thought

The first step in any good communication is to be clear about what one needs to communicate and what the receiver should do as a result of the communication. The communicator should anticipate the doubts that the receiver may get after receiving the communication and the way he may respond to the same. Otherwise, the receiver will fill up the gaps with his own assumptions.

### 2. Clarity of language

The language used should be simple, keeping in mind the knowledge levels of the receivers. Simple words, direct statements and short sentences communicate better. Avoid jargons. Jargons are technical and professional words, including abbreviations, which have different meanings in different contexts.

### 3. Amount of communication

Too much communication may lead to confusion. Too little communication may not convey the message adequately. Both create problems.

### 4. Appropriate media or channel

Communication may be oral, written or visual. Options will depend on the matter to be conveyed and the audience. Wherever possible, charts and diagrams may be used. The effect depends on how far the different messages reinforce each other.

### 5. Avoid mismatches in communication

It is not only the words which are important. The tone, the voice, the facial expression also communicate. Smiles, frowns, or a bored look are equally important. Sometimes, the words may be interpreted differently than intended, if the expressions and voice do not match. There should be no conflict between words, deeds and thoughts.

**6. Make communication a two-way process**

Effective communication implies that the message conveyed has been received and understood, as expected. To ensure that the understanding of the message by the receiver is right, the communicator must check by asking questions and give the receiver an opportunity to ask questions. A discussion on some of the subtler points will provide better data on the level of understanding.

**Be sensitive to receiver‟s response**

The receiver‟s responses including his facial expressions and body movement, may give some clue as to how he may be receiving the message.

**8. Communicate directly**

Every communication has problems. If the communication is relayed through intermediaries, every intermediary is a potential source of distortion. Therefore, as far as possible communicate directly and not through someone else.

## D. Communication in Organisations

Communication takes place among different individuals, groups, departments and within the organisation as a whole. Communication may be called „upward‟ when a sub-ordinate communicates to his superior and „downward‟ when the superior communicates to his sub-ordinates. Communication may also be „lateral‟ when the people of the same hierarchical level communicate with each other.



**1. Upward communication**

Upward communication is essential for senior levels to know what is happening at operational levels and to enable them to exercise appropriate controls. Upward communication may get distorted because:

the communication passes through several levels, and at every level some distortion unavoidably takes place,

the information will be filtered in such a way that unpleasant information may be kept back and only that information may go up, which reflects favourably on operations

**Downward communication**

Downward communication seeks to convey company policies and objectives. That is how directions and instructions are issued. Co-ordination and control depend upon both upward and downward communication.

### 3. Lateral communication

Lateral communication helps co-ordination between activities done at various departments or by various people, who are all dependant on one other.

### 4. Formal communication

Formal communications in organisations from the top downwards takes place through letters, emails, memos, notices, departmental meetings, internal bulletins and house magazines meant for internal circulation. Formal communication from the bottom upwards will be in the form of reports, requests, grievances, complaints, etc.

Formal communication may be either oral or written.

**Oral communication**

In case of oral communication, there is a direct contact and face to face relationship between the sender and receiver. In case of telephones or intercom systems, face to face contact may not be present but messages do travel through tone and voice modulations, pauses, etc. Usually a large amount of time of an executive is spent in oral communication with his sub-ordinates and colleagues.

Oral communication has the following merits:

It is two-way, provides immediate feedback.
It is direct, simple and least expensive.
It provides an opportunity to ask questions and seek clarity.
It provides an opportunity to check understanding.
It is possible to modify the coding of the message to improve clarity and understanding.
It enables personal contact and can generate friendly relationships.

However oral communication is

unsuitable for lengthy and distant communications
inadequate where permanent records and uniformity of communications are required, for example in case of policies and rules
likely to be distorted through facial expression and tone of voice or wrong choice of words
likely to be misinterpreted and misquoted
likely to generate responses that may not be well thought of

**b) Written communication**

Written communication is useful where oral communication is inadequate. For example, in those cases where the information is to be retained for a longer period of time or records are necessary for reference, such as research information reports, committee decisions or statements of policies, only written communication is appropriate.

Written communication has the following merits:

There is a lesser probability of being misunderstood.
It provides a source of future reference
It is drafted (coded) more precisely than oral communication.
It can be made available to a larger number of people by printing and duplication.
It is more suitable for lengthy messages, such as production figures or financial data.
It can be kept as proof or evidence of past occurrences.

Written communication suffers from the following disadvantages:

Updating of written material is difficult.
It is expensive.
Checking of response is not possible.
It is less conducive to friendly relations.
There is a likelihood of written messages not being read.



Written communication is an important basis for organisational operations. Through letters and other written media:

orders are placed,
demands are made (for money or information or work),
decisions are recorded,
policies are communicated,
sanctions are given,
controls are exercised

and so on. Written communication is referred to in the event of disputes, to arbitrate on justice, to defend one"s actions, to check for clarification and so on.

Written communication should therefore, satisfy seven C"s.

**Completeness:** Stating all essential facts, anticipating and answering all possible doubts.

**Courtesy:** Pleasantly worded, meant to gain goodwill, requesting instead of ordering. (For example, a sign near a snake pit in a museum read "Trespassers are likely to be poisoned" instead of the usual, "Trespassers are likely to be prosecuted".)

**Consideration:** Keeping in mind the reader"s interest and level of understanding

**Clarity:** Using simple familiar words, short sentences, avoiding jargon and uncommon abbreviations.

**Conciseness:** Avoiding superfluous and redundant expressions

**Concreteness:** Avoiding complicated imagery and saying directly, leaving little room to imagine.

**Correctness:** Particularly with numbers, dates and references.

Meetings provide opportunities for two way communication. There can be a lot of noise in meetings. However, if properly conducted, meetings are very effective to clarify and overcome differences in perceptions and frames of reference. Meetings may be of small groups of people or of large gatherings. Small meetings enable more exchange than larger ones. But even large ones are useful because:



the spoken words are more informal, more explanatory
listening to a talk has a better impact than reading
one feels that he is being spoken to while the written words address no one in particular
clarifications can be sought and given immediately, allaying doubts
opportunity exists for upward communication

## 5. Informal communication

Much communication takes place in organisations through informal communication channels. These channels do not recognise official levels of positions. The informal network connects persons who are socially affiliated, mostly through the medium of word-of-mouth. Known as the **grapevine**, these informal channels carry information with little distortion because the members share languages, perceptions and frames of reference (social affiliations bring about commonness of interest and outlook) and have little cause for defensiveness.

The grapevine is the channel for rumours. The information flow is very fast and it reaches far and wide. The news of Gandhiji"s death in 1948, spread through the entire country in less than half an hour. Everybody did not hear the radio. However, being oral communication, distortion may take place in the process of being relayed.

Senior managers often make it a point to link themselves to the grapevine to receive authentic information about what the members of the organisation think and believe - information which they may never receive through the formal channels. They also sometimes use the grapevine to convey messages which they would like to spread swiftly and widely within the organisation.

## 6. Communication gap

### a) Reasons for communication gap

Communication gap is a "jargon" for "did not understand" or "understood differently". There is said to be a communication gap when what is understood is different from what is meant to be understood. This gap may be because:

the sender did not say
the sender did not send properly
there was a problem in transmission
the receiver did not receive everything that was sent or
any of the other barriers in communication

Adults try to conceal their feelings believing that being emotional is an antithesis to adulthood. In the process, they try to rationalise their attitudes. Then, what is openly stated conceals much of what is required to be expressed.

Similarly, when receiving communication, the receiver listens to what is said or apparently visible, unaware that behind the apparent, there may be a whole lot of feelings or ideas which are sought to be suppressed or at least unexpressed.
Often in superior-subordinate dialogues, the subordinate does not say clearly what he wants to say because, he is nervous. This will happen particularly when they are new to each other. If the superior, instead of trying to calm down the nervousness of the subordinate, expresses impatience at his lack of clarity, it will heighten the nervousness, breaking down communication totally.

Similarly, the sub-ordinates do not always ask for clarifications on instructions given by superiors. They hesitate for fear or any other reason, but their behaviour may indicate that something needs to be clarified. If the superior does not sense it, and later, things go wrong, there is mutual exchange of explanations and blame.

The stance, voice, tone and facial expressions will all indicate the nature of feeling behind the words spoken and it is possible to detect these feelings and respond to them. Such recognition of and response to feelings are important, because feelings have powerful influences on thought and behaviour. Feelings communicate attitudes of people more genuinely than the words.

Communication is intended to influence the attitudes, thoughts and behaviour of people. Therefore, feelings need to be taken note of and not ignored. They are not always expressed verbally but they are expressed in subtle ways, mainly through body language. A good communicator has to be sensitive to these.

Communication gaps also arise in organisations due to selective control of the nature and quantum of information that flows across the boundaries of different sections (functional departments).
Information is filtered, sometimes deliberately, because of:

need to present oneself in a more favourable light
non-availability of complete and correct data
being unaware that the information is of relevance to others

**b) Distortion**

When an office claims a certain achievement in output, it may not mention certain aspects which could scale down the quality of that achievement. Such filtering of information usually reflects the norms and values, or sub-cultures of the system, leading to distortion.



Distortions also occur because there is too much information to be processed and communicated. The overload problem is sought to be met, often unconsciously, by omission (not processing the information at all), queueing (process in parts, missing the total picture), selectivity (choosing information that one considers more relevant), etc.

Every time a communication is attempted between two persons, there is a possibility of a gap. If a communication reaches a person after being relayed by one or two intermediaries, the gap can indeed become a chasm. Organisational communications that follow "proper channels" are likely to suffer from such problems. Gaps in communication are least when made directly.

**7. Listening**

The word „listening" is used here to include all ways of receiving a communication, and not only through the use of the ear. When one reads a letter or a representation, one is „listening". One cannot receive a

communication without listening. One may hear but not listen. One hears much more than one listens to.

## Example

As one travels in a bus, all the sights one sees on the way do not make any impression. Only some of those sights attract our attention. One did not „listen" (see) everything that had hit the eye. One can hear without the words heard making any impression on oneself - without any meaning being made. Then, listening has not taken place.

**a) Obstructions in listening**

Listening is important for effective communication. Listening is obstructed by a number of reasons, some of the important ones being as follows:

Mental dissipation or wandering (one is busy with own thoughts).

Perception that the topic of communication is boring or un-understandable

Perception that the person communicating is not worth listening to

Evaluation of the contents of the communication as unimportant or irrelevant.

Impatience at the speed or manner of the communication.

Pre-occupation with other concerns, like taking notes.

Disturbances from neighbours or other activities in the room (noise)

Need to challenge or rebut the communicator.



The listener must listen not only to what is being said, but also to what is not being said. This is similar to "reading between the lines". When a person speaks, the choice of words, the stress or emphasis made, the stance, the tentativeness of statements, etc. all indicate what passes through the mind of the speaker. Polite expressions may not always hide suppressed anger that the eyes and facial muscles will express. Listening requires that these unstated communications be received. Otherwise there will be gaps.

**b) Listening helps to**

clarify inconsistencies and biases, like a lawyer, while cross examining witnesses, listens for contradictions and weaknesses

avoid ignoring relevant cues that affect the configuration of the whole meaning. There is a tendency to start making meanings even on receipt of the first few symbols instead of listening for the whole

identify "noise" or irrelevant materials that distort the meaning

Listening improves the communication process by reducing the barriers. There are few things more frustrating and humiliating than finding that the person being spoken to, is not listening. Lack of listening conveys a clear expression of lack of regard or lack of respect for the communication and for the communicator.

The act of listening conveys a message of being interested in the person being listened to and what he is saying. The message of being interested in, is very satisfying. When one is listened to, one wants to speak more. And the more one speaks, the more one reveals oneself.

Consequently, fears of how the other person may respond, tend to disappear. The speaker and the listener tend to become closer. In other words, psychological distance reduces and there is freer flow of communication. Better working relations are built through the process of listening. More cohesive teams are welded through listening.

Those who conduct interviews for selection of new recruits or for enquiries, must learn to listen to make sure that the person interviewed does not become defensive and refrain from being open. Seniors must listen to subordinates to make sure that they are not withholding valuable information.

## E. Interpersonal Skills

### 1. Concept

Interpersonal skills are skills in relating to other people. The effectiveness of the skill is in avoiding to hurt the other person and to win his affiliation and co-operation, to avoid misunderstanding and to improve common understanding. It is essentially a skill in communication.

As a very simple rule, it can be said that people relate to each other favourably when they find that there is support to their dignity, their ideas, their values, their worth, their self-esteem. Any communication that enhances the self is helpful for better interpersonal relations.

The contrary is also true. Any communication that belittles the other‟s self, disturbs inter-personal relations. Interpersonal skills, therefore, focus on abilities to enhance the self of others. A person with poor interpersonal skills is likely to damage the other‟s self.

### 2. Avoiding an attitude of superiority

Dale Carnegie‟s book, “How to Win Friends and Influence People” is perhaps the finest book on interpersonal skills. The principles underlying that book are essentially the same as what is stated earlier. When one assumes a posture of superiority over another, the other is being belittled. It is not necessary to adopt such a posture even when one is instructing one‟s sub-ordinate. That is humiliating. Nobody likes to be humiliated.

A realisation that even a sweeper is just doing another function, important by itself, as much as one is doing his own, is enough to avoid such an attitude of superiority.

**3. Focus on the task / behaviour, not the person**

It is necessary to advise a sub-ordinate that the way he does his job needs to improve. It can be done without suggestions and innuendos to the effect that he, as a person, is no good. Managers usually feel that such advice will be resented. Such advice is resented only when it is perceived to imply that he, as a person, is no good. He does not have to be made to feel guilty or ashamed for whatever he had done. If that happens, he will start defending himself.

It is possible to convey that nothing is wrong with him as an individual (the self-worth is not affected) but something is wrong with the work or behaviour, because of the consequences, that it is creating. If the consequences are highlighted, the „advice" can change to a joint, problem solving session. That is what is meant by "Focus on the task / behaviour, not the person".

People have to be accepted as they are, but their behaviours do not have to be. People may not change themselves. But they would be willing to change their behaviours provided it does not affect themselves as persons.

**4. Communication of caring**

A very effective technique in interpersonal transactions is to convey messages that there is concern for the other person. If the interpersonal transaction is such as to focus on the interests of the other person, then there is a communication of "concern", of caring. That is a very powerful message to strengthen relationships. Nobody fails to respond to one who cares.

Do not make the other person feel anxious or insecure. He should not feel threatened. Say things that keep him relaxed. Enhance people"s self-worth with recognition of what they have done, compliment them. Everybody wants to be recognised, to be told how well they have performed. **Even bosses want such recognition and praise.**

It is no use trying to praise as an empty formality, without being sincere. Insincerity will be quickly detected and then the effect is worse, because it would be seen as an attempt to manipulate. Nobody likes to be manipulated. That is insulting. One can always find something to compliment on. Do that and do that genuinely.

## 5. Listen to people

Listening to people is very supportive of self-worth. Listen to what they say and also to what they do not say. Listen to their feelings. Try to know what is disturbing them. Give them information, if that is what they need. Offer them help, if it is within your capability. All these show "concern". Be genuinely interested. If the boss has a problem, help him. Managers have learnt to try to be considerate for bosses. Bosses also need support. They also have anxieties and feelings of insecurity.

Smile when talking to people. Don"t frown. Also do not raise your voice, indicating anger. Anger makes the other person want to defend and fight. Favourable relationships are not built during fights. If the other person is angry, try not to match him in his temper and his tone. Bring down your loudness and tone to an ultra-softness. This will convey a message that you do not propose to be aggressive and he may calm down. Sit down and make the other person sit down. Sitting down reduces tempers and stress.

If the other person does and says something that disturbs you, do not point out that he has done an error. He will deny it. Do not enquire whether he is sure of what he is saying or doing. It is an insult to assume the contrary. Don"t tell him that you will report to someone senior and have him properly instructed. Do not tell him how important you are. All these make him build his defenses. Instead tell him how it disturbs you and ask him whether he could check again or do something differently to help you. People are happy to be asked for help. They feel important to be asked for help and respond accordingly.



## 6. Be considerate

If a person is doing something, do not rush him for something else. Wait till he is free. It is this timing that makes the difference between being seen as helpful or interference. Do not insist or demand that you are entitled to prior or immediate attention. Do not suggest that he does not know his priorities. Do not suggest that he does not know the proper ways of handling his job or responsibilities. These are statements that deny him his self-worth.

If such thoughts have to be conveyed, it is better to do so as a counselling effort. Counselling, of course, is a private matter. If as a boss, you notice that the sub-ordinate is mixing up priorities and likely to cause a difficult situation, call him up quickly and talk to him in private. If a sub-ordinate is engaged in an argument with someone else (his sub-ordinate or a client) which you think is improper, get into the situation. Do not criticise either. Offer to help, resolve the issue. Counselling can be done later.

### 7. Criticise when alone

Do not contradict or criticise others when third parties are around. To lose face before others is very disturbing. Openness is necessary in a group. But not when outsiders are present. The open exchange between members of the group even if not critical may not be understood by outsiders.

People do not like to be bluffed or cheated. Good interpersonal relationships do not build, if one is suspected of bluffing or cheating the other. Persons with good interpersonal skills, therefore, level with others. Levelling means that you say what you have in mind. But the skill is in saying it without offending or calling the other person names. If the person is suspected of having been unfair, state the facts and the grounds of suspicion without calling him "unfair". Calling a spade a spade is not a great virtue.

## F. Adoption of Technology

Current workplace demands collaboration and adoption of technology has become imperative. All employees need to have at least some basic knowledge about using the relevant technologies. This is one of the communication and technological challenges in the present environment. It has to be understood technology is not an end all solution for communication but facilitator of communication.

### a) Classification of various technologies available

Internet, emails, telephone / mobile phone, fax machine, computers / laptops, personal digital assistance, conferencing tools both for audio and video, intranet, blogs, podcasts, etc. the list is endless and ever evolving.

There are both advantages and disadvantages of using modern communications tools.

The advantages are:

Real time response
Cutting down on cost e.g. travel costs come down considerably
Wide reach
Collaboration among the team members i.e. team members can simultaneously work on the same project and integrate the same later.
Distances have shrunk
Time zones have become immaterial.
Employees can work from their own space at their own pace and at a time convenient for them.

The disadvantages are:

There is an information over load
Work-life balance is affected
Security of documents, correspondence, records, etc. is under Cyber Threat.
Connectivity issues still plague the globe
Change in technology happens at a very fast rate putting pressure on employees to keep updating their skills constantly.
The human touch is slowly vanishing.

However, the technology is here to stay and the organisations as well as the employees have to adapt themselves to the technological changes for effective communication.

## Test Yourself 2

_____ is essential for senior levels to know what is happening at operational levels and to enable them to exercise appropriate controls.

I. Upward communication
Downward communication
III. Lateral communication IV.
Unilateral communication

## Summary

Communication is the process of exchanging (sharing) thoughts, information, interpretations, ideas, opinions and decisions between persons, to create common understanding.

In the process of communication, the idea (or information) in the mind of one person, who is called the Sender, is being transferred to another person, who is called the Receiver.

Ideas are coded in words, illustrations, histrionics or symbols.

Communication occurs, not when the receiver receives the message sent by the sender, but when he understands the thought of the sender.

Meanings are made of totalities. Meanings are not made by logically arranging the contents of the various symbols received during the communication process.

Communication occurs continuously in organisations.

Language has limitations in capturing the fullness of one"s thought.

Semantics: Words do not have the same meanings.

Noise: Problems of communication may be caused because of "Noise" or disturbances during transmission.



The context or background in which an idea exists is important to understanding the idea properly.

Lack of Attention: The mind often gets diverted into some other matters.

Unclarified Assumptions: All messages make certain assumptions about the content of the message and the addressee.

One can make meanings only within the limitations of one"s experience.

Stereotypes and Beliefs: All of us have stereotype ideas about other people and tend to behave on that basis.

Impressions of the Communicator: Our prior impressions of the person who is sending the communication tend to distort the meaning.

Psychological distance: The lesser the psychological distance, the better the chances of effective communication.

Principles of good communication include:

Clarity of thought
Clarity on language
Amount of communication
Appropriate media or channel
Avoid mismatches in communication
Make communication a two-way process
Be sensitive to receiver"s response
Communicate directly

Upward communication is essential for senior levels to know what is happening at operational levels and to enable them to exercise appropriate controls.

Downward communication is necessary to convey policies and objectives.

Lateral communication helps co-ordination between activities done at various departments or by various people, who are all dependant on one other.

Formal communication may be either oral or written.

In case of oral communication, there is a direct contact and face to face relationship between the sender and receiver.

In those cases where the information is to be retained for a longer period of time or records are necessary for reference, only written communication is appropriate.



Informal communication: These channels do not recognise official levels of positions. The informal network connects persons who are socially affiliated, mostly through the medium of word-of-mouth.

Listening is important to build relationships.

Interpersonal skills are skills in relating to other people.

## Key Terms

Barriers

Coding

Distortion

Downward

Gap

Grapevine

Interpersonal skills

Filtering

Frame of reference

Lateral

Levelling

Noise

Overload

Relay

Semantics

Upward

## Answers to Test Yourself

**Answer 1**

The correct answer is II.

**Answer 2**

The correct option is I.

## Self-Examination Questions

**Question 1**

„Mime" will be classified under which of the following?

I. Words
Histrionics
III. Illustrations
IV. Symbols

**Question 2**

_____ seeks to convey company policies and objectives.

I. Downward communication
Upward communication
III. Lateral communication
IV. Unilateral communication

**Question 3**

Given below are some merits of oral communication. Identify the incorrect option.

I. It is direct, simple and least expensive
II. It is one-way and hence provides little feedback
It provides an opportunity to ask questions and seek clarity
IV. It provides an opportunity to check understanding

## Answers to Self-Examination Questions

**Answer 1**

The correct option is IV.

**Answer 2**

The correct option is I.

**Answer 3**

The correct option is II.

# CHAPTER 9

# LEADERSHIP

## Chapter Introduction

This chapter deals with issues relating to leadership in organisations and explains the ingredients of good leadership skills.

## Learning Outcomes

Understanding Leadership
Theories on Leadership
Groups and Teams
Authority and Power

## A. Understanding Leadership

### 1. Introduction

The main resources in organisations are people. Managing people calls for "leadership" skills. Leadership skills are different from managerial skills. Leadership skills relate to those skills that are relevant to managing people.

Managing people is a very important task. It is also the most difficult one. It is not easy to know what strategy or tactics would be appropriate to get the right kind of response from people. There are no prescriptions, or rules. If handled inappropriately, the human being, instead of doing better, may start performing negatively, even affecting the performance of other resources in the organisation.

The ability to lead is an important skill of an effective manager. This ability is often seen as a natural talent. It is possible to learn or enhance the skills of effective leadership.

**What is leadership?**

**Meaning**

Leadership is the ability to influence other people. It is also defined as the process of influencing people. Either way, leadership is related to influencing people, to shape their attitudes and behaviours. It implies that influence is exercised to get the people to do what the leader wants them to do. There is a goal to be achieved.



**b) Leaders in the last century**

Gandhiji, Winston Churchill, Martin Luther King (Jr), Nelson Mandela and Hitler can be identified as leaders in the last century. Thousands of people were willing to do their biddings, to follow the paths shown by them, even at the cost of sacrificing comforts.

**Gandhiji, King and Mandela** were not holding any office like Churchill.

**Hitler** also came to office only subsequently. Authority vested in an official position, is not necessary for effective leadership. Some may object to Hitler being bracketed with the others, because, it may be argued, he led his people in the wrong direction. The ability to influence is what is being looked at, as leadership. The acceptability or morality of the goal is not important.

**Martin Luther King (Jr)** was considered by many persons in the United States as working against the interests of that country.

Both **Christ** in his times and **Yaser Arafat** in the 1990s, were criticised for misleading people.

**Kersh**, who had led his followers to believe that he was God and to die with him in a holocaust (in WACO, Texas) in 1981 was also, effectively a leader.

Ability to mislead also needs leadership. "Misdirection" is an evaluation of the goals which the leader is working towards. Evaluation is subjective and is not to be confused with the concept of leadership as a process or a skill.

**c) Leaders get willing cooperation**

Leaders create within people an urge to do. Followers of leaders believe that if they follow the leader, they will get to situations and rewards that are satisfying. They believe that the leaders know the ways to get to these satisfactions. They also believe that the leaders have their well-being at heart. There is thus trust and confidence and therefore, they follow. Leadership is concerned with obtaining willing co-operation of the followers, not under conditions of threat or fear which thugs and dacoits do.

**d) Leadership is related to motivations of people**

Leaders have to be aware of the need to provide satisfactions. People who seek satisfactions are motivated to achieve such satisfactions. Leadership is related to motivations of people. Leaders have to understand the motivations of their people and if necessary, kindle needs and motivations, appropriate to the proposed goals.



**e) Achieving of tasks**

In an organisational context, a leader"s responsibility is to influence the behaviour of the people under his charge, in such a way that the tasks are achieved. If the task is not achieved, he is not effective. That is primary. In the performance of the task, the people work, not merely as individuals, but as a group. If the group is not cohesive, the results may not be achieved. Even if there is no failure in task, there could be waste of energy. The leader is therefore concerned with:

the **task,** which has to be achieved
the **individuals,** who have aspirations for growth and development
the **group** which has to remain cohesive

The individual, as a member of the group, is affected by the group. If a group is not cohesive and is driven by suspicion, distrust, jealousy, etc.; members of the group are not likely to perform at their best. To ensure the right climate in the group is the leader"s responsibility.

## 3. The complex person

### a) Behaviour

Behaviours are the outcomes of several things, many of which are within a person. These are beliefs, values, perceptions, feelings, attitudes, etc. None of these are clearly noticeable or known even to the person concerned. Beliefs and perceptions relate to the world around oneself. One sees the world in ways which are not 100% true. The distortion is caused by perceptions and beliefs.

One might believe that everybody is corrupt and can be bought at a price. This belief may have been formed from the experience he has had, what he saw (perceived) and what he heard from others. Further observations of reality will be filtered by this belief and also confirm the belief. Any experience to the contrary may either

modify the earlier belief, or
be treated as an exception confirming the earlier belief

This belief will determine his attitude to life. He does not expect anybody to behave bonafide. He looks at everyone with suspicion. He may interpret every delay as deliberate and as an attempt to induce bribes.

If his values say "Don"t give bribes", he will get annoyed at any delay, even if the delay is for genuine reasons. Though annoyed, he may still give the bribe, if the values associated with the outcome are stronger. For example, a person who denied himself the benefit of a telephone connection because on principle, he refused to pay the linesman Rs. 600, did not refuse to bribe to expedite hospital discharge papers in connection with a relative who had died and had to be cremated before sunset.

### b) Dimensions of a person

Reference has been made in earlier chapter to the fact that a worker brings into the workplace his total person, which has five dimensions, namely:

Physiological:
Psychological;
Social;
Economic and
Power Relationships

All these dimensions may not come into operation while performing a task, but they all exist at work and influence the person‟s attitudes and capacity to work. Every interaction in the workplace affects some of these dimensions, all of which constitute experience, influenced by and affecting beliefs, attitudes and perceptions. What a person does at work, his earnestness, his enthusiasm, his commitment, his indifference, etc. are all the result of these experiences.

At work, one has to interact with many persons, who may be seniors, juniors, colleagues or outsiders like customers. Each one of them is a complex person with all the dimensions mentioned earlier. The factors influencing the final outcome of behaviour of any person are too many and it is difficult to comprehend how they get influenced. This being the complexity of the situation, managers have to develop the skills to influence the behaviour of their sub-ordinates. Obviously, treating everybody alike or according to a set of rules, would be inappropriate.

## B. Theories on Leadership

### McGregor‟s Theory

An important theory to understand behaviour of humans at work was postulated by Douglas McGregor. He said that behaviour was not the consequence only of an individual‟s inherent nature, but was also a result of the manner in which he is managed at work. Managers have their own ways of managing, depending on their assumptions and expectations. These assumptions and expectations could be classified under heads that represent the extremes of a continuum.



#### a) Theory X assumptions

At one extreme, the assumptions are:

An average human being has an inherent dislike of work and will avoid it if he can. Therefore, workers must be coerced, controlled, directed and threatened with punishment to get them to make adequate efforts towards achievement of organisational goals.

An average human being prefers to be directed, does not like to take responsibility, has little ambition and wants security above all.

An average worker has little capacity for creative problem solving, is inherently self-centred and, by nature, resistant to change.

McGregor called this set of assumptions Theory X and said that they represented traditional patterns of management. Managers with these assumptions will attempt to structure, control and supervise closely.

### b) Theory Y assumptions

At the other extreme, are the assumptions of what he called Theory Y, which are:

The expenditure of physical and mental effort at work is as natural as play or rest.

The average worker does not inherently dislike work. Work can be a source of satisfaction and enjoyment.

External control and threats of punishment are not the only means for regulating efforts at work. People can exercise self-control and self-direction in working for objectives to which they are committed.

Commitment to objectives is related to outcomes from efforts put in.

People learn, under proper conditions, not only to accept but to seek responsibility. They also learn under different conditions, to avoid responsibility, and seek security.

The capacity to be highly imaginative and creative in the solution of organisational problems is distributed widely among people.

The potentialities of the average worker are only partially utilised.

McGregor postulated that when workers are managed on the basis of the assumptions of Theory X, they tend to become so, fulfilling those assumptions. Therefore, managements need to introduce practices based on Theory Y to unleash the potential in workers to take responsibilities and to be creative, by allowing them to assume more and more control over their work.

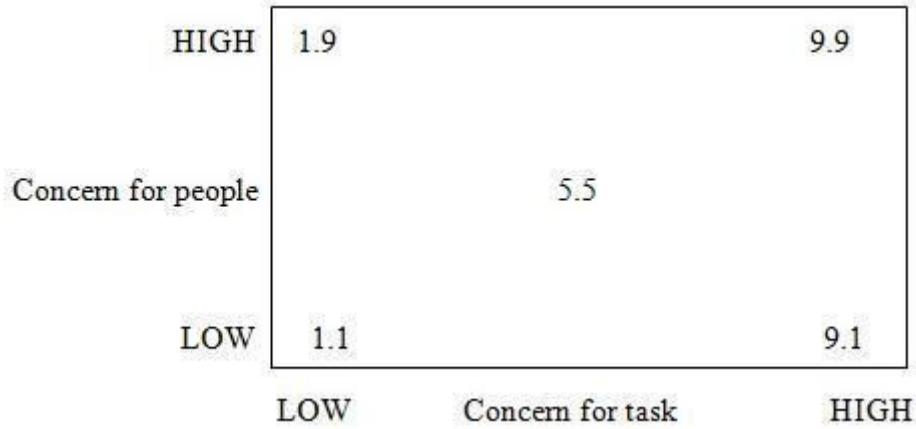
Theory X and Theory Y are two extreme anchors. Any worker at a time may be somewhere between X and Y. He has to be managed according to assumptions, appropriate to his personality and character. There is no „average" worker.

## 2. Leadership styles

Leadership style refers to the type of behaviour and conduct the leader adopts while dealing with his people. Different experts have classified leadership styles in different ways.

## Robert R Blake and Jane S Mouton"s concept of grid

Robert R Blake and Jane S Mouton developed the concept of the grid, as shown below, based on two criteria, the leader"s concern for people and his concern for the task.




### 1.1 type of leader

Leaders of the 1.1 type have low concern for people and also low concern for tasks. They are satisfied with the minimum effort.

### ii. 9.1 type of leader

The 9.1 types have very high concern for task but very low concern for people. They operate on Theory X assumptions. They are hard taskmasters, expect implicit obedience to instructions, show little concern for problems and feelings of people, and are interested in people only as instruments for production.

They look at quantity and quality of output, workload and efficiency measurements. They do not seek suggestions. They threaten. They are workaholics, highly committed organisational people, seen as ruthless and inconsiderate. They are usually described as authoritarian, autocratic or dictatorial.

### iii. 1.9 type of leader

The 1.9 type of leader, having high concern for people and low concern for tasks, will be a very popular figure, building up fellow feeling and camaraderie. The happiness of and harmony among his colleagues has greater priority to him than the work to be done. He builds on trust and social relationships and does not impose himself.

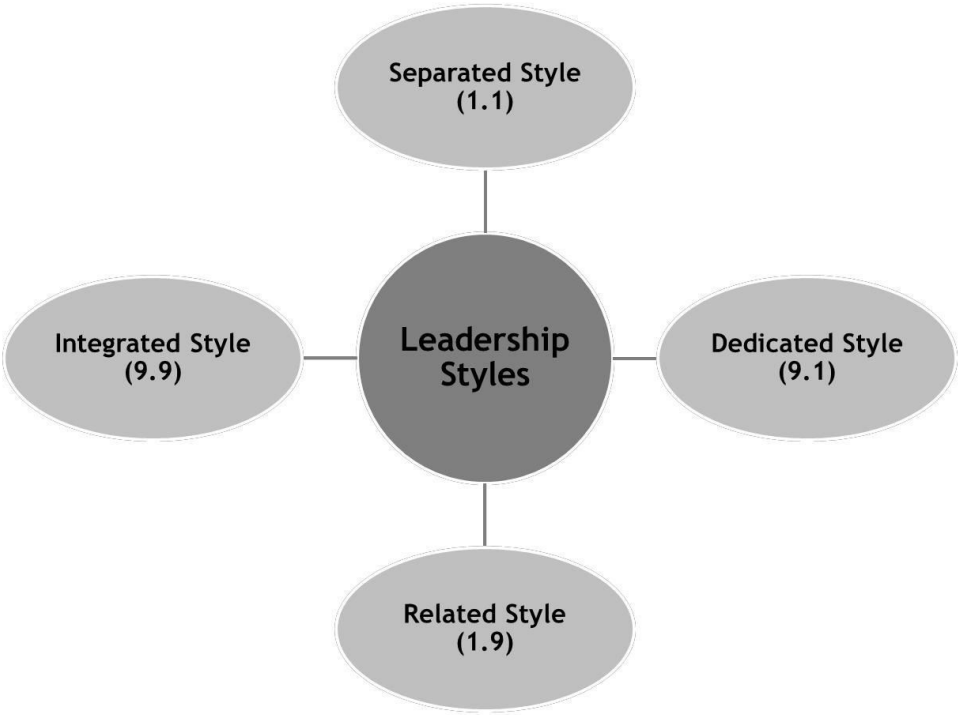
He operates on Theory Y assumptions. He is called a democratic or benevolent leader. He believes that production will automatically follow, if the climate is good. This belief, unfortunately, is often belied. When that happens, he becomes ineffective.

**iv. 9.9 type of leader**

The 9.9 type of leader has equally high concern for both task and for people, integrating the needs of the people with the needs of the organisation. He involves people in decisions, looks to their needs, but never forgets that tasks have to be performed. He generates through the process a highly committed team of persons. He demands and gets high levels of performance, not through coercion, but through persuasion and inspiration.

**Indicators for leadership styles:** The four basic styles can be identified by some indicators:

**Diagram 1: Leadership Styles**




**Separated style (1.1)** also called **impoverished:** cautious, conservative, procedure-minded, orderly, trying to be accurate, calm, discreet, scrupulous, not mixing easily, low interaction, role oriented, takes little initiative, gives minimal guidance. Likely to be found in accounting, banking, research related departments.

**Dedicated style (9.1)** also called **autocratic:** determined, aggressive, confident, busy, driving, restless, self-reliant, talks always of jobs, controls, ambitious, likes rewards-punishments, self-centred, inconsiderate to others, manipulative. Likely to be found in production.

**Related style (1.9)** also called **country club:** emphasises personal development, informal, long conversations, sympathetic, approving, encouraging, friendly and reassuring. Likely to be found in sales, personnel, training.

**Integrated style (9.9)** also called **team managers:** talks of ideals, goals, policies, wants, values, lot of sharing, listens, participative, problem solver, inspires. Usually, but not always, found at senior levels.

The one at 5.5 is a leader with average concern for both people and task. He may get adequate, but not outstanding, co-operation and performance.

**Reddin"s 3D Theory of managerial effectiveness**

Prof. Bill Reddin developed on this grid with the third dimension of effectiveness. According to him, each of these four types can be effective or ineffective depending on the circumstances in which it is applied.

In a bureaucratic organisation, for example, where impersonality is an essential requirement, and strict procedures determine the ways of doing a job, a 1.1 leader will be quite effective in running that organisation.

In a turbulent situation, where the ingenuity of the workers will become critical, a 1.9 leader will be effective and a 9.1 will fail.

In an emergency, as in a fire, someone has to take charge. Only 9.1 will be effective here.

In an organisation where the employee"s initiative and skills are critical for results, like sales or research, high concern for people is important. The leader"s emphasis on results must be moderated to the extent of offering help and support.

Thus, it can be seen that all styles are, or are not, effective, depending on the situations. Briefly, all styles are ineffective, when practised beyond moderation. Too much concern for persons, being too solicitous, can make people dependant. Too much concern for work makes one a workaholic.

The table below indicates the description of the styles suggested by Reddin"s 3D Theory of managerial effectiveness

| Less Effective | Basic Type | More Effective |
|---|---|---|
| Deserter | Separated | Bureaucratic |
| Missionary | Related | Developer |
| Autocratic | Dedicated | Benevolent Autocratic |
| Compromiser | Integrated | Executive |

**c) Hersey and Blanchard"s concept of Situational Leadership**

Hersey and Blanchard have postulated the concept of Situational Leadership which states that the leadership style should depend on the "maturity" of the sub-ordinates.

The word "maturity" is used to refer to:

the skill of the sub-ordinate in relation to the tasks at hand, and
his will to perform

**Telling style**

When maturity is low, a very authoritarian style will be appropriate. Sub-ordinates must be told on what to do and how to do. Close direction and control will be necessary. This is the **TELLING** style.

**ii. Selling style**

As maturity increases, people orientation should increase and task orientation can reduce. Gradually the style will shift from Telling to **SELLING** when the leader proposes a course of action and explains it to the sub-ordinate before implementing it.

**iii. Participating style**

As maturity increases further the style will shift to **PARTICIPATING** when the leader asks the sub-ordinate for his ideas or suggestions and decides after discussion.

**iv. Delegating style**

When the sub-ordinate is fully mature, that is, both his skill and will are high, the leader can withdraw totally, leaving him to do his job. This is the **DELEGATING** style where the leader shows little concern for either task or the person. The sub-ordinate is competent to manage himself. This is the same as the effective 1.1 style

### Chrish Argyris"s Immaturity – Maturity Theory

The concept of maturity here is different from maturity in terms of age and personality development in the life cycle.

Chris Argyris noted that, as a person moves from Immaturity to Maturity, his needs move from:

dependence to independence,
passive to active participation,
erratic shallow interests to deeper stronger interests,
being sub-ordinate to being in control,
having a fuller awareness of self and a choice of more behavioural options

A person has to be managed according to his position in the Immaturity - Maturity continuum. Otherwise, it would be inappropriate leading to unintended consequences of withdrawal or subversion.

### Schmidt and Tannenbaum"s Leadership Continuum model

The Hersey and Blanchard concept follows closely the Leadership Continuum model proposed by Schmidt and Tannenbaum, which classifies the style according to the extent of participation or freedom given to the sub-ordinate, in decision making.

At one end of the continuum the style is where the participation by the sub-ordinate is low. The participation increases as one moves up on the continuum till at the other end, participation is highest and the leader takes a smaller role. They postulate that the style will depend on the personality of the leaders and also on the characteristics of the sub-ordinates, individually and as a group.

### Participation

### Varying degrees of participation

The concepts of Hersey-Blanchard and of Schmidt-Tannenbaum refer to the increasing role of the sub-ordinate in the decision making process. Such participation may be of varying degrees, telling, selling and finally, delegation. In delegation, the area of freedom for the subordinates is the highest. He takes full responsibility to plan, decide and act.

The leader is not abdicating responsibility. He will be available to the subordinate, if the latter needs him. The leader does not impose himself or his ideas on the subordinate. Even if the subordinate consults him, the leader will only suggest for the subordinate to consider, evaluate and decide.

### ii) Benefits of the process of participation

The process of participation helps to develop the subordinate‟s competence by giving him increasing experience and opportunity to learn the rationales of decision. The leader moves from telling to selling to delegating as and when his confidence in his subordinate increases. There is a message of trust. The process of participation effectively is an act of recognition of the subordinate. Consultation implies that the person consulted has experience and maturity enough to make consultation worthwhile. When he is given responsibility and he fulfills it, there is a sense of achievement. All these are strong motivations and provide satisfaction.

### iii) Leaders who allow participation

Leaders who allow participation by subordinates are:

showing concern for subordinate development
sharing their knowledge and skills with subordinates
expressing confidence and trust in subordinates to perform
relieving themselves of some burden, becoming free to attend to other tasks of importance

### iv) Leaders who may not practice participation

Leaders may not practice participation if:

they do not have faith in their subordinate‟s competence and / or reliability
they think that work will be done faster and better without participation
they think that participation is a waste of time
they do not perceive subordinate development as their responsibility
they are afraid they themselves may become redundant
the subordinates are not willing to accept responsibility
the subordinates are afraid of making mistakes
the subordinates do not respect the leader‟s competence
the subordinates perceive that the leader‟s intentions are not bonafide

### v) Participation with regards to Theory X and Theory Y

Theory Y assumptions will make a leader resort to increasing participation. A leader who does not practice participation may be operating on Theory X assumptions, resorting to detailed instructions and close supervision. A subordinate may show unwillingness to take responsibility because he perceives that the leader is operating on Theory X assumptions.

**vi) Structures for participation**

Participation may take place through informal meetings or through formal meetings, on a one-to-one basis or as a group.
Some organisations have structures to facilitate participation like planning committees, works committees, management councils etc.
Quality circles are also intended for the same purpose.

The extent to which subordinates participate, when given an opportunity to do so, depends on the participants themselves, their personal attributes, their motivations, belief systems etc. which, most of the time, have been influenced by the leaders themselves. Past experiences have an influence.

**vii) Forces on which style of leadership depends**

An effective leader will adapt his style, according to the situation. The choice of the actual style of leadership will depend upon three groups of forces:

**forces within the leader himself**, e.g. his sense of values, his inclination, confidence etc.;
**forces in the subordinates**, e.g. their feelings, aspirations and other characteristics;
**forces in the situation**, e.g. the type of organisation, the nature of the problem, pressure of time, availability of resources etc.

If the situation is one of emergency or crisis, like a building being on fire or a ship sinking, one person has to take charge and issue orders to everybody else. There is no time for discussion and asking for opinions and options. If the subordinates are new and unfamiliar with the tasks of the organisation, they have to be directed and closely supervised.

If the subordinates have to take responsibility for various tasks and think out strategies in their respective areas, or if delegation is being done, the participative style is very helpful. If the job involves a lot of originality (creativity) or specialised technical knowledge, the telling style is not likely to be productive. In a social club, or an excursion, the delegated style may be the most appropriate one.

**g) Transformational leadership**

Transformational leadership refers to the style that seeks to transform the employee to a higher level of maturity and motivation. The transformational leader inspires. He sets higher goals, beyond the limitations of work in the organisation. He reveals to the employee his potential strengths and encourages him to dream and visualise a big achievement. The leader does

not tempt him with rewards at work. Neither does he threaten him with punishments

**Creativity**

**New ideas**

Excellence in performance becomes possible through innovation and creativity. New ideas have to be found to improve management systems, marketing strategy and in utilisation of resources, be it time, finance, materials or human. Improvements come from modifying the existing through introducing changes whereby economies are effected, quality is enhanced, new products are developed, new markets are opened up and growth is made possible.

**ii) Idea stoppers**

It is only the human mind that can innovate and create. When the mind applies itself to problems and seeks ways to modify the existing, it asks the question - "What can be done to.....?" Ideas then begin to flow in answer to this question. The flow of ideas can be encouraged or stopped. Some idea stoppers are statements or actions that say the following:

"We have tried that before"
"It won"t work"
"Rules do not permit"
"How that can be done?"
"It does not suit our situation"
"Costs too much"
"Too theoretical"
"It is too complicated"
"You think you are too clever?"
"People won"t accept it"
"There is not enough experience"
"That is not our business"
"This will create other problems"
"There is nothing new in this idea"
"We do not have such skills"



All these idea stoppers suggest that there is nothing new in the idea or that the idea is too "stupid". Such snap judgments discourage thinking. Many persons do not think for fear of being ridiculed. If such fear is removed, more ideas will emerge.

Ideas when new do not reveal the true potential. Many ideas, which were thought of as "stupid" when they were first mentioned, turned out to be "great" later, leading to discoveries that have turned the course of events.
Wireless transmission is one such. The electric bulb is another. The hovercraft and magnetic levitation (for trains) were developed from the suggestion of a priest in a brainstorming session to reduce consumption of fuel in transportation. He had suggested that the tyres be lifted from the road, to avoid friction and save energy. The suggestion was laughed at then.

### iii) Daring to think differently

All innovation and creativity and consequent developments have taken place because people „dared" to think differently. Some of the extremely successful businesses of current times are based on ideas which some one dared to think of, like running a taxi service with only technology as an asset and no vehicles (Ola and Uber). If people can think without having to dare, there would be many more ideas to work upon for improvement and excellence.

### iv) Brainstorming

Ideas germinate in minds. If two or more minds interact freely, the ideas tend to build on each other. The potential to so multiply thoughts can be exploited, if judgments and evaluation (of ideas) are kept in abeyance. The free flow of ideas stops when judgment begins. The process of building up ideas in a group under conditions of relaxed enjoyment without judgment is called "Brainstorming".

Brainstorming is a technique that helps generate creative ideas. A playful atmosphere of fun is important. Children are the most creative. The need to conform, to be proper, to be sure, not to take risks, etc., prevents creativity.

A good leader so manages his people that innovation and creativity are allowed to flourish and not killed. Effective participation is the appropriate technique to achieve this result.



## Test Yourself 1

The leaders that follow separated style (1.1) are also called

_____. I. Team managers

Country club
III. Impoverished
IV. Autocratic

## C. Groups and Teams

### Groups and teams

#### People are interdependent on each other

Very few jobs in an organisation can be done by an individual all by himself. Everybody‟s work connects to someone else‟s work and the final results are achieved when all these jobs are done in coordination. One person‟s output is another‟s input, the second person being the internal customer of the first. He takes on from there. People have to work in groups. They are interdependent on each other.

### b) Reasons for forming groups

People form groups for many reasons.

One of them is propinquity or nearness in time or space. Fellow travelers in a train compartment can be an example.

Another reason can be common activities or interactions or interests. Members of a club will have groups according to their interests in a sport or in politics. They may come together to fight for a common cause, as in a protest march.

Whatever be the reason, members in a group will find satisfaction in being in that group, because there is something common with all the others.

### c) Working groups in organisations

Working groups in organisations are sometimes **Command** groups, all working under one leader.

They may also be **Problem Solving** groups or **Task Forces,** put together for a specific task of solving a problem or executing a job. The group will be dismantled as soon as that task is done.

### d) Informal groups within organisations

Informal groups are formed within organisations because of propinquity, from among the formal Command groups or Task forces. They come together outside the requirements of work. But, as discovered by Elton Mayo, the informal group can have an effect on work.

### Characteristics of groups

#### Norms

A group may have norms, which is an agreed standard of behaviour.

In **formal groups**, these will be laid down by the organisation which created the group.

In **informal groups**, they evolve over time and are accepted by everyone. This is like the society we live in, where there are standards of behaviour which, by and large, everyone accepts.

Norms provide the guidelines for the group to function. The stability and the continuity of a group will depend on how much the members of the group adhere to the norms.

**b) Synergy**

Synergy is the concept which says that the interaction of members in a group can create energy (abilities or knowledge) more than the sum of the energies of the members themselves. This was what Elton Mayo noticed. The mutual support between members can increase the total knowledge they individually have, as the points raised by one in a discussion can provide insights into further nuances in the subject. Healthy competition between members can improve the performance of everybody. When the supporters in a sports field cheer, the players do better. These are all examples of synergy.

Unlike formal groups which are formed by decisions of superiors, informal groups are formed voluntarily. By the very nature of their formation, there is likely to be better understanding and willingness to cooperate among the members of informal groups. There is likely to be more trust and mutual support among them.



**Teams**

**Meaning**

A group is said to be cohesive when the members desire to continue to be in the group. The more cohesive a group, the better will be its ability to function effectively. A cohesive group is called a **team**. Building cohesiveness in a group and making it a team is the responsibility of a leader.

**b) Characteristics of Teams**

The cohesiveness of a team can be evaluated on the following characteristics.

**Common objectives**

All the members of a team should know what they are collectively working for, and what their individual role or contributions are in that collective effort.

**ii. Co-operation**

Members of a team have to cooperate with each other. This implies that they show concern for and adjust to each other, instead of being concerned only with their respective problems. There has to be recognition of differences in skills, that one can do better than another. There would be willingness to modify, for example, one‟s output, if that suits the other person‟s work.

**iii. Support and trust**

Members of a team trust each other and are not suspicious of each other‟s intentions and bonafides. Support implies that if one is in difficulty, another comes in to help him. The difficulty may be lack of knowledge, pressure of work, personal inconveniences or making amends for errors. Members can take responsibility for the team as a whole, only if there is support and trust.

**iv. Confrontation**

When people interact with each other, it is natural that there would be differences and misunderstandings. In cohesive teams, these are not brushed under the carpet. They are brought up to the surface and discussed to clear up misunderstandings. It is not necessary that members agree completely on all matters. It is however, necessary to have agreement on matters concerning the performance of the team as a whole. If differences interfere with the cooperation, there could be problems in the working of the team.

**v. Openness**

This refers to the willingness of a member to (i) express himself and also (ii) listen to and examine the validity of opposing points of view. Confrontation is not possible without openness.

**vi. vi. Procedures or systems**

Members of a team will have to know how work is arranged and being done, within the team. These need not be written down but must be clear and understood. Without this, cooperation becomes difficult. The role of each member should be known to him and to others in the team. When members of a team find duplication or lack of coordination, procedures and systems could be the cause

**vii. Appropriate leadership**

In a cohesive team, the leadership is appropriate to the skills and motivations of the members and to the tasks to be achieved. Cohesion comes through appropriate leadership. The thesis of Rensis Likert (discussed in an earlier chapter) explains how leadership styles affect climate and

output. Also, members other than the formal leader, will take over the leadership function, depending on the expertise required at various times.

**viii. Regular review**

Members of a team take time off to look at what they are doing and how they are doing. This helps to keep objectives in focus, improve cooperation and improve working. All members should feel free to raise issues, express opinions and suggest changes (Openness).

**c) Consensus**

There is a lot of sharing in teams. Objectives, ideas, strategies and differences are shared. The more the sharing, the better will be the acceptance of decisions and commitments thereto. Team decisions are best made by consensus, which means that all members agree with the decision.

**Consensus** is different from unanimity. In a unanimous decision, all the members are of the same mind. There are no differences. In a consensus decision, differences may exist. But the members agree that these differences are not such as to affect the implementation of the decision. They agree to ignore the differences for the time being.

**d) Consensus decision vs. Majority decision**

A consensus decision is not a majority decision. A majority decision is a mechanism to arrive at a decision, despite differences. That could leave others with a sense of having been defeated or ignored. In a consensus, the differences are listened to with respect, not ridiculed, are discussed fully and narrowed down, till agreement is found on substantial points. A leader must be able to generate consensus decisions.



**e) Linking pins**

In an office, there could be more than one team. It is difficult for too many people to work as a team. A strength of between eight and fifteen is considered to be appropriate for a team to function effectively, with proper communication within. Big offices with strengths of 60 or so, will organise themselves into about 4 distinct working groups, which will work as teams. One or two members from each of these teams can then form into a higher level team with the Head of the Office. The common members provide the link between the two levels of teams. They communicate to their teams the decisions, problems and concerns of the other teams, thus building better understanding. Such common members are called **linking pins**, as they link different levels of teams.

Through linking pins, the entire organisation can be connected. If the office is big, there will be teams within each department and the departmental heads will be the linking pins for the top team.

## Example

**Salesmen** will be linking pins for the retail market through their membership in a team of the Sales Manager.
**Sales Managers** will link their teams through their membership in a team with the General Manager (Sales) at the Head Office.
**GM (Sales)** will be a member of the HO team consisting of sales, production, finance etc.

This is only an illustrative possibility. The point is that such linkages are necessary. Senior Officers in Head Office will link with regulatory authorities and trade associations.

The leader is responsible for the creation of the climate in a team. People orientation is not the only technique. Even very demanding (task oriented) leaders may create a climate that has cohesion, openness, authenticity, need to belong, etc. Demanding leaders may be responsible for a lot of learning and creativity happening within the group.

## D. Authority and Power

### 1. Authority

In organisations, there is no formal position called „Leader". There are managers and heads of departments. All such people will be required to get work done through subordinates. All of them therefore, have to function as leaders.

When appointed by the organisation to a role as manager or head of department, the incumbent is given some authority. Authority includes the right to instruct subordinates. This does not necessarily help him exercise influence.

## Example

All branch managers of an insurance company will have the same authority. But some may have more difficulty than others, in getting cooperation from the staff. In the same branch, the staff may become more (or less) cooperative when a new manager takes over. The ability of the two branch managers to influence their subordinates is different, although both of them have the same authority.

## 2. Power

The ability to influence is defined as power. An effective leader has influence over his people. He therefore has power. A leader of a group, who is not able to influence the behaviour of his people, has no power, even though he may have authority.

## 3. Difference between authority and power

A leader has power because the members of his group accept his leadership. If they do not, they are unlikely to follow him, they may not be influenced by him and may even get some other person to lead them. This other person would effectively be the leader, with no formal authority but with power.

Thus, power is given to a leader by the persons over whom he exercises influence.

Authority is given from above. Power is given from below.
Authority is that of a position. Power is that of a person.

Power is sometimes referred to as Personal Authority.

## 4. Power is acquired

A leader has to acquire power from his subordinates. Power is given to a leader for a number of reasons. Some of the reasons are as follows:

Fear that the leader may punish. Authority to punish is not enough. Some persons who may have authority to punish may be seen as unlikely to exercise that authority because he is too mild or too kind. Also, if the persons concerned have means to prevent the exercise of that authority (union pressure, access to higher levels, etc.) or are not unwilling to accept that punishment (because of commitment to a cause like Satyagrahis), there would be no fear.

Hope that the leader can reward. Rewards are not necessarily official like increments or promotions, which require authority. Anything that gives satisfaction is a reward. A leader may provide opportunity to learn, assign interesting work, explain decisions, consult or allow concessions in work (may be because of health condition). All these are rewards.

Regard for the authority of the leader. Many of the subordinates abide by the instructions of their superiors, because they recognise and respect the position of the superior. The superiors are then able to influence. They have power which flows from the acceptance of the legitimacy of the appointment.

Recognition of and respect for the competence of the leader. If the superior is seen as not competent, he is not respected. There is then less willingness to follow him. Ability to decide, to solve problems, to liaison with higher officers, to guide, to be consistent, to take responsibility, are, in addition to technical knowledge, factors that create respect for competence.

Respect for the leader as a person. The factors here relate to personality characteristics of the leader other than his competence at work. His manners, sense of fairness, trustworthiness, scholarship, connections and accomplishments are some characteristics that earn respect.

**Behaviours that help acquire power**

Some behaviours that help to acquire power are as follows:

**Enhancing self-worth:** A leader who enhances the self-worth of his followers through acts like acknowledgement of performance, allotment of important or difficult tasks, consulting on important issues, listening to viewpoints (including grievances) etc. acquires power from his followers.

**Availability and accessibility**: A leader who makes himself available to his subordinates for consultation, advice and help is valued highly.

**Support and trust:** A follower wants that his leader will understand him and represent him fully before the superiors and others. In other words, if someone questions an individual‟s action, the leader has to come to his support by explaining what was done and establishing it as bonafide. Leaders, who let down the followers in such difficult times, tend to lose power.



**Sharing and caring:** A leader who shows genuine concern for his followers and also shares his problems and concerns, with the group, tends to build better rapport between him and others, thus enhancing his power. Sharing will be in areas of policy directions, problems, strategies, proprieties of decisions (values) etc.

**Character:** Character is to be understood as consistency in thought, word and deed. A person without character does not enjoy much power.

Leaders have power. But all those having power are not leaders.

**Example**

A dacoit may have power over his victim, being able to influence the victim‟s behaviour under threat of life. A blackmailer also influences behaviour. Both of them have power. But they are not leaders.

## 6. Traits of a good leader

A good leader is respected, even admired by his followers and remembered with affection long after he has vacated the position of leadership. Threats of punishment may leave traces of unpleasant emotions like fear and hostility. Great leaders do not resort to this source of power. With them, the followers respond in ways that when the task is complete they say with pride "We did it". They savour the experience.

Some studies have suggested that effective leaders possess traits and characteristics like:

being hard working,
lot of energy and vigour,
not being afraid,
integrity,
having moral and ethical standards,
capacity to understand,
concern for others,
good judgment,
self-confidence and
decisiveness

It is difficult to be prescriptive about how each one of these traits works to create a relationship between leader and followers. Concern for followers may be seen as supportive or as interference in the followers. Decisiveness can sometimes become stubbornness or becoming too authoritarian. Self-confidence can become inflexibility.



Leadership actually is the interaction between two persons. Each trait may be perceived and interpreted differently. The traits may help, but not ensure, effective leadership. The „traits theory" about leadership is not considered to be very valid these days.

### The middle manager"s role

The middle manager"s role has traditionally been one of integrating top management policy with activities of their subordinates. The focus therefore, had been to supervise activities of subordinates, control results, solve problems and so on. The emphasis nowadays is on the process of delivering the outcomes, which produce satisfactions to customers. The quality of service has not only to be maintained but continuously improved upon.

It would be the role of middle managers to:

identify the contact points with the customer
determine how the contact is to be managed
determine what standards of (quantity and quality) have to be maintained
analyse operations and processes
visualise the possible errors, what may go wrong
find ways of avoiding errors
find ways of compensating for the errors, if they occur
find ways to enhance quality standards

The middle manager can do his part best, when he involves the operating personnel. They know what is happening. They should know what should happen. They alone can make it happen. They are willing to make it happen. They need to know what cause the happenings and the risks involved in the proposed actions. The information and the decision should be shared. These are outcomes from good effective leadership

Lead more and manage less is the principle. Let subordinates be a part of managing. They should understand and accept the quality and delivery standards, what is good and what can become better. These take place through improvements. Each improvement may be small but no improvement is too small to be ignored. Hundreds of 1/2 percent here and 1/4 percent there, add up to substantial figures.

**8. Internal communication**

The leader has to ensure that the communication within his group is complete and timely. If employees have to remain committed and empowered, they have to be informed properly and correctly on operationally relevant matters. Written circulars, bulletins or notice boards, and similar media are all useful to inform about schemes, plans, procedures etc.

In service organisations, however values and philosophies need to be communicated so that they are shared. These are best communicated:

at meetings through discussions
through experiences reflecting these values, which if not direct, could be captured on films
by top management personnel explaining their mind

When erratic behaviour needing correction, or commendable behaviour needing reinforcement, are noticed, these may be communicated, so that others may know what is, and what is not, expected. Rewards communicate. Appraisal systems communicate. Top management has to check that the communication that takes place through all these and other practices and decisions, are not distorted; that they do not mislead or misdirect.

If the events have raised doubts, such doubts have to be discussed, explained and set to rest. Meetings have to be arranged often to share ideas, information, doubts and misgivings. Occasions can be found to celebrate. A celebration is of a success. Success improves team cohesiveness, which is both the cause and the result of motivation to stay together, to belong.

Employees are in a position to contribute to decisions. They will happily do so, if consulted. They may even help the management to implement harsh decisions. Consultations improve the motivation to contribute.

Involve personnel at all levels in virtually everything:

quality improvement,
productivity,
preparing plans and budgets,
assessment of new technology,
layout,
work assignments,
work flow

Listen to them, constantly and completely.

Give employees feedback on customer"s opinions. Let them be exposed to performance data. Let them discuss and appreciate the implications thereof and suggest appropriate action.

Employees have to be told not merely the rules that restrict, but principles and key values that should guide performance.



## Test Yourself 2

The ability to influence is defined as _____.

I. Power
Authority
III. Supremacy
IV. Control

## Summary

Leadership skills relate to those skills that are relevant to managing people. Leadership is the ability to influence other people.

Leadership is concerned with obtaining willing co-operation of the followers, not under conditions of threat or fear which thugs and dacoits do.

The leader is concerned with:

the **Task,** which has to be achieved
the **Individuals,** who have aspirations for growth and development
the **Group** which has to remain cohesive

Douglas McGregor said that behaviour was not the consequence only of an individual"s inherent nature, but was also a result of the manner in which he is managed at work.

Robert R Blake and Jane S Mouton developed the concept of the grid, based on two criteria, the leader"s concern for people and his concern for the task.

Prof. Bill Reddin developed on Blake"s grid with the third dimension of effectiveness. According to him, each of these four types can be effective or ineffective depending on the circumstances in which it is applied.

Hersey and Blanchard have postulated the concept of Situational Leadership which states that the leadership style should depend on the "maturity" of the sub-ordinates.



The concept of maturity here is different from maturity in terms of age and personality development in the life cycle, which was taken note of by Chris Argyris in the Immaturity - Maturity Theory.

Schmidt and Tannenbaum classify the style according to the extent of participation or freedom given to the sub-ordinate, in decision making.

Excellence in performance becomes possible through innovation and creativity.

The process of building up ideas in a group under conditions of relaxed enjoyment without judgment is called "Brainstorming".

Synergy is the concept which says that the interaction of members in a group can create energy (abilities or knowledge) more than the sum of the energies of the members themselves.

A group is said to be cohesive when the members desire to continue to be in the group.

**Linking pins**, link different levels of teams.

Authority is given from above. Power is given from below. Authority is that of a position. Power is that of a person.

The leader has to ensure that the communication within his group is complete and timely.

## Key Terms

3D Theory
Authority
Bill Reddin
Blake and Mouton
Chris Argyris
Cohesion
Consensus
Effectiveness
Grid
Hersey Blanchard
Influence
Leadership styles
Linking pins
Maturity
McGregor
Power
Situational
Synergy
Teams
Traits theory
Unanimity

## Answers to Test Yourself

### Answer 1

The correct answer is III.

### Answer 2

The correct option is I.

## Self-Examination Questions

### Question 1

The leaders that follow related style (1.9) are likely to be found in _____.

I. Senior levels
Accounting
III. Production
IV. Sales

### Question 2

Authority is that of a _____.

I. Person
Performer
III. Position
IV. Character

### Question 3

Leaders that follow dedicated style (9.1) are also called _____.

I. Country club
II. Autocratic
Team managers
IV. Impoverished

## Answers to Self-Examination Questions

**Answer 1**

The correct option is IV.

**Answer 2**

The correct option is III.

**Answer 3**

The correct option is II.

# CHAPTER 10

# MAINTAINING HUMAN RESOURCES

## Chapter Introduction

This chapter deals with issues relating to salary administration, safety and health and labour relations, also known as industrial relations.

## Learning Outcomes

Wages and Other Benefits
Discipline and Vigilance
Grievance and Conflicts
Industrial Relations

## A. Wages and Other Benefits

### 1. Wages

#### a) Meaning

In common parlance the terms salary, pay and wages are interchangeable terms, though, strictly speaking, they have different meanings. However, these differences are not material to our study. Salary or wages is considered the remuneration for the work done by an employee. It may have many components, like basic pay, variable pays, allowances, bonus and so on.

#### b) Importance of money

People work in an organisation for the salary they get. Money may not be everything in life. Nevertheless money is something quite important. There may be many other things besides money, which people like, but money will be required to get most of those other things. Other satisfactions from the job come after money is found to be satisfactory.

#### c) Wages in the context of organisation and employee

To the organisation, wages are costs and they have to be as low as possible. To the recipient, the employee, wage is income providing for the needs of his family. He wants the wages to be as high as possible.

To the enterprise, wage depends on production and profit. To the worker, wage is the economic basis for his and his family"s existence which has nothing to do with production and profit.

**The enterprise needs flexibility of the wage burden, varying on profits. But the individual values a steady, stable and predictable income.**

#### d) Wages differ for different categories of employees

There is no answer to the question „What is the reasonable wage for a job?" For comparable jobs, like drivers and sweepers or typists and cashiers, the wages are not at all uniform in society. They differ substantially between the central government offices, the state government offices and the municipalities.

Fayol suggested that wages should be fair keeping in mind the costs of living and the need to maintain family. Costs of living vary between different parts of the country and even different parts of a big city. Even if an attempt is made to determine minimum wages on the basis of expenses per family for food (2700 calories per adult), cloth (72 yards per family), housing and so on, there could still be variables on what kind of food or cloth or housing is being looked at for different levels of employees.

If we examine this issue in terms of responsibility, it is difficult to find any fairness between various jobs. There is no private sector organisation in India as big as the Indian Army or the Railways in total staff strength. Apart from size, the responsibilities on the shoulders of the Chief of Army Staff cannot be compared with that of any CEO of a private sector organisation. But the total salary of the Chief of the Indian Army will be nothing compared to the CEOs of many private business companies in India, not to mention multinationals.

**e) Periodic wage revision**

The fact is that wages fixed historically when the enterprise was started, are modified upwards from time to time, after hard bargaining by the managements and the workers. At any point of time, the agreement on wages is struck depending on the relative strength of the management and of the workers. The employers try to improve their strength by being members of various associations and the workers do the same through their unions affiliated to political parties.

Wages are also determined by the scarcity if any, of the desired competencies. But this will apply to specific jobs and not the general level of wages.

## 2. Job evaluation

Every organisation will have a pay structure, which is expected to reflect the level of wages for various jobs. The components of wages and the quantum thereof will vary between jobs in the same organisation. Jobs may be bunched into groups for fixing same or similar wages.



**a) Meaning of job evaluation**

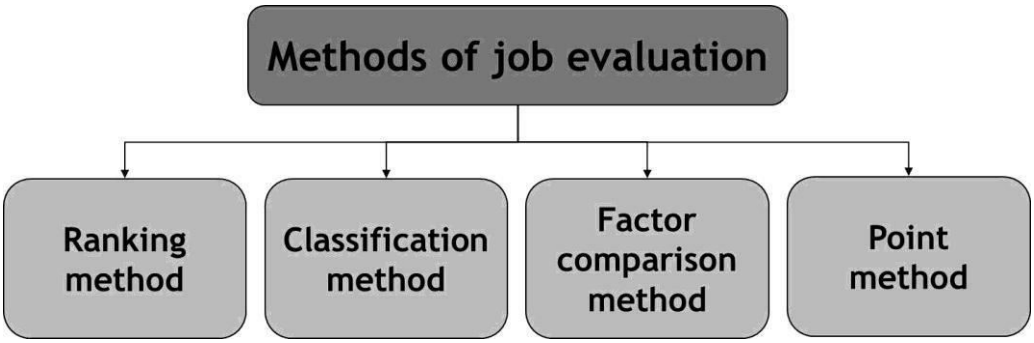
The theoretical background to fixing wages lies in what is known as the process of job evaluation. In this process, every job is evaluated in terms of:

tasks (difficulty),
responsibility,
knowledge and skills required,
span of control,
extent of discretion to be used, etc.

The information available from job evaluation is used to determine the value of various jobs in relation to all other jobs. This is job the evaluation method.

**Methods of job evaluation Diagram**

**1: Methods of job evaluation**




There are many methods of job evaluation.

**Ranking method**

In the ranking method jobs are simply ranked in the order of their importance or the difficulty of performance.

**ii. Classification method**

Another method is known as the classification method. Under this method an attempt is made to find a common denominator like skills, knowledge, responsibility and the jobs are classified accordingly. Example: clerical jobs, shop jobs, sales jobs would be three different classes of jobs.



**iii. Factor comparison method**

A third method is the factor comparison method. Some key jobs are selected. Then the criteria of mental requirements, skill requirement, responsibility and working conditions are identified. Thereafter, the key jobs are ranked according to the criteria chosen.

**iv. Point method**

Another method is the point method. This method consists of breaking up jobs based on various criteria like skill, effort and responsibility. Then points are allocated to each of the criteria. Depending upon the importance of each criterion to the performance of the job appropriate weightage is given. The points are then summed and jobs with similar totals of points are placed in similar pay scales.

Of all these methods, only the classification method presents least difficulty. All the other methods are very cumbersome, because there are thousands of different jobs and it is impractical to compare and rank all the

jobs. Even the classification method may not be found acceptable by the parties concerned.

### 3. Scales of pay

Wages may be fixed as payable on a:

monthly basis or
weekly basis or
daily basis or
hourly basis or
piece rate basis

Piece rate, hourly and daily basis payments are adopted mostly in the case of casual labour, who are engaged without a long term commitment to the organisation. Such cases may be found even within well organised companies.

Wages are normally fixed on what are called „Scales of Pay", which would indicate a starting pay, an increment payable every year and a ceiling at the end of the scale. This is so in Government organisations. The new employee may get a pay equal to the starting point. An experienced person entering the company for the first time, may start at a higher point in the scale. Increments allowed may vary from „zero" to several times the figure shown in the scale, depending on the performance during the year.

There would be several scales of pay in use in an organisation. There would be a scale even for the topmost job. But it is possible that some senior level officers may be paid without reference to the scale of pay. The higher remuneration would be justified because suitable persons are difficult to come by. The difference between the remuneration of senior executives and other employees is not as large in our country as in western countries like the USA. However, the range is increasing in India.



#### Other financial benefits

##### Basic pay

The pay based on the scale of pay is usually called basic pay. Apart from the basic pay, employees would be entitled to various benefits. Some of them are as follows:

Dearness allowance to compensate for inflation
City compensatory allowance when posted in costly cities
House rent allowance, if accommodation is not provided
Conveyance allowance
Education allowance for one or two children
Hardship allowance if posted to difficult locations
Machine allowance for working on special equipments
Uniform washing allowance

**b) Bonus**

Basic pay and other allowances would be payable every month. They may also be entitled to receive bonus at the end of the year. Bonus may be paid subject to conditions like the following:

To an individual if his work is better than the target fixed for him
To every member of a group if the group produces more than target
To every employee as a percentage of salary, if company"s profits cross a specified level
To every employee as a percentage of salary if company"s revenues cross a specified level
A percentage of salary to every employee on say, Diwali or New Year.

**c) Other benefits**

In addition, employees could be entitled to benefits of the following kinds. Some of these would be available only for certain jobs.

Loans or advances for festivals
Home leave travel to go to the home towns once in two or three years
Holiday travel to any place in India or abroad once in two or three years as may be fixed
Commission on sales
Lump sum for acquiring additional qualifications
Reimbursement of medical expenses
Reimbursement of entertainment expenses
Reimbursement of membership in one or more prestigious clubs
Uniforms and protective (for safety) wear
Reimbursement of telephone charges, servants" wages, etc. at home

Employees may be offered incentive compensation plans.

**Individual incentives:** There are individual incentives such as time saving bonuses, piecework incentives and commissions.

**Group incentive plans** are becoming more and more popular nowadays.

**Organisation wide incentives:** Many organisations have experimented with organisation wide incentives also, under which all the employees are given incentives for achieving organisation wide cost reduction. Some of the experiments of this type have met with phenomenal success.

## 5. Increments

### a) Increment based on annual appraisal

Pay scales indicate the amount of increment payable annually for employees in that scale. That increment is automatically released at the end of every year of service of each employee. In many private sector organisations increments are released to all employees at the same time after the exercise of appraisals is completed and would vary, from nothing to as many as six or even more increments, according to the performance as appraised.

### b) Increment based on company performance

Another practice is to determine the total additional cost to be incurred on increments depending on the performance of the company for that year. There may be no increments for that year if the performance had not been satisfactory. If the decision is to pay increments, the additional quantum would be fixed, which would then be divided among the employees who „deserve" to get increments.

Some organisations treat wage rates and increases granted as secret matters, particularly in the case of senior managers. This gives the management more freedom to differentiate between one employee and the other without generating feelings of envy and hostility.

Nowadays, during wage negotiations, managements are also making demands on the unions. Examples of such issues are modernization of plants, use of technology, productivity, cost reduction techniques and so on. This change is happening because of the awareness that the support and commitment of the employees would be necessary for the management to achieve its tasks. We have heard of many instances of unions in western countries like the UK and the USA agreeing for reduction of wages or a cut in the work force to save organisations from closing down.

## 6. Employee benefits and services

### a) Security

Security is one of the major benefits individuals seek from their employment. It is concerned with safety at work due to accidents as well as due to the presence of toxic chemicals in the work environment that affect health adversely. It is also concerned with the possible loss of income as a result of layoffs, disability or retirement.

**b) Legally prescribed benefits**

Benefits can be classified as legally prescribed benefits and voluntary benefits.

In some countries like the USA, social security insurance for retirees, unemployment compensation, and workers" compensation for death and disability are legally mandatory benefits.

In our country government has made statutory provision for workmen"s compensation, disability benefit, old age pension, health care and the like under the social security programmes and these contribute to the financial security of employees.

**c) Psychological security**

In view of increasing longevity of people in our country the future trend will be in the direction of psychological security for employees in the older age group. These employees have to be helped to prepare themselves for retirement and helped in making adjustments to retired life so that the transition from active life to retired life may be smooth and without stress. A number of organisations are having what are known as special pre-retirement counselling programmes.

**d) Fringe benefits**

Employee benefits which are not a part of normal pay are sometimes called „fringe" benefits, but some benefits like maternity leave and sick leave are considered so essential that the use of the term „fringe" seems quite inappropriate. Moreover, the amount spent on them by employers is also considerable.

Unlike wages, employee benefits are not related to the output, efforts or merit of the employee. They are offered, not based on the work done by the employee, but on the basis of the length of service, sickness or hazardous nature of the work. These benefits are often grouped into the following five major categories:

Legally required benefits (workmen"s compensation and other social security provisions)
Private welfare and social security programmes (pension plans, group life insurance covers, contributions to savings, health and welfare funds)
Pay for time not worked (pay for sick leave, holidays, vacations, and rest periods)
Extra compensation plans (profit sharing bonus, suggestion awards, stock options)

Employee services (subsidised canteens, transport facilities, discount on purchase of company products, child care facilities, house loans, facilities for recreational, social and cultural programmes, medical facilities and company operated stores)

**e) Cafetaria type of benefits**

Benefits have become something far more than the „fringe". Employees have come to expect the extras as the norm rather than the exception. Organisations allow employees to choose from a set of available benefits, according to how they see their needs to be. Known as the „cafeteria" type of benefits, this system seems to succeed. While older employees may prefer retirement benefits the younger ones may opt for immediate benefits like holidays and flexible working hours.

Benefits cost a great deal for the employers. Once a benefit is introduced, it would be almost impossible to withdraw it later. It would, therefore, be advisable that before a new benefit is introduced, employees are consulted.

## Test Yourself 1

Under the _____ of job evaluation, some key jobs are selected and then the criteria of mental requirements, skill requirement, responsibility and working conditions are identified. Thereafter, the key jobs are ranked according to the criteria chosen.

I. Ranking method
II. Classification method
Factor comparison method
IV. Point method



## B. Discipline and Vigilance

### 1. Discipline

Discipline is a broad term dealing with the norms, rules, role expectation, duties and behaviour. Any deviation from the laid down norms is termed as breach of discipline and will call for action under the rules. Action may be just a warning or more severe punishments.

Though discipline has a very laudable purpose as mentioned above, the term usually conjures up an unfavourable picture. People are apt to think only of the negative aspect of discipline, namely, punishment. Discipline by itself means a state of orderliness and an atmosphere of smooth functioning of the organisation. Ideally, people should be following the rules and regulations not

out of fear of punishment but out of an awareness that the rules help in work being done smoothly.

A large number of persons in an organisation will follow its rules of discipline and regulations. Those who break the rules of discipline would be small in number and they have to be disciplined. If many are indisciplined, there is reason to visit the rules and see whether there is any need for modifying them. Enforcing discipline does not necessarily require punishment.

**a) Attendance and punctuality**

Adherence to working hours is the first requirement of every employee. For many employees work may not be their central concern. Therefore, they may often come late for work or absent themselves frequently from work. In India, people are very fond of festivals and religious ceremonies and their priorities may often tilt towards such celebrations even at the cost of work. Those who are regularly unpunctual, even when there are no festivals, may need some help to organise their personal time

**b) On the job indiscipline**

Examples of job indiscipline are:

quarrelsome behaviour,
disobeying instructions,
non-cooperation,
neglect of essential procedures,
dereliction of duty,
gambling and
drug abuse



These are symptoms of some deep personality traits.

**c) Dishonesty**

Dishonesty may range from misappropriation (even temporarily) of funds, stealing of company property, to not maintaining secrecy relating to knowledge about the company. The problem of dishonesty is considered to be more serious than any other type of indiscipline and usually calls for dismissal.

**d) Outside activities**

Normally, an employee"s actions outside office premises will not be seen as attracting the requirements of the company"s rules. The matter would become different if he is taking up outside employment or is indulging in activities that could undermine the company"s reputation.

### e) Disciplinary action

The general principles involved in taking care of disciplinary problems are the following:

Make disciplinary action corrective rather than punitive.
Make disciplinary action progressive – begin with oral warning for the first offence, then written warning and only thereafter take sterner steps like salary cut, decrement, demotion and so on.
Make disciplinary action impartial. Impartiality means applying disciplinary rules uniformly to all persons without fear or favour. If there is no impartiality, morale will go down.
Keep disciplinary action impersonal
Follow due procedure and provide adequate opportunity to the employee to expl.ain his position.

**Hot stove rule:** In this context the rule known as „hot stove rule" is relevant. Just as when someone touches a hot stove he gets an immediate sensation of burning and he not only withdraws the hand but refrains from touching it again, every act of indiscipline should invite an immediate response which conveys the message that there is infringement and compelling withdrawal from the violation. The hot stove rule emphasises that the response to indiscipline should be impersonal, quick and consistent.

Punishments at the end of a disciplinary action can be as mild as a reprimand or censure, increasing in severity to stoppage of increments, reduction in salary, demotion to a lower post to ultimate dismissal. If the action to deal with the act of indiscipline is anything more than a reprimand or censure, the legally correct procedures must be followed.



**Principle of Natural Justice:** The most important principle underlying the legal procedures is called the „Principle of Natural Justice". This principle says that punishment can be given only after the person being punished is given an opportunity to explain himself. Such an opportunity must be given even before coming to a conclusion that there is a punishable offence.

### Framing of rules

#### Detail framing of rules on the subject

The first step in setting up a proper disciplinary system is to frame detailed rules on the subject. Spelling out the rules clearly benefits both employees and employers because they set the norms of behaviour and conduct at work and make clear to the employees what is expected of them. Rules should generally be written down so that every employee knows what is required of him and misunderstandings can be avoided. Managers should take pains to

ensure that all employees are apprised of these rules and that they understand them.

**b) Important issues to be covered**

Organisational rules should cover all important issues relating to discipline, such as:

attendance,
absence from work,
health and safety,
misconduct,
use of company facilities,
productivity,
sub-standard performance on the job,
time keeping,
leave arrangements, etc.

Service organisations like insurance which deal with customers should also specify the behavioural norms involved in dealing with customers. The rules should be reviewed and updated from time to time.

**c) Politeness and courtesy**

It is difficult to lay down clearly what politeness or courtesy mean in dealing with customers. The clarity will come gradually through observation of how the seniors behave and also from disciplinary actions that may be taken for lack of politeness and courtesy.

In the world outside organisations, appropriate behaviours occur not because of the existence of the laws, but because of values imbibed through parents, teachers, neighbours, etc. So also should it be in organisations where leaders should ensure that the values are imbibed by everyone Resort to the rule book and disciplinary action should be the exception rather than the rule.

**d) Steps involved in a formal disciplinary procedure**

Usually, the steps involved in a formal disciplinary procedure are:

To issue a charge sheet.

To hold a domestic enquiry, if the employee denies the charge.

Peruse the report of the enquiry officer

Issue show-cause notice to the employee, if the charges are proved, indicating the proposed punishment

Issue order of punishment after receipt and perusal of reply from the employee to the show-cause notice.

**e) Role of departmental managers**

Departmental managers need not be well versed with these rules. They should try to correct the errors in behaviour. But if they come across a situation where disciplinary action is unavoidable, they would be well advised to take the help of the legal department as these matters can escalate into cases in court. Their responsibility would be to provide detailed proof, through documents or witnesses, of the misconduct so that action could be justified and withstand any challenge.

**Vigilance**

**Vigilance in public sector organisations**

All government and public sector organisations have vigilance departments. They work under the supervision of the Central Vigilance Commissioner of the Government of India. These departments were set up with a view to check corruption and actions that cause loss to the organisation. Such actions may be misappropriation of funds or lapses in operations that cause losses. This can happen in purchasing. For example, in insurance there can be such lapses in claims settlements.

**b) Laws relating to prevention of corruption among public servants**

The vigilance department has to administer the laws relating to prevention of corruption among public servants. Such a law did not apply to the private sector. There is a move to extend the provisions of these laws to the private sector as well. This move is partly necessitated by the increasing participation of the private sector in projects that are of public interest like infrastructure and defence production.

**c) Role of vigilance department in matters other than corruption**

One would expect that vigilance within organisations may have to concern itself with many matters other than corruption. These would be issues related to the increasing emphasis on human rights. There are bodies set up to protect the rights of:

Women (against molestation or harassment),
Backward classes and dalits (against abuse and discrimination)

There are other organisations that concern themselves with environment protection. All these bodies will have the right to examine any complaint that they receive and demand action against the erring organisation. They will affect all organisations in the private sector as well. The vigilance function may have to ensure that they do not fall foul of these monitoring bodies.

### 4. Women related issues

The number of women working in organisations is increasing. The number of women coming into contact with organisations as customers is also increasing as more and more women support their families by taking up more responsibilities. There are also women entrepreneurs providing various services to organisations like supplying flowers, housekeeping, running canteens and so on. There are women who are taking up jobs as guards and bouncers in bars and pubs, as many ladies visit these places.

There is an increasing awareness of the need to protect women against offences. The offence does not have to be as serious as a rape. Even „touching inappropriately" can be an offence. A „sexist" remark can also be a problem. The laws relating to the protection of women apply in all such cases. The laws are very strict. A complaint of an offence is assumed to be correct unless proved otherwise by the person accused. An arrest may also be made on the basis of the complaint.

### 5. Caste related issues

Behaviour that is discriminatory or disrespectful of persons belonging to the scheduled castes, scheduled tribes, backward classes, dalits and other such groups will invite severe penalties. The offence does not have to be only in matters related to jobs. Any personal remark or action that is derogatory can become an offence.

These laws are made in order to protect the dignity of these classes of persons as well as women, who are traditionally subject to social and racial prejudices and not given the respect which every person is entitled to. However, complaints are sometimes made with a view to get even with somebody or to avoid being found to be in error at work.

**Example**

An officer was charged with having „insulted" the complainant"s religion, when the officer told the complainant, who was going on and on with his explanation, „to stop narrating the Ramayan".

### 6. Consumer related issues

The Consumer Protection Laws provide relief to consumers if there is deficiency of service. The relief granted can be heavy if the deficiency is proved to be as a result of neglect.

**Example**

The Nestle suffered major loss of profits and reputation in the case of Maggi in 2015 and did not recover its market share even after the higher courts allowed it relief.

An employee"s mistake or neglect can become a serious deficiency of service. Consumer courts do not normally order heavy penalties. But if such cases go further up on appeals, there can be severe strictures and penalties, including damages

**7. Environment related issues**

**Example**

In December 1984, there was an accident in the Bhopal factory of the Union Carbide. Poisonous gases were released into the atmosphere. Many died. But many more suffered various disabilities and are still in hospital. Children born after this event have also suffered various disabilities. The gas had percolated into the soil and entered into the water and the agricultural fields. The effect of the leakage cannot be assessed.

The company had paid large amounts by way of compensation. But there cannot be adequate compensation for the damages caused, particularly when the damage extends into the future and cannot be assessed. There was no final conclusion on the cause of the accident. It was alleged to be a case of sabotage. But it was also clear that there was neglect in responding to deficiencies that had been pointed out earlier, within the company.

**Example**

In the early 1980s, the biggest asbestos manufacturer in the USA, the Manville Corporation, faced a claim from its employees who had suffered damage to their lungs by inhaling asbestos fibre while working years before. Many insurance companies got involved into the matter as they were asked to be liable. The matter became more controversial when it was known that the company was aware of this risk, but did not warn the employees or provide adequate protection.

The plans for the future show that increasingly, nuclear energy will be used for our requirements. Nuclear plants are being set up. Any accident in these plants can be much more devastating than the Bhopal accident referred to above. The safety precautions depend on the strict adherence to all the procedures laid down for maintenance and operations. If any one employee ignores one detail, he is creating a risk.

## 8. Technology

### a) Misuse of internet facilities by employees

There are laws which make organisations responsible when employees misuse the internet facilities provided to them at work and post abusive comments on social media like Twitter or Facebook. Such comments may attract the laws protecting women and dalits. They could also be defamatory of individuals or be considered obscene

### b) Breach of security requirements by employees

It is expected that increasing proportions of defence requirements would be manufactured in India. Many of the manufacturing will be done in the private sector as well. Technology would be transferred from other countries into India. The manufacture as well as the technology transfer would be bound by strict requirements of secrecy necessitated by security considerations. It may be possible for any employee to breach these security requirements with the use of the facilities of smart phones. If it happens, the organisation will be responsible.

### c) Misconduct by employees

Organisations run the risk of being hauled up for major offences because of the conduct of some of their employees. They have to be careful to monitor what is going on within the premises and have adequate safeguards against any violations.



### d) Wrongful exercise of duty or negligence

Public servants in India are protected from being prosecuted for any wrong, if the impugned action was done in the course of duty. Of late however, when it was shown that the action was wrongful exercise of duty or negligence in the course of one"s duty, courts have made the civil servant personally liable for damages. Policemen and doctors have had to face such problems. Employees of private sector organisations also will be exposed to such liabilities.

Utmost vigilance is called for, not only to detect the possibilities of the kind referred to earlier, but also to prevent them. The rules and procedures about conduct, maintenance, access, trespass, etc. will have to be enforced without compromise on its rigidity or any leniency for being overlooked. As stated above, the laws are such that in many situations, the complaint is assumed to be correct and the onus of proof of innocence will be on the person accused. The organisation will be one of the accused

## C. Grievance and Conflicts

### 1. Grievances

#### a) Concept of grievance

There is hardly any company or industrial concern, which functions smoothly at all times. It is inevitable that some employees will become dissatisfied sometimes with the treatment they receive. The term grievance refers to such dissatisfaction, regardless of whether it is valid or invalid, written or verbal. Grievances are feelings, sometimes justified, sometimes not, which an employee may have in regard to his employment situation. They should not be ignored. They should be taken seriously and looked into without delay.

#### b) Handling of grievances

If a grievance is ignored, it may give rise to:

unhappiness,
frustration,
discontent,
indifference to work,
poor morale, and
ultimately lead to inefficiency and low productivity

When a grievance is looked into seriously, there is satisfaction. It is therefore desirable to have a regular procedure for looking into grievances.



#### c) Cause for grievances

A grievance arises when an employee perceives that there has been an infringement of his rights or that his interests have been jeopardized. The supervisor"s attitude and behaviour towards individual workers and the union may provide a fertile source of grievances. Grievances may also be due to unfair distribution of rewards like promotion or incentives, transfer, amenities, conditions of work.

Managements often commit the mistake of expressing opinions about a grievance, based on impressions about aggrieved person or the person complained about. This would only aggravate the dissatisfaction.

## 2. Conflicts

### a) Causes of conflict

An organisation is unlikely to be a place of peace, tranquility and harmony, without any conflict at all. The system will have pulls and pressures between and within each of its parts, caused by:

multiplicity of objectives,
complex and heterogeneous characteristics of interacting people,
conflicting demands and
scarcity of resources

Conflicts are inevitable in such situations. The existence of conflict is also an indication that the organisation is dynamic and vibrant. Managing conflict is as much a priority and responsibility of management as managing performance for results.

### b) Meaning of conflict

Conflict can range from a minor difference of opinion between two persons to war between nations. For our purposes we can define conflict as a situation which arises when one person perceives that another person has negatively affected (or is about to affect) something that the first party cares about.

There was a time when it was believed that conflict is caused by troublemakers and that conflict has no place in a formal organisation. The solution to conflict was, therefore, seen in the express use of formal authority. This is not true. Conflict is in the very nature of organisations where multiple objectives and perspectives exist and resources are limited. Conflict is also necessary for change and progress to happen. Because of conflict, there would be compulsion to examine the validity of status quo.

### c) Conflicts within individuals and organisation

Conflicts may exist within the individual or between individuals and within the organisation. An individual who is offered a change of job might have a problem choosing between the better status and money in the new job (career prospects) and the prospects of shifting to a new place far away from the aging parents (duty as a son or daughter).

## Example

An example of a conflict between individuals is when the members of a family insist on viewing their favourite channels and there is only one TV set at home.
Within the organisation, there can be any number of conflicts between departments pushing for different objectives. Operating departments will ask for more staff, while personnel departments will find that the staff is surplus.

**d) Resolving conflicts**

Faulty communication can create conflicts. These are quickly resolved when the persons concerned discover the cause of the problem, which can then be rectified. Conflict within cohesive groups (teams) can be also resolved relatively quickly by the team itself, through confrontation, trust and support. Difficulties may arise when the conflicts are between groups. The leader has a role to play in handling conflicts.

**e) What leads to conflicts?**

Conflicts may arise due to:

Individuals seeking individual satisfactions

Struggle for power, dominance and resources at individual or group level

Competition for rewards

Difference in preferred goals

Incompatibility of individuals

It may be difficult to eliminate or even modify the views of individuals about desirable goals or decisions relating to rewards or allocation of resources. However, the differences should not be allowed to interfere with the collaboration of interdependent persons or groups. One may try to mediate and make both the parties understand the logic of the different interests or viewpoints. If understanding about the validity of the different viewpoints dawns, there may be better tolerance of the other viewpoints and less vehemence for one"s own.

**f) Strategies for dealing with conflict management**

Strategies adopted to deal with conflicts have been called avoidance strategy, accommodation strategy, collaboration strategy, competition strategy and compromise strategy.

**Avoidance strategy**

Avoidance strategy just ignores the conflict. It is like allowing cataract to develop and ripen before it is surgically removed. This strategy will be appropriate when any intervention may aggravate tempers on either side. It may also be appropriate if there is inter-union rivalry and issues are deliberately created to assert strength. Reference to a committee is also part of this strategy. Avoidance does not mean neglecting. It only means not getting involved for the time being.

**ii. Accommodation strategy**

The accommodation strategy is adopted when one or both of the conflicting parties agree to give up some of its concerns to satisfy the concerns of the other. This may seem to be generosity, charity, submission or self-sacrifice. It can happen when during discussions, some of the aspects of other viewpoints are recognised to be more beneficial. This strategy develops goodwill.

**iii. Competition strategy**

The competition strategy is the opposite of the accommodation strategy. This occurs when one party gets to be very rigid and is not willing to give up any of its concerns. This is possible when one has power or authority (one is a boss) to impose oneself, has the capacity to argue with facts and data, can muster support, has the ability to impose sanctions or to cause defeat. This strategy may be suitable when:

one is sure of being correct and
the stakes are high



**Collaboration strategy**

The collaboration strategy is the most desirable but not necessarily the easiest. There is mutual concern for both the contesting parties and their viewpoints. This is important to strive for, if the stakes are high for the organisation. This is usually the most satisfying for all concerned. Consensus decisions are outcomes of collaboration strategies.

**v. Compromise strategy**

The compromise strategy is the strategy in which expediency is sought. The solutions found are mutually acceptable, because it satisfies both sides partially, having made (or exchanged) concessions.

The collaboration strategy is a win – win strategy. All others are win – lose strategies giving someone a sense of having lost and other a sense of having won. Those with a sense of having lost may nurture feelings of withdrawal, resentment and revenge. These are negative feelings that may adversely affect the cohesiveness of working groups.

## Test Yourself 2

From among the strategies for dealing with conflict management, _____ is the only win – win strategy while all others are win – lose strategies.

I. Compromise strategy
Competition strategy III.
Collaboration strategy IV.
Accommodation stragegy

## D. Industrial Relations

**Industrial relations**

**Industrial Relations Act, 1945**

The Industrial Relations Act, 1945 lays down the legal framework under which workers are allowed to form unions which may negotiate with managements for matters concerning the workers.

It also provides for conciliation in the event of disputes arising because the management and the union fail to arrive at an agreement. The law has elaborate provisions as to how and when the workers can go on strike or when and how the management can order a lock out. The purpose of the law is to ensure smooth functioning of industrial units and eliminate stoppage of the industrial unit.

**b) Trade unions**

In India, trade unions are powerful organisations. All of them have affiliations with political parties, as workers form a big constituency for political parties. Some of the major federations of trade unions are:

The All India Trade Union Congress (AITUC),
The Indian National Trade Union Congress (INTUC),
The Hind Mazdoor Sabha (HMS),
The Bharatiya Mazdoor Sangh (BMS) and
The Centre for Trade Unions (CITU)
The AITUC is affiliated to the Communist party,
The INTUC is affiliated to the Indian National Congress
The CITU is affiliated to the Communist Party of India (Marxist)
The BMS is affiliated to the RSS and the Bharatiya Janata Party

Although the Industrial Disputes Act only recognises trade unions of workers, others – even managers - have formed unions in order to strengthen their ability to make demands on managements.

**c) Employer associations**

Along with the development of nation level federations of unions, employer associations also have come up. There are three major federations of employers" associations:

All India Organisation of Employers (AIOE),
Employers" Federation of India (EFI) and
All India Manufacturers Association (AIMO)

In 1965, the AIOE and the EFI came together to form the Council of Indian Employers (CIE). In 1970, a separate organisation of public sector institutions known as the Standing Committee of Public Enterprises (SCOPE) came into being. Similarly all banks have organised themselves under the banner of Indian Bankers Association (IBA).

## 2. Collective bargaining

Collective bargaining is the process by which the terms and conditions of employment of workers are negotiated and regulated by agreements between the representatives of the employees (unions) and the employers.

Negotiations take place and when an agreement is reached, the terms of the agreement are put into the form of written contracts.

The underlying idea of collective bargaining is that the relationship between employers and employees should not be determined unilaterally by either party. Nor should a third party be allowed to interfere. It is expected that agreements arrived at by the process of negotiation and collective bargaining are likely to be more acceptable than those imposed by third parties (by government, for example) and therefore longer lasting.

## 3. Current scenario

The Industrial Relations Act expects that the three parties, namely the unions, management and government, together will be able to settle the disputes and the resort to strikes will be rare. The experience however, is that negotiations rarely lead to agreements soon, particularly in the public sector. Unions and managements tend to take rigid positions. Agreements are finally reached after agitations, including hartals and strikes. Violence also happens, though not all the time. But customers and the public are definitely inconvenienced.

**a) Indemnity from civil action**

The legislation gives unions indemnity from civil action when they act in pursuance of the trade union rights. The indemnity however, is available only if the action is within the provisions of the law. Often, the strikes are called for without notice. They may even have been declared illegal. There may have been damage to persons and property because of violence by the agitators or police action during the agitation.

Courts have declared „bandhs" (total shutdown of a town) illegal. Yet bandhs are called for by trade unions as well as by political parties. The net result is that the Industrial Relations Act is not very effective in avoiding industrial strife.

**b) Role of HR department**

Once an industrial dispute develops into an agitation or confrontation between the management and the workers, it has to be treated as a legal matter to be managed between the personnel or establishment department and the legal department. The HR department"s responsibility will be to see that such situations do not develop. That can happen if the HR activities over the years have built up an atmosphere and culture of understanding and co-operation between the employees and the seniors.

**c) Building harmonious relations**

Building up harmonious relations is not an easy task.



First of all, management should make harmony as its goal and try to pursue it vigorously.
Norms which are just and humane should be set up and vigorously followed.
Policies should be applied uniformly to all employees and divide and rule policy (when there are many unions) should be scrupulously avoided.
Even though there is collective bargaining, management should never give up direct two-way communication between itself and the workers.
Finally, as far as possible, workers should be involved in the decisions being taken where their interests are involved.

**Safety and health**

Management has a responsibility for the health and safety of the employees. Every year, a number of employees die due to work related accidents. Many more get injured or contract diseases.

Earlier, in this chapter, reference was made to the necessity of ensuring that workers are protected from contracting any diseases at work. Apart from giving them protective gear like helmets, shoes, gloves, aprons, etc., they should be repeatedly advised about the risks that they may be exposed to and the precautions that they should take.

Generally people in our country tend to ignore warnings till the accidents happen. This happens in trains (getting in and out of running trains) and in beaches, where picnicking students die every year. Therefore, these warning and instructions should be given repeatedly. There should also be careful supervision to see that there is no violation.

**a) Create awareness**

Safety awareness can be created through training, display of safety slogans, exhibiting video films and so on. Incorporate accident prevention measures in the initial training itself. This has the advantage of instilling safety awareness in the new worker right from the very beginning of his joining the organisation.

**b) Layout and supervision**

Jobs and equipment can be designed in such a way as to reduce the risk of accidents. The layout of the work place can also be a factor affecting the possibility of accidents. Supervisors will have to make sure that the work place is clean and free from spillages of oil or grease or sharp edged equipment that can cause injuries.



**c) Health programmes**

There should be strict control on drugs and alcohol being used at the work place. Both drug abuse and alcoholism have to be treated as serious illnesses. Some organisations have arrangements with hospitals for the regular medical check of their employees and sometimes of the families. Many have facilities in-house for sports, fitness centres, health clubs and so on. The expenditure on health is considered as good investment like training, as it has a direct effect on QWL

Stress affects health. Concern for the health of employees has to lead to reduction of the potential for stress at work. Stress at work affects QL in the family and is sometimes the cause of alcoholism. Stress can be experienced at any level of work. It is not work but an attitude that creates stress. As explained elsewhere in this book one of the methods to manage stress is social support.

## 5. Personnel research

### a) Pure and applied research

Research is classified as pure and applied.

i. **Pure research** is carried out usually by scientific and research institutions without any particular purpose in view.

**Applied research:** When research is conducted for the purpose of finding solutions to particular problems, such research is termed applied.

### b) Benefits of research

In the field of HR management, research can be of great help in:

wage surveys,
effectiveness of recruitment sources,
effectiveness of training methods,
labour benefit settlements,
employee needs,
attitudes,
performance appraisal and a number of other areas

Managers can become more and more effective by basing their actions on research rather than intuition.

### c) Organisations doing research

Researches are done by various journals pertaining to the economy or pertaining specifically to the industry.

Institutions like the Insurance Institute of India and the National Insurance Academy relating to insurance and the National Institute of Bank Management relating to banking encourage research studies. They can be commissioned if a particular study is to be done.

However, if the study required is about the conditions within the organisation like state of morale or satisfactions, it is better done in-house, using expertise from outside if necessary.

## Exit interview

### a) Reasons for leaving jobs

Employees will leave their jobs because of retirement, death, resignation or dismissal. Of these, those who leave by resigning and dismissal should be of concern to the HR department. The reason is that such exits nullify the effort and time spent in recruitment and selection.

**b) Dismissals**

In the case of dismissals, there would have been a serious misconduct. The concern of the HR department would be to examine whether the selection process could have detected the tendency for such or other misconducts. Such a study may throw up some ideas of what may be looked at more carefully in future selections.

**c) Resignation**

The cases of resignations should be of greater concern, because they suggest the possibilities of some deficiencies in the organisation. Interviews with persons leaving the organisation, called „Exit Interviews", may throw some light on what might need correction in the HR practices.

Some may resign because of family circumstances or personal reasons, which have nothing to do with the experience in the organisation.
Some may resign because of better offers from elsewhere in wages or in responsibilities.

The question would then be whether he deserved to be given a matching offer. The answer may be that he probably did not deserve or that he did deserve but the company would not be in a position to make such an offer.

The HR department would have cause to worry only if it finds from the exit interview that a bad experience with the company was the reason for the resignation. Most employees leaving an organisation may not be very candid on such matters. It can be found only through very skilled interviewing. But without exit interviews, these may never come to notice



## Test Yourself 3

_____ is carried out usually by scientific and research institutions without any particular purpose in view.

I. Pure research
Applied research
III. Judgment research
IV. Pivotal research

## Summary

To the organisation, wages are costs and they have to be as low as possible. To the recipient, the employee, wage is income providing for the needs of his family. He wants the wages to be as high as possible.

Methods of job evaluation include: ranking method, classification method, factor comparison method and point method.

Benefits can be classified as legally prescribed benefits and voluntary benefits.

Discipline is a broad term dealing with the norms, rules, role expectation, duties and behaviour. Any deviation from the laid down norms is termed as breach of discipline and will call for action under the rules. Action may be just a warning or more severe punishments.

Dishonesty may range from misappropriation (even temporarily) of funds, stealing of company property, to not maintaining secrecy relating to knowledge about the company. The problem of dishonesty is considered to be more serious than any other type of indiscipline and usually calls for dismissal.

Principle of natural justice: This principle says that punishment can be given only after the person being punished is given an opportunity to explain himself.

All government and public sector organisations have vigilance departments. They work under the supervision of the Central Vigilance Commissioner of the Government of India.

The Consumer Protection Laws provide relief to consumers if there is deficiency of service. The relief granted can be heavy if the deficiency is proved to be as a result of neglect.

There are laws which make organisations responsible when employees misuse the internet facilities provided to them at work and post abusive comments on social media like Twitter or Facebook.

Strategies adopted to deal with conflicts have been called avoidance strategy, accommodation strategy, collaboration strategy, competition strategy and compromise strategy.

Collective bargaining is the process by which the terms and conditions of employment of workers are negotiated and regulated by agreements between the representatives of the employees (unions) and the employers.

Pure research is carried out usually by scientific and research institutions without any particular purpose in view. Applied research: When research is conducted for the purpose of finding solutions to particular problems, such research is termed applied

Employees will leave their jobs because of retirement, death, resignation or dismissal. Of these, those who leave by resigning and dismissal should be of concern to the HR department. The reason is that such exits nullify the effort and time spent in recruitment and selection.

## Key Terms

Collective bargaining

Conflicts

Discipline

Exit interviews

Industrial relations

Grievance

Hot stove rule

Job evaluation

Principle of Natural justice

Rules

Safety

Vigilance

Wages

## Answers to Test Yourself

**Answer 1**

The correct answer is III.

**Answer 2**

The correct option is III.

**Answer 3**

The correct option is I.

## Self-Examination Questions

**Question 1**

From amongst the methods of job evaluation, given below _____ which are presents the least difficulty.

I. Ranking method
Factor comparison method
III. Point method
IV. Classification method

**Question 2**

Employee benefits which are not a part of normal pay are sometimes called _____.

I. Optional benefits
Supplementary benefits
III. Fringe benefits
IV. Complimentary benefits

**Question 3**

Every act of indiscipline should invite an immediate response which conveys the message that there is infringement and compelling withdrawal from the violation. This rule is known as _____.

I. Hot stove rule
Instant reaction rule
III. Proactive action rule
IV. Vigilant rule

## Answers to Self-Examination Questions

**Answer 1**

The correct option is IV.

**Answer 2**

The correct option is III.

**Answer 3**

The correct option is I.

# CHAPTER 11

# ETHICS

## Chapter Introduction

This chapter deals with ethics, explains the difference between law and ethics and the relation between ethics and values. It also discusses how business and governance are related to ethics. Towards the end of the chapter, the influence of spirituality on ethical issue is explained.

## Learning Outcomes

- Ethics, Law and Values
- Evaluating Ethics
- The Ethical Dilemma
- Business Ethics
- The Spiritual Basis
- Managing Ethics

## A. Ethics, Laws and Values

### 1. What us Ethics

Ethics deals with issues of right and wrong. The principles of right conduct are not always explicitly stated. They are implicitly known. There would be general awareness of what constitutes proper behaviour. It is clearly not right to „cheat".

### Example

Charging a high price, like in black marketing, is cheating. But there could be a problem in determining the level of „high" in price that distinguishes legitimate reasonable profit from unfair profiteering.

A price of Rs. 5/- for a good cup of tea in a road side stall may be considered too high, while Rs. 25/- charged by a five star restaurant may not be considered high.

It is not unusual for a pavement shop to quote a price of Rs. 200 for a pair of slippers to be sold after some bargaining for Rs. 25, while the same may be available in a neighbouring "fixed price" shop for Rs. 35. Which of the two was cheating?

One „cheats" when he does something that is not expected of him. Certain places are known for hard haggling in prices. At such a place, to be quoted Rs. 200 and sold for Rs. 25 is quite proper. If that happens at a place in a "fixed price" shop, it would be wrong. It is expected that a fixed price shop will "fix" a reasonable or correct price. If such a shop is seen to charge unreasonably high prices, or to be bargaining with some clients, that would be "wrong".

Some shops, however, charge high prices. It is expected that such shops will be selling goods of exceptional quality. If it is found that they were selling only ordinary goods that would amount to cheating.

### 2. Ethics is not law

Ethics deals with rights and wrongs; what is proper and what is not. Propriety is different from legality, which is what the law lays down. Ethics is not a matter of law. The case of haggling referred to in the earlier paragraph will not attract the provisions of any law.

What is legally right may not be ethical. Corruption and every abuse of authority happen within the provisions of the law. Despite a shortage in housing, several houses remained unoccupied in Mumbai City because the provisions of the law on tenancy rights were seen as unfair.

The requirement of adequate proof for legal processes, is the reason for many "wrongs" happening in courts, when "criminals" are acquitted or innocent persons are convicted. Many marriages or adoptions are gone through for the purposes of circumventing the laws relating to occupation, taxation or migration.

b) What is legally wrong may be ethically correct.

## Example

Gandhiji"s salt satyagraha was a protest against a law which was not just.

It may not be considered unethical if a driver crosses a red light at a street junction at a time when there is nobody on the streets.

Dowry continues to be a prevalent practice in India, despite being legally punishable. It continues to be prevalent, because social values do not condemn it. Many parents want to give dowries, not as a part of a marriage deal or on compulsion, but as part of support to the daughter. In African societies also, dowry is a prevalent custom with the difference that dowry is paid by the bridegroom"s parents. Social conscience is not offended when dowry is paid. It is offended when dowry is demanded, when marriage is used as a mechanism for extortion in the name of dowry. It is then unethical. Extortion, whether in the form of dowry or ransom, or protection money is the offending action, not dowry.

Legislation follows after society begins to agitate against certain practices that it sees are wrong, but is not legally punishable.



## Example

A recent example is that of a person who was charged with the offence of rape. He was convicted and sent to a juvenile remand home for two years as he was a minor at the time of the offence. There was a lot of uproar about the law being unjust and demands were made that anyone who commits the offence of rape should be treated as an adult, whatever be his age.

Subsequently, in December 2015, the Parliament passed an amendment to the existing law to the effect that persons between the ages of 16 and 18 charged with heinous crimes must be tried as adults.

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On 26th February 2016, the President of India, in a speech in Kochi said that the Indian Penal Code, which was 155 years old, had in it „offences which were enacted by the British to meet their needs" and that it needed a thorough revision to meet the needs of the 21st century".

An action may be wrong even if is not illegal.

**Example**

It would be wrong not to stop, or at least slow down, near a school when children are playing on the road.

In fact, most of our actions are not decided by the provisions of the laws. We may not even be aware whether there is a law relevant to what we are doing. Our choice of actions is influenced by our values.

**3. Values**

Ethics is related to values. Values are standards of right and wrong. Individuals have values.

Values are learnt from contacts and experiences with persons who articulate values. Values are learnt from the mother‟s knees, (listening to fables and fairy tales), school, dinner table conversations, literature, stories of heroes, legends and spiritual discourses.

Values influence opinions and actions.
Values are guiding principles that determine one‟s evaluation of what is right or wrong.
Values constitute the foundations of one‟s discipline. They are deep rooted, fundamental beliefs.
In the aggregate, values constitute the character of an individual. They lay down one‟s standards of propriety and righteousness.
When anything happens contrary to these standards, it hurts. The conscience pricks. Conscience is the custodian of values.

Like individuals, organisations and societies have values. Laws of a country do not necessarily reflect social values. Laws usually provide sanction and validity to social values but are generally slack in catching up with the change in values. Occasionally however, laws try to influence changes in social values as in the case of "Sati" or status of women, or status of backward classes. Such laws are sponsored by groups whose values support the intended changes.

Through various other activities like campaigns, lectures etc., the new values embodied in the new laws may come to be accepted by more and more people. If that does not happen, the law will remain largely unobserved. There are several laws which are practically not enforced. And almost everybody violates it. Such laws may relate to taxes, labour practices, prostitution, foreign exchange, bribery, etc.

Ethical questions are determined by values, not by law. Values are related to proprieties, not legalities.

## B. Evaluating Ethics

### Morality

The words "ethics" and "morality" would seem to be synonymous. Both refer to the aspects of good and evil, rights and wrongs. What is moral, is apparently also virtuous. What is immoral is wrong and improper.

A person who is moral is assumed to uphold and abide by certain principles, which by implication, are deemed to be more important than considerations of personal benefits.

The expression, "moral victory" is usually appropriate while by normal mundane considerations, there has been a defeat (in election or in a court or in a fight for supremacy), but the person so defeated did not compromise on principles. These are principles which clarify rightness of conduct. These principles are not sacred by themselves, but are widely held as such by large sections of people. Such principles have to be widely held in the community, before they can be labelled moral.

### Religion

Religious teachings have strong influences in the creation of values and therefore in the determination of ethics. All religious texts have the same basic themes, although details of practices and rituals, commanded more by priests and commentators, might suggest variations.

The basic themes are:

to recognise the universality of all living beings;
to do good and do no harm to others;
not to be arrogant but to be humble;
to avoid the extremes of greed, lust, anger, hatred etc.;
not to get lost in the trivialities of the material world but to hold oneself accountable to a Supreme Almighty;
that the consequences (both good and bad) of one"s actions are unavoidable; and so on

There are however many mundane matters on which individuals have to make choices and on which the religious prescriptions may not be uniform.

## Example

Lending money on interest, eating meat, status of females, are examples.

Values governing family relationships, how we should treat our parents and elders, may not have a religious base. Society tends to sanctify values which are pragmatic, taking into account the faiths of its people and its special circumstances.

**Example**

The ongoing debates on talaq or rights of females to inheritance, are examples of diverse pressures interacting to establish appropriate values. This process may go through a couple of generations before the issues are sorted out.

**Ethics has validity in a context**

What is ethical or moral to one person (individual, organisation or society) is not the same to another person. Neither may it be so, to the same person after some time. Therefore, the determination of ethics, in absolute terms becomes difficult. It can only be determined in the context in which the action in question had occurred.

**Example**

Female infanticide, either as foetus or soon after birth, is sought to be justified by some societies as better than allowing the child to suffer as a grown up adult, being scorned and tortured by husband and the in-laws, who will not accept "poor" brides. Use of ultrasonic, diagnostic methods to determine sex during pregnancy, and to decide on abortion if it is a girl, is criticised by many doctors as "unethical" practice. It is also illegal.

The debates on homosexuality, euthanasia (mercy killing) and abortion are also examples of how pressures are generated in societies for change in values.

Some European countries have legalised the use of drugs, which many other countries still look upon as unacceptable.

Polygamy and polyandry are sanctioned in some places

Values are also not uniform between societies. Values may change over periods of time. In the case of societies, changes take place slowly over very long periods of time, but they do change. Social reformers influence changes in societal values. Widow remarriage is an example.

The epics, fables and folk songs, all have lessons on what is proper. They lay down values and ethical standards. Telling the truth is always emphasised.

At the same time it is said that it is better to lie, if, by telling the truth, someone will be harmed.

What if, under either option, some one or another is harmed. The option that causes lesser harm or harm to the smaller unit is to be preferred. In the order of increasing bigness, self, family, community, society, state, country, world and universe are the units. Each bigger unit comprises of more and more "others". Every smaller unit is expected to sacrifice for the good of the bigger.

**Intentions**

Intentions matter in ethics. If the intention is to do harm, the action is wrong and unethical.

## Example

If there is a flaw in a manufactured product, it is not an issue of right and wrong. The point would be whether the manufacturer knew about it or not. Could he have prevented it? When a defect is brought to the notice of the manufacturer, to disavow it, to resist appropriate recompense, to defend, to rationalise, to explain it away, to deny wrong, would be all wrong. To accommodate and to rectify is „better". Positive action to avoid it totally would have been the „best". The deed is judged by the intentions of the doer.

If harm is done unknowingly, it is not unethical. It may be wrong legally. Loss may be caused by bad judgment. If intentions were bonafide, it is easy to own up the bad judgment and to make due amends. Someone with bad intentions, viz. deliberate intention to cause loss to others, may claim bad judgment in order to escape being punished after being caught. That would be malafide and wrong.



Malafide persons would deliberately cause losses only to derive advantage to themselves. If advantage is derived, the plea of bad judgment is not valid. Intentions are not easy to know or to prove. But ethics is related to intentions.

What one says may not truly reflect one"s values. Values will be reflected in one"s actions. Typically, those who preach that the colour of one"s skin should not matter in judging people, may not accept a bride with dark skin. Values do not find full expression in the laws of the society. They are more likely to be noticeable in the customs and traditions of the society.

**Selfishness**

It is not wrong to be selfish. Most of us do what we do, because we derive some benefit from it. The benefit may be financial or in material terms or just satisfaction and happiness. We work for the money that it gets us. When we go to see a play, it is just entertainment. When we attend a satsang, a religious discourse, it may be just enlightening.

Both entertainment and enlightenment are benefits for self. There is nothing unethical in any of these actions seeking benefits for self.

Selfishness becomes wrong when we seek benefits for ourselves by causing harm to others. Competition is not wrong when the parties in the competition are offering superior quality in their offerings. It is the same as a competition in sports, when every athlete tries to win by being better than the others. It would be wrong if a runner deliberately tries to trip the rival in order to win. It would be wrong for a competitor in business to bribe the rival‟s dealers to spread false stories about the rival‟s products.

## C. The Ethical Dilemma

Choices in life are not simple. Situations do not develop to our liking. We often feel compelled to do what we do not want to do, something that our values do not permit us to do. Sometimes, even without any compulsion from outside, the alternatives to choose from may have ethical implications.

### Example

A doctor becoming aware that the daughter of a close friend of his is getting married to a boy who is his patient and badly ill, has the dilemma of using his professional knowledge to caution the girl. On one side is the obligation of confidentiality that as a doctor he is bound to. On the other side is the welfare of a girl who is close to him. Either choice makes him do something right and something wrong at the same time. This is an ethical dilemma.



Every dilemma is not an ethical dilemma. Dilemmas become ethical only when questions of values, of proprieties are involved.

Every person has multiple roles. He is a member of more than one collective; social, professional, occupational, religious, etc. These collectives and roles have different values. It is when a person‟s choices are from two different roles simultaneously, that ethical dilemmas tend to surface.

In the instance cited above, the values of the doctor (professional) were in opposition to the value of the friend (social). Fathers, who are policemen, face ethical dilemmas, when having to handle sons, who are involved in criminal activities. The typical mother-in-law problem is an ethical dilemma, because the same person has duties, both as a son and as a husband and the two are not congruent

A dilemma exists when a choice has to be made between alternatives.

Making choice between alternatives is called “decision making”. All decisions are not dilemmas. If the alternatives can be evaluated on economic or such other measurable considerations, which throw up clearly the data helping to decide which alternative to prefer, there is no dilemma. If the alternatives have equal weight in choosing, there could be a dilemma. But it would become an ethical dilemma only if the considerations are based on values. Values are not subject to measurement.

Dilemmas may be intrapersonal, a clash of two duties of the same person. Ethical dilemmas are always intrapersonal.

Interpersonal dilemmas are when one‟s values clash with the values being dictated by another person, parent / boss or organisation / society. In such situations the alternatives will be to follow one‟s own values or to ignore one‟s own values and obey the other. He has to face the consequences of either alternative. The consequences affect only the person having the problem. It is still an intrapersonal problem.

Individuals find different ways to resolve ethical dilemmas. No choice is fully justifiable. What is done is to justify the choice to oneself with a statement of rationalisation. The statements used to rationalise are of the following nature.

It is not really wrong (it is within reasonable limits)
It is in the interest of the organisation
It is expected
It will not be found out
The company will protect me
It won‟t hurt anybody
Others are doing so
It would save money or make money
There is no other way
Others will understand
It is not that important
I am only following instructions
I am only doing a job
I am not responsible for the decisions
I will be excused.

It is disturbing if one is forced to do “wrong”. The above statements may help to reduce the disturbance.

As far as individuals are concerned, if the questions below are replied to in the negative, the action may seem to be ethical.

Does it hurt my conscience?
Do I feel guilty?
Will I feel bad to admit it in public?

Will I sleep well tonight?

## D. Business Ethics

**The norms of behaviour (values) sanctioned by society distinguish between a business deal and a non-business transaction.**

If one were to ask a neighbour to change a Rs.500 note into small denominations, he is expected to give full value in exchange. But if the neighbour were a professional dealer in money, he may make a deduction towards his commission. If the neighbour who is not a dealer took a commission, that would be looked upon as unethical.

**b) Profit is proper only in business**

If a person has brought an article costing price X from another city, it is wrong, unethical, to give it to a friend at a price higher than X, unless he is doing business.

**c) Grey areas**

There are several grey areas. It is usually considered ethical to pay commission to a person who has been of help in concluding a difficult transaction. Sometimes, such commission is called consulting fees, which is also legitimate. It may also be called "kickback". That word suggests that something is wrong with that payment.

If the person who receives the amount, is not at all connected with the deciding authority, there would seem to be no impropriety. But if he is a "close relation" then it is improper and is called corruption. How „close" is the relationship that changes propriety to impropriety? Does it become totally proper, if it is a friend? If the payment is made three years after the decision, is it still unethical? What if there is no money exchange, but a close relation has been given a job by the marketer?

In the context of corruption in Government, it is suggested that one should not be part of a decision favouring another person, who is a relation or a close friend. Officers are also advised not to mix with people with whom there are official dealings. It might seem that persons in authority and their families have to exclude themselves from social activity except with those similarly placed. All connections arising out of childhood contacts or membership of clubs and family, can raise suspicions relating to „conflict of interest" and possible misdemeanour.

**d) Perception**

Observance of the standards of ethics or violation thereof, depends also on how one perceives fairness and equity. As an employee, one has an

obligation to the organisation and that is expressed by carrying out the policies, programmes and directions of the top management.

If some of these are, in one‟s judgment, improper or detrimental to the interests of say, any of the stakeholders, what should one do? Go public on the information? This is called "Blowing the whistle". If one does that, one may be violating the codes of discipline. One may even be accused of having a "moral axe to grind", pretending to be the upholder of all virtue, to the exclusion of the many others in the organisation.

The laws in India have made „whistle blowing‟ legitimate and protect the whistle blower from punitive action by the employer. This is again a case of the difference between propriety and legality. To the employer, a whistle blower is not a dependable employee. No employer will keep in employment a person who cannot be trusted to remain loyal to the organisation and may, at any time, leak valuable information to, maybe, competitors. Breach of trust would seem to be permissible if one‟s conscience dictates it.

**e) Ethics and Governance**

Questions of business ethics have been the focus at various fore. Proprieties are talked about as issues of good corporate governance. Codes on "Corporate Governance" have been drafted and adopted. All of them, deal with structural issues, like number of independent and / or full time directors on Boards of companies, constitution of Audit and other committees consisting of directors, number of Boards on which a person may serve as director and so on.

Industry associations, like the advertising association, also try to lay down codes. These are also in the nature of rules or laws. Laws do not prevent misdemeanor. Neither do they cover all possible situations. That is why crime continues to be committed despite extremely stringent laws. Ethics has to be practised and therefore, extends beyond the limited confines of the rules.

**Organisational Values**

Organisations, like all collectives, have values. These are not the aggregate or resultant of the values of its members but have evolved since their inception. Individuals in organisational roles have to conduct themselves in accordance with organisational values, which may sometimes, be opposed to their individual values. They may be actively engaged in organisational activities which they may personally consider unethical.

## Example

A salesman may be required to promote a product which he knows is not of the quality claimed for it.

The cashier may not be allowed to talk about the withdrawals from the safe for purposes other than legitimate organisational expenditures.

The officers of the Manville Corporation of the USA, one of the world‟s leading manufacturers of asbestos, were aware of the fact that its employees were becoming ill through inhalation of asbestos fibre, but for 40 years did nothing to protect these workers.

Companies conceal actual operations and results in their accounts and other statutory returns. This cannot be done without the help and connivance of many professionals.

**Values of an organisation determine its ethical behaviour**

Values of an organisation, determine its ethical behaviour; not the laws / rules of the industry. Disputes about code violations, which are adjudicated upon by internal adjudicators, only show how violations can happen without being very apparent.

Values of organisations are usually set by the founders but do evolve and change. As an open system, organisational values are affected by every employee. Those at the top of the hierarchy may have a stronger influence.

Ethical issues in business need to be clarified amongst members regularly. It is taken for granted that it is proper to make profits. But how much profit would a company permit itself? There are policies which permit “as much as the market will allow”, taking advantage of the demand-supply dynamics.

## Example

In February 2016, when the national highway was blocked because of the agitation in Haryana, airlines charged as much as Rs. 50000 or more for flights between Delhi and Chandigarh, which normally would cost just about Rs. 5000 or so.

There are companies which limit their margins to 20%, even if they have an opportunity to charge higher, because of market dominance or exclusive technology. The values which underlie such variations in what the company deems proper, has to be part of the decision process at all levels.

### h) Ethical decisions

Ethics in business does not lie in the number of directors, or the rules governing its business. These are in the nature of legalities while ethics relates to proprieties. Ethics is observable in the decisions made by the individuals on behalf of the organisation. Some decision may have opposite impacts on different components of the environment.

## Example

Recruitment policies will have issues of equal opportunity to all, support to the weaker sections, development of the local persons and so on. Not all of them are congruent.

Wage policies may focus on competition in the market for skilled personnel, creating difficulties in getting as well as retaining, without looking at the effect on the general levels of wages in the local market.

Financial window dressings and advertisements that do not reveal the "whole truth" are considered necessary for maintaining the position of the company in the market place, for resources and for customers.

There are companies who refuse to deal with manufacturers of arms and ammunitions, or alcohol, or tobacco, whatever be the attractiveness (economically) of the deal.

The options are many. All options have different value bases. The decision makers in an organisation have to be agreed on the appropriate values.



## E. The Spiritual Basis

Individuals determine corporate values. Some individuals have more influence than others in determining corporate values. A strong spiritual base helps to exercise significant influence.

### a) Spirituality is different from religiosity

Spirituality is the very essence of all religions and thus unites mankind. Common people however, understand religion in terms of rituals and practices. These are ordained by the priests and commentators and these tend to divide people along sectarian boundaries.

**Spirituality consists of an awareness that man is just an element in the huge universal system, in which there is place for, not only every living being, but also for the trees and plants and mountains and seas**

Being aware of the inscrutable dynamics of the events in the universe, the movements and changes based on processes still not understood, functioning with precision and regularity over several millennia, the tremendous power and the force held within minutest particles and so on, one cannot but be wonderstruck at the creation that encompasses the whole.

Then, one has no option but to be humble and not to arrogate to oneself an exclusive privilege or benefit. One is then forced by oneself, not any other, to be loving and just to, and be concerned about, all people and the universe.

**True spirituality prompts one to see every other being as of value, as an extension of** oneself: the whole universe as one mighty expression of a common existence.

Life is one. Even a dog is entitled to consideration and love. When such identification of oneness happens, there will be no attempt to exploit or harm the other. How can one exploit or harm oneself? No one cheats himself. Cheating takes place only when the one cheated is seen as different, as of lesser consequence, whose interests do not matter.

**d) Spirituality provides the strongest base for ethical behaviour.**

Justice and fairness automatically manifest, when one deals with another on the basis of love and concern. Given the basis of love and concern, there can be no exploitation or discrimination.

Substandard products will not be sold.
Mistakes in production or processing will be avoided; or if still occurring, apologised and made amends for.
Profits will be made as legitimate reward for entrepreneurship.
There will be no profiteering, which is exploitation of the other"s compulsions.
Costs will not be cut at the expense of safety considerations.
The marketing orientation that sees service to and satisfaction of the customer as the crucial focus, is essentially ethical.

**e) Spirituality helps one to retain faith in the performance of duty**

Doing one"s duty is ethical. Neglecting duty is unethical. Doing duty means fulfilling the obligations of the jobs undertaken by oneself. Duty is in relation to one"s responsibility. One has duties at work depending on the position occupied, and in the family as a parent or as a son / daughter, or as sister / brother.

Dereliction of duty is cheating and unethical. Bending the propriety of one"s function to achieve personal ends is cheating. When a policeman locks up an

innocent person, knowing him to be innocent, that is not performance of duty. That is misuse of authority. He does so because he derives some benefit out of it, by way of personal revenge or to help someone else get even. Corruption is not merely taking money or gifts. Not performing one‟s duty, in consideration of such personal advantage is also corruption.

Spirituality helps one to retain faith in the performance of duty being its own reward, being beneficial in the long run, and to see non-performance of duty (including abuse of authority) being harmful in the long run, both to self and the organisation. Those benefits include happiness and peace of mind; equanimity, stature in the eyes of the colleagues. Doing one‟s duty is its own reward.

**Spirituality is concerned with strengthening (focussing) one‟s mind.**

Both the Dalai Lama and Swami Chinmayananda have emphasised that the quality of one‟s performance and its texture is ordered by, controlled by, the quality and texture of his thoughts. If the thoughts are noble and serene, intelligent and creative, performance will also be creative, beautiful. One becomes what one thinks and does.

The way one faces the challenges in life, will depend upon the type of values the mind cherishes. Hatred, jealousy, greed, passion, lust - if these negative values are in you, the mental energy spent in facing the problem will be enormous. When one hates another, outwardly he may be acting with civility, shaking hands etc., but in the mind he will be cursing, planning, thinking how to destroy. The mind will be in turmoil. The one hated, not knowing this, is relaxed. When one cultivates the spirit of forgiveness, the mind is peaceful and serene.



## F. Managing Ethics

**a) Individuals in organisations have to:**

Recognise ethical issues and think through consequences of alternatives

Seek out different points of view and decide what is right

Be willing to decide, when it is necessary to decide, in the midst of ambiguity and uncertainty

Live with the necessity to compromise, but have some limits in the event of being forced to compromise

Accept responsibility for what their subordinates may do.

**Managements of organisations establish ethical standards through policy instructions.**

What the organisation does, will speak more loudly than what it says in statements, as to what its ethical standards are. In evolving these standards and deciding on appropriate actions, the questions to be asked will be of the following nature:

Are the actions injurious to customers individually or society as a whole?
Is public interest being held more valid than self-interest?
What is happening at pressure points viz. places where products are returned, complaints are recorded, claims are being made, defects are reported, quality is checked, grievances are heard?
Are control mechanisms based on trust or on coercion or on need to improve or to find fault?

**It would help to have a code of ethics, which states in principle, its standards of right or wrong**

Preparation of such a code requires that the top management think through its responsibility and what values it wants to uphold.

Following are some of the items included in the code of ethics of some firms as strictly prohibited.

Non-adherence to safety and quality standards

Extortion

Kickbacks

Illegal political payments

Use of inside information

Violation of any law

Bribery

Falsification of accounts

Moonlighting

Revealing company secrets

Such codes should have more seriousness, than as a statement for public relations purposes. Preferably they should be acceptable to members of the organisations, being consistent with their values. Otherwise such statements will only have cosmetic value, not the power of direction. The possibility of the code being violated would then be real.

**Role of organisation**

Organisations are managed for effectiveness. Effectiveness, in the sense of achieving results for the organisation"s growth, may point to the need for violation of law or falsification of accounts or support of an illegal activity. Bribes are paid but not shown as such. Various dubious methods are adopted to evade taxes. Some of the biggest organisations in various parts of the world have resorted to actions which may be seen as improper even without reference to the provisions of law.

It is recognised that the business of media is to inform the public. To do so, often classified documents are obtained through questionable methods and published. Apparently harmless social conversations are secretly recorded on audio or video tapes and publicised. The right to privacy is violated. These practices, improper to many minds, are justified in terms of the obligation to inform. Should organisations prohibit or encourage unethical behaviour?

The questions which are asked are as follows.

Is good business the determinant of good ethics?
Is it necessary that a corporate body should be a moral (ethical) person?
Should organisations set standards of ethical behaviour for others?

The tendency is to answer the first question in the negative.

## Example

It is argued that the Manville Corporation should have actively taken care of the sickness of the workers suffering from asbestosis and prevent further incidence. The news of such sicknesses may have hurt the sale of asbestos (as has happened now) or may have enhanced the reputation of the company and helped its business.

It is hypothesised that:

Ethics begets ethics from employees (loyalty) and suppliers

Lack of ethics begets penalties and loss of customers

Business decisions based on the need for profits in the short term may produce a good balance sheet for the year. But ethical standards compel long term focus, which could mean sometimes painful choices.

## Example

Organisations which helped to build Iraq"s capabilities in the 1980s were condemned in the 1990s, after the Gulf war. The companies which did „good business" in land mines were required to close down in 1997. Suppliers of arms to terrorist organisations and to the rebels in the Middle East and in Africa are doing „good business" but are unlikely to last long.

If the first question is answered in the negative, the second question automatically gets a positive answer. A moral organisation supports and encourages moral behaviour from its constituents.

Malfeasance may be an individual offence, as much as the result of an organisational value. An organisation"s moral standards are determined by identifying and examining its values. Criteria like „Return on Investment" and techniques like „Managing by Objectives" focus on the short term as part of Performance appraisals. They can therefore, lead managers astray.

**e) Ethical behaviour is that which satisfies oneself as well as others.**

Business managed ethically will not dehumanise workers, will enhance self esteem for all persons, employees and customers. Being ethical, helps to enhance satisfactions of customers and improve public image.



The rewards system communicates. While giving rewards, the ethical nature of the performance should not be ignored.

**f) Code of behaviours outside the place of work**

An intriguing question is about the application of the codes of behaviour outside the place of work.

There are behaviours outside the place of work that may relate to work. These would be of the nature of divulging corporate secrets.

There are other behaviours that will have no bearing on work. Example would be drunken brawls in a hotel. Some companies expect that their employee"s behaviour should not reflect badly on the reputation of the company.

A third category of behaviour outside the work place would relate to codes that state that the employee, after leaving the company, shall not work in a company that is in competition with that of the existing employer. This is intended to prevent loss of confidential information to competitors. There is a question as to whether such restrictions would amount to wrongful violation of someone‟s freedom and rights

**A periodical audit regarding the organisation‟s performance on ethics would contribute to the creation and maintenance of an ethical environment.**

Both corporate activities and individual behaviours can be audited. The audit must be done by persons who have no direct responsibility for operations and should report directly to the CEO or the Board of Directors.

Vigilance departments operate on the basis of rules. Violations, after detection, are punished. Undetected violations may exist. In this situation, prevention depends entirely on the mechanisms for detection and the severity of punishments. Effective prevention is possible only when the players in the situation, by themselves, desist from improper actions, because they are convinced about the wrongness of the action in question. This is the outcome of values. **Prevention is possible only through values and not through the enforcement of laws.**

## Test Yourself 1

Which of the following option is not correct with regard to ethics? I. Ethics deals with rights and wrongs

Ethics is not a matter of law

III. Ethics are not related to values

IV. Ethics has validity in a context

## Summary

Ethics deals with issues of right and wrong.

Ethics is not a matter of law. What is legally wrong may be ethically correct.

Ethics is related to values. Individuals have values.

The words “ethics” and “morality” are synonymous. Both refer to the aspects of good and evil, rights and wrongs. What is moral, is apparently also virtuous. What is immoral is wrong and improper.

Religious teachings have strong influences in the creation of values and therefore in the determination of ethics.

Ethics has validity in a context.

Intentions matter in ethics. If the intention is to do harm, the action is wrong and unethical.

It is not wrong to be selfish. Selfishness becomes wrong when we seek benefits for ourselves by causing harm to others.

An ethical dilemma exists when a choice has to be made between alternatives with implication relating to values.

Interpersonal dilemmas are when one‟s values clash with the values being dictated by another person, parent / boss or organisation / society. Ethical dilemmas are always intrapersonal

The word „kickback‟ suggests that something is wrong with the payment of commission to the person.

Organisations like all collectives have values. Individuals in organisational roles have to conduct themselves in accordance with organisational values, which may sometimes, be opposed to their individual values. They may be actively engaged in organisational activities which they may personally consider unethical.

Values of an organisation, determine its ethical behaviour; not the laws / rules of the industry.

Values of organisations are usually set by the founders but do evolve and change. As an open system, organisational values are affected by every employee. Those at the top of the hierarchy may have a stronger influence.

Ethics in business does not lie in the number of directors, or the rules governing its business.

Individuals determine corporate values. Some individuals have more influence than others in determining corporate values. A strong spiritual base helps to exercise significant influence.

Doing one"s duty is ethical. Neglecting duty is unethical.

Dereliction of duty is cheating and unethical. Bending the propriety of one"s function to achieve personal ends is cheating.

Spirituality helps one to retain faith in the performance of duty being its own reward, being beneficial in the long run, and to see non-performance of duty (including abuse of authority) being harmful in the long run, both to self and the organisation.

For managing ethics Individuals in organisations have to

Recognise ethical issues and think through consequences of alternatives
Seek out different points of view and decide what is right
Be willing to decide, when it is necessary to decide, in the midst of ambiguity and uncertainty
Live with the necessity to compromise, but have some limits in the event of being forced to compromise
Accept responsibility for what their subordinates may do.

## Answers to Test Yourself

### Answer 1

The correct option is III.

## Self-Examination Questions

### Question 1

What does the word „kickback‟ suggest?

I. It is ethical to pay commission
There is something wrong with the payment of commission
III. Earning of profit while doing business is ethical
IV. Earning of profit while doing favours to neighbours is ethical

### Question 2

Ethics in business depends upon:

I. Number of directors
Rules governing the
business III. Proprieties
IV. Nature of legalities

### Question 3

Which of the following will be termed as ethical practice?

I. Dereliction of duty
Bending the propriety of one‟s function to achieve personal ends
III. Misuse of authority
IV. Doing one‟s duty

## Answers to Self-Examination Questions

**Answer 1**

The correct option is II.

**Answer 2**

The correct option is III.

**Answer 3**

The correct option is IV.

# CHAPTER 12

# THE FUTURE – THE CHALLENGES

## Chapter Introduction

This chapter deals with the challenges that will be faced in future by the HRD function because of advancements in technology and change in social dynamics and employee expectations.

## Learning Outcomes

A. Future Challenges

## A. Future Challenges

Changes had been happening all the time. What is different in present times is that the pace of change is accelerating. The nature of change is also changing. Change is not incremental any more. It is disruptive. Experts suggest that 40% of Indian, US and European enterprises may not exist in 4 to 10 years. Some of the areas in which significant changes are happening, are discussed below:

### 1. Demographics

Because of the general improvement in health care systems and better life styles, people are living longer than in the past. Companies, which have provided pension benefits, will find their financial burdens increasing more than what may have been expected and provided for.

Younger employees may have to be looking after aged parents and may therefore find that their mobility is restricted. Because the expectations of the new generations in terms of careers and achievement are different, they may want to be mobile. They are likely to experience divergent pressures operating on them. They may need help and counsel to find a balance between these pressures.

### 2. Women

Increasingly women are getting to work, not only in offices and factories, but also as drivers of taxis and autos. Some companies have employed women moving around on two-wheelers, to deliver goods and food. More women are becoming guards and bouncers, as more ladies visit pubs and bars.



#### a) Women at work do not like to be discriminated against

In the past, women used to be paid less than their male counterparts. This does not happen now except perhaps, in the unorganised sector. Women demand that they be posted like men even to difficult assignments, like combat duties in the armed forces. While being accepted generally, there is still some hesitation in assigning them to duties in submarines, for example.

While women do not like to be discriminated against, they do seek and avail of special privileges for reasons related to their gender.

**Example**

They are allowed to remain absent from work for longer durations than male workers, who are not entitled to maternity (or paternity) leave.

## Example

Another example that indicates how these privileges may develop is that of the case of Lisa Seacat DeLuca, who is an employee of IBM in the US and has about 400 patents and patent applications in her name. When she went to attend an IBM conference, she carried her five-month old baby with her. She said that she was a mother working and not a working mother.

**b) Harassment at work place**

Of late, there is an increase of complaints from women employees that they were being harassed at the work place. Complaints may range from sexual harassment to inappropriate comments. Laws have been enacted to make such offences punishable.

Organisations are expected to have internal mechanisms to monitor what is happening as well as to enquire into complaints and take appropriate action against the offenders and to prevent recurrence. There are organisations set up by law to oversee problems faced by women employees and take appropriate action.

Managements are required to treat male and female workers alike at work, without any discrimination. At the same time male workers cannot afford to be as free in casual behaviours or resort to normal bonhomie like back slapping, while in the company of their female colleagues. This might put a strain on team work.

The laws provide that the in the event of a complaint by a female employee about harassment by a male colleague, the presumption will be against the person complained against. The police are authorised to make an arrest on the strength of the complaint.

There have been instances of women employees, being unhappy about some behaviour of a male colleague, making a complaint of harassment. HR systems will have difficulty ensuring that their staff are protected against injustice. Organisations that hesitated to post their women employees to „hard" stations, were charged with discrimination and denying women the opportunity to gain experience and become eligible for promotions.

The trends referred to above relate mainly to the Indian context. Globally, the trend is that more and more women will occupy strategic roles at all levels. This is not new to India. Women are already in strategically important positions in major public and private institutions in the financial sector and in Governments. The change happening is that the numbers are increasing.

### 3. Generation X or Y

Marketers in the USA have distinguished between those born in the decade 1966 to 1976 calling them Generation X and those born between 1977 and 1999 calling them Generation Y. Those born after 1999 are not grown up enough to show distinct characteristics in behaviour.

#### a) Generation X

According to the studies, Generation X, born of divorced parents and grown up in day care institutions are characterised by scepticism, want to know „What is in it for me" before reacting, and show a higher level of caution and pragmatism than their parents.

#### b) Generation Y

Generation Y are incredibly sophisticated, technically savvy, immune to traditional marketing and sales pitches, „having been exposed to them and seen it all". They are racially and ethnically diverse, much more segmented as an audience and flexible in fashions and styles. They are often raised in dual income families and more involved in family purchases.

Though the classification into X and Y generations may not be applicable as such to Indian conditions, it is obvious that the younger generation in India is technically very savvy having been used to computers and smart phones and tablets even in school. They like informality and learn quickly. They embrace diversity easily. What it means to HR management cannot yet be spelt out. But it is likely that they will not adjust to and accept traditional controls. They may seek opportunities within organisations to experiment and innovate.

Organisations are experiencing increasing difficulty in retaining talent. While there is demand for talent, employees seem to have less and less loyalty to the employers. They are prepared to shift jobs without much hesitation, if they feel that the remuneration is better or there is better recognition and freedom. Some are able to obtain terms better than the CEO of their company.

In 2016, several graduates from IIMs in India declined offers from corporates to pursue their dreams of starting their own businesses.

### 4. Technology

One of the major programmes of the Government of India is called „Digital India". This is in keeping with the trends globally. Technology will move more from information era (end of the previous century) to digital era (in the current decade).

According to John Chambers, CEO of the India US Business Council, every country, every city, every company, every car, every house and every human being will become connected digitally by 2020. About 100 devices were connected to the Internet in 1964. About 10000 mobile applications are being added to Google‟s and Apple‟s app stores every day. A majority of them are being abandoned quickly.

By 2020, they say, 50 billion devices (more than human beings) will be connected to the Internet, generating data. This is a massive growth and the implications will be not merely in terms of better connectivity but will mean new businesses, unknown so far, and entirely new ways of delivering services.

Increasing connectivity will also change the way business is done. The digital era will have much greater impact than the Information era had. It will not be easy to adjust. It will affect strategic thinking. It will affect models for delivery of services like health care. It will change manufacturing.

India is very much in the forefront in developing many of these new devices. Nasscom estimates that India is the fastest growing base for technology start-ups globally and will expand at the rate of 75% every year till 2020.

**a) Programming language – Julia**

One of the developments from India is a language, called Julia, which is a high speed, high level, dynamic programme language with technical computing with syntax familiar to other technical computers. It provides a sophisticated computer distributed parallel execution, numerical accuracy and an extensive mathematical function library. It is used in instruments in airplanes to avoid midair collision, with ability to advise both pilots about the appropriate evasive action.

**Cashless, paperless, person-less transactions with devices layered upon the Aadhar Card**

India Stack is developing devices that will enable cashless, paperless, person-less transactions with devices layered upon the Aadhar Card. It may become possible to open a Bank account in a matter of 15 minutes, on the accreditation of the Aadhar Card without having to go to the bank or to sign any paper. Agreements can be „signed‟ without paper and ink. Documents can be moved digitally and presented where required within minutes. A unified payments interface will enable payments to be collected and sent. Transactions can be completed and goods delivered without the buyer and seller having to move out of their homes. The possibilities are immense and not far into the future, according to those who know.

### c) R, Hadoop, Scrum Master and DevOps

Several other new terms like R, Hadoop, Scrum Master and DevOps represent new tech skills, which are in great demand in the market.

R is a programming language used for statistical computing to derive insights from data.

Hadoop is a programming framework that supports the processing of large amounts of data in a widely distributed working environment.

### d) Driverless cars

Driverless cars are likely to be on the streets within a few years. Some countries have already amended their laws to recognise and deal with these situations. It is said that cars manufactured after 2005 have hundreds of computes and sensors fitted in them, which guide the driver on proximities to external objects, speeds, fuel consumption and so on. They are already on the roads in India. Many jobs in garages are done to precision standards by robots.

### e) Robots, drones and other intelligent forms

Robots, drones and other intelligent forms are already doing several manufacturing and service jobs. It is estimated that 47% of jobs in the US may be automated in another 15 years. Even jobs in medicine, law and education may be handled by these intelligent systems. Drones have been in use for many years now. They are part of the striking power of the armed forces in combat zones performing accurately targeted raids. They are already part of the Indian scene, though not yet very much in commercial use. Drones have the potential to become „delivery boys". They can be fitted with high definition cameras and used for surveillance jobs in border areas.

At the same time they may be also used for surveillance, and even attacks, by criminals and terrorists. Unrestricted use of drones, even for recreation, may pose a threat to aviation. They also pose a threat to security. Government authorities are actively considering methods to regulate their use in any form.

## 5. Make in India

Manufacturing in India is expected to get a big boost as a result of the „Make in India" campaign of the Government of India. Many global brands might decide to set up manufacturing units in India because of the support that the Government offers for industry. There is also a policy to allow the private sector to manufacture sensitive military hardware, so far reserved for the public sector. Military hardware manufacturers abroad may begin to manufacture in India, either on their own or in collaboration with Indian companies. There could be transfer of technology as well.

To the HR person in insurance companies, these developments pose major challenges.

First of all, new skills will have to be learnt to handle the technology which will drive operations in their own companies.

The risks in the new factories will have to be understood to be able to process underwriting and claims decisions.

Equally important would be the need for maintaining absolute confidentiality with regard to information accessed during official work. Employees of insurance companies, including agents and surveyors, will have access to a lot of information relating to the clients" activities.
Being related to strategic matters, there could be persons abroad as well as in India, who may be keenly interested in knowing what is happening.

**Consumer expectations**

People travel a lot more than in the past both on holidays and on work. From almost all villages and families, someone will be working abroad. Through smart phones and TV sets, people come to know what is happening elsewhere. Competitors make offers and promises. With all these inputs, customers have expectations. They may not be willing to accept shoddy treatment.

**7. Effect on staff**

If the insurance companies are using the new technologies, the staff will have to be imparted the necessary skills. It is possible that some of them will be found to be redundant because the systems will be able to function with lesser staff and because some of them may find it difficult to adjust to the new technology. Other than redundancy the new technology may lead to relocation, disruption of family, affect careers and status and require new conditions of work.

There will be need for change in attitudes as well. There will have to be 100% accuracy and precision while doing tasks connected to the new devices. There will be no scope for any „error" in handling jobs connected with the new technology. A spelling mistake or omitting a „dot" will be enough to nullify an operation. The consequences of errors may not be retrievable.

Technology will make it possible for employees to work from home. This may enable more mothers to work. This might be preferred also by those who have difficulty commuting to work daily because of distances and whose work may not be dependent on presence in office. In fact it is possible that managements might prefer to allow telecommuting instead of physical commuting, as it will save costs on office space and travel time, making for longer and more

productive work time. There could be however, issues relating to appraisals of work.

All employees, whether or not they have direct contacts with customers, will need the marketing orientation that tries to please the customer. They will have to be aware as to how back office jobs affect service at the market place.

**8. Rural development**

The Union Budget for 2016-17 has unfolded plans for the development of the rural areas and to strengthen the agricultural sector. Apart from promising that the remaining 18000 villages will receive electricity, the projects include extensive road construction and development of the agro-industry. Overall one would expect increasing economic activity in the rural areas and better incomes among the farmers.

The developments in the rural areas will be reflected in the acronym JAM, which stands for the three pillars,

Jan Dhan (bank accounts for everybody),

Aadhar card which will be the identity for persons to receive benefits and

Mobile phones which provide for communication.

With 97 crores of Aadhar cards already issued and nearly 90 crores of smart phones in use in the country, it would seem that the stage is set for incomes to flow without leakages into the farmers" bank accounts.

The prospects for insurance companies in rural areas seem to be bright in the immediate future. Both access and service are likely to become easier with the availability of technology. HR departments will have to ensure that the employees are ready to take full advantage of the same.

**9. Being dynamic**

Some surveys show that the three biggest HR challenges in the future will be:

Rewarding and retaining the best employees

Developing the next generation of corporate leaders

Creating a corporate culture that attracts the best employees

The three challenges mentioned above come from the fact that the talents required are the ones necessitated by the new technology and the new business models.

## Example

Some leading Indian software companies have chosen to appoint as their CEOs persons who had been working abroad. Perhaps, their experience is wider than the Indian counterparts. The challenges are not ones that can be met with traditional adjustments to compensation packages. It is more than salary that matters. Leaders need strong people-related and development skills.

In order to prevent women from leaving their jobs after maternity, the ICICI Bank has developed new technology to enable women to work from their homes. This will also help employees who have to spend long hours on commuting.

Access to core banking servers is made available with the use of face recognition technology and extended network. It enables tasks like checking documents for loan disbursements, image-based verification of cheques for clearance, first level scrutiny of documents for opening accounts and processing of export import documents, to be undertaken remotely.

The State Bank of India is also working on systems that enable remote relationship managers to work from home, maintaining quality and security.

Competition in the future will be keener than ever before. Those organisations which do well may reshape and redefine not only their products, but the industry itself. It will be necessary to innovate systems and procedures.

The environment is dynamic. The individuals with whom HR people are going to work are increasingly diverse in interests, abilities and motivations. The result is a future with exciting challenges and opportunities. The new system will be one of dynamic engagement. Managers will now think of a company not as an organisation of managers and workers, but as a company of partners in business. Everyone will have to think as if it is his own business. Everyone will expect an opportunity to contribute to the change.

### 10. Global Operations

Indian companies are increasingly operating in other countries. Foreign companies are operating in India. Indian companies like hotels and hospitals will have plenty of foreigners as customers from different countries. The involvement of foreign personnel will affect the HR functions in the matter of Communications. Interpersonal relations are built through communications.

Communications will be affected because meanings will be made within the beliefs, values, perceptions, etc, which are all created to a significant extent, by the societies in which one is brought up. The customs and values of those

societies will be different from India. HR managers will have to be aware of these differences and ensure that miscommunications are avoided.

## Example

Wives of diplomats posted to India are generally given an orientation to Indian societies by arranging for meetings and interactions with ladies in different parts of India.

Mark Weinberger, Global Chairman of the consulting firm Ernest and Young, in an interview published in the Economic Times dated 7th March 2016, said that a survey done by them within their 2000 plus clients in 152 countries, showed that India ranked No.1 for attractiveness for investments for the next three years. Indian operation has been the growth leader for E & Y among 29 regions and he was bullish on India. Ms Christine Lagarde, Chief of the International Monetary Fund, said at a meeting of the Advancing Asia conference in New Delhi on the 12th March 2016, that "India"s star shines bright" and "the region"s dynamism presents a historic opportunity to invest now in the future". HR professionals will have to acquire global orientations to be effective in days and years to come.

## Test Yourself 1

Marketer in USA refers to those born between 1977 and 1999 as _____.

I. Generation X
Generation Y
III. Generation Z
IV. Generation A

## Summary

Changes had been happening all the time. What is different in present times is that the pace of change is accelerating. The nature of change is also changing. Change is not incremental any more. It is disruptive.

Because of the general improvement in health care systems and better life styles, people are living longer than in the past. Companies, which have provided pension benefits, will find their financial burdens increasing more than what may have been expected and provided for.

Women at work no longer want to be discriminated against. In the past, women used to be paid less than their male counterparts.

Organisations are experiencing increasing difficulty in retaining talent. While there is demand for talent, employees seem to have less and less loyalty to the employers. They are prepared to shift jobs without much hesitation, if they feel that the remuneration is better or there is better recognition and freedom.

One of the major programmes of the Government of India is called „Digital India". This is in keeping with the trends globally. Technology will move more from information era (end of the previous century) to digital era in the current decade.

Robots, drones and other intelligent forms are already doing several manufacturing and service jobs. It is estimated that 47% of jobs in the US may be automated in another 15 years. Even jobs in medicine, law and education may be handled by these intelligent systems.

Manufacturing in India is expected to get a big boost as a result of the „Make in India" campaign of the Government of India. Many global brands might decide to set up manufacturing units in India because of the support that the Government offers for industry.

If the insurance companies are using the new technologies, the staff will have to be imparted the necessary skills. It is possible that some of them will be found to be redundant because the systems will be able to function with lesser staff and because some of them may find it difficult to adjust to the new technology.

Technology will make it possible for employees to work from home. This may enable more mothers to work. This might be preferred also by those who have difficulty commuting to work daily because of distances and whose work may not be dependent on presence in office.

The prospects for insurance companies in rural areas seem to be bright in the immediate future. Both access and service are likely to become easier with the availability of technology. HR departments will have to ensure that the employees are ready to take full advantage of the same.

Some surveys show that the three biggest HR challenges in the future will be:

Rewarding and retaining the best employees
Developing the next generation of corporate leaders
Creating a corporate culture that attracts the best employees

Indian companies are increasingly operating in other countries. Foreign companies are operating in India. The involvement of foreign personnel will affect the HR functions in the matter of Communications. Interpersonal relations are built through communications.

## Key Terms

Commuting

Demographic

DevOps

Digital

Drone

Dynamic

Generation X / Y

Global Operations

Hadoop

Rural Development

Technology

Women

## Answers to Test Yourself

### Answer 1

The correct option is I.

## Self-Examination Questions

### Question 1

_____ is a programming framework that supports the processing of large amounts of data in a widely distributed working environment.

I. Julia
II. R
DevOps
IV. Hadoop

### Question 2

„Drones" can be used for:

I. Delivery of pizzas
Surveillance
III. Attack
IV. All of the above

### Question 3

In the acronym JAM, what does „M" stands for?

I. Money
II. Market
Mobile phones
IV. Mandate

## Answers to Self-Examination Questions

**Answer 1**

The correct option is IV.

**Answer 2**

The correct option is IV.

**Answer 3**

The correct option is III.