

## BBA I Yr / II semester – Organizational Behavior

### Unit V – Organizational Culture

Every society has a social culture, every family has its own culture and every work place has an organizational culture. Culture is the set of important understandings that members of a community share in common. The organizational culture is a system of shared beliefs and attitudes that develop within an organization and guides the behaviour of its members. It is the philosophies, ideologies, values, assumptions, beliefs, expectations, attitudes and norms that develop an organization together and are shared by its employees. A system of shared meaning held by members that distinguishes the organization from other organizations. Culture is passed from generation to generation.

#### Definition:

The organizational culture is the system of shared beliefs and attitudes that develop within an organization and guides the behaviour of its members.

#### Seven characteristics of OB:

1. Innovation and risk taking
2. Attention to detail
3. Outcome orientation
4. People orientation
5. Team orientation
6. Aggressiveness
7. Stability

- **Innovation and risk taking:** The degree to which employees are encouraged to be innovative and take risks.
- **Attention to detail:** The degree to which employees are expected to exhibit precision, analysis and attention to detail.
- **Outcome orientation:** The degree to which management focuses on the results or outcomes rather than on the techniques and processes used to achieve them. Which is more important in your opinion?
- **People orientation:** The degree to which management decisions take into consideration the effect of outcomes on people within the organization.
- **Team orientation:** The degree to which work activities are organized around teams rather than individuals.

- **Aggressiveness:** The degree to which people are aggressive and competitive rather than easygoing.
- **Stability:** The degree to which organizational activities emphasize maintaining the status quo in contrast to growth.

### **Concepts of Organizational Culture:**

- **Dominant culture:** A culture that expresses the core values that are shared by a majority of the organization's members. • Gives an organization its distinct personality.
- **Subculture:** Minicultures within an organization, typically defined by department designations and geographical separation. • Develop in large organizations to reflect common problems, situations or experiences faced by group members.
- **Strong Vs Weak:** If opinions vary widely, the culture is weak. If most employees responding to management surveys have the same opinions about the organization's mission and values, the culture is strong. If opinions vary widely, the culture is weak. Organization's core values are intensely held and widely shared.

Strong Vs Weak: The more members who accept the core values and the greater their commitment, the stronger the culture and the greater its influence on member behaviour because the high degree of sharedness and intensity creates an internal climate of high behavioural control.

Eg. Tata employees confronting an ethical solution.

Strong organizational culture

- Builds cohesiveness,
- Loyalty,
- Organizational commitment,
- ...thereby reducing employee turnover.
- **Soft Vs. Hard Culture:** In a Soft Culture the employees pursue their own personal goals and give less importance to the organizational goals. whereas, in a Hard Culture the employees consider more on organizational goal than of their own goals.
- **Formal Vs. Informal Culture:** In formal Organizational Culture there is more emphasis on roles, responsibility, rules and regulations. Whereas, in Informal Culture there is no such thing like rules and regulations, etc. Employees are free to do their works as they like...

## **Strong Cultures**

All organizations have cultures, but not all cultures equally influence employee behaviors' and actions. Strong culture – those in which key values are deeply held and widely shared, have a greater influence on employees than weak culture. The more employees accept the core values and their greater commitment, the stronger the culture. A strong culture should reduce employee turnover because of their greater agreement. It lessens the employee propensity to leave since strong culture builds cohesiveness, loyalty and organizational commitment.

## **Organizational Culture Vs Climate**

Along with the term organizational culture, another term organizational climate has emerged. Some managers feel that these two concepts are quite different terms while others feel that these are similar concepts.

The following differences between organizational culture and climate.

### **1. Concept:**

Organisation culture, on the other hand, reflects the atmosphere of the organisation which has evolved over a number of years. It takes years for organisations to develop culture and climate is generally reflected for shorter periods.

Organisation climate reflects current atmosphere of the organisation in which the employees work. It provides opportunities to perform jobs according to the skills and a reward system which serves as motivators for employees (financial and non-financial).

### **2. Evolution:**

Organisation culture evolves over years. An organisation earns goodwill and reputation through its culture. It gives a feel of the organisation itself.

Organisation climate evolves according to needs of the organisation to adapt to the internal and external environment. It gives a feel of current atmosphere of the organisation.

### **3. Manipulation:**

Organisation culture cannot be easily manipulated and changed. As it takes years to develop organisation culture, changes are introduced only if felt absolutely necessary. Members have to change their behaviour according to organisation culture.

Organisation climate can be manipulated and changed according to needs of the environment (internal and external). It can change according to behaviour of its employees.

#### 4. Focus:

Organisation climate focuses on current work practices of the organisation. These practices are defined within the values and norms of the organisation. However, the values and norms are defined by organisation culture.

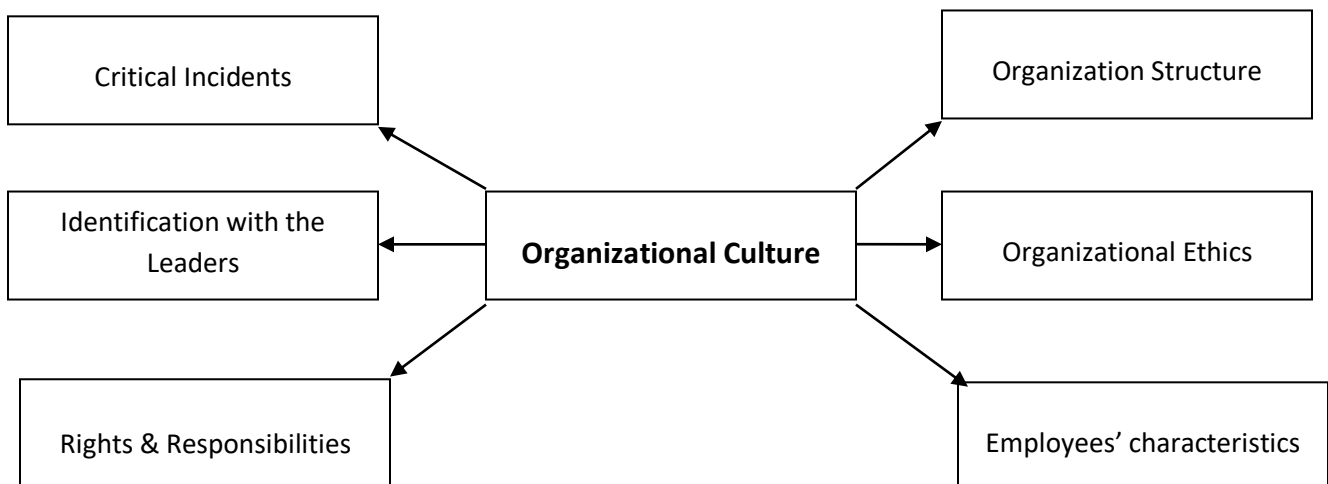
#### 5. Perspective:

Organisation culture is a broader framework that determines its climate. Organisation climate is short-term perspective that defines its day-to-day functioning.

Organisation climate defines employees' feelings about what the organisation is and organisation culture defines what the organisation is as perceived by those who deal with the organisation.

A company known for its quality represents its culture and employer-employee relations in the company represents its climate.

#### Where an organizational culture comes from?



#### How employees learn culture?

Employees' learn culture in a number of ways. The most common are stories, rituals, ceremonies, language, symbols, and materials.

**Stories:** stories typically narrate the events of the organization's founders, rule breaking, success stories, and reactions to mistakes. Nike has a number of senior executives who spend much of their time serving as corporate story tellers. And the stories they tell are meant to convey what Nike is about. These stories anchor the present in the past and provide explanations and legitimacy for current practices.

**Rituals:** Rituals are repetitive sequences of activities that express and reinforce the key values of the organization — what goals are most important which people are important, and which people are expendable. Ex: dress of organizational members, how visitors are greeted, how fellow employees are greeted, how often senior executives visit subordinates, how much time employees take for lunch & like.

**Ceremonies:** ceremonies are the formal artifacts than the rituals. Elaborate set of activities that are enacted time on important occasions are organizational ceremonies. These provide rewards and recognition to the employees. Ceremonies include celebrating launching a new product etc.

**Language:** Many organizations use language as a way to identify members of culture or subculture. By learning this language, members attest their acceptance of the culture and, in so doing help to preserve it.

**Symbols and materials:** Materials and symbols convey to employees who is important and the kinds of behavior (for example Risk taking, Conservative, authoritative, participative, individualistic) that are expected and appropriate.

#### **Sustaining organizational culture:**

Having creating the culture, it needs to be kept alive in the organization. There are strategies for sustaining the culture which include:

- Have a clear Vision, Mission, and Values statement.
- Hire people who embody these values.
- Understand the culture.
- Bring culture in when solving business problems.
- Focus more on trust building and respect.

#### **Changing organizational culture:**

Culture of the organization needs to be changed, particularly when the culture is weak, or unhealthy, or when it acts as an obstacle in implementing new strategy towards the goal

achievement. Culture change shall be preceded by diagnosing the existing values and beliefs of the organization. To operate at higher levels of effectiveness culture has to be changed.

Guidelines for changing culture:

- (i) **Formulate a clear strategic vision:** Effective culture change shall have a clear vision of the organization strategy. This vision provides the purpose and direction for change in culture. It serves as a yardstick for the existing and proposed culture.
- (ii) **Display top management commitment:** cultural change must be managed from top to bottom of the organization. Top management should be highly committed to the new values and constantly create pressures for change.
- (iii) **Model culture change at the highest levels:** senior executives need to communicate clearly the new cultural values to the employees through their actions. Their behaviors need to reflect the new values.
- (iv) **Restructure the organization to support the new culture:** cultural changes needs supports and modifications in organizational structure, control mechanisms, Human resource systems and leadership styles.
- (v) **Select and socialize new comers and terminate deviants:** people need to be selected who can promote new values, beliefs and actions. Organizations are to manage the workforce in inculcating the changes.
- (vi) **Develop an ethical and legal sensitivity:** cultural changes can create misunderstandings between organizational and individual interests resulting legal and ethical problems. Managers are to be educated about such changes and problems inheriting culture and help them resolving these issues.

#### **Creating Ethical organizational culture:**

Robbins and Judge (2009) offered steps in creating ethical organizational culture.

1. **Be a role model and be visible.** Your employees look to the behavior of top management as a model of what's acceptable behavior in the workplace. When senior management is observed (by subordinates) to take the ethical high road, it send a positive message for all employees.
2. **Communicate ethical expectations.** Ethical ambiguities can be reduced by creating and disseminating an organizational code of ethics. It should state the organization's primary values and the ethical rules that employees are expected to follow. Remember, however, that a code of ethics is worthless if top management fails to model ethical behaviors.

3. **Offer ethics training.** Set up seminars, workshops, and similar ethical training programs. Use these training sessions to reinforce the organization's standards of conduct, to clarify what practices are and are not permissible, and to address possible ethical dilemmas.
4. **Visibly reward ethical acts and punish unethical ones.** Performance appraisals of managers should include a point-by-point evaluation of how his or her decisions measure up against the organization's code of ethics. Appraisals must include the means taken to achieve goals as well as the ends themselves. People who act ethically should be visibly rewarded for their behavior. Just as importantly, unethical acts should be punished.
5. **Provide protective mechanisms.** The organization needs to provide formal mechanisms so that employees can discuss ethical dilemmas and report unethical behavior without fear of reprimand. This might include creation of ethical counselors, ombudsmen, or ethical officers

## **FACTORS AFFECTING ORGANIZATIONAL CULTURE**

Organizational culture is a group of employees' way of life. There are many factors that affect organizational culture, but what are they and how do we recognize these factors?

**Here are five factors that affect organizational culture:**

### **1. Top Leadership Principles**

How an organization's leadership team runs the business affects the policies, procedures and rules set for employees. Look at any great leader and you'll see that the values and philosophies of that leader trickle down to employees to deliver end results for the organization.

Howard Schultz, the executive chairman and former CEO of Starbucks, is a leader that has a simple leadership philosophy: treat people with dignity and respect. This one philosophy appears time after time in the Starbucks organizational culture, and can be measured in the quality of service a customer experiences.

### **2. Nature Of The Business**

The purpose, market and operations of an organization have an impact on employees' behavior. Does your organization make a meaningful difference through your products and services in the lives of your clients and customers? That has a direct impact on your organizational culture and how your employees feel about working for you.

### 3. Company Values, Policies and Work Ambiance

Employees develop the values emphasized in the policies, procedures and work environment.

### 4. Clients and External Parties

Who you work with is one thing, but who you work for is another. The clients that the company serves are an often overlooked factor that affects organizational culture.

Why are clients part of the culture? Because these are the people that directly affect the employee's well being. If a customer is upset and takes it out on an employee, that employee's behavior directly impacts those around them. If a client has a big success and thanks the employee for a job well done, that employee can uplift their whole team.

### 5. Recruitment and Selection

Perhaps no factor is more important to organizational culture than recruiting and selecting the right types of employees. The type of employees hired by an organization has the largest effect on its culture – especially when a company is in high growth mode and is rapidly adding new employees.

### Factors Affecting Organisational Climate

Factors affecting organizational climate differ from organization to organization. In some organizations certain factors like structure, or process plays a major role and in some other organizations, technology might be the major factor influencing the climate. However the major factors, according to Lawrence James and Allan Jones affecting the organizational climate can be grouped under the following heads:

**Organizational content:** The reactions of the employees and the degree to which they welcome and accept the managerial philosophy is very crucial to the development of sound and favorable organizational climate. The climate is said to be highly favorable when the existing management techniques are such that employees' goals are perfectly matched to the ideas of organizations.

**Structure:** Structure is the framework that establishes formal relationship and delineates authority and functional responsibility. It is generally believed that decentralized structure results in sound climate. In sharp contrast, if the management feels the necessity of maintaining greater degree of consistency in operations regarding decision-making, it will be wedded to centralized structure.

**Process:** In every organization certain processes are vital so that it functions. Communication, decision making, motivation and leadership are some of the important processes through which management achieves the tasks. For instance, if we consider leader-follower relationship, leadership process, it is leader's choice whether to allow subordinates in decision-making, give



assignments, etc. A leader has to be aware of the possible influence of his actions on the climate while deciding about the most appropriate supervisory technique for a given situation. It should be noted that failure to give consideration to the effect on climate could cause great harm to the organization.

**Physical Environment:** the external conditions of environment, the size, location of the work place etc., will also affect organizational climate. An employee performing his job in relatively clean, quiet, safe environment will undoubtedly have a favorable perception of the organizational climate. Noise has also been considered instrumental in influencing the climate of an organizational.

**System Values and Norms:** Every organization has discernible and fairly formal value system where certain kinds of behaviors are rewarded and encouraged and certain kinds of behavior forces an individual to formal sanctions. The formal value system is communicated to employees through rules, regulations and policies. But informal value system is very difficult to ascertain. But both exert influence on organizational climate.

### **MORALE: DEFINITIONS, TYPES AND FACTORS AFFECTING MORALE**

#### **Concept:**

Morale is defined by various terms from different standpoints. In military situation morale means enthusiasm to accomplish the assigned task or esprit-de-corps in sports it may mean self confidence of a team, in education it may be the eagerness to learn by students, in business it is associated with the desire to achieve the goals. So it is an overall attitude of an individual or group towards all aspects of their work e.g., the company, the job, the supervisors, fellow workers, working conditions, etc.

#### **Definitions:**

According to Flippo morale is defined as “a mental condition or attitude of individuals and groups which determines their willingness to co-operate. Good morale is evidenced by employee enthusiasm, voluntary confirmation with regulations and orders, and a willingness to co-operate with others in the accomplishment of an organization’s objectives. Poor morale is evidenced by surliness, insubordination, a feeling of discouragement and dislike of the job, company and associates.”

In the words of Yoder, “morale is a feeling, somewhat related to esprit de corps, enthusiasm or zeal. For group of workers, morale, according to a popular usage of the word, refers to the over-all tone, climate or atmosphere of work, perhaps vaguely sensed by the members.’

#### **Types of Morale:**

The following are the two types of morale:

### **1. Individual and Group Morale:**

Individual morale is a single person's attitude towards work, environment etc. Whereas group morale reflects the general attitude of a group of persons. Group morale is everybody's concern and may go on changing with the passage of time. Individual and group morale are interested but not necessarily identical. They have an effect on each other. The individual's personal perception of the present conditions may be high but the group's perception may be low or vice-versa.

### **2. High or Low Morale:**

Morale may be referred to high morale or low morale. In the words of McFarland, high morale exists when employee attitudes are favorable to the total situation of a group and to the attainment of its objectives. Low morale exists when attitudes inhibit the willingness and ability of an organization to attain its objectives. The words such as zeal, enthusiasm, loyalty, dependability denote high morale. Low morale may be described by words like lack of interest, laziness, apathy, bickering, jealousy, quarrelsome, pessimism, etc.

### **Morale and Motivation:**

Morale and motivation are interrelated but differ from each other. Morale refers to the attitude of a person towards his work and environment while motivation is a process to inspire people. Motivation is an inner feeling which energizes a person to work more for satisfying his unsatisfied demands. Motivation revolves round needs and incentives while morale will determine the willingness to co-operate.

Morale is a group phenomenon while motivation is an individual's readiness to work more. Moral is related to the combination of various factors operating at work but motivation concerns to the job only. Motivation helps in mobilizing energy while morale is concerned with the mobilization of sentiments.

### **Morale and Productivity:**

Morale reflects the attitude of employees towards their work, it will be of interest to know if it has any bearing on productivity. A number of research studies reveal that there is no direct relationship between morale and productivity. High morale may lead to higher productivity but in some cases production may go down even. It is generally felt there is a positive relation between morale and productivity but the degree may not be the same. For example, 10 per cent increase in morale may lead to higher productivity but production may not necessarily increase by 10 per cent.

**Miller and Form have given four combinations of productivity and morale viz:**

- (i) High productivity-high morale
- (ii) Low productivity high morale
- (iii) High productivity-low morale
- (iv) Low productivity-low morale.

The first situation occurs when the individual is satisfied from the job and prevailing environment. He will try to achieve high standards of performance which will lead to higher productivity.

In the second situation (low productivity and high morale) the employee may be satisfied from his work and situations prevailing, showing high morale. Lack of proper teaching of the employee, lack of administrative skill of the supervisor, defective materials, out-dated technology may lead to low productivity in-spite of high morale.

In the third-situation, management may use strict supervision, prescribe punishments for low productivity and use better technology for raising productivity in-spite of low morale.

The fourth situation occurs where factors obtained in combination of high productivity high morale are lacking. There is a complexity of relationship between morale and productivity. This relationship cannot always be predicted. It may differ from organization to organization and from one time to another time.

### **Factors Affecting Morale:**

The employee morale is a very complex phenomenon and is influenced by many factors. Different authors like McFarland, Bradshaw and Krugman, Roach and Applewhite name given different criterion for the determination of morale.

**On the basis of all these classifications, the important factors in the determination of levels of morale are as describe below:**

#### ***1. The Organization:***

The first factor affecting the employee morale is the organization itself. The organization influences the worker's attitudes to their jobs. The public reputation of an organization may build up for better or worse, their attitudes towards it.

#### ***2. The Nature of Work:***

The nature of the work, the worker is expected to perform also affects his attitude towards the job as well as his morale. If the employee is expected to perform routine or specialized jobs, he will feel bored and alienated. Repetition of the same task again and again makes the working situation worse for the employees. Another factor is the large impersonal organizational structure. Sometimes, if the employee feels that he is just a cog in the machine instead of a person, his morale will become very low. Lack of understanding of organizational goals may also affect the morale. Another factor which causes low morale is the assembly line operations moving at a constant speed.

#### ***3. The Level of Satisfaction:***

The level of satisfaction, a worker derives from his job is another determinant of morale. If the job factors and the satisfaction they bring is perceived to be favourable by the employee morale will tend to be higher than if there factors seem to be unfavourable. The job factors include the factors such as opportunities for promotions, job security, steadiness of employment, opportunities to learn the job and to use his own ideas, pay working conditions, recognition, cooperativeness of co-workers, group relationship etc.

#### ***4. The Level of Supervision:***

The level of supervision received by an employer has a tremendous influence on his morale. High rate of employee turnover indicates that the leadership is ineffective. On the other hand, if employees are given freedom to do the job, their morale will be high. Nobody likes to be supervised all the time.

#### ***5. Concept of Self:***

The morale of persons who have lots of self confidence or who enjoy good mental and physical health is generally high as compared to those who lack self confidence or suffer from poor physical or mental health.

#### ***6. Worker's Perception of Rewards System:***

The worker's perception of past rewards and future opportunities for rewards affect their morale to a substantial extent. If the workers regard the rewards as fair and satisfactory, their morale will tend to be higher than if the perception is in the opposite direction. Moreover, if the rewards and opportunities for the future tend to be bleak, morale will tend to be low as compared to the situation where the worker perceives opportunities for satisfaction and for attainment in the rewards that lie ahead in the future.

#### ***6. The Employee's Age:***

Studies have reported that age and morale are directly related. Other things being equal, elder employees seem to have higher morale. This is because of the reason that perhaps younger workers are more dissatisfied with higher expectations than their elders. The older employees have more stability which comes with maturity, a serious attitude towards job, more reliability, less absenteeism, proven steady work habits, a sense of responsibility and loyalty and fewer tendencies to be distracted by outside interest as influences.

### ***7. The Employee's Educational Level:***

Studies have concluded an inverse relationship in the educational level of the employee and his morale. Higher the educational level lower will be the job satisfaction and vice versa. The higher he thinks he should be the more dissatisfied he will be.

### ***8. The Employee's Occupational Level:***

The occupational level of the employee also influences his level of morale. The higher up in organizational hierarchy an employee is higher will be his morale. The morale of the people who are lower in the levels of hierarchy is generally low because they compare their own attainments with those of others.

### ***10. The Off the Job Activities of the Employee:***

The relationship of an employer with his family and work group influences his behaviour and attitude while he is on the job. His off the job activities e.g. whether his family life is happy or not, whether he has excessive drinking habits etc. The influences and pressures of a formal and informal group have a significant effect on the morale of workers.

## **CONFLICT AND CONFLICT MANAGEMENT**

Conflict management is the process of avoiding conflict. However, conflict avoidance may not be possible in all cases. The conflict management process, in such circumstances, resolves conflicts on real-time basis. Often we confuse conflict with competition.

The culture of competition is deliberately created by organizations to extract the best from their people. This is an example of friendly competition, sparked with deliberate goals and objectives. Unfriendly competition, on the other hand leads to conflict.

For example, in many organizations, variable pay is linked to individual performance, that is, targets are assigned to individual employees and on achieving the same they earn their variable components of pay and incentives. This system reduces their responsibilities towards their groups and their organizations as a whole, and thus makes them selfish.

### **Kinds & Levels of Conflicts:**

There four kinds of conflict which are as follow.

### 1. **Intergroup Conflict:**

When groups of inside & outside stakeholder of the organization disagree on certain issues, there exists an intergroup conflict.

### 2. **Interpersonal Conflict:**

When there are variation of values, goals & styles between two or more interacting persons, interpersonal conflict emerges.

### 3. **Intra group Conflict:**

Intra group conflicts is associated with the work procedures & work goals between two groups in the organization.

### 4. **Intrapersonal Conflict:**

When an individual has an internal conflict over divergent values, goals or roles, he faces inter personal conflicts.

Conflict can also be horizontal or vertical. Horizontal conflict occurs between groups or departments that are on the same level. While the vertical conflict takes place among employees that belong to a different level in the organizational hierarchy.

Furthermore, conflict can also be further classified in the following three categories.

#### 1. ***Task Conflict:***

A conflict that emerges over goals & contents of the work is called task conflict.

#### 2. ***Relationship Conflict:***

The conflict that arises due to interpersonal relationships is called relationship conflict.

#### 3. ***Process Conflict:***

Conflict that is based on the method of performing work is called process conflict.

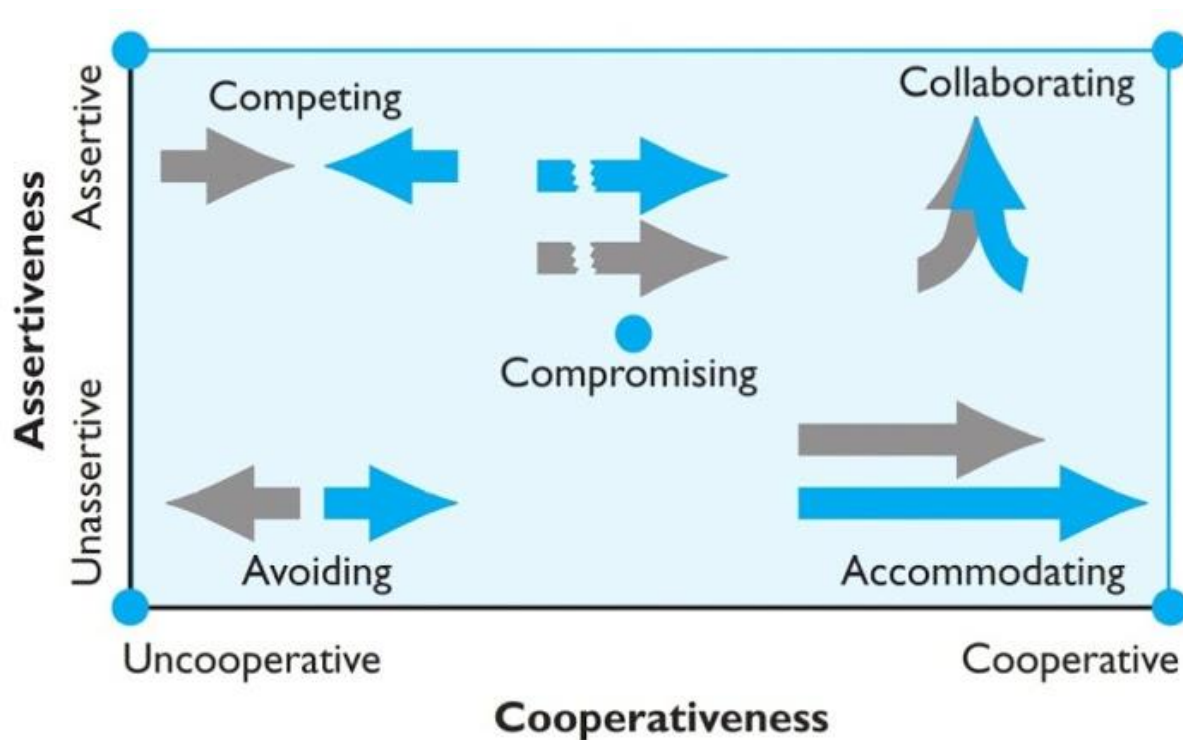
### **Conflict Management Styles:**

There are 5 conflict-management Styles:

1. Competing (I Win, You Lose),

2. Collaborating (I Win, You Win),
3. Avoiding (No Winners, No Losers),
4. Accommodating (I lose, You win), and
5. Compromising (You Bend, I Bend).

Using two dimensions cooperativeness (the degree to which one party attempts to satisfy the other party's concerns) and assertiveness (the degree to which one party attempts to satisfy his or her concerns) five conflict-management styles can be identified.



### Competing (I Win, You Lose)

When one person seeks to satisfy his or her interests regardless of the impact on the other parties to the conflict, he is competing.

The competition involves authoritative and assertive behaviors.

In this style, the aggressive individual aims to instill pressure on the other parties to achieve a goal. It includes the use of whatever means to attain what the individual thinks is right.

It may be appropriate in some situations but it shouldn't come to a point wherein the aggressor becomes too unreasonable.



Dealing with the conflict with an open mind is vital for a resolution to be met.

### **Collaborating (I Win, You Win)**

A situation in which the parties to conflict each desire to satisfy fully the concerns of all the parties.

In collaborating, the parties intend to solve the problem by clarifying differences rather than by accommodating various points of view.

Collaborating aims to find a solution to the conflict by cooperating with other parties involved.

Hence, communication is an important part of this strategy.

In this mechanism, the effort is exerted in digging into the issue to identify the needs of the individuals concerned without removing their respective interests from the picture.

Collaborating individuals aim to come up with a successful resolution creatively, without compromising their satisfaction.

### **Avoiding (No Winners, No Losers)**

A person may recognize that a conflict exists and want to withdraw from it or suppress it. Avoiding included trying to just ignore a conflict and avoiding others with whom you disagree.

In this approach, there is withdrawal from the conflict. The problem is being dealt with through a passive attitude.

Avoiding is mostly used when the perceived negative end outweighs the positive outcome.

In employing this, individuals end up ignoring the problem, thinking that the conflict will resolve itself. It might be applicable in certain situations but not in all.

Avoidance would mean that you neglect the responsibility that comes with it.

The other individuals involved might think that you are neglecting the problem. Thus, it is better to confront the problem before it gets worse.

### **4. Accommodating (I lose, You win)**

Accommodation involves having to deal with the problem with an element of self-sacrifice; an individual sets aside his concerns to maintain peace in the situation.

Thus, the person yields to what the other wants, displaying a form of selflessness.

It might come as an immediate solution to the issue; however, it also brings about a false manner of dealing with the problem.

This can be disruptive if there is a need to come up with a more sound and creative way out of the problem. This behavior will be most efficient if the individual is in the wrong as it can come as a form of conciliation.

### **5. Compromising (You Bend, I Bend)**

A situation in which each party to a conflict is willing to give up something.

Intentions provide general guidelines for parties in a conflict situation. They define each party's purpose.

Yet people's intention is not fixed. During the conflict, they might change because of re-conceptualization or because of an emotional reaction to the behavior of another party.

Compromising is about coming up with a resolution that would be acceptable to the parties involved.

Thus, one party is willing to sacrifice their own sets of goals as long as the others will do the same.

Hence, it can be viewed as a mutual give-and-take scenario where the parties submit the same amount of investment for the problem to be solved.

A disadvantage of this strategy is the fact that since these parties find an easy way around the problem, the possibility of coming up with more creative ways for a solution would be neglected.

### **ORGANIZATIONAL EFFECTIVENESS**

Chief executives of many organizations claim that the goal of the organizations is to achieve excellency and effectiveness in many areas. CEOs set goals due to the global challenges and competitiveness consequent upon globalization. Unless organizations perform effectively they cannot survive. The ineffective organizations do not exist and disappear very soon. Therefore there is a need for the organization to be more effective. The term 'Organizational Effectiveness' is defined in different ways by the managers. A financial manager equates effectiveness with return on investment or market capitalization. A marketing manager equates it with the increase in sales. HR manager prefers to mean effectiveness with employee

satisfaction while R & D manager mean it to innovations. However there are definitions on the term effectiveness.

According to Amitai Etzioni, effectiveness is the “degree to which with organization realizes its goals”.

Paul E.Mott defines effectiveness as “the ability of an organization to mobilize its centers of power for action – production and adaptation.”

Organizational effectiveness “is the extent to which an organization, given certain resources and means, achieves its objectives without placing undue strain on its members.”

The organizational effectiveness is more concerned with the achievement of organizational objectiveness. The term efficiency is closely related to effectiveness.

### **Effectiveness Vs Efficiency**

Efficiency is doing the things right and effectiveness is doing right things. In other words, efficiency is the ratio between input and output. It is also termed as productivity. Efficiency is producing maximum output with a unit of input or reducing the input to produce the same level of output.

The firm to be successful initially should be effective and it should be efficient to be successful in the long run. In fact, effectiveness of the organization also contributes in the long run success. Thus effectiveness refers to the achievement of organizational goals by performing functions and using resources.

### **Indicators of Organizational Effectiveness:**

Richard L. Daft in his book " says there are seven indicators of an effective organization as seen from an internal process approach:

1. Strong corporate culture and a positive working climate.
2. A high team spirit, group loyalty and teamwork.
3. Confidence, trust and communication between employees and management.
4. Decision making near sources of information, regardless of where those sources are on the organizational chart.
5. Undistorted horizontal and vertical communication; sharing of relevant facts and feelings.
6. Good rewards to managers for performance, for growth and development of workers and for creating an effective work group.

7. Interaction between the organization and his parts, with conflict that occurs over projects resolved in the interest of the organization.

### **POWER & POLITICS**

There is no universally accepted meaning of power. Power has more diverse meanings than any other concept in organisational behaviour. In general, it refers to a capacity that one has to influence the behaviour of another so that the other person does something which would not be done otherwise. However, few of the definitions on power are presented here to capture the wide range of the meanings it has assumed over a period of time. The earliest definition of power is given by Max Weber, the famous Sociologist, defines power as “the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance”.

Another definition of **power** refers it to the ability to get things done despite the will and resistance of others or the ability to win political fights and outmaneuver the opposition. **Pfeiffer**, an organizational behavior theorist, defines power as “the ability to influence behaviour, to change the course of events, to overcome resistance, and to get people to do things that they would not otherwise do”.

Characteristics of Power Definitions of power are related to the concepts of authority and influence. Chester Barnard defined power as “informal authority”. Many modern organisational sociologists define authority as “legitimate power”. To have better understanding of power, we bring out clearly the distinctions between power and authority and power and influence.

### **Sources of Organisational Power**

French and Raven’s Classification of sources of power includes reward power, coercive power, legitimate power, referent power and expert power. But sources of power are different from power bases. This distinction is not maintained by French and Raven. How power holders control power bases speaks about sources of power. In other words, sources of power tell us wherefrom the power holders get their power bases. There are four sources of power, namely, position power (legitimate power), referent power (personal powers), expert power and opportunity power.

**Personal Power or Referent Power:** One’s personal characteristics can be a source of power. Articulation, domineering and charisma are personal characteristics that yield personal power. Others want to identify with a powerful person, regardless of consequences. In the organisational

setting, a manager who depends on referent power must be personally attractive to his subordinates.

**Expert Power:** Expertise is the means by which the power holder controls specialized information. Others attribute knowledge and expertise to the power seeker. In a technology-oriented or knowledge society, expert power is one of the most powerful sources of influence. Opportunity Power Being in the right place at the right time can give a person the opportunity to gain power. One need not hold a formal position in an organization to have access to information which others value most.

**Coercive Power:** The coercive power depends on fear. The person with the coercive power has the ability to inflict punishment or adverse consequences on the other person. In the organizational context, managers frequently exercise coercive power as revealed from their actions such as dismissing, suspending or demoting their subordinates or withholding pay increases. In other words, managers control through force or hitting at the basic physiological or safety needs.

**Reward Power:** Reward power is the opposite of coercive power. People comply with the wishes of another because it will result in positive benefits. The type of rewards includes material rewards like pay increase, fringe benefits, commissions, etc. Managers exercise this power since they have ability and resources to reward their subordinates. The strength of the reward power depends on whether the subordinates look at rewards offered to them as rewards or otherwise. Managers may offer what they think as rewards, but subordinates may not value them. The reverse may also be true.

### **Influenceability of Targets of Power**

It is confirmed the unilateral influence of power from the agent (power holder) to targets (other persons). Power relationship as a reciprocal relationship can be better understood by focusing attention on characteristics of targets.

Influenceability of targets depends on the following:

**Dependency:** Power is a function of dependency. The general dependence postulates that the greater the dependency of the target on the agent, the greater the power the agent has over the target. Dependency increases when the resources controlled by the agent are important, scarce and non-substitutable. The scarcity - dependency relationship can be clearly seen in occupational groups where supply of skills is low relative to demand for them.

**Uncertainty:** When people have a feeling of uncertainty about the correctness of their behaviour, they are more susceptible to influence.

**Personality:** Persons with personality characters like low tolerance for ambiguity and high anxiety (fear of failure) are more likely to be influenced.

**Intelligence:** Relationship between intelligence and influenceability is complex. In some cases it is positive whereas in other cases negative, since highly intelligent people being held in high esteem may resist being influenced.

**Gender:** It is traditionally believed that women are more likely to be influenced than men, because of the way the former are brought up. As the role of women is fast changing and they are more empowered now, there is a perceptible change, of late.

**Culture:** Western cultures that emphasize individuality, dissent and diversity tend to decrease influenceability whereas Asian cultures that emphasize cohesiveness, agreement and uniformity promote influenceability.

### **Political Behaviour**

One perspective of political behaviour is, large organisations are like governments in the sense that they are fundamentally political entities. Political behaviour in the organisation refers to those activities not required by one's formal role definition in the organisation. Political perspective of organisation departs from the classical idealistic, rational organization. Four postulates of power by Walter Nod focus on political realities in the organisation. One, organisations are composed of competing coalitions. Second, various coalitions seek to protect

their interests and positions. Third, unequal power distribution has dehumanizing effect. Fourth, exercising power within organisation.

### **Factors Contributing to Political Behaviour**

Individual and organisational factors can increase political behaviour and provide favourable outcomes (rewards and averted punishments).

#### **Individual Factors**

High self-monitors being sensitive to social cues and social conformity, are more skillful in political behaviour than low self-monitors. Individuals with internal locus of control (those who believe they can control their environment) are proactive and manipulate situations in their favour. A person having high expectation of increased future benefits will lose if forced out; hence he is more likely to use illegitimate means (extreme political behaviour). More alternative job opportunities a person has, more likely he is to use legitimate means (normal every day politics).

#### **Organisational Factors**

(i) Resources Degree of politics, criticality and scarcity of resources in organisation are directly related. Politics surface when the resources are declining and their existing pattern is changing. Infusion of new and unclaimed resources will lead to high political behaviour. (ii) Trust Low trust in organisation results in higher political behaviour, that too illegitimate type. (iii) Cultural Factors Role ambiguity (lack of clarity in role definition), ambiguous decisions and decisions on which there is a lack of agreement and uncertain, long range strategic decision, zero-sum reward allocation practices (one man's gain is other man's loss), democratic decision-making, performance evaluation systems and self-seeking senior managers, will be sources of conflicts and thereby high politicking. Higher the pressure on performance employees feel, the greater the likelihood of their resorting to politics. (iv) Technology and External Environment Complex technology and turbulent external environment lead to high political behaviour. (v) Change Planned organisation change or unplanned change brought about by external environment forces will encourage political behaviour.