

# **E-CONTENT**

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# LEADERSHIP

Leaders are people who do the right thing; managers are people who do things right.

–*Professor Warren G. Bennis*

Leadership is the art of getting someone else to do something you want done because he wants to do it.

–*Dwight D. Eisenhower*

Leadership can be defined as an interpersonal influence directed toward the achievement of goals. Three important parts of this definition are the terms interpersonal, influence and goal.

- Interpersonal means between persons and thus, a leader has more than one person or group to lead
- Influence is the power to affect others
- Goal is the end one attempts to attain

## CHARACTERISTICS OF LEADERSHIP

**Empathy:** Creating a legitimate rapport with your staff makes it less likely that personal issues and resentment can creep in and derail the group. When your team knows that you are empathetic to their concerns, they will be more likely to work with you and share in your vision, rather than foster negative feelings.

**Consistency:** Being a consistent leader will gain you respect and credibility, which is essential to getting buy-in from the group. By setting an example of fairness and credibility, the team will want to act the same way.

## CHARACTERISTICS OF LEADERSHIP

**Honesty:** Another characteristic of leadership that lends itself to credibility. Those who are honest, especially about concerns, make it far more likely that obstacles will be addressed rather than avoided. Honesty also allows for better assessment and growth.

**Direction:** Having the vision to break out of the norm and aim for great things --then the wherewithal to set the steps necessary to get there-- is an essential characteristic of good leadership. By seeing what can be and managing the goals on how to get there, a good leader can create impressive change.

**Communication:** Effective communication helps keep the team working on the right projects with the right attitude. If you communicate effectively about expectations, issues and advice, your staff will be more likely to react and meet your goals.

**Flexibility:** Not every problem demands the same solution. By being flexible to new ideas and open-minded enough to consider them, you increase the likelihood that you will find the best possible answer. You will set a good example for your team and reward good ideas.

**Conviction:** A strong vision and the willingness to see it through is one of the most important characterizes of leadership. The leader who believes in the mission and works toward it will be an inspiration and a resource to their followers

# FACTORS OF LEADERSHIP

## Leader

Leader must have an honest understanding about himself, what he know, and what he can do. Also, note that it is the followers, not the leader or someone else who determines if the leader is successful. If they do not trust or lack confidence in their leader, then they will be uninspired. To be successful you have to convince your followers, not yourself or your superiors, that you are worthy of being followed.

## Followers

Different people require different styles of leadership. For example, a new employee requires more supervision than an experienced employee does. A person who lacks motivation requires a different approach than one with a high degree of motivation. You must know your people! The fundamental starting point is having a good understanding of human nature, such as needs, emotions, and motivation. You must come to know your employees' *be*, *know*, and *do* attributes.

## Communication

Leadership is possible only through two-way communication. Much of it is nonverbal. For instance, when you “set the example,” that communicates to your people that you would not ask them to perform anything that you would not be willing to do. What and how you communicate either builds or harms the relationship between you and your followers.

## Situation

All situations are different. What you do in one situation will not always work in another. Leader must use his judgment to decide the best course of action and the leadership style needed for each situation. For example, you may need to confront an employee for inappropriate behaviour, but if the confrontation is too late or too early, too harsh or too weak, then the results may prove ineffective.

# QUALITIES OF A SUCCESSFUL LEADER

Leadership is the ability to influence the behavior of a group of individuals in a particular pattern. A leader should possess certain qualities which is helpful to influence the group for achieving the best results from individuals. Leadership traits can be divided in to two.

## Personal traits

- Intelligence
- Self confidence
- Foresight and vision
- Initiative
- Sound physique
- Dynamic personality
- Objectivity
- Empathy
- Responsibility
- Emotional stability
- Tact

## Managerial Traits

- Technical knowledge
- Organizing ability
- Ability to deal with people

Motivating employees

Creating confidence

Better utilization of human resources

Promoting the spirit of co-ordination

Builds morale

Helps to fulfill social responsibilities.

Directing group activity

Develops good human relations

**IMPORTANCE OF LEADERSHIP**

# LEADERSHIP STYLES

From Mahatma Gandhi and Winston Churchill, to Martin Luther King and Steve Jobs, there can be as many ways to lead people as there are leaders. Fortunately, businesspeople and psychologists have developed useful frameworks that describe the main ways that people lead.

## Lewin's Leadership Styles

Psychologist Kurt Lewin developed his framework in the 1930s, and it provided the foundation of many of the approaches that followed afterwards. He argued that there are three major styles of leadership:

**Autocratic leaders** make decisions without consulting their team members, even if their input would be useful. This can be appropriate when you need to make decisions quickly, when there's no need for team input, and when team agreement isn't necessary for a successful outcome. However, this style can be demoralizing, and it can lead to high levels of absenteeism and staff turnover. There are three types of autocratic leaders

- **Strict autocrat** – who follows autocratic style in a very strict sense. He influences subordinates through negative motivation..
- **Benevolent autocrat** – leader influences his subordinates through positive motivation. He uses reward and incentives in directing his subordinates towards these organizational goals.
- **Manipulative autocrat** – the autocrat leader tries to make the subordinate to feel that they are actually participating in decision making even though he had already take a decision

# LEADERSHIP STYLES

**Democratic leaders** make the final decisions, but they include team members in the decision-making process. They encourage creativity, and people are often highly engaged in projects and decisions. As a result, team members tend to have high job satisfaction and high productivity. This is not always an effective style to use, though, when you need to make a quick decision.

**Laissez-faire or free rein -leaders** give their team members a lot of freedom in how they do their work, and how they set their deadlines. They provide support with resources and advice if needed, but otherwise they don't get involved. This autonomy can lead to high job satisfaction, but it can be damaging if team members don't manage their time well, or if they don't have the knowledge, skills, or self motivation to do their work effectively. (Laissez-faire leadership can also occur when managers don't have control over their work and their people.)

**Paternalistic leaderships-** under this style leader assumes that his function is paternal or fatherly. Their relationship is same as father and family. The leader guides and protects his subordinates as members of his family. As the head of the family , the leader provides good working conditions and fringe benefits to his subordinates.



# LEADERSHIP THEORIES

## Great Man Theory

According to the Great Man Theory (which should perhaps be called the Great *Person* Theory), leaders are born with just the right traits and abilities for leading – charisma, intellect, confidence, communication skills, and social skills.

The theory suggests that the ability to lead is inherent – that the best leaders are born, not made. It defines leaders as valiant, mythic, and ordained to rise to leadership when the situation arises. The term “Great Man” was adopted at the time because leadership was reserved for males, particularly in military leadership.

## Trait Theory

The Trait Theory is very similar to the Great Man Theory. It is founded on the characteristics of different leaders – both the successful and unsuccessful ones. The theory is used to predict effective leadership. Usually, the identified characteristics are compared to those of potential leaders to determine their likelihood of leading effectively.

Scholars researching the trait theory try to identify leadership characteristics from different perspectives. They focus on the physiological attributes such as appearance, weight, and height; demographics such as age, education, and familial background; and intelligence, which encompasses decisiveness, judgment, and knowledge.

# **LEADERSHIP THEORIES**

## **Contingency Theory**

The Contingency Theory emphasizes different variables in a specific setting that determine the style of leadership best suited for the said situation. It is founded on the principle that no one leadership style is applicable to all situations.

Renowned leadership researchers Hodgson and White believe that the best form of leadership is one that finds the perfect balance between behaviors, needs, and context. Good leaders not only possess the right qualities but they're also able to evaluate the needs of their followers and the situation at hand. In summary, the contingency theory suggests that great leadership is a combination of many key variables.

## **Situational Theory**

The Situational Theory is similar to the Contingency Theory as it also proposes that no one leadership style supersedes others. As its name suggests, the theory implies that leadership depends on the situation at hand. Put simply, leaders should always correspond their leadership to the respective situation by assessing certain variables such as the type of task, nature of followers, and more.

As proposed by US professor Paul Hersey and leadership guru Ken Blanchard, the situational theory blends two key elements: the leadership style and the followers' Maturity levels.

# LEADERSHIP THEORIES

**Hersey and Blanchard classified maturity into four different degrees:**

**M1** – Team members do not possess the motivation or tactical skills to complete necessary jobs.

**M2** – Team members are willing and ambitious to achieve something, but they lack the necessary ability.

**M3** – Team members possess the skills and capacity to accomplish tasks, but they're not willing to take accountability.

**M4** – Team members possess all the right talents and are motivated to complete projects. According to situational theory, a leader exercises a particular form of leadership based on the maturity level of his or her team.

## **Behavioral Theory**

In Behavioral Theory, the focus is on the specific behaviors and actions of leaders rather than their traits or characteristics. The theory suggests that effective leadership is the result of many learned skills.

Individuals need three primary skills to lead their followers – technical, human, and conceptual skills. Technical skills refer to a leader's knowledge of the process or technique; human skills means that one is able to interact with other individuals; while conceptual skills enable the leader to come up with ideas for running the organization or society smoothly.

# MOTIVATION

**“The processes that account for an individual’s intensity, direction, and persistence of effort toward achieving a goal”**

- Motivations are rewards like money and grades, coercion and threat of punishment.
- Motivation means inspiring the personnel with enthusiasm to do work for the accomplishment of objectives in the organization. It is the important function of a manager.
- Motivation is derived from the word ‘motive’ which means idea, need, emotion or organism state which promotes a man to an action. So to motivate a person needs, emotions etc of person should be studied .
- Edwin B. Flippo defines,” motivation is the process of attempting to influence others to do their work through the possibility of gain or reward “

# CHARACTERISTICS OF MOTIVATION

## **Motivation is a Psychological Concept:**

Motivation has to come from within each individual. There are two desiring factors in motivation-Fundamental needs, such as food, clothes and shelter and (b) Ego-satisfaction including self-esteem, recognition from others, opportunities for achievements, self-development and self actualization which act as powerful though unconscious, motivator of behavior. Inner motivation can be more decisive for behavior than any external influence.

## **Motivation affects the Whole Individual, not part of Him /Her:**

A person's basic needs determine to a great extent what he will try to do at any given time. All these needs are inter-related because each individual is an integrated organized whole.

## **Motivation is never an Unending Process:**

Man is a social animal. As a social animal he has innumerable wants which induce him to work. If one basic need is adequately satisfied for a given individual it loses power as a motivator and does not determine his current behavior but at the same time others needs continue to emerge.

## **4. Non-fulfillment of Basic Needs Makes a Man Sick:**

If anybody fails in trying to meet a need which he feels is essential for him, he becomes to some extent mentally ill and such frustrated man cannot be motivated any further until his essential need is satisfied.

# CHARACTERISTICS OF MOTIVATION

## **Goals are Motivators:**

Goals and motives are inseparable. Man works to achieve the goals. As soon as the goal is achieved he would be no longer interested in work. Therefore, it is very essential for the management to know his goal to push him to work.

## **The Self-concept as a Unifying Force:**

According to Geller-man unifying forces run through each individual's history. Unifying force means the drive to activate his/her image of him-herself. The outline of a person's self image is fairly well checked in early childhood and thereafter does not act ordinarily change. Thus, two things that individual is always trying to do are (a) to act like the person; he thinks he is, and (b) to get what he thinks, he can.

## **Motivation is a complex phenomenon:**

Motivation being an internal feeling cannot be observed directly. Since motives themselves are dynamic, it further adds to complexity.

## **Motivation is different from Satisfaction, Inspiration, and Manipulation:**

Motivation refers to the drive and efforts to satisfy a want or goal, whereas satisfaction refers to the contentment experienced when a want is satisfied. In contrast, inspiration is bringing about a change in the thinking pattern. On the other hand Manipulation is getting the things done from others in a predetermined manner.



## MOTIVATION PROCESS

**Unsatisfied needs and motives:** it is the first process of motivation. This stage involves unsatisfied needs and motives. Such unsatisfied needs can be activated by internal stimulus such as hunger and thirst. They can also be activated by external stimulus such as advertisement and window display

**Tension:** this stage involves tension. Unsatisfied needs create tension in the individual. Such tension can be physical, psychological, and sociological. In this situation, people try to develop objects that will satisfy their needs.

**Action to satisfy needs and motives:** this stage involves action of people to satisfy needs and motives. Such tension creates strong internal stimulus that calls for action. Individual engages in action to satisfy needs and motives for tension reduction. For this purpose, alternatives are searched and choice is made, the action can be hard work for earning more money

**Goal accomplishment:** this stage involves goal accomplishment. Action to satisfy needs and motives accomplishes goals. It can be achieved through reward and punishment. When actions are carried out as per the tensions, then people are rewarded others are punished. Ultimately goals are accomplished.

**Feedback:** this is the last stage for motivation. Feedback provides information for revision or improvement or modification of needs as needed. Depending on how well the goal is accomplished their needs and motives are modified. Drastic changes in environment necessitate the revision and modification of needs



# THEORIES OF MOTIVATION

## Maslow's need hierarchy theory



# THEORIES OF MOTIVATION

## Hertzberg's two factor theory



### Hertzberg's Hygiene and Motivating Factors



# THEORIES OF MOTIVATION

## McClelland's theory of needs

McClelland affirms that we all have three motivating drivers, and it does not depend on our gender or age. One of these drives will be dominant in our behavior. The dominant drive depends on our life experiences.

### The three motivators are:

**Achievement:** a need to accomplish and demonstrate own competence People with a high need for achievement prefer tasks that provide for personal responsibility and results based on their own efforts. They also prefer quick acknowledgement of their progress.

**Affiliation:** a need for love, belonging and social acceptance People with a high need for affiliation are motivated by being liked and accepted by others. They tend to participate in social gatherings and may be uncomfortable with conflict.

**Power:** a need for control own work or the work of others People with a high need for power desire situations in which they exercise power and influence over others. They aspire for positions with status and authority and tend to be more concerned about their level of influence than about effective work performance.

# THEORIES OF MOTIVATION

## Vroom's theory of expectancy

Victor Vroom stated that people will be highly productive and motivated if two conditions are met:

- 1) people believe it is likely that their efforts will lead to successful results and
- 2) those people also believe they will be rewarded for their success.

People will be motivated to exert a high level of effort when they believe there are relationships between the efforts they put forth, the performance they achieve, and the outcomes/ rewards they receive.

## McGregor's theory X and theory Y

Douglas McGregor formulated two distinct views of human being based on participation of workers. The first is basically negative, labeled as Theory X, and the other is basically positive, labeled as Theory Y. Both kinds of people exist. Based on their nature they need to be managed accordingly.

**Theory X:** The traditional view of the work force holds that workers are inherently lazy, self-centred, and lacking ambition. Therefore, an appropriate management style is strong, top-down control.

**Theory Y:** This view postulates that workers are inherently motivated and eager to accept responsibility. An appropriate management style is to focus on creating a productive work environment coupled with positive rewards and reinforcement.

# Difference between Theory X and Theory Y of Motivation

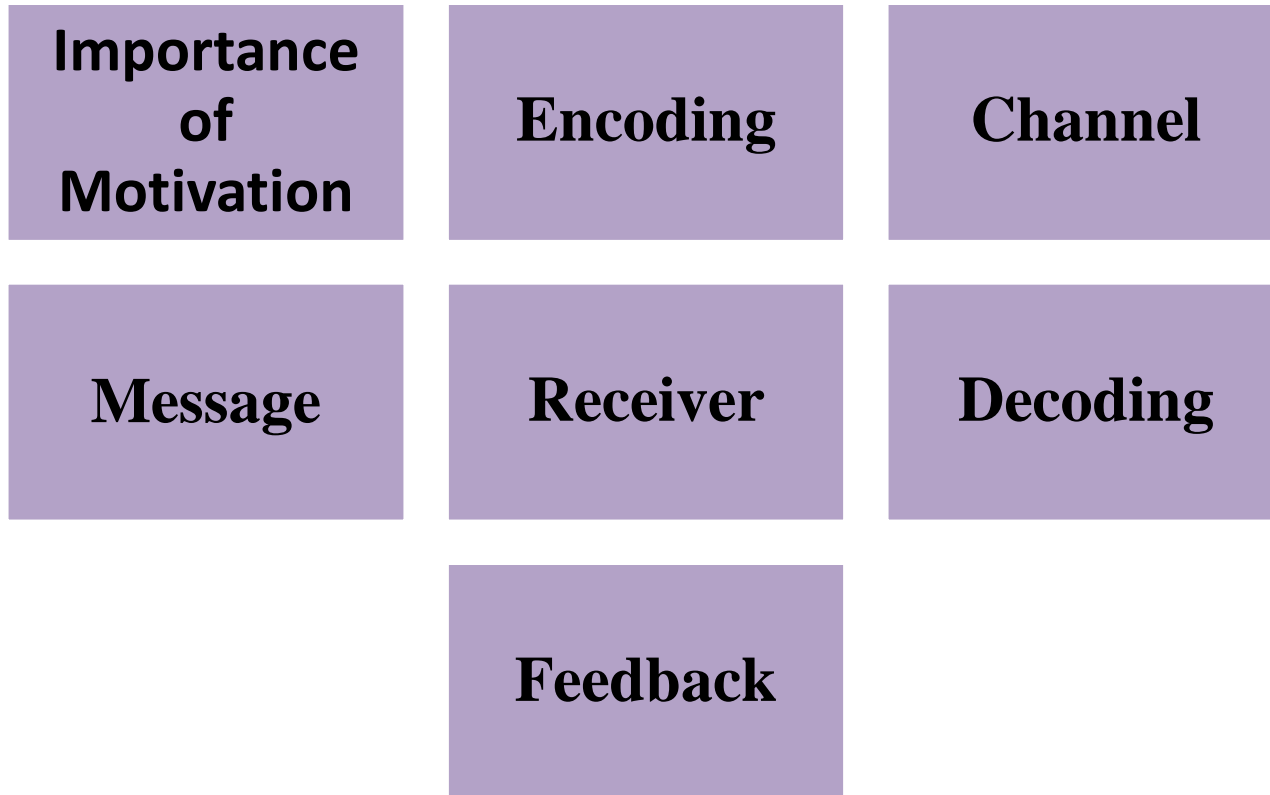
## Comparison between Theory X and Theory Y

<b>Theory X</b>	<b>Theory Y</b>
<ol style="list-style-type: none"><li>1. Inherent dislike for work.</li><li>2. Unambitious and prefer to be directed by others.</li><li>3. Avoid responsibility.</li><li>4. Lack creativity and resist change.</li><li>5. Focus on lower-level (physiological and safety) needs to motivate workers.</li><li>6. External control and close supervision required to achieve organisational objectives.</li><li>7. Centralisation of authority and autocratic leadership.</li><li>8. People lack self-motivation.</li></ol>	<p>Work is natural like rest or play.</p> <p>Ambitious and capable of directing their own behaviour.</p> <p>Accept and seek responsibility under proper conditions.</p> <p>Creativity widely spread.</p> <p>Both lower-level and higher-order needs like social, esteem and self-actualisation are sources of motivation.</p> <p>Self-direction and self-control.</p> <p>Decentralisation and participation in decision-making. Democratic leadership.</p> <p>People are self-motivated.</p>

# COMMUNICATION

Communication is simply the act of transferring information from one place to another. Communication process can be defined as the sending and receiving of information between two people.

## The Elements of Communication Process



# Nature and Characteristics of Communication

## **Communication involves at least two persons:**

Communication involves at least two persons-the sender and the receiver. The sender sends the message and is known as the communicator. The receiver receives the message and is known as communicate.

Image Source: [digacommunications.files.wordpress.com](http://digacommunications.files.wordpress.com)

## **Communication is a two way process:**

Communication is essentially a two way process. It does not merely means sending and receiving messages. It is not complete unless and until the message has been understood by the receiver in the same sense.

## **Purpose of communication:**

The basic purpose of communication is to create an understanding. The receiver should understand the message sent and should response accordingly.

## **Form of communication:**

Communication may take several forms e.g. order, instruction, report, queries etc. It may be verbal or written. It may be formal or informal.

# Nature and Characteristics of Communication

## **Scope of communication:**

Communication pervades all human relationship. It is essential in all type of organizational and at all levels of management.

## **Communication is a dynamic process:**

Communication is influenced by the mood and thinking of the sender and receiver. The way a message is accepted depends upon the fact that which of the fine sensory organs of the receiver is active at that time.

## **Communication is much more than words:**

Communication is not merely sending or receiving facts, expressed in words. It also involves ideas and emotions.

## **Communication is a goal oriented process:**

Communication is goal oriented and is effective only when there is congruence of goals of sender and receiver.

## **Communication is conversational:**

Communication sets up a link between facts, ideas, and thus helps the communicator and communicates to progress logically.



# COMMUNICATION BARRIERS

Communication barriers complicate the communication process. A communication barrier is anything that obstructs the communication process. It is anything that prevents understanding of the message. These barriers are inevitable. Both the sender and receiver has to minimize them.

## Language Barriers

Language and linguistic ability may act as a barrier to communication.

However, even when communicating in the same language, the terminology used in a message may act as a barrier if it is not fully understood by the receiver(s). For example, a message that includes a lot of specialist jargon and abbreviations will not be understood by a receiver who is not familiar with the terminology used.

Regional colloquialisms and expressions may be misinterpreted or even considered offensive.

## Psychological Barriers

The psychological state of the communicators will influence how the message is sent, received and perceived.

For example, if someone is stressed they may be preoccupied by personal concerns and not as receptive to the message as if they were not stressed.

Anger is another example of a psychological barrier to communication, when we are angry it is easy to say things that we may later regret and also to misinterpret what others are saying.

# COMMUNICATION BARRIERS

## Physiological Barriers

Physiological barriers may result from the receiver's physical state.

For example, a receiver with reduced hearing may not grasp to entirety of a spoken conversation especially if there is significant background noise.

Organizational Theory and behavior

## Physical Barriers

An example of a physical barrier to communication is geographic distance between the sender and receiver(s).

Communication is generally easier over shorter distances as more communication channels are available and less technology is required. Although modern technology often serves to reduce the impact of physical barriers, the advantages and disadvantages of each communication channel should be understood so that an appropriate channel can be used to overcome the physical barriers.

## 5. Systematic Barriers

Systematic barriers to communication may exist in structures and organizations where there are inefficient or inappropriate information systems and communication channels, or where there is a lack of understanding of the roles and responsibilities for communication. In such organisations, individuals may be unclear of their role in the communication process and therefore not know what is expected of them.

# COMMUNICATION BARRIERS

## Listener Barriers

These barriers relate to the listeners mind set. Communication is complete when it has entered the mind of the recipient. Communication is a waste of time unless someone is listening. Typical mindset of listeners includes not paying attention or day dreaming. The listener generally exhibits resistance toward the sender and or the message.

## Sender-Message barriers

These barriers relate to style and content of communication, both of which originate with the sender. Examples of sender barriers include; sender incorrectly assumes the listener has adequate knowledge to understand the message.

## Status Barriers

Status of people involved in communication also often acts as a barrier for effective communication. Status means the degree of importance placed on an individual or on his position by the others in the organization. Good communication usually takes place between people belongs to the same status.

## Use of Jargon

Employees who are “specialists” may use specialist language for a non-specialist audience. For example, IT technician may explain how users should log onto a network in technical language which is not familiar to most users of the network.

# TYPES OF COMMUNICATION

**Types of communications are:**

- Verbal Communication
- Non-Verbal Communication
- Visual Communication

## **Verbal Communication**

This involves the use of language and words for the purpose of passing on the intended message. In general terms, Verbal Communication means communication in the form of spoken words only. But, in the context of types of communication, verbal communication can be in the spoken or the written form. Thus, the verbal form may be oral or written as discussed below.

**Written Communication:** This kind of communication involves any kind of exchange of information in the written form. For example, e-mails, texts, letters, reports, SMS, posts on social media platforms, documents, handbooks, posters, flyers, etc.

**Oral Communication:** This is the communication which employs the spoken word, either direct or indirect as a communication channel. This verbal communication could be made on a channel that passes information in only one form i.e. sound. You could converse either face to face, or over the phone, or via voice notes or chat rooms, etc. It all comes under the oral communication. This form of communication is an effective form.

# TYPES OF COMMUNICATION

## **Non-Verbal Communication**

In this type of communication, messages are relayed without the transmission of words. The messages here are wordless messages. This form of communication mainly aids of verbal communication. It supplements it with gestures, body language, symbols, and expressions.

## **Physical Non-verbal Communication**

This is the sum total of the physically observable. For instance, hand gestures, body language, facial expressions, the tone of one's voice, posture, stance, touch, gaze, and others. Several researchers have revealed that physical nonverbal communication constitutes about 55% of our daily communications.

## **Paralanguage**

This is the art of reading between the lines. The main kind of such communication is done with the tone of one's voice. This kind of communication amounts to almost 38% of all the communication that we do every day. Along with the tone of voice, the style of speaking, voice quality, stress, emotions, or intonation serves the purpose of communication. And, these aspects are not verbal.

# TYPES OF COMMUNICATION

## **Aesthetic Communication**

Art is an important means of communication. Through the paintings or other forms of art, an artist can convey the strongest messages. Several times in the history of the world, art has been used as an effective form of nonverbal communication.

## **Appearance**

The first impression sets the tone. People will react to your appearance and this is a fact of life. Your clothes, the color of the fabrics, etc. all determine the reaction of your audience.+

## **Visual Communication**

This is communication through visual aids like drawings, placards, presentations, and illustrations, etc.

## **Formal & Informal Communication**

Apart from the above types, we have formal & informal types of communication. Formal communication is of following types:

**Vertical:** The information or data flows up and down the organizational structure.

**Horizontal:** This is the communication between two similar levels of the organization.

**Diagonal:** This is the communication across the cross-functional levels of employees from various departments of the organization.

The other form is the informal or casual communication which is the general communication between random people of the organizations.

# ORGANISATIONAL CHANGE

Organizational change refers to the alteration of the work environment in an organization. Organization change is concerned with the alteration of structural relationship and role of the people in the organization. If organization is to survive, it is often necessary for them to adapt to meet the changes occurring in the external environment.

According to Rensis Likert, “ every organization is in a continuous state of change. Sometimes the changes are great. Sometimes small, but change is always taking place. The conditions requiring these changes arise from both within and without”

Organization change implies a new equilibrium between different components of the organization - technology, structural arrangement, job design, and people. All these changes should be made according to the environmental conditions.

# FEATURES OF ORGANISATIONAL CHANGE

- Organization change is the alteration of work environment in an organization.
- Due to changes, old equilibrium is disturbed. It necessitates the development of new equilibrium. The type of new equilibrium depends upon the degree of change and its impact in the organization
- The changes affect the entire organization. Some parts of the organization may be affected more and other parts less; some parts may be affected directly and other parts indirectly.
- It is a never ending process
- When a change is introduced, the existing equilibrium of relationship is disturbed and the problem of new adjustment is created.



# TYPES OF ORGANISATIONAL CHANGES

## Personnel Change

Sometimes people changes are a direct result of other organizational changes. At other times, companies simply seek to change worker's attitudes and behaviors in order to increase their effectiveness. This may be through on the job through techniques such as education and training, team building, and career planning.

## Culture Change

Culture change within an organization aims at changing the behavior patterns of the organization's employees. Some examples of culture change include reward-and-recognition programs, employee empowerment, and training. These programs attempt to improve motivation, improve decision-making skills, and increase sensitivity to diversity issues.

## Leadership Change

Leadership transitions are critical moments. Transitions in leadership offer an opportunity to make changes in many areas of the organization

## Structural Change

Changes within an organization's structure can occur due to external influences. Structural changes may involve structural characteristics, administrative procedures, or management systems. They may involve simple policy changes or be as complex as a complete restructuring of the management hierarchy.

# TYPES OF ORGANISATIONAL CHANGES

## Reengineering

Change centered on reengineering focuses on making major structural change to the organization. Implementations of these changes typically focus on everyday tasks or procedures. The goal is to substantially improve productivity, efficiency, quality, or customer satisfaction.

## Incremental Organizational Change

“Incremental change is a step-by-step approach to re-designing an organization.” Each small increment that is changed produces changes in other parts of the organization. By changing specific processes or details in portions, the entire organization changes over time.

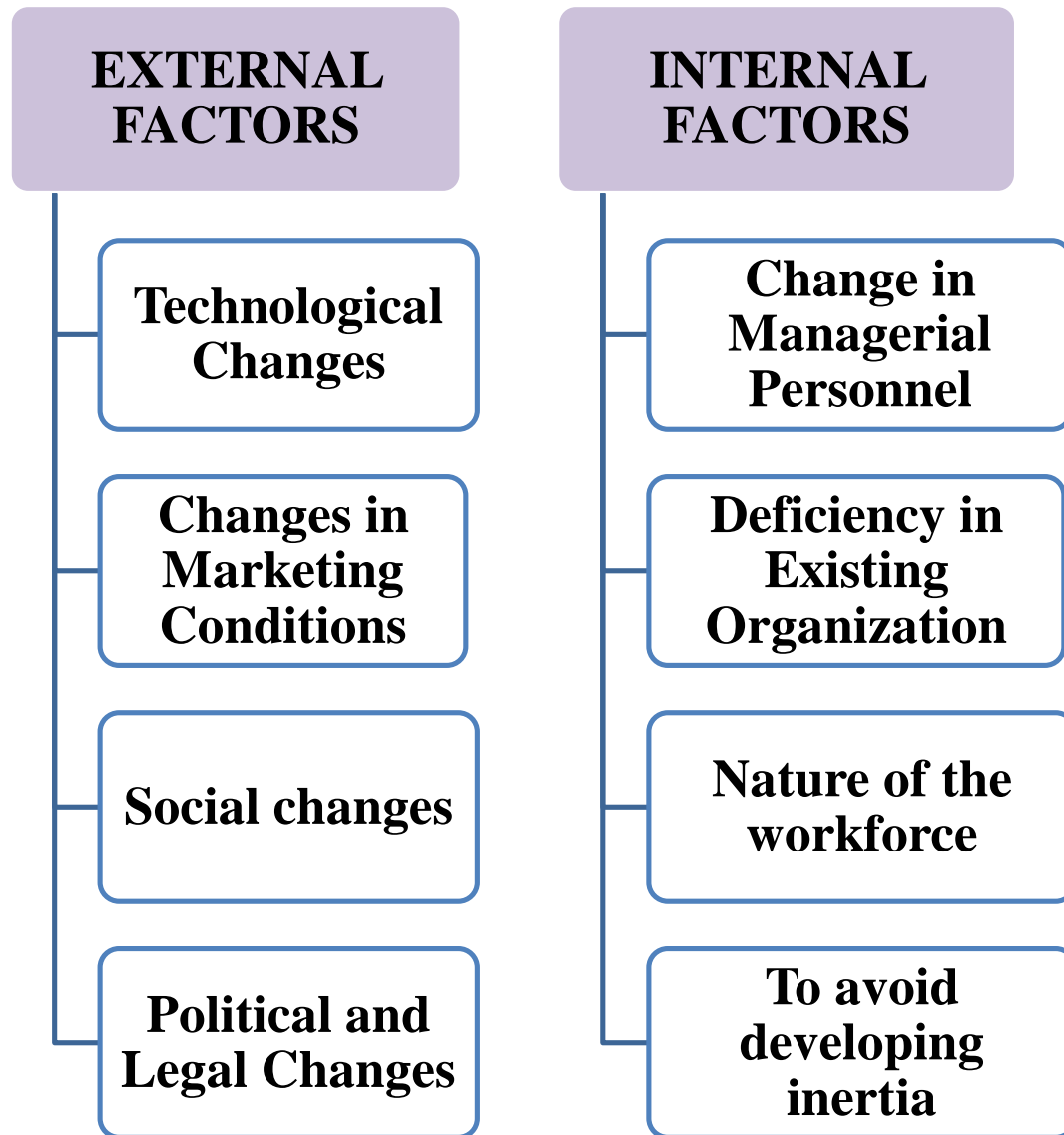
## Fundamental Organizational Change

When major organizational changes are necessary and time constraints are a significant factor, a more radical transformation becomes essential. Fundamental organizational change focuses on changing major characteristics of the entire organization rather than specific parts.

## Divestiture

Business divestiture means that a firm disposes a significant part of its assets. This may result in the sell-off or dissolution of whole business units, or divisions. ‘Tactical’ divestitures and ‘distress’ divestitures appear to focus directly on the short-term. In contrast, the ‘strategic’ divestitures appear to take a broader view triggering a reevaluation of the organizational strategy.

# Factors affecting organizational change



# ORGANISATIONAL DEVELOPMENT

**Organizational** Development (OD) is focused on improving the effectiveness of organizations and the people in those organizations.

Different people have defined OD differently. According to Koontz “OD is a systematic integrated and planned approach to improve the effectiveness of the enterprise. It is designed to solve problems that adversely affect the operational efficiency at all levels”.

Burke’ has defined OD as “a planned process of change in an organization’s culture through the utilization of behavioral science technology, research and theory”.

In the opinion of French and Bell “OD is a systematic approach to organizational improvement, that applies behavioral science theory and research in order to increase individual and organizational well-being and effectiveness”.

# OBJECTIVES OF ORGANISATIONAL DEVELOPMENT

- Improve organizational performance as measured by profitability, market share, innovativeness, etc.
- Make organizations better adaptive to its environment which always keeps on changing.
- Make the members willing face organizational problems and contribute creative solutions to the organizational problems.
- Improve internal behavior patterns such as interpersonal relations, intergroup relations, level of trust and support among the role players.
- Understand own self and others, openness and meaningful communication and involvement in planning for organizational development.

# ORGANIZATION DEVELOPMENT PROCESS

**Data collection:** Surveys may be made to determine organizational climate and behavioural problems. The consultant usually meets with groups away from work to develop information from questions such as these:

What kinds of conditions contribute most to your job effectiveness?

What kinds of conditions interfere with your job effectiveness?

What would you most like to change in the way this organization operates?

**Data feedback and confrontation:** Work groups are assigned to review the data collected, to mediate areas of disagreement, and to establish priorities for change.

**Action planning and problem solving:** Groups use the data to develop specific recommendations for change. Discussion focuses on actual problems in the organization. Plans are specific, including who is responsible and when the action should be completed.

**Use of intentions:** Once the action planning is completed, the consultant helps the participants select and use appropriate OD interventions, Depending on the nature of the key problems; the intervention may focus on individuals, teams. Interdepartmental relating or the total organization.

**Evaluation and follow-up:** The consultant helps the organization evaluate the results of its OD efforts and develop additional programs in areas where additional results are needed.

# Key Concepts of Organizational Development

## Theory Organizational Climate

- Defined as the mood or unique "personality" of an organization.
- Attitudes and beliefs about organizational practices create organizational climate and influence members' collective behavior.
- Climate features and characteristics may be associated with employee satisfaction, stress, service quality and outcomes and successful implementation of new programs. Climate features and characteristics include:

Leadership, openness of communication, participative management, role clarity, and conflict resolution, leader support and leader control.

## Organizational Culture

Organizational Culture means deeply seated norms, values and behaviors that members share.

The five basic elements of culture in organizations include:

- Assumptions
- Values
- Behavioral norms
- Behavioral patterns
- Artifacts

# Organizational Strategies

A common OD approach used to help organizations negotiate change, i.e. action research, consists of four steps.

## Diagnosis

Helps organization identify problems that may interfere with its effectiveness and assess the underlying causes

Usually done by OD enlisting the help of an outside specialist to help identify problems by examining its mission, goals, policies, structures and technologies; climate and culture; environmental factors; desired outcomes and readiness to take action.

## Action planning

Strategic interventions for addressing diagnosed problems are developed.

The organization is engaged in an action planning process to assess the feasibility of implementing different change strategies that lead to action.

## Intervention

Change steps are specified and sequenced, progress monitored, and stakeholder commitment is cultivated.

## Evaluation

Assess the planned change efforts by tracking the organization's progress in implementing the change and by documenting its impact on the organization.



# ORGANIZATIONAL CULTURE

Organizational culture is defined as the underlying beliefs, assumptions, values and ways of interacting that contribute to the unique social and psychological environment of an organization.

**Organizational culture** includes an **organization's** expectations, experiences, philosophy, as well as the values that guide member behaviour, and is expressed in member self-image, inner workings, interactions with the outside world, and future expectations.

## Types of organizational culture:

According to Robert E. Quinn and Kim S. Cameron at the University of Michigan at Ann Arbor, there are four types of organizational culture: Clan, Adhocracy, Market, and Hierarchy.

**Clan oriented cultures** are family-like, with a focus on mentoring, nurturing, and “doing things together.”

**Adhocracy oriented cultures** are dynamic and entrepreneurial, with a focus on risk-taking, innovation, and “doing things first.”

**Market oriented cultures** are results oriented, with a focus on competition, achievement, and “getting the job done.”

**Hierarchy oriented cultures** are structured and controlled, with a focus on efficiency, stability and “doing things right.”

# Factors that shape an Organization's Culture

At the heart of organizations' cultures are commonly shared values. None is right or wrong, but organizations need to decide which values they will emphasize. These common values include:

**Outcome orientation** Emphasizing achievements and results.

**People orientation** Insisting on fairness, tolerance and respect for the individual.

**Team orientation** Emphasizing and rewarding collaboration.

**Attention to detail** Valuing precision and approaching situations and problems analytically.

**Stability** Providing security and following a predictable course.

**Innovation** Encouraging experimentation and risk-taking.

**Aggressiveness** Stimulating a fiercely competitive spirit.

## **Degree of Hierarchy**

The degree of hierarchy is the extent to which the organization values traditional channels of authority. The three distinct levels of hierarchy are "high"—having a well-defined organizational structure and an expectation that people will work through official channels; "moderate"—having a defined structure but an acceptance that people often work outside formal channels; and "low"—having loosely defined job descriptions and accepting that people challenge authority.

# Factors that shape an Organization's Culture

## Degree of Urgency

The degree of urgency defines how quickly the organization wants or needs to drive decision-making and innovation. Some organizations choose their degree of urgency, but others have it thrust on them by the marketplace.

A culture with high levels of urgency has a need to push projects through quickly and a high need to respond to a changing marketplace. A moderate level of urgency moves projects at a reasonable pace. A low level of urgency means people work slowly and consistently, valuing quality over efficiency. An organization with high urgency tends to be fast-paced and supports a decisive management style.

## People Orientation or Task Orientation

Organizations usually have a dominant way of valuing people and tasks. An organization with a strong people orientation tends to put people first when making decisions and believes that people drive the organization's performance and productivity. An organization with a strong task orientation tends to put tasks and processes first when making decisions and believes that efficiency and quality drive organization performance and productivity.

# Factors that shape an Organization's Culture

## FUNCTIONAL ORIENTATION

Every organization puts an emphasis on certain functional areas. Examples of functional orientations may include marketing, operations, research and development, engineering or service.

For example, an innovative organization known for its research and development may have at its core a functional orientation toward R&D. A hospitality company may focus on operations or service, depending on its historical choices and its definition in the marketplace.

Employees from different functions in the company may think that their functional areas are the ones that drive the organization. Organizational leaders must understand what most employees perceive to be the company's functional orientation.

## ORGANIZATIONAL SUBCULTURES

Any organization can have a mix of subcultures in addition to the dominant culture. Subcultures exist among groups or individuals who may have their own rituals and traditions that, although not shared by the rest of the organization, can deepen and underscore the organization's core values. Subcultures can also cause serious problems.

For example, regional cultures often differ from the overall culture that top leadership tries to instill. Perhaps aggressiveness that is common in one area may not mesh with a culture emphasizing team building. Or an organization with a culture built around equality may have trouble if the national culture emphasizes hierarchy and expects people to bow to authority. Managers and HR professionals must recognize those differences and address them directly.

**THANK YOU**