

Change in some way is the necessary aspect of human life. One of the few things of real permanence in this world is change. We see all sorts of changes—change in nature, seasonal changes, change in man-made organisations, change in biological beings, and so on. Whole society is changing in some form or the other, either for better or for worse, though objective of change is for better. Therefore, in dynamic society surrounding today's organisations, the question before the managers is not whether change will take place or not. The relevant question is: how to cope up with inevitable barrage of changes that confront the organisation; how to incorporate changes in the organisation in order to better achieve its objectives? Therefore, it is relevant for the managers to find the answer to this question and incorporate it in their organisation.

Nature of Organisational Change

The term change refers to an alteration in a system whether physical, biological, or social. Thus, organisational change is the alteration of work environment in organisation. It implies a new equilibrium between different components of the organisation—technology, structural arrangement, job design, and people. Thus, organisational change may have following features:

1. When change occurs in any part of the organisation, it disturbs the old equilibrium necessitating the development of a new equilibrium. The type of new equilibrium depends on the degree of change and its impact on the organisation.
2. Any change may affect the whole organisation; some parts of the organisation may be affected more, others less; some parts are affected directly, others indirectly.
3. Organisational change is a continuous process. However, some changes which are of minor type, may be absorbed by the existing equilibrium; others, which are major ones may require special change efforts.

Newstrom and Davis have explained the impact of a change in any part of the organisation on the total organisation.¹ They have illustrated it by comparing an organisation to an air-filled balloon. When a finger (which represents external force) is forced against a point on the balloon (which represents the organisation), the contour of the balloon visibly changes, it becomes indented at the point of contact. However, if we look minutely, we find that the shape of the entire balloon has changed; it has stretched slightly. Thus, they have concluded that the whole organisation tends to be affected by change in any part of it.²

However, the change in organisation does not occur purely on mechanical relationship. While managers as change agents want to bring changes in the organisation, employees want to maintain a *status quo*. Though these phenomena will be taken later, what is important at this point is that a change in any part affects the entire organisation and subsequent changes are required in other parts.

FACTORS IN ORGANISATIONAL CHANGE

Organisational change is required to maintain equilibrium between various external and internal forces to achieve organisational goals. Therefore, various factors which may be important for necessitating organisational change may be grouped into two categories: external and internal.

¹ John W. Newstrom and Keith Davis, *Organisational Behaviour: Human Behaviour at Work*, New York: McGraw-Hill, 1997, pp. 398–99.

² *Ibid.*, p. 399.

External Factors

Every organisation exists in some context; no organisation is an island in itself. Each must continually interact with other organisations and individuals—the consumers, suppliers, unions, shareholders, government—and many more. Each organisation has goals and responsibility related to others in its environment. Thus, not only an organisation must deal with its environment in conducting its affairs, but it must also give consideration to the goals of others as it establishes its goals and conducts its operations. The present-day environment is dynamic and will continue to be dynamic. Changes in social, political, economic, technological, and legal environment force organisations to change themselves. Such changes may result into organisational changes like major functions, production process, labour-management relations, nature of competition, economic constraints, organisational methods, etc. In order to survive in the changing environment, organisation must change. How the change in various environmental factors necessitate change in the organisation may be seen in the following context.

1. Technological Changes. When there is a change in technology in the organisation's environment and other organisations adopt the new technology, the organisation under focus becomes less cost-effective and its competitive position weakens. Therefore, it has to adopt new technology. When the organisation adopts a new technology, its work structure is affected and a new equilibrium has to be established. We have seen in Chapter 20 that technology has impact on organisation structure, organisational processes, and behaviour of people. For example, computers and automation have made significant impact on organisational functioning.

2. Changes in Marketing Conditions. Since every organisation exports its outputs to the environment, an organisation has to face competition in the market. There may be two types of forces which may affect the competitive position of an organisation—other organisations supplying the same products and, buyers who are buying the product. Any change in these forces may require suitable changes in the organisation. For example, when Indian economy was liberalised (the process still continues), there were many foreign organisations which entered the Indian market. This forced many Indian organisations to realign themselves with the new situation. The result is that there have been many cases of divesting the businesses and concentrating on the core businesses, acquiring core businesses, and developing competitive competence to face competitive threats. Similarly, there may be changes in buyers in terms of their needs, liking-disliking, and income disposal for a product. These changes force the organisations to bring those products which meet buyers' requirements.

3. Social Changes. Social changes reflect in terms of people's aspirations, their needs, and their way of working. Social changes have taken place because of the several forces like level of education, urbanisation, feeling of autonomy, and international impact due to new information sources. These social changes affect the behaviour of people in the organisation. Therefore, it is required to make adjustment in its working so that it matches with people.

4. Political and Legal Changes. Political and legal factors broadly define the activities which an organisation can undertake and the methods which will be followed by it in accomplishing those activities. Any change in these political and legal factors may affect the organisational operation.

Internal Factors

It is not only the change in external factors which may necessitate organisational change, any change in organisation's internal factors may also necessitate change. Such a change is required

because of two reasons: change in managerial personnel and deficiency in existing organisational practices.

1. Change in Managerial Personnel. Besides environmental changes, there is a change in managerial personnel. Old managers are replaced by new managers which is necessitated because of retirement, promotion, transfer, or dismissal. Each new manager brings his own ideas and way of working in the organisation. The relationships, more particularly informal ones, change because of changes in managerial personnel. Moreover, attitudes of the personnel change even though there is no change in them. The result is that an organisation has to change accordingly.

2. Deficiency in Existing Organisation. Sometimes, changes are necessary because of deficiency in the present organisational arrangements and processes. These deficiencies may be in the form of unmanageable span of management, large number of managerial levels, lack in coordination between various departments, obstacles in communication, multiplicity of committees, lack of uniformity in policy decisions, lack of cooperation between line and staff, and so on.

Chain Effect of Change

Quite often, a change touches a sequence of related and supporting changes. This is known as *domino effect*. It can be observed that a change will bring disequilibrium in the organisation. In order to achieve new equilibrium, the organisation has to modify many aspects of the organisation. All these aspects are interrelated. This is what the systems approach of organisation theory suggests. Thus, a systems approach to organisational change has to be followed. For example, if an organisation is not able to face competition in the market because of its old technique of production and competitors with new technique, the only alternative to the organisation is to change itself according to the needs of the hour. In this process, the organisation will acquire suitable technology. When this technology is put into operation, it may change the job content completely; old jobs being replaced by new jobs. This change requires change in people because they may not be able to work with new machine. Such change may be brought either by recruiting new employees or training the existing employees for new jobs. The second alternative may be preferable because there may be environmental constraints on replacing old employees. Since the job structure is changed, the internal relationships among people will have to be changed because old relationships may not be suitable. Thus, all these factors are interrelated and simultaneous changes have to be made in all these.

Reactive and Proactive Change

A reactive change is undertaken when it is pressed by some factors, either external or internal to the organisation. Most of the organisations which believe in traditional pattern of working often go for reactive change. These organisations introduce certain methods or systems when they are forced for that. For example, many organisations which were in manufacturing business did not care to install pollution control devices; they did only when they were forced by the Government. Same is the case with the adoption of many schemes for employees.

Proactive change is brought out of the anticipation of the likely behaviour of the forces having impact on the organisation. Such organisations are known as prospectors which constantly interact with their environment to identify new opportunities and threats.³ Before

³Raymonds E. Miles and Charles C. Snow, *Organisational Strategy: Structure and Process*, New York: McGraw-Hill, 1978.

these opportunities or threats force them to change, they incorporate the required change. Many organisations undertake change programmes on regular basis in order to avoid developing inertia of inflexibility. Conscious managers view that their organisations should be dynamic because a single method is not the best tool of management at every time. Thus, changes are incorporated so that the people develop liking for change and there is no unnecessary resistance when major change in organisation is brought up.

Planned Change

One of Newton's laws is that "bodies in motion tend to stay in motion; bodies at rest tend to stay at rest." There is an organisational version of this basic truth. Those who believe in growth and forward movement tend to be exemplars of change, while those who believe in "this is how we do things around here" lead to doom. Therefore, bringing change in a planned manner is the prime responsibility of all managers who are forward looking. Planned change aims to prepare the total organisation, or a major portion of it, to adapt to significant changes in the organisation's goals and direction. Thomas and Bennis have defined planned change as follows:

"Planned change is the deliberate design and implementation of a structural innovation, a new policy or goal, or a change in operating philosophy, climate, or style."⁴

Planned change attempts at all aspects of the organisation which are closely interrelated: technology, task, structure, people as shown in Figure 25.1.

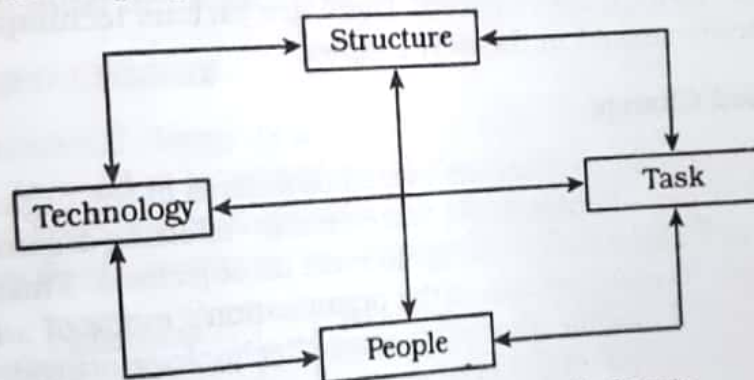


FIGURE 25.1: Factors in planned change

Technology-related Changes. Technology refers to the sum total of knowledge providing ways to do things. It may include inventions and techniques which affect the way of doing things, that is designing, producing, and distributing products. Technology-related changes may include:

1. changing problem-solving and decision-making procedures;
2. introduction of automated data processing devices like computers to facilitate managerial planning and control; and
3. change in methods of production like conversion of unit production to mass production.

We have seen in Chapter 20 that a change in technology affects nature of task, organisation structure, processes, and people's behaviour in the organisation. Thus, any change in technology necessitates change in all these factors.

Task-related Changes. Technology-related changes determine the types of task that may be required to complete an operation. We have seen in Chapter 22 that a job consisting of several

tasks may be designed in a number of ways ranging from job simplification to job enrichment. However, what alternatives are chosen must consider the core job characteristics—skill variety, task identity, task significance, autonomy, and feedback from the job. Task-related changes must focus on:

1. high internal work motivation, and
2. high quality work performance.

Structure-related Changes. Structural changes redefine nature of relationships among various organisational positions and may include:

1. changing the number of hierarchical levels,
2. changing one form of organisation to another form,
3. changing span of management, and
4. changing line-staff and functional authority.

When structural changes are effected, these may affect the formal reporting relationships, formal interaction pattern, and consequently informal relations.

People-related Changes. Changes of any type as pointed out above require changes in people in an organisation. These changes may be of two types—skills and behaviour. The magnitude of these changes depends on the type of change. For example, if there is a change in technology, say from manual to automated, it requires different type of skills in the operators as compared to the previously used skills. Similarly, changes in behaviour and the socio-psychological factors determining behaviour are required. There are various techniques for bringing such changes which will be discussed in the next chapter.

Objectives of Planned Change

The planned change is needed to meet the overall objectives of the organisation. Since there may be changes in the forces—both internal and external—affecting organisational functioning, the organisation has to make suitable change to meet its objectives. Thus, objectives for such change may be twofold: (i) modification of the organisation's mode of adaptation to changes in its environment, and (ii) modification of structure, technology, attitudes, values, and other behavioural construct of people in the organisation.

1. Environmental Adaptation. Organisation is basically adaptive-coping system. It has to work in an environment which is marked by dynamic characteristics. Every organisation has a tendency to maintain balance and equilibrium. Because of changes in the environment, the organisational equilibrium is affected. If the changes are minor and come within the preview of existing programmes, the organisation will accommodate them automatically. However, if the changes cannot be adapted to the existing framework, the organisational equilibrium will be imbalanced and organisational effectiveness is adversely affected. In this case, the organisation requires some innovation. This innovation is in the form of various changes which the organisation has to incorporate. Simply because of this reason, every organisation has adaptive subsystem, such as research and development department, marketing research department, and so on.

2. Individual Adaptation. The second objective of planned change is to achieve individual adaptation. The organisation cannot reach to the objective of its environmental adaptation unless some basic internal adaptation is achieved. These internal factors may be individuals, organisational structure, technology, and task. Individuals are the first in this context. For organisational effectiveness, people have to change themselves so that they can cope with the requirement of changed circumstances. Such changes may be required in their attitudes,

communication system, way of behaving, leadership and work styles, and other relevant organisational behaviour. Such changes must be made according to the need for the new situation.

3. Structural Adaptation. Organisation structure is the pattern of relationships among various positions and among various position holders. Structural adaptation involves changing the internal structure of the organisation. This change may be in the whole set of relationships, work assignment, and authority structure. Change in organisation structure is required because old relationships and interactions no longer remain valid and useful in the changed circumstances.

4. Technological Adaptation. The impact of recent technological development has forced the organisation to take into account the role of technology in organisational success. In order to cope with the changed environment which may include technological factor as well, the organisation has to incorporate new technology. Thus, this technological adaptation forces directly the organisation to change its task.

5. Task Adaptation. Technological changes may bring many types of changes in organisational task. Task forces on the job performed by the individuals in the organisation. Since there may be many new type of jobs, the existing job performing techniques may not be suitable. Moreover, there may be new job load because of the job enlargement. In such a case, a new equilibrium has to be found out which matches people with jobs. In this matching process, there may be several problems which must be encountered by planned change.

PROCESS OF PLANNED CHANGE

Management of organisational change is a complex process. Organisational change does not occur instantaneously. Instead, it involves formidable exercise on the part of management. A major organisational change requires considerable planning. The change is successful if it is taken in a planned way which proceeds in a sequential form as shown in Figure 25.2.

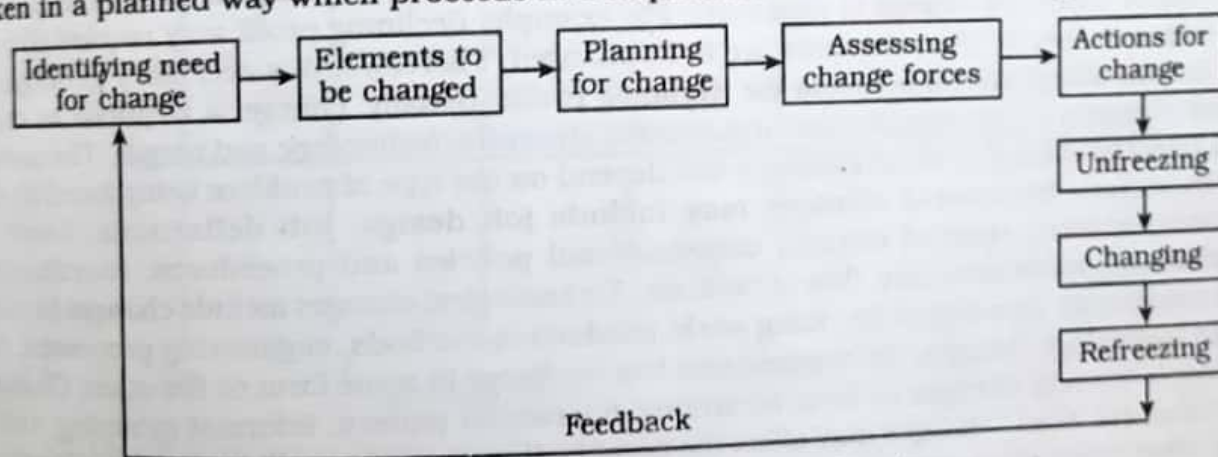


FIGURE 25.2: Process of planned change

The various steps involved in a planned change, thus, are:

1. Identifying need for change,
2. Elements to be changed,
3. Planning for change,
4. Assessing change forces,
5. Change actions, and
6. Feedback.

Identifying Need for Change

The first basic step in planned change is to identify when change in the organisation is required because change for the sake of change may produce much stronger resistance while useful and necessary changes may get support from people. Though there are various external forces necessitating change in an organisation, it is better if the organisation analyses how change in external forces affects it. If a change in external forces does not affect the organisation, there is no need for change. Thus, the most information for identifying need for change comes from the organisation's feedback and control data. Indeed, the process of change can be viewed as a part of control function, specially the corrective-action requirement. Some of the features of the organisation may indicate the need for change like cost of production, declining profit, employee turnover, role conflict, need for expansion and growth, etc. Such indicators may force management to analyse what actions can be undertaken to overcome these.

Identification of need for change depends on gap analysis, that is, the gap between desired state of affairs and actual state of affairs; the difference between what the organisation is achieving and what it should achieve. However, this gap analysis should be seen on progression basis because desired state of affairs is not a fixed concept. The organisation may go on changing its objectives over the period of time. Moreover, gap analysis can be made on the basis of likely gap because any change in any factor affects the operation of the organisation. For example, if there is entry of new competitor in the market, this may not affect the organisation immediately but may affect at a later stage. Thus, gap may exist subsequently. Here the past records of the organisation may not be sufficient but projected data will be more meaningful.

Elements to be Changed

What elements of the organisation should be changed will largely be decided by need and objectives of change. While the process of identification of change will provide clue why change should take place, this stage takes the analysis further by diagnosing the problems caused because of which the change is necessary. For example, declining profit may require change but does not specify what elements are to be changed. Therefore, it is necessary to diagnose the factors which are responsible for declining profit. Usually, change is required in three major elements of the organisation: organisation structure, technology, and people. The nature and extent of change in these elements will depend on the type of problem being faced by the organisation. Structural changes may include job design, job definitions, basis of departmentation, span of control, organisational policies and procedures, coordination mechanism, power structure, flow of task, etc. Technological changes include changes in plant and equipment, techniques for doing work, production methods, engineering processes, etc. When technology changes, the organisation has to change in some form or the other. Changes in people include changes in their behaviour, interaction pattern, informal grouping, skills, attitudes, etc. Some changes may affect the organisation on all these dimensions while others may affect only limited aspect. For example, a change in technology from manual to automation may require change in people but at the same time, change in organisation structure also.

Planning for Change

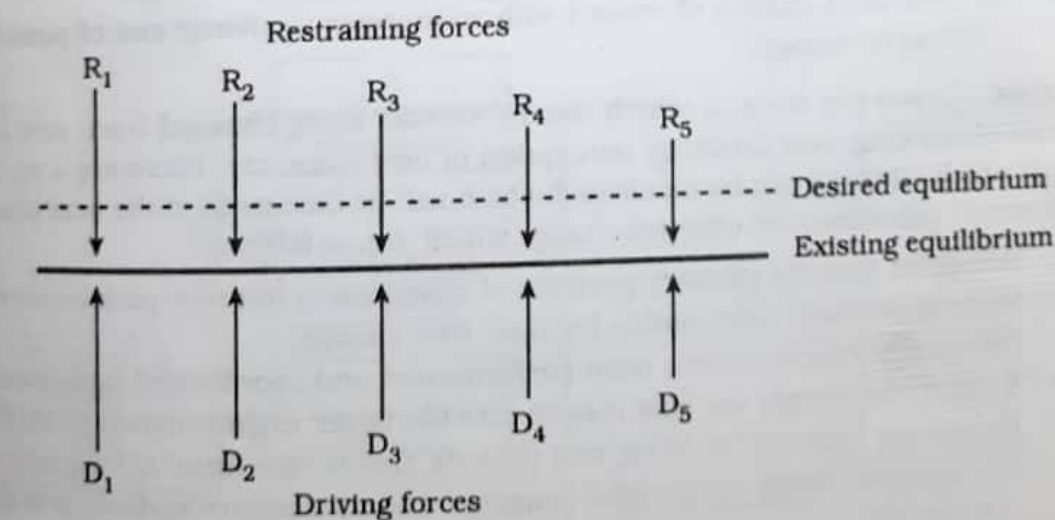
At this stage, managers should plan about how the change can be brought in the light of the above two sub-processes. Planning for change includes who will bring change, when to bring change, and how to bring change. The first question who will bring change relates to the persons who will work as change agents. Though every manager is change agent as he brings occasional changes in his area of operation, major changes require that some persons are

specified for the purpose. The second question when to bring change is related with time dimension of change. While deciding time element of change, many factors have to be considered, such as nature of forces which are likely to resist the change and the time taken to bring them to accept change, time taken in training and development of people to make them more suitable for the changed situation, time required to make resources available for the change, etc. How to bring change requires drawing up of procedure, that is, chronological ordering of various events of the change. Normally, change, expanding over a long period of time, requires continuous process of putting change effort in one aspect, measuring its impact and correcting dysfunctional aspects resulting from change, putting change in another aspect, etc. This process goes on over the period of them.

Assessing Change Forces

The planned change is not automatic, rather, there are many forces in individuals, groups, and even in the organisation which resist such change. Unless the cooperation of people is not ensured, any change process will not succeed. For this purpose, the management has to create an environment in which change will be accepted by the people. This problem is referred to the problem of overcoming resistance to change and will be taken later.

In a group process, there are some forces favouring and some opposing to maintain an equilibrium. This has been referred to as 'field of forces' by Kurt Lewin.⁵ He assumes that in any situation, there are both driving and restraining forces which influence any change that may occur. Driving forces are those which affect a situation by pushing it in a particular direction; they tend to initiate a change and keep it going. Restraining forces act to restrain change or to decrease the driving forces. Equilibrium is reached when the sum of driving forces equals the sum of restraining forces as shown in Figure 25.3.



Length of an arrow shows significance of the force

FIGURE 25.3: Lewin's field of forces

Organisational equilibrium is not static but is quasi-static and management may change this equilibrium by some efforts. For introducing change, management may face three types of situation based on the operation of field of forces:

1. If the driving forces far outweigh the restraining forces, management can push driving forces and overpower restraining forces.

⁵ Kurt Lewin, "Frontiers in Group Dynamics: Concept, Method, and Reality in Social Science, Social Equilibria and Social Change," *Human Relations*, June 1947, pp. 5-41.

2. If the restraining forces are stronger than the driving forces, management may either give up the change programme or pursue it by concentrating on driving forces and changing restraining forces into driving ones or immobilising them.
3. If driving and restraining forces are fairly equal, management can push up the driving forces and at the same time, can convert or immobilise restraining forces.

Thus, the management has to push driving forces and/or converting or immobilising restraining forces so that people accept the change. If the driving forces exist or management's efforts have brought the equilibrium of driving and restraining forces at a desired level, it can go for the change; it can take necessary actions for change.

Actions for Change

Actions for change comprise three stages: unfreezing, changing, refreezing.

Unfreezing. Unfreezing is the process in which a person casts aside his old behaviour which might be inappropriate, irrelevant, or inadequate to the changing demands of the situation. This aspect of action is as important as the action relating to changing the target. Just as a farmer must clear a field before planting new seeds, so must manager help employees clear their minds of old roles and purposes. Schien has suggested some measures which are quite helpful in undertaking unfreezing process.⁶ These are as follows:

1. The physical removal of the individuals being changed from their accustomed routines, sources of information, and social relationships.
2. The undermining and destruction of social support.
3. Demeaning and humiliating experiences to help individuals to see their old attitudes or behaviour as unworthy and think to be motivated to change.
4. The consistent linking of reward with willingness to change and of punishment with unwilling to change.

Changing. This is the stage at which the individuals being changed learn new behaviour—methods of working, new thinking, perception of new roles, etc. There are a variety of ways through which all these can be inculcated which will be discussed in the next chapter. Smith has provided guidelines for effective change which are as follows:⁷

1. Recognise that the primary purpose of change is to improve performance results.
2. Make individuals responsible for their own change.
3. Encourage improvisation, team performance, and coordinated initiatives.
4. Ensure that people see how they fit into the larger organisational picture.
5. Encourage learning by doing, and provide just-in-time training for performance.
6. Use positive energy, meaningful language, and courageous leadership to drive change relentlessly.

Refreezing. Refreezing means that what has been learned is integrated into actual practice. At this stage, the individuals internalise the new beliefs, feelings, and behaviour learned during the changing phase. They adopt these elements as a permanent part of their behaviour repertoire. Often, there is a tendency that individuals revert back gradually to their old behaviour, which they were displaying before the change, in the absence of suitable reinforcement. Therefore, reinforcement is necessary for the internalisation of new behaviour.

⁶ Edgar H. Schien, "Management Development as a Process of Influence," in David R. Hampton (ed.), *Behavioural Concepts in Management*, Belmont: Dickinson, 1988, pp. 5-41.

⁷ Douglas K. Smith, *Taking Charge of Change*, Reading Mass: Addison-Wesley, 1996.

All individuals may not necessarily react in the same way to a proposed change but it can be explained in terms of S-O-B-C model of human behaviour as discussed in Chapter 12. The response (B) to change (S) depends on an individual's personal history (O) and work situation (environment of S). Thus, individual A is ready to accept the change and even work harder in the new situation; individual E thinks in terms of strike, and so on. While these individual responses are important, they ultimately merge in group response which can be in the form of willing acceptance, resistance, forced acceptance, and rejection of change, depending on the nature of change and its perceived likely consequences.

Willing Acceptance. Although people tend to resist a change, this tendency is offset by their desire for new experiences and the rewards that come with the change. Thus, all changes may not be resisted; people will accept those changes which are favourable to them.

Resistance. This is a more general tendency and people's initial reaction is that of resistance. This appears to be a natural phenomenon because each individual or group establishes an equilibrium and tries to maintain that. Any change disturbs this equilibrium and, therefore, there is tendency to resist the change. There are various factors which are responsible for this change and will be discussed in the next section.

Forced Acceptance. Sometimes, people are forced to accept a change though they may show resistance at the initial stage. However, when change force overpower this resistance, they have to accept it. But all types of changes cannot be accepted by the people even if these are imposed on them by the use of power. Each pressure encourages counter-pressure within the organisation.

Rejection. Another form of the result of the resistance to change is the rejection of change. If the change has been forced, it may generate counter-pressure from the group. The result is that there is a self-correcting action, that is, people act to establish a steady state of need-fulfilment and to secure themselves from disturbances of that balance. Such actions may be in the form of committing errors willingly, spoilage, deliberate sabotage, or strike. All these forms of change reaction are dysfunctional.

Resistance to Change

In the management of change effectively, the managers face the problem of resistance to change. People tend to resist many types of changes because new habits or sacrifices are required. Similarly, social systems tend to resist change because of homeostasis. Homeostasis implies self-correcting characteristics of organism to maintain equilibrium as a result of change, that is, people act to establish a steady state of need fulfilment and to secure themselves from disturbance of that balance. When change is minor and within the scope of correcting programme, adjustment is fairly routine, but when a change is major or unusual, more serious upsets may occur. This leads to general proposition that people and their social systems will often resist change in organisations. In fact, fear of change can be as significantly disrupting as change itself, because it produces identical symptoms.

Before we trace out the reasons for resistance to change, let us discuss whether resistance is always bad as is generally perceived to be. In fact, there are two sides of resistance: as a cost and as a benefit.

Resistance as a Cost. Since all changes have some cost so is the resistance to change. If people resist to change, the organisation may not be able to introduce new phenomena in order to adapt environmental requirement, and its basic survival may be jeopardised. In fact, many organisations have been forced to abandon change programmes because of resistance

to such programmes, or they have been forced to adopt alternative strategies, like shifting of the manufacturing plants at new locations. Many companies have been forced to do so in the past. One example of Bajaj Auto Limited is relevant here. In order to increase its manufacturing capacity of two-wheelers, the company procured land near its old plant site but later shifted the new plant site away from the old plant because of resisting work culture of the old plant which was expected to percolate to the new plant also. On this phenomenon, Madhur Bajaj, managing director of Bajaj Auto, commented that, "The Pune plant is fully saturated. We wanted a new culture and new layout. We saw resistance to change at the existing plant. We shall take new workers at the new place."⁸

Resistance as a Benefit. On the one hand, resistance to change is a costly affair, on the other hand, it provides a benefit to the organisation and its change agent. Resistance by some members of the organisation provides an opportunity to the change agents to weigh the pros and cons of introducing change more carefully. While introducing a change emphasises only its positive side; resistance to change emphasises on negative side; the reality lies in between. Resistance to change forces management to find out this reality which helps in managing change more effectively. Thus, resistance to change provides help in managing change in two ways:

1. It may signal the need for more effective communication about the meaning and purpose of a change or need to rethink precisely how a proposed change will affect the organisation and its members.
2. It also highlights real inadequacies in the proposed change and suggests better ways for developing and introducing change.

FACTORS IN RESISTANCE TO CHANGE

People tend to evaluate the effect of change individually but they express it through group in collective form. Therefore, the reasons underlying resistance to change may be identified at these two levels.

Individual Resistance

There are many factors operating at the individual level which are responsible for resistance. Degree of force in resistance depends on how people feel about change. These feelings may be based either on reality or there may be emotional feelings towards the change. These feelings, either real or emotional, may be seen in the context of three types of factors: economic, psychological, and social.

Economic Factors. People feel attached to the organisation for satisfying their needs and economic needs—physiological, job security, etc.—precede over other needs. People may perceive that they will be adversely affected by the change in terms of their need satisfaction in the following ways.

1. **Skill Obsolescence.** A change is generally meant for better methods of working which may involve new techniques, technology, etc. Whenever people sense that new machinery (change) poses a threat of replacing or degrading them, they simply resist such a change. When computer was introduced in the business sector of India, it attracted lot of resistance because of this reason.
2. **Fear of Economic Loss.** A change may create fear of economic loss in the sense that it may affect economic compensation adversely, reduce job options, and turn into technological

⁸ Quoted in "Is Bajaj Auto Slowing Down," *Business India*, June 2-15, 1997, p. 88.

unemployment. This feeling is created because people feel that those who can match the new requirements will be better off than those who cannot match.

3. *Reduced Opportunity for Incentives.* Employees are generally offered incentives linked to their output in the form of incentive schemes, bonus, etc. All these are well established in the old system. Whenever there is change, people may feel that in the new system, they will have lower opportunity to earn incentives and bonus as the new system requires additional skills.

Psychological Factors. Psychological factors are based on people's emotions, sentiments, and attitudes towards change. These are qualitative and, therefore, may be logical from people's point of view but may be illogical from the change agent's point of view. Major psychological factors responsible for resistance are: ego defensiveness, status quo, lack of trust in change agent, low tolerance for change, and fear of unknown.

1. *Ego Defensiveness.* A change may affect the ego of the people affected by the change and in order to defend their ego, people resist change. A change in itself suggests that everything is not right at a particular level. Thus, the change may be perceived as an instrument for exposing the weakness of the people.

2. *Status Quo.* People want status quo, that is, they do not want any disturbance in their existing equilibrium of life and work pattern. The change initiated by the organisation disturbs such an equilibrium and people have to obtain another equilibrium which is a painful exercise. Therefore, everyone tries to avoid it.

3. *Low Tolerance for Change.* In the context of maintaining status quo, people may differ. Some people have very low level of tolerance for change and ambiguity as compared to others. Therefore, these people resist any new idea.

4. *Lack of Trust in Change Agent.* The effect of change is perceived in the context of change agent, that is, the person who initiates change. If people have low degree of confidence in the change agent, they show resistance to change efforts. This is the reason why labour union resists change initiated by management because of the feeling that labour and management are two different interest groups in the organisation.

5. *Fear of Unknown.* A change may be perceived as entering into uncharted area which is unknown. The change will bring results in future which is always not certain. This lack of certainty creates anxiety and stress in the minds of people and they want to avoid it. The lack of adequate information about the likely impact of change further complicates the problems.

Social Factors. People derive need satisfaction, particularly social needs, through their mutual compatible interaction. They form their own social groups at the workplace for the satisfaction of their social needs. To the extent the satisfaction of these needs is affected by a change, people resist it. The major factors causing resistance to change are: desire to retain existing social interaction and feeling of outside interference.

1. *Desire to Maintain Existing Social Interaction.* People desire to maintain existing social interaction since it is a satisfying one. When there is any change, their existing social interaction is likely to be changed which people do not want. Therefore, they resist change.

2. *Feeling of Outside Interference.* A change brought by the change agent is considered to be an interference in the working of people. This phenomenon is heightened if the change agent belongs to another social class, e.g., change initiated by managers affecting workers. The latter may feel that managers try to make workers an instrument for higher productivity but the outcome of this productivity will be retained by them.

In organisational change, a basic problem involved is the change of the attitudes of people in such a way that under changed conditions, they are effective. As such, an organisational change requires the alteration in each person's entire formal and informal role set to support the change. If there is an attempt to change an individual alone, he is merely placed into role conflict because his peers, staff specialists, and others retain the same role expectations of him. A job change is fully supported only when the job's entire role set is revised to support the change. In the 1960s, a new and integrated type of method known as organisation development (OD) originated to bring change in the entire organisational aspect.

Concept of Organisation Development

Although a liberal interpretation of the term organisation development (frequently referred to as OD) refers to a wide range of strategies for organisational improvement, the term has come to take fairly specific meaning in management literature as well as in practice. It can be termed as only fairly specific because the boundaries of OD are not entirely clear; perceptions of different authors and practitioners vary somewhat, and the field is evolving. These differences we can find in the conceptual framework, steps involved, and techniques used in OD. For example, Bennis suggests that:

"OD is a response to change, a complex educational strategy intended to change the beliefs, attitudes, values, and structure of organisations so that they can better adapt to new technologies, markets and challenges, and the dizzying rate of change itself."¹

The above definition of OD suggests that it attempts to change both organisational culture and structure. A dictionary of organisational behaviour defines OD as follows:

"Organisation development encompasses a collection of planned-change interventions built on humanistic-democratic values that seek to improve organisational effectiveness and employee well-being."²

Thus, the focus of OD is more on organisational culture rather than on other aspects of the organisation. Since organisational culture affects organisation structure and processes as well as other organisational elements, these may also be changed during the process of OD. French and Bell have offered a more comprehensive definition of OD which is as follows:

"Organisation development is a long-term effort to improve an organisation's problem solving and renewal processes, particularly through a more effective and collaborative management of organisation culture—with special emphasis on the culture of formal work teams—with the assistance of a change agent or catalyst, and the use of the theory and technology of applied behaviour science, including action research."³

Based on these definitions, we can identify various features of OD which are as follows:

1. **Planned Change.** OD is a strategy of planned change for organisational improvement. This 'planned' emphasis separates OD efforts from other kinds of more haphazard changes that are frequently undertaken by organisations.
2. **Comprehensive Change.** OD efforts focus on comprehensive change in the organisation, rather than focusing attention on individuals, so that change is easily absorbed. The concept of comprehensive change is based on the systems concept—open, dynamic, and adaptive

¹ Warren G. Bennis, *Organisational Development: Its Nature, Origin, and Prospects*, Reading, Mass: Addison-Wesley, 1979, p. 2.

² N. Nicholas (ed.), *Encyclopedic Dictionary of Organisational Behaviour*, Malden: Blackwell, 1998.

³ Wendell L. French and Cecil H. Bell, *Organisation Development*, Englewood, Cliffs., N.J.: Prentice-Hall, 1978, p. 14.

system. OD efforts take an organisation as an interrelated whole and no part of it can be changed meaningfully without making corresponding changes in other parts.

3. Long-range Change. OD efforts are not meant for solving short-term, temporary, or isolated problems. Rather, OD focuses on the elevation of an organisation to a higher level of functioning by improving the performance and satisfaction of organisational members on long-term basis. These long-term efforts are time consuming. Therefore, OD experts emphasise that the process takes months or, in many cases, years to implement. Although there may be pressure for quick results, the OD process is not intended to be stop-gap measure.

4. Dynamic Process. OD is a dynamic process and includes the efforts to guide and direct changes as well as to cope with or adapt changes imposed. It recognises that organisational goals change, so the methods of attaining these goals should also change. Thus, OD efforts are not one-shot actions, rather, they are ongoing, interactive, and cyclic process.

5. Participation of Change Agent. Most OD experts emphasise the need for an outside, third party change agent or catalyst. They discourage 'do it yourself' approach. There is a close working relationship between the change agent and the target organisational members to be changed. The relationship involves mutual trust, joint goals and means, and mutual influence. The change agent is a humanist seeking to get a humanistic philosophy in the organisation. He shares a social philosophy about human values.

6. Emphasis on Intervention and Action Research. OD approach results into an active intervention in the ongoing activities of the organisation. Action research is the basis for such intervention. A change agent in OD process does not just introspect the people and introduce changes, rather, he conducts surveys, collects relevant data, evaluates these data, and then, takes actions for intervention. He designs intervention strategies based on these data.

7. Normative Educational Process. OD is based on the principle that 'norms form the basis for behaviour and change is a re-educative process of replacing old norms by new ones'. This is done to arrive at certain desirable outcomes that may be in the form of increased effectiveness, problem solving, and adaptability for the organisation as a whole. At the individual level, OD attempts to provide opportunities to be 'human' and to increase awareness, participation, and integrate individual and organisational goals.

OD and Management Development

At this stage, it is beneficial to make a comparison between OD and management development (MD) as both have some common objectives, that is, betterment of an organisation; and techniques adopted in both may overlap to some extent. Before making a comparison between the two, let us define management development as we have seen the definition of OD. The term development refers broadly to the nature and direction of change induced in personnel through the process of training and education. Based on this, management development has been defined as follows:

"Management development is all those activities and programmes when recognised and controlled, have substantial influence in changing the capacity of the individual to perform his assignment better and in so doing are likely to increase his potential for future management assignment."⁴

Organisation development differs from management development. While the latter aims at developing the managers individually for the accomplishment of better performance in organisational setting, the former goes one step further and purports to change the entire

⁴National Industrial Conference Board, *The Management Record*, March, 1971, p. 8.

organisational culture where the managers work. Miner has drawn difference between two processes. According to him, there are four attributes of effective managers in large organisations. These are: (i) a positive attitude towards authority, (ii) competitiveness, (iii) assertiveness, and (iv) a sense of responsibility. He feels that management development reinforces the above four qualities and helps managers cultivate and develop the will to manage, whereas OD efforts within organisations may cause confusion and chaos for incoming human resources if the organisation is underplayed and the humanistic dimension alone emphasised. If OD efforts train people towards anti-authority value, more attention to peer-groups, less individual competitiveness, and greater display of feelings and emotions, then would the results be functional for managing organisation's activity in a competitive world? Thus, according to him, OD tries to fit the organisation to the men, MD tries to fit the men to the organisation, with their existing objectives and structures.⁵ However, he appears to be biased against OD and the real distinction between OD and MD lies in between these two extremes. Burke and Schmidt have made this difference more clear⁶ which is presented in Table 26.1.

TABLE 26.1: Difference between management development and OD

	Management development	Organisation development
Factors	Increasing manager's contributions to goal accomplishment	Changing the nature of the organisation
Objectives	Train and equip employees and managers to perform better in existing organisation	Focus on design, not on the managers; focus on achieving improvements in design
Focus	Educative and training	Problem-solving approach
Approach	Short-range	Long-range strategy for organisational innovation and renewal
Time		Trained specialists required
Specialist	No special requirement	

Role of Organisation Development

Organisation development, as a long-term strategy for organisational change, plays key role in organisational improvement. The basic problem in a change effort which is not comprehensive is that it does not work properly unless there is a proper change in the internal environment of the organisation in which people work. Since OD attempts to bring comprehensive change in the organisation, it is quite suitable for improving organisational performance on long-term basis. Thus, OD can be utilised for the following results in the organisation:

1. To place emphasis on humanistic values and goals consistent with these values;
2. To treat each human being as a complex person with a complex set of needs important in his work and his life;
3. To increase the level of trust and mutual emotional support among all organisational members;
4. To increase the level of enthusiasm and personal satisfaction at all levels of the organisation;
5. To increase the level of self and group responsibility in planning and its implementation;
6. To increase the openness of communications in all directions—vertically, horizontally, and laterally;
7. To create an environment in which authority of assigned role is augmented by authority based on knowledge and skills.

⁵ John B. Miner, "The OD—Management Development Conflict," *Business Horizon*, December 1973.

⁶ W. Warner Burke and W.H. Schmidt, "Management and Organisation Development," *Personnel Administration*, March-April 1971, pp. 46-52.

Problems in Organisation Development

Organisation development, however, has invited sharp criticism as a strategy to increase organisational viability and effectiveness because many OD programmes have failed. Much of the enthusiasm created at the beginning of OD programmes vanished over the period of time. In early 60s, OD became quite successful with many professional consultants offering high services and programmes to various organisations. By 70s, however, substantial disenchantment with OD became evident because of many controversial OD techniques like sensitivity training, confrontation techniques, etc. Research studies have also failed to conclude significant contributions of OD in all organisations, particularly in bottom-line ones. Therefore, OD can not be taken as panacea for curing all organisational problems. In general, OD is criticised on the following lines:

1. There is discrepancy between ideal and real situations. OD tries to achieve ideal without taking into account real.
2. OD makes people unfit for the real organisational world because no organisation can fully adopt open system concept.
3. Resistance to change is a natural phenomenon and OD puts undue pressure to change. Hence, it fails even as a long-term strategy.
4. OD fails to motivate people with low level of achievement needs. If an organisation is laden with these people, it is useless to try OD.
5. OD programmes are often quite costly, and only large organisations can afford this luxury without any guarantee of positive outcome.

It can be seen that many of these criticisms are based on reality and experience. People realised its dysfunctional aspects only when many OD efforts failed. However, it may be emphasised that OD programmes are likely to fail when these are not undertaken properly. In fact, there have been cases of wrong implementation of OD programmes and hence failure. For example, Evans has identified three factors which have been responsible for the failure of OD programmes: (i) failure of the management consultant group to correctly tailor the programme to actual needs of the organisation; (ii) failure to correctly model appropriate personnel behaviour in the programme; and (iii) failure to increase employee motivation through participation and development of personal growth and self-esteem.⁷ Thus, it can be visualised that OD itself may not be dysfunctional but application may be. Therefore, in order to make best use of OD efforts, some specific efforts are required. Some of these efforts are as follows:

1. There should be genuine support of OD programme from top management.
2. Organisation must formulate the objectives of OD programme very clearly and specifically.
3. Enough time should be allowed so that the effects of OD programme are realised.
4. There should be proper use of OD interventions. These should be based on the specific needs of the organisation.
5. Only fully competent OD consultant should be pressed for the service and he should develop understanding with internal change agents.

PROCESS OF ORGANISATION DEVELOPMENT

OD can be taken as a process of changing people and other related aspects of an organisation. Thus, it consists of many subprocesses or steps. However, theorists and practitioners both

differ about the various steps and their sequence in OD. This is because most of the ideas in OD have generated from practices and these practices have differed from organisation to organisation. It is not necessary that each organisation may involve all the steps with same results from OD strategy. As such, uniformity in the steps involved cannot be expected. Blake and Mouton provide six steps in OD programmes: studying the managerial grid as a theoretical framework to understand behavioural dynamics of organisation's culture, studying the dynamics of the actual workteam, launching similar activities in different units, engaging the top team, implementation tactics for transforming the organisation into the above model, and measurement of changes.⁸ Beckhard provides five steps: diagnosis, strategy planning, education, consulting and training, and evaluation.⁹ French and Bell have identified three components: diagnosis, action, and process maintenance.¹⁰

The difference in the various steps as described by various scholars and practitioners is due to the defining scope of a particular step. Moreover, since OD is an ongoing interactive process—a process is an identifiable flow of interrelated events moving over time towards some goal—many of the events overlap, and in real practice, a clear-cut demarcation between various events becomes difficult. In OD programmes, various steps may be problem identification and diagnosis, planning change strategy, intervening in the system, and evaluation. These steps are not exclusive to each other and do not follow the same sequence but interact with each other.

1. Problem Identification and Diagnosis. OD programme leads to meet certain objective in the organisation because OD is a means and not an end in itself. Thus, it attempts to solve some organisational problems. The problems may be a gap between desired path of action and actual path of action, that is, the organisation fails to meet its objective on a long-term basis. OD programme starts with the identification of the problems in the organisation. Analysis of various symptoms both overt and covert may help in identifying the problems. Diagnosis gives correct identification of a problem and its causes and determines the scope of future course of action. Diagnosis in OD involves a number of techniques concerned with identifying concerns and issues, establishing priorities, and translating them into aims and objectives. At this stage itself, the collection and analysis of data is undertaken. Major consideration is given to the techniques and methods used to desirable organisation system, the relationships between the elements or subsystems, and ways of identifying major problems and issues.

Problem identification flows almost immediately into analysis. Once a problem is identified, the analysis will show why the problem exists. The analysis will identify the variables that can be altered or changed by the organisation and its management, such as leadership style, organisation structure, organisational objective, etc. In other words, analysis brings the identification of environment that has caused problems.

2. Planning Strategy for Change. When the problems are diagnosed, the OD practitioner—either consultant or management, but preferably consultant—plans the various courses of action in OD. Attempts are made to transform diagnosis of the problem into a proper action plan involving the overall goals for change, determination of the basic approach for attaining these goals, and the sequence of detailed scheme for implementing the approach. Although it is a relatively simple matter to identify changes after they have occurred, it is considerably

⁸Robert R. Blake and Jane S. Mouton, *Building a Dynamic Corporation through Grid Organisation Development*, Reading, Mass: Addison-Wesley, 1969, p. 16.

⁹R. Beckhard, *Organisation Development: Strategies and Models*, Reading, Mass: Addison Wesley, 1969, p. 9.

¹⁰French and Bell, *op. cit.*, p. 28.

more difficult to influence the direction thrust of changes while they are under way. Thus, planning and implementation of change are interdependent; the way in which change is planned has an impact on the way in which it is carried out, and conversely, the problems of implementing change have an impact on the way in which it is planned.

3. Intervening in the System. Intervening in the system refers to implementation of the planned activities during the course of an OD programme. These planned activities bring certain changes in the system which is the basic objective of OD. There may be various methods through which external consultant intervenes in the system, such as education and laboratory training, process consultation, team development, etc. which will be discussed later.

4. Evaluation. This step relates to evaluate the results of OD programme so that suitable actions may be followed up. Since OD is a long process, there is an urgent need for careful monitoring to get precise feedback regarding what is going on as soon as an OD programme starts. In this respect, the use of critique sessions, systematic appraisal of change efforts, and pre- and post-training behavioural pattern are quite effective. This step again involves data gathering because such data will provide the basis for OD efforts evaluation and suggest suitable modification or continuation of OD efforts in similar direction. All parties concerned in OD programme need to realise that if major organisational improvements are to be made and sustained, managerial practices with respect to many subsystems will need to be modified if these practices are not congruent with the OD efforts because there exists the possibility of slip back and regression to old behavioural pattern if adequate changes in other parts integrating behavioural change are not made.

ACTION RESEARCH MODEL OF OD

The topic of organisational effectiveness has attracted considerable attention of organisational analysts. This increased attention may be seen in two phenomena. *First*, interest in this topic has heightened by a growing appreciation of the vital role played by organisations in the life of people in the contemporary society. People have become dependent on organisations for various types for the satisfaction of their needs, and their need satisfaction directly depends on the degree of effectiveness of organisations. Higher the degree of effectiveness, more satisfaction people derive from organisations. As such, understanding of organisational effectiveness is of vital importance for the society at large. *Second*, current interest in organisational effectiveness can be traced partly to the central nature of this topic to the field of organisational effectiveness. Discussion pertaining to the field of organisational effectiveness, particularly its definitional, conceptual, and methodological issues have generated great amount of diversity among various theorists.

Concept of Organisational Effectiveness

Organisational effectiveness, also called as organisational success or growth, is defined and conceptualised in different ways, and no unanimity is found in different approaches. Though a large volume of literature is available on the concept and working of organisational effectiveness, there is often contradiction in the various approaches. The various approaches are judgmental and open to question. Thus, various terms are often used interchangeably, such as efficiency, productivity, profitability, organisational growth to denote organisational effectiveness. The inconsistency in the various terms is obvious. This inconsistency mainly arises because of discrepant conception of organisational effectiveness.

For example, we are giving three definitions of organisational effectiveness with each emphasising a different criterion for measuring organisational effectiveness.

"Effectiveness may be defined as the degree to which an organisation realises its goals."¹

"Effectiveness of an organisation can be seen in terms of the survival of the organisation."²

"An organisation remains effective as long as it uses its resources in an efficient manner and continues to contribute to the large system."³

Campbell, who has done considerable research on organisational effectiveness (abbreviated as OE), has reviewed various studies and conceptual framework on OE and found that thirty criteria have been used to measure OE. Based on these reviews, he arrived at the conclusion that:

"Since an organisation can be effective or ineffective on a number of different facets that may be relatively independent of one another, OE has no operational definition."⁴

In spite of these problems in defining OE and identifying criteria against which the degree of OE may be measured, organisations are classified as effective or ineffective on the basis of some criteria under references. We shall see major of them later.

Efficiency and Effectiveness

Another aspect which creates problem in defining OE precisely is the use of two terms—

¹ Amital Etzioni, *Modern Organisations*, Englewood, Cliffs, N.J.: Prentice-Hall, 1990, p. 10.

² John Kimberly, "Issues in Criterion of Organisation, Initiation, Innovation, and Instrumentalisation," *Academy of Management Journal*, September 1979, p. 438.

³ Ephraim Yutchan and Stanley E. Seashore, "A System-Resource Approach to Organisational Effectiveness," *Administrative Science Quarterly*, December 1967, pp. 377-95.

⁴ John P. Campbell, "Research into the Nature of Organisational Effectiveness," quoted in Richard Steers, *Organisational Effectiveness*, Santa Monica: Goodyear, 1976, pp. 40-41.

Organisational Effectiveness

efficiency and effectiveness. Both these terms are used quite closely and, sometimes even, interchangeably, though both these terms denote different state of affairs. For example, Barnard has viewed that:

"Organisational effectiveness is the degree to which operative goals have been attained while the concept of efficiency represents the cost/benefit rate incurred in the pursuit of these goals."⁵

Thus, effectiveness is related to goals and is externally focussed. Efficiency is used in engineering way and it refers to the relationship between input and output. This denotes how much inputs have been used to produce certain amount of outputs. It is not necessary that both go together always. For example, Barnard says that, "When unsought consequences are trivial, or insignificant, *effective action is efficient; when unsought consequences are not trivial, effective action may be inefficient.*"⁶ There may be three types of situations:

1. An organisation may be efficient but may not be effective.
2. An organisation may be effective but may not be efficient.
3. An organisation may be both efficient and effective.

In the *first* situation, the organisation may be efficient but it may not be effective because efficiency refers to internal conversion processes whereas effectiveness reflects external phenomenon. For example, the organisation may be low-cost producing (efficient) but it may fail to realise matching price for its products. The result is that the organisation is incurring loss (ineffective) in spite of it being efficient. This happens when the product is in the declining stage of its life cycle.

In the *second* situation, an organisation may be effective at a point of time without being efficient. It may not be efficient but because of the external environment (particularly market situations), it may earn profit and show effectiveness. For example, in Indian business scenario, many inefficient organisations in some industries like mini steel, mini cement, soya extraction industries made huge profit but later on, when the situation changed, these organisations became extinct.

In the *third* situation, an organisation may be efficient and effective both at the same time. Many types of organisations may fall under this category, and this is the situation which is required for the long-term survival of organisations. It is in this situation that people tend to use efficiency and effectiveness interchangeably.

Approaches to Measure Effectiveness

We have seen that organisational effectiveness is defined in different ways and that each way provides a particular criterion or a set of criteria which may be even contradictory. However, it does not mean that organisational effectiveness should not be measured; it has to be measured. It must be measured because of two reasons. *First*, those who are responsible for the management of an organisation should know whether their organisation is doing thing rightly. If not, what additional efforts are required. *Second*, an organisation is a means for satisfying the needs of people in the society and the satisfaction of such needs is directly linked to organisational effectiveness, as we have seen earlier. Because of these reasons, certain approaches have been developed for measuring effectiveness. A particular approach measures effectiveness in some context and, therefore, it lacks universality. This phenomenon is true for any principle of management. Therefore, while adopting a particular approach in measuring

⁵ Chester I. Barnard, *The Functions of the Executive*, Cambridge, Mass: Harvard University Press, 1968, p. 7.

⁶ *Ibid.*, p. 19.

effectiveness, its inherent limitations should be taken into account. There are four types of approaches which are commonly used for effectiveness measurement:

1. goal approach,
2. behavioural approach,
3. system-resource approach, and
4. strategic constituencies approach.

GOAL APPROACH

Goal approach attempts at measuring organisational effectiveness in terms of goal achievement by an organisation. In Chapter 1, we have seen that an organisation, being a deliberate and purposive creation, has some specific goal or set of goals. The effectiveness of the organisation can be measured in terms of the degree to which these goals are achieved.

The goal approach, which itself has taken many forms, is the most widely used by organisation theorists. Some have adopted it only as a part of a broader perspective of organisations; others have employed it as a major tool in their study of organisations. In studying effectiveness in terms of goal-achievement, theorists tend, implicitly or explicitly, to make two assumptions:

1. that complex organisations have an ultimate goal toward which they strive; and
2. that the ultimate goal can be identified empirically and progress toward it measured.

In fact, the orientation to a specific goal is taken by many as the defining characteristics of organisations. Goal approach defines effectiveness as 'profit-maximisation', 'providing an efficient service', 'high productivity', or 'good employee morale', etc. Campbell has suggested several variables which can be used in measuring organisational effectiveness. He includes in his list such items as quality, productivity, readiness, efficiency, profit or return, utilisation of environment, stability, turnover or retention, accidents, morale, motivation, satisfaction, internalisation of organisational goals, conflict-cohesion, flexibility-adaptation, and evaluation by external entities.⁷ Thus, many criteria for organisational effectiveness based on goals have been proposed. However, none of the single criterion has proved to be entirely satisfactory as the sole or universal measurement of effectiveness.

Another approach in goal method is to measure organisational effectiveness on the basis of multiple criteria. The idea is that managers in the organisation follow many goals simultaneously and the fulfilment of these goals may be taken as the basis for organisational effectiveness. When goal approach is taken as the basis of measuring effectiveness, the degree of goal achievement may be compared for the same organisation over a period of time, say ten years or so, or it may be compared with other organisations at a particular point of time.

Limitations

No doubt, the goal approach is the most frequently used basis for measuring organisational effectiveness because it resembles closely the basic existence of the organisations, since the assumption that organisations exist for certain specific goals holds true. However, there are certain problems—both conceptual as well as practical—in applying goal approach for organisational effectiveness criteria. Goal approach is probably most useful in comparative organisational study, that is, in relative rather than in absolute terms. With the exception of productivity, practically all variables as criteria of organisational effectiveness have been found inadequate and unsatisfactory. This is so because organisations in different sectors have different stated goals. Some other criteria, such as morale, employee satisfaction, etc. also do

⁷Campbell, *op. cit.*

not serve the purpose adequately. A major problem in using these variables as effectiveness criteria is their differential sensitivity to such considerations as the nature and volume of work to be processed, organisational level affected, and reasons of their occurrence. Thus, these various criteria may be affected by a number of external variables.

The goal approach is often adopted by investigators because it seems to safeguard them against their own biases. However, Etzioni has criticised this assumption. He states that 'the model (goal) is considered as objective and reliable analytical tool because it omits the values of the explorer and applies the values of the subject under study as the criteria of judgement. We suggest, however, that this model has some methodological shortcomings, and it is not objective as it seems to be'. He, further, states that goal approach may be rejected on theoretical considerations as well. 'Goals, as norms and sets of meanings depicting target states, are cultural entities. Organisations, as systems of coordinated activities of more than one actor, are social systems'.⁸ Thus, goal approach can be rejected as a base of organisational effectiveness because of two reasons:

1. goals, as ideal states, do not offer the possibility of realistic assessment.
2. goals as cultural entities arise outside the organisation as a social system and cannot arbitrarily be attributed as properties of the organisation itself.

Another problem implicit in goal approach is the identification of organisational goals. No doubt, organisations are purposive creations with certain specified goals, in practice, such goals do not reflect the real functioning of the organisations. Katz and Kahn note that 'the stated purposes of an organisation as given by its bylaws or in the reports of its leaders can be misleading. Such statements of objectives may idealise, rationalise, distort, omit, or even conceal some essential aspects of the functioning of the organisation. Nor is there always agreement about the mission of the organisation among its leaders and members'.⁹ This suggests that organisational goals are nothing more than courses of action imposed on the organisation by various forces in its environment, rather than preferred end states toward which the organisation is striving.

These considerations, taken together, seem to undermine the rationale behind the use of goal as a yardstick for assessing organisational effectiveness. But, this is not to suggest that the concept of organisational goals should be rejected *in toto*. For certain analytical purposes, it is useful to abstract some goal as an organisational property. For the management of organisation point of view, the goal concept is generally taken as the basic criterion for measuring organisational effectiveness.

BEHAVIOURAL APPROACH

Behavioural approach of measuring organisational effectiveness takes into account the behaviour of people in the organisation which ultimately determines the degree of goal achievement by an organisation. This approach is based on two assumptions:

1. Organisations as collectivity of people have one set of goals and people as individuals have another set of goals.
2. Degree of organisational effectiveness depends on the degree of integration of organisational and individual goals.

The integration of individual and organisational goals affects organisational effectiveness because each individual tries to satisfy his needs by working in the organisation. Thus, he

⁸ Etzioni, *op. cit.*

⁹ Daniel Katz and Robert L. Kahn, *The Social Psychology of Organisations*, New Delhi: Wiley Eastern, 1970, p. 15.

may try to satisfy his own needs without taking into account the organisational needs if he is able to do so. Since the organisation puts certain control mechanism, often, he is not able to satisfy only his own needs without regard to organisational needs. Thus, because of the operation of fusion process, both sets of goals—individual and organisational—will be integrated. However, this fusion is not uniform for all individuals and organisations, but is determined by various individual and organisational characteristics. Therefore, individual and organisational goal relationship may show a number of alternatives ranging from totally opposite to perfectly identical. In between these two extreme points, there may be three alternative levels of integration.

1. Low degree of goal integration.
2. Moderate degree of goal integration, and
3. High degree of goal integration.

Low Degree of Goal Integration. In the first case, when there is low degree of goal integration, that is, low degree of fusion score, the degree of organisational effectiveness is also low as shown in Figure 24.1.

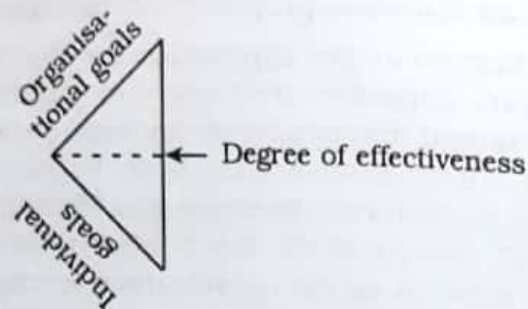


FIGURE 24.1: Low degree of goal integration and low degree of effectiveness

This is the situation where organisational members are opposed to the organisational goals. In this situation, either organisation or individual may be able to satisfy its needs. There is a general disregard for the welfare of the organisation. Individuals see their goals totally opposed to the organisations and consequently only one set of goals can be fulfilled at the cost of the other. This results into low level of morale and performance. In some cases, this results often into substantial losses, or draining off of assets. However, this position cannot last for long because either the individual will leave the organisation or the latter may substitute the individual, depending upon the circumstances and the external environment, or organisation may go out of action.

Moderate Degree of Goal Integration. In the second situation, there is moderate degree of integration of organisational and individual goals, and consequently there is moderate degree of organisational effectiveness as shown in Figure 24.2.

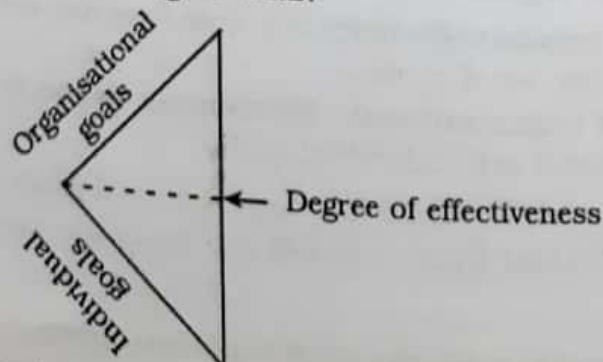


FIGURE 24.2: Moderate degree of goal integration and moderate degree of effectiveness

nal Behaviour

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may be three

Organisational Effectiveness

In this case, the organisational and individual goals are somewhat compatible but they are not exactly the same. The result of interaction between two sets of goals is a compromise, and the performance is a combination of both.

High Degree of Goal Integration. In the third situation, there is high degree of integration between organisational and individual goals, and consequently high degree of organisational effectiveness as shown in Figure 24.3.

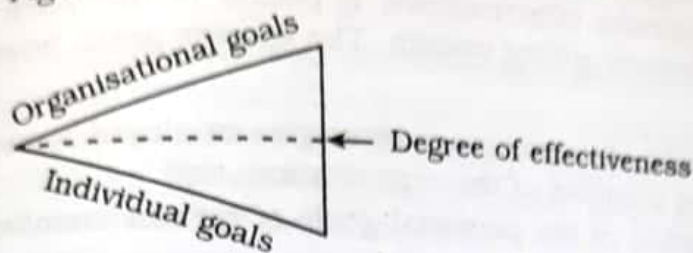


FIGURE 24.3: High degree of goal integration and high degree of effectiveness

Integration,
also low as

In this situation, individual goals are identified with the organisational goals. The climate of the organisation is such that either of two things may occur. The individuals in the organisation may either perceive their goals being the same as the goals of the organisation or their own goals being satisfied as a direct result of working for the goals of the organisation. Consequently, closer the individual goals with the organisational goals, the greater will be organisational effectiveness. This approach has led managers to devise organisational strategy, particularly in regard to management of personnel in the organisation, that both sets of goals come nearer. Thus, this conceptual approach has given rise to a very important managerial technique 'Management by Objectives' which is both a technique as well as philosophy of the organisation.

Limitations

Though behavioural approach has very significant implications for management practices, it does not really offer criteria for measuring organisational effectiveness. What it does is that it provides a clue for achieving effectiveness. In providing such a clue, the approach has left many other factors which are important for determining organisational effectiveness which we shall see later in this chapter.

SYSTEM-RESOURCE APPROACH

degree of
degree

System-resource approach of organisational effectiveness is derived from the open system model as it is applied to formal social organisations. This model emphasises the distinctiveness of the organisation as an identifiable social structure or entity, and it emphasises the interdependency of processes that relate the organisation to its environment.¹⁰ The interdependence between organisation and its environment takes the form of input-output transactions of various kinds relating to various things. These are scarce and valued resources. Broadly defined, these resources are generally means or facilities that are potentially controllable by social organisations and that are potentially usable—however, indirectly—in relationships between the organisation and its environment. The idea of resources here is quite comprehensive and includes things beyond the concept of resources to physical or economic objects, such as human activity. These scarce and valued resources are the focus of competition between organisations. This competition, which may occur under different social settings and which may take different forms, is a continuous process underlying the emergence of a universal hierarchical differentiation among social organisations. Such hierarchy may be

¹⁰ Hutchman and Seashore, *op. cit.*

Organisations are built by the aggregation of people for some common goals, and in order to achieve these goals, people should behave in a manner specified by organisational rules, regulations, policies, and other methods. Organisations try to achieve this through the process of influencing behaviour of their members. The process of influence involves a series of social interactions by which a person or a group of persons is influenced by another person or group of persons to act in conformance to the influencing agent's expectations to do something. Thus, influence has three elements: the agent (A) exerting influence, the method of influence, and target (T) subjected to influence. The influence process can be expressed as A . . . T. Thus, if A is able to get T to behave in a certain way, we can say that A has influenced T. In an organisational context, there are various means through which behaviour of people can be influenced. These are power, authority, and leadership. However, their method of influencing is different. While power and authority tend to be closer to exerting pressure on targets, leadership is closer to persuasion to targets. In this chapter, we shall discuss power (and to some extent authority because of its close linkage to power); leadership will be discussed in the next chapter.

Concept of Power

Power is a term which has been defined in different ways by different theorists because power can be used as a means of influence in different ways. For example, Max Weber, the famous sociologist, has defined power in social context as follows:

"Power is the probability that one actor within the relationship will be in a position to carry out his own will despite resistance."¹

The basic theme of power as suggested by Weber is followed in organisational behaviour. For example, Bass and Stogdill have defined power as follows:

"Power refers to a capacity that A has to influence the behaviour of B so that B does something he or she would not otherwise do."²

This definition implies that: (1) agent (A) has potential to influence behaviour of target (B) that may or may not be actualised to be effective, (2) there is dependence relationship between agent and target, and (3) target has some discretion over his or her behaviour, which can be used by him or her in the absence of use of power by the agent. Dependency in power relationship determines, to a very great extent, whether use of power will be effective or not. Therefore, let us discuss this concept.

Dependency in Power Relationship

Power variable is a relational one. A person or group cannot have power in isolation; it has to be in relationship to other person or group. The parties involved in power relationship are tied to each other by mutual dependency. By virtue of mutual dependency, it is more or less imperative for each party to be able to control or influence other's conduct. It implies that each party to the power relationship is in a position to some degree to grant or deny facilities or hinder the other's gratification. Thus, the power to control or influence the other resides in control over things which other person values. This may be material things or abstract things like attitudes and ego support.

Dependency of some kind is the basic characteristic of all the modern organisations. Such dependency exists either among individuals or units and subunits. For example, the design of

¹ Max Weber, *Economy and Society*, New York: Free Press, 1947, p. 152.

² Bass and Stogdill, *Handbook of Leadership*, New York: Free Press, 1990.

a bureaucratic organisation rests largely on the power variable with the intent of ensuring that each level in the organisation has sufficient power. This power, however, is affected by informal patterns worked out over time and by personal differences in the exercise of the power available in a unit or subunit. Thus, various units may have power in varying amounts. For example, Perrow has concluded that in the industrial firms, sales departments are overwhelmingly regarded as the most powerful units.³ The other subunits of the firm regard them in that way and behave accordingly.

In the mutual dependency, the power of a person over another depends on the amount of resistance the other person can put against the influence attempts by the person. Thus, power is balanced if both have equal power and dependency upon each other. The relationship is imbalanced when either of them has more power or dependency than the other. This is the situation when power can be exercised. However, it does not mean that power always brings the desired result. The possible responses to the use of power may vary along a continuum as shown in Figure 15.1

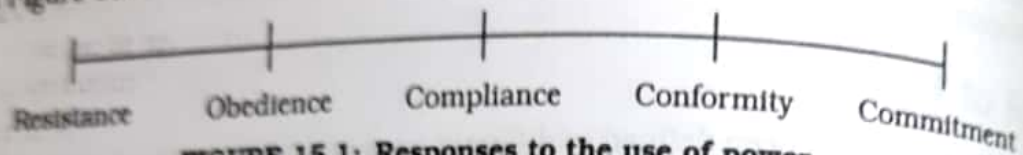


FIGURE 15.1: Responses to the use of power

Resistance. The target person on whom the power is exercised may resist the influence and may not behave in accordance to influencer's wishes. The attempt of influence may be thwarted by the person.

Obedience. The person may succumb to influence though he would rather not. When people are forced to behave against their wishes, it is referred to as obedience.

Compliance. The person may comply with the desire of the influencer. Compliance refers to a person's acceptance of influence because he is expected to be rewarded for responding to a request or punished for not responding to it.

Conformity. The person may conform to the influencer's desire. Conformity refers to acceptance of influence because people desire to be in mainstream of social behaviour. Often, people who are free to behave in different ways, will simply do what they see others doing.

Commitment. The person may show commitment to the desire of the influencer. This is the most desirable outcome from the use of power as there is enthusiastic release of energy and talent to satisfy the influencer's requests.

Factors Determining Dependency

There are several factors that determine dependency between power agent and power target. Dependency increases when the resource that agent controls is important, scarce, and non-substitutable. Here, resource does not merely include physical and financial one but also includes knowledge, expertise, skills, etc., which are relevant for an organisation.

1. Importance of Resource. If the agent has resource which is perceived as important by the target, he will be more dependent on the agent. For example, organisations want to avoid uncertainty. Any organisational unit that is able to absorb this uncertainty is perceived as controlling an important resource and is more powerful. This is why marketing department is considered more powerful in industrial organisations.

³ Charles Perrow, "Departmental Power and Perspective in Industrial Firms," in Richard H. Hall, *Organisation: Structure and Process*, Englewood Cliffs, N.J. Prentice Hall, 1972, p. 206.

3. Scarcity of Resource. If the agent has resource which is scarce, he will have more power because the target will be dependent on him. For example, in an organisation, if a low-ranking person holds knowledge that is scarce, he may be more powerful than the high-ranking persons.

4. Non-substitutability of Resource. If the agent has resource which does not have viable substitute, he will have more power because the target depends on him. For example, in an organisation, if a person has certain skills which cannot be substituted even by combining the skills of many persons together, he is perceived to be more powerful. This phenomenon takes place mostly in the case of technical skills.

Before proceeding to discuss various issues related to power, it would be desirable to understand differences between power and authority and power and leadership as all these are means of influence and, therefore, there might be some overlapping.

Power and Authority: Difference

Power and authority are so closely linked that both are used to denote the same meaning, at least, in practice. However, there is difference between the two. In order to understand this difference, let us first define authority and identify its features. The term authority is defined in various ways in management literature possibly because of different sources of authority. The classical analysis of authority is generally attributed to Max Weber who has described authority as:

"the willing and unconditional compliance of people, resting upon their belief that it is legitimate for superior to impose his will on them and illegitimate for them to refuse to obey."⁴

Various scholars who rely on the formal aspect of authority define it in this way. For example, Simon, a noted thinker on organisational processes, has defined authority as follows:

"Authority may be defined as the power to make decisions which guide the actions of another. It is a relationship between two individuals; one superior, another subordinate. The superior frames and transmits decisions with the expectation that these will be accepted by the subordinate. The subordinate executes such decisions and his conduct is determined by them."⁵

Both these definitions emphasise authority relationship in the context of superior and subordinate. However, in modern organisations, authority exists in the context of relationship among various positions which may be occupied by the persons not necessarily having superior-subordinate relationship, for example, functional authority. Thus, authority may be defined from this perspective which is as follows:

Authority in the organisation is the power in a position (and through it, the person occupying the position) to exercise discretion in making decisions affecting others.

Based on the definition of authority, we can identify the features of authority which are as follows:

1. There is existence of right in authority. This right is given to a manager in an organisation by his superior. This right puts a manager in a position by which he regulates the behaviour of his subordinates to act or not to act in certain ways.
2. The right of giving of order is legitimate. Unless there is an environment of legitimacy—meaning socially and ethically acceptable to all concerned—authority cannot be meaningful and operational.

⁴Weber, op. cit.

⁵Herbert A. Simon, *Administrative Behaviour*, New York: Macmillan, 1977, p. 125.

on conceptual level. Because of difference between power and authority, bases of both also differ which will be discussed shortly in this chapter.

Power and Leadership: Difference

Power and leadership have common objective, that is, to influence others for desirable behaviour. However, both achieve this objective differently. First, let us define leadership. Leadership is the process of influencing and supporting others to work enthusiastically towards achieving desired objectives. Thus, major differences between power and leadership are as follows:

1. In exercising power, an agent may use methods that may result into forced compliance of agent's wishes while in leadership, he gets this compliance from others enthusiastically.
2. Power and leadership differ in terms of goal compatibility. Power does not require compatibility between goals of influencer and influencee. Leadership has some degree of congruence between the goals of the leader and those being led.
3. Leadership focuses on the downward influence on one's followers. It minimises the importance of lateral and upward patterns. Power is not limited to downward direction only; its effect may have downward, lateral, and upward directions.
4. Power can be exercised by individuals and groups while leadership is relevant for individuals only.

Importance of Power

Power, either positional or personal, is a crucial factor in influencing the behaviour in organisations. It has been compared with electricity in a motor by Hicks and Gullett. They state, 'consider an electric motor, for comparison. The motor, like an organisation, can be explained partially by a description of its (1) external appearance and operation and (2) gears, inner mechanisms, and relationships; however, the essence of the motor cannot be understood without an appreciation of a third factor; how electricity as the power source makes the motor run, which may cause gears to turn, which operate mechanisms, and so forth. So it is also with power; it is a force that makes organisations operate.⁶ The importance of power can be analysed in two ways:

1. **Necessary for Coordinated Activities.** Power is required in the organisation for the effective performance of activities of the people. In its absence, there may be chaos which is undesirable because (i) people become upset and insecure in the presence of chaos, and (ii) chaos precludes the synergistic benefits that are gained from effective organisations. Thus, many benefits of modern organisations cannot be obtained without the viable exercise of power in some form. People may be willing to obey the power, although without any legitimacy. It has been observed that 'a person may like success more than he dislikes being controlled by another's power'.
2. **Basis for Authority and Responsibility.** Power is commonly recognised as the basis of authority and responsibility. In one way, authority can be viewed as one of the prerequisites of power. If the source of authority system in the form of formalisation is traced, it may be found in power. For example, the dominant values of society have become formal authority system, such as laws, social institutions etc. The dominant values of the society are nothing but power in the society which is gradually transformed into these systems. In modern organisations too, the authority system is backed by the power system. This is why some persons may have less formal authority but they are able to exercise more authority because of the power which

⁶ Herbert G. Hicks and C. Ray Gullett, *Organisations: Theory and Behaviour*, New York: McGraw-Hill, 1975, pp. 230-31.

they have. Alternatively, some may have more authority, but actually their exercise of authority is limited because of the power system which operates in the organisation.

Power is also the basis of responsibility. Responsibility is the obligation to carry on any function or discharge of duty. In formal organisations, responsibility is fixed on the basis of allocation of activities through the process of organising. However, the real cause of accepting responsibility is somewhat more deep-rooted. Psychologists suggest that responsibility is a function of personality which, in turn, is largely shaped by significant person in the early childhood. For example, the parent may impress the child to bear the responsibility and when the child is grown up, he assumes it because of this value. The parent, while impressing the child to bear responsibility, is exercising some power, the moral power in the family. Thus, the basic root of the responsibility is found in the power, and not merely in the formal allocation of duties.

BASES OF POWER

Understanding of bases of power is important because these bases generate different types of power and a particular type of power is effective in a particular situation. However, researchers on power do not have full agreement about power bases, that is, from where the power is derived. Power has to be derived from somewhere because it is not always legitimised. For example, long back, Lasswell and Kaplan have suggested eight forms of influence: physical power, respect, rectitude, affection, well-being, wealth, skills, and enlightenment.⁷ Though these forms of influence are relevant in social context, these do not serve the purpose of applying power in the context of modern organisations. The most important classification of power has been provided by French and Raven who have suggested five types of power: reward, coercive, legitimate, referent, and expert.⁸ This classification of power has been used by researchers for a long time. With the re-emergence of charismatic leadership, charismatic power has been added to the above list. Similarly, complexity of managing organisations requires lot of information and it has become vital, and possession of information has also become a form of power. Based on this development, Raven has identified power bases into two broad categories: positional and personal.⁹ Within each category, there are different types of power as shown in Figure 15.2.

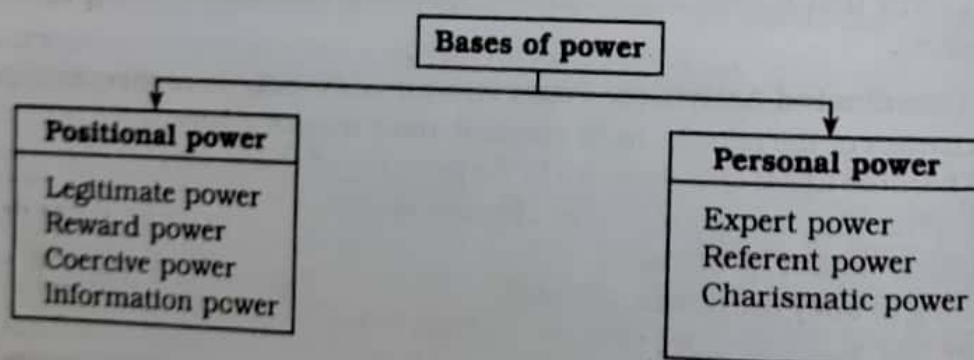


FIGURE 15.2: Bases of power

Positional Power

Positional power, also known as formal power, emerges from the position that an individual holds in an organisation. Thus, it is similar to authority that vests in a position. The power of

⁷ Harold L. Asswell and Abraham Kaplan, *Power and Society*, New Haven: Yale University Press, 1950, p. 77.

⁸ John R.P. French and Bertram Raven, "The Bases of Social Power," in D. Cartwright and A.F. Zander (eds.), *Group Dynamics: Research and Theory*, New York: Harper, 1960, pp. 607-23.

⁹ B.J. Raven, "The Bases of Power: Origins and Recent Developments," *Journal of Social Issues*, Vol. 49, 1993, pp. 227-51.

power often can inspire greater loyalty and dedication in followers than someone who has only positional power. There are three bases of personal power: expert power, referent power, and charismatic power.

Expert Power. Expert power is based on the famous proverb 'knowledge is power'. Expert power is that influence which one wields as a result of one's experience, special skill, or knowledge. This power occurs when the expert threatens to withhold his knowledge or skill. The implication of expert power is important in the sense that this is related with the individual's personal characteristics. Since more organisations are gradually falling under the individual's high technology, they will have to utilise the services of these individuals. Consequently, organisational choice of replacing these people will be limited. Since any person who is not easily replaceable has more power as compared to those who are easily replaceable, these people will have greater power over others.

Referent Power. Referent power is based on identification. Identification is the process of learning wherein a person copies the behaviour of other person whom he takes as an ideal. This may occur in the context of power also. Thus, referent power is based on identification with the person who may have some form of power. The target of the influence feels attracted towards the person having power because of his personality characteristics and tries to behave accordingly. Then this becomes the basis of power exercise. Such identification process may take place without organisational context as most of the people take somebody as ideal and behave accordingly up to a certain stage.

Charismatic Power. Charismatic power emerges from an individual's charisma, a quality that is unique. Because of this charisma, the individual can articulate attractive visions, take personal risk, demonstrate environmental sensitivity, and is willing to engage in behaviour that most others consider unconventional. Charismatic power has been more popular in political fields and some great persons like Mahatma Gandhi, Martin Luther King, etc., had much higher influence without having any significant position in the political party than those having such positions. In business field, persons like Dhirubhai Ambani, N.R. Narayana Murthy, Azim Premji, etc., have generated much influence because of their charismatic qualities.

A basic question arises about use of power: which power is more influential than others? The answer of this question is not simple because there are so many contingent factors that determine power effectiveness. Therefore, answer of the above question lies in the analysis of contingency approach to power.

CONTINGENCY APPROACH TO POWER

Like other issues of organisational behaviour, contingency approach is being applied to power too. Contingency approach of power suggests that no particular power base is effective in all situations, rather, effectiveness of a power base depends on its matching the situational requirements prevailing at the time of use of power. Shetty, who has done work on contingency approach to power, has drawn two conclusions regarding effective use of power in today's organisations:¹⁰

1. Successful manager is one who is aware of the existence of multiple bases of power in work situations.
2. The effectiveness of power types depends on the nature of managerial, subordinate, and organisational variables.

We have already identified the types of power that are available to an agent (power holder).

¹⁰Y.K. Shetty, "Managerial Power and Organisational Effectiveness: A Contingency Analysis," *Journal of Management Studies*, May 1978, pp. 178-81.

Therefore, let us discuss the contingent variables that affect power effectiveness. Figure 15.3 shows these variables.

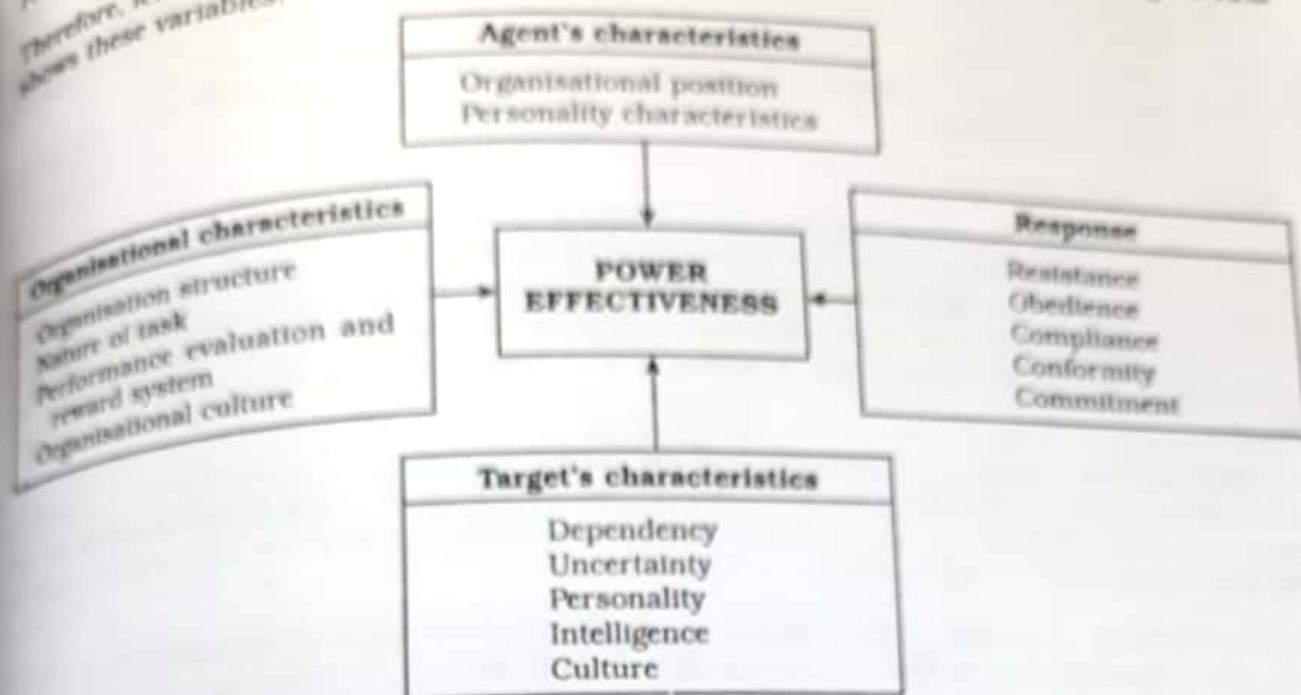


FIGURE 15.3: Contingency model of power effectiveness

Agent's Characteristics

The agent's characteristics determine the extent to which power exercised by him will be effective or not. In organisational context, an agent may be a manager, a supervisor, or even a worker though in power relationship, a manager is taken as an agent because he is more responsible for achieving organisational objectives than a supervisor or worker. Further, an agent may exercise power in both directions, downward or upward. Therefore, it is not necessary that the agent always functions as superior; he may be a subordinate and influences his superior's behaviour. Two characteristics of an agent affect power effectiveness: his organisational position and his personality characteristics.

Organisational Position. Organisational position of an agent determines his positional power vis-a-vis others. In a traditionally designed organisation structure with a large number of hierarchical levels, a person at a higher level commands more power bases than a person at a lower level. Thus, people at higher level can use positional power more effectively to get things done. However, what type of positional power will be more effective cannot be determined by considering the agent's organisational position.

Personality Characteristics. It has been observed that people working at the same hierarchical level in the same organisation differ in terms of power use; some people become more effective in power use, others remain less effective. This difference is due to the differences in personality characteristics. Following conclusions about personality characteristics and power effectiveness can be drawn:

1. People with high mach score (high mach score means high willingness to twist and turn facts to influence other) tend to use coercive power and information power more effectively than those with low mach score.
2. More conscientious people use legitimate and reward power more effectively than less conscientious people.

developing electronics communication devices, telecommuting has a bright future. To make telecommuting more effective, a hybrid system may be adopted in which the employees attend their offices at a pre-determined day and time while on other days, they can work through telecommuting.

Work Stress

Modern life is full of stress. Stress on individuals ranges from personal day-to-day life to their organisational activities. Urbanisation, industrialisation, and increase in scale of operations in the society are causing increasing stresses. In this changing environment, participation, interaction, transaction, planning, and regulation have become key issues, each with its own frustrations attached. People feel stress as they can no longer have complete control over what happens in life. There is no escape from stress in modern life. In today's context, "stress is a costly business expense that affects both employee health and company profits."²¹ Therefore, our attempt should be to understand stress, its causes and impact, and adopting strategies for minimising its impact.

Stress is basically the impact of one object on another. There are three terms which are used synonymously to denote this phenomenon: stress, strain, and pressure; however, there are thin differences in these terms. Stress is a term basically used in physical sciences which means pressure of one object on another. From physical sciences, the term stress came to medical sciences and finally to social sciences. As per the medical explanation, the term stress is the body's general response to environmental situations. Selye, who has done considerable research on stress, has viewed stress as the "non-specifically induced changes within a biological system."²² It is non-specific because any adaptation to a problem faced by the body, irrespective of the nature of the problem, is included in stress. Ivancevich and Matteson have defined stress as follows:

"Stress is an adaptive response, mediated by individual characteristics and/or psychological processes, that is, a consequence of any external action, situation, or event that places special physical and/or psychological demands upon a person."²³

In the context of jobs, Beehr and Newman have defined job stress as follows:

"Job stress is a condition arising from the interaction of people and their jobs and characterised by changes within people that force them to deviate from their normal functioning."²⁴

In this text, stress is taken as an adaptive response to external factors that result into physical, psychological, and/or behavioural deviations in an individual. Based on these definitions, following features of stress can be identified:

1. Stress may result into any kind of deviation—physical, psychological, or behavioural—in the person. This deviation is from the usual state of affairs. From this point of view stress is different than anxiety which operates solely in the emotional and psychological sphere. Thus, stress may be accompanied by anxiety but it is more comprehensive than the latter.

²¹Susan L. Find and Fred L. Otte, "Management Styles, Mediating Variables, and Stress among HRD Professionals," *Human Resource Development Quarterly*, Winter 1994, p. 301.

²²Hans Selye, *Stress Without Distress*, Philadelphia: Lippincott, 1974.

²³John M. Ivancevich and Michael T. Matteson, "Stress: Can We Cope," *Time*, June 6, 1983, p. 48.

²⁴T.A. Beehr and J.E. Newman, "Job Stress, Employee Health, and Organisational Effectiveness: A Factor Analysis, Model, and Literature Review," *Personnel Psychology*, Winter 1978, p. 665-99.

2. Stress may be result of individual's interaction with environmental stimuli. Such stimuli may be in any form: interpersonal interaction, event, and so on. The impact of the stimuli produces deviation in the individual.
3. It is not necessary that stress is always dysfunctional. On the contrary, there may be some stresses, called eustresses, like stress for creative work, entrepreneurial activities, keen competition, etc. which stimulate better productivity. It is only the dysfunctional stress, called distress, which is bad and must be overcome.
4. Stress can be either temporary or long term, mild or severe, depending mostly on how long its causes continue, how powerful they are, and how strong the individual's powers are. If stress is temporary and mild, most people can handle it or, at least, recover from its effects rather quickly. Similarly, persons who have strong power for tolerating stress can cope with stress more quickly.

CAUSES OF STRESS

There may be numerous conditions in which people may feel stress. Conditions that tend to cause stress are called stressors. Although even a single stressor may cause major stress, like death of near one, usually stressors combine to press an individual in a variety of ways until stress develops. The various stressors can be grouped into four categories: individual, group, organisational, and extraorganisational. Within each category, there may be several stressors. Though, stressors have been classified into these categories, all eventually get down to the individual level and put stress on individuals. Various stressors have been presented in Figure 22.7.

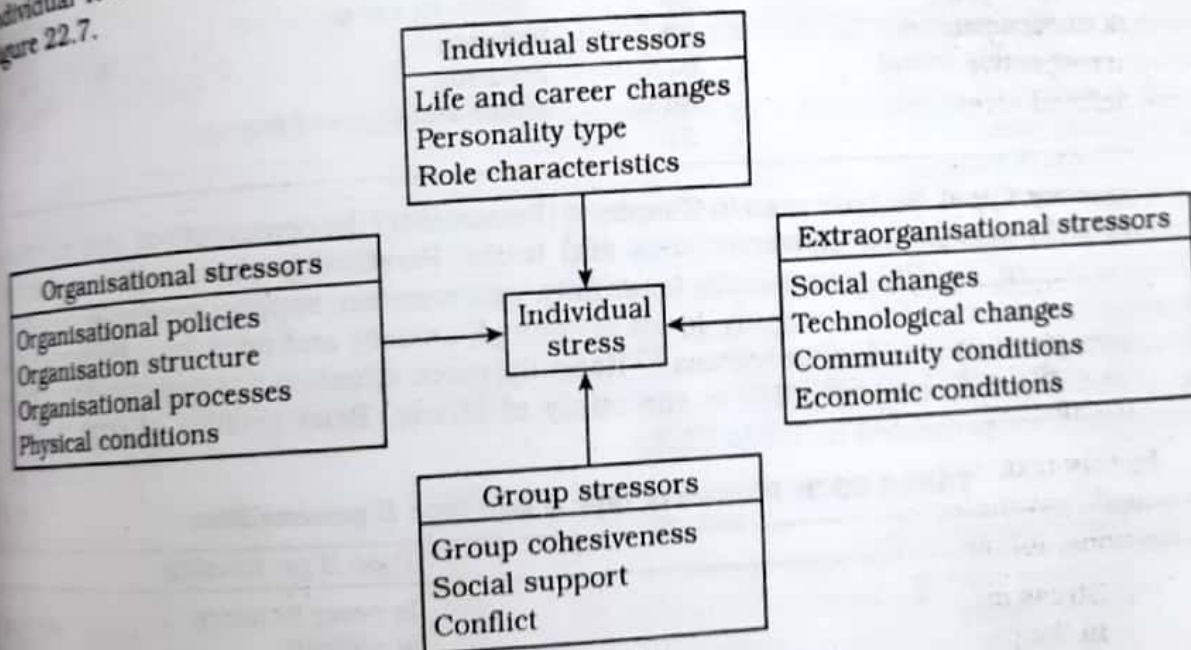


FIGURE 22.7: Factors causing stress

Individual Stressors

There are many stressors at the level of individual which may be generated in the context of organisational life or his personal life. There are several such events which may work as stressors. These are life and career changes, personality type, and role characteristics.

1. **Life and Career Changes.** Stress is produced by several changes in life and career. Research studies show that, in general, every transition or change produces stress. People in newer places experience such state of transition as stress. Young adults between 20 and 30 years of age have been found to report twice as many stressful events, compared to older people.

Stress has been found more amongst urban population than rural, and greater in higher educational categories. Any change in life of an individual puts him on disequilibrium state of affairs and he is required to bring a new equilibrium. In this process, he experiences stress. The impact of stress would depend upon the change and new equilibrium required as a consequence. Life's changes may be slow and gradual (getting older) or sudden (death of spouse). In both these cases, intensity of stress would be different. Like life changes, there may be changes in career, in the form of promotion, demotion, transfer, separation. With each change, some kind of stress is experienced. Table 22.2 indicates the level of stress associated with each type of life events.²⁵

TABLE 22.2: Life events and level of stress

Life events	Stress level	Life events	Stress level
Death of spouse	100	Son/daughter leaving home	29
Divorce	73	Troubles with in-laws	29
Jail term	63	Outstanding personal achievement	28
Death of close family member	63	Spouse beginning work	26
Personal injury/illness	53	Change in living conditions	25
Marriage	50	Change in personal habits	24
Fired at work	47	Trouble with boss	23
Retirement	45	Change in working conditions	20
Family member illness	44	Change in school/residence	20
Pregnancy	40	Change in social activities	18
Sex difficulties	39	Change in sleeping habits	16
Business readjustment	39	Change in eating habits	15
Change in financial status	38	Vacation	13
Death of close family friend	37	Festivals	12
Change in nature of work	36	Minor violations of law	11
High personal loan	31		

2. Personality Type. We have seen in Chapter 4 (Personality) the complexity of, and individual differences in, personality characteristics and traits. Personality characteristics, such as authoritarianism, rigidity, masculinity, femininity, extroversion, supportiveness, spontaneity, emotionality, tolerance for ambiguity, locus of control, anxiety, and need for achievement are particularly relevant to individual stress.²⁶ Recently, more attention has been paid to analyse type A and B personality profiles in the study of stress. Brief profiles of type A and B personalities are presented in Table 22.3.

TABLE 22.3: Profiles of type A and type B personalities

Type A personality	Type B personality
Is always moving	Is never in hurry
Walks rapidly	Is patient
Eats rapidly	Does not brag
Talks rapidly	Plays for fun, not for win
Is impatient	Relaxes without guilt
Does two things at a time	Is mild mannered
Measures success by quantity	Has no pressing deadlines
Is aggressive	
Is competitive	
Feels time pressure	

²⁵Adapted partially from Thomas H. Holmes and Richard H. Rahe, "The Social Adjustment Rating Scale," *Journal of Psychosomatic Research*, 11(2), 1967.

²⁶Arthur P. Brief, Randall S. Schuler, and Mary Van Sell, *Managing Job Stress*, Boston: Little Brown, 1981, p. 94.

- People with personality A profile experience considerable stress. They are ones who:
1. Work long hours under constant deadline pressures and conditions for overload.
 2. Often take work at home at night or weekends and are unable to relax.
 3. Constantly compete with themselves, setting high standards of productivity that they seem driven to maintain.
 4. Tend to become frustrated by the work situation, to be irritated with the work efforts of others, and to be misunderstood by superiors.

3. Role Characteristics. There may be role stress either because of role conflict or role ambiguity. Role conflict arises because of incompatibility of two or more roles. When people become members of several systems like family, club, voluntary organisation, work organisation, etc., they are expected to fulfil certain obligations to each system and to fit into defined places in that system. In many situations, the various roles may have conflicting demands and people experience stress as they are not able to fulfil the conflicting role requirements. In organisational context, role conflict arises because of incompatibility between job tasks, resources, rules and policies, and other people. Another source of role stress is the role ambiguity in which people are not clear about the actual expectations from a role. This may be because of inadequate knowledge or information to do a job.

Stress level in various jobs differs because of differences in over-time, quotas, deadlines, competitiveness, physical demands, environmental conditions, hazards encountered, initiative required, stamina required, win-lose situations, and working in the public eye. In 1996, Wall Street Journal analysed various stressful jobs. Some of these jobs along with associated stress have been presented in Table 22.4.

TABLE 22.4: Level of stress associated with different jobs

Job	Stress score	Job	Stress score
Preflighter	110.9	Market-research analyst	42.1
Senior executive	108.6	Personnel recruiter	41.8
Surgeon	99.5	Hospital administrator	39.6
Air-traffic controller	83.1	Economist	38.7
Public relations executive	78.5	Mechanical engineer	38.3
Real-estate agent	73.1	Technical writer	36.5
Sharebroker	71.7	Bank officer	35.4
Pilot	68.7	Retail salesperson	34.9
Architect	66.9	Tax collector	34.8
Lawyer	64.3	Aerospace engineer	34.6
Physician (general)	64.0	Industrial designer	32.1
Insurance agent	63.3	Accountant	31.1
Advertising salesperson	59.9	Purchasing agent	28.9
Auto salesperson	56.3	Insurance underwriter	28.5
College professor	54.2	Computer programmer	26.5
School principal	51.7	Financial planner	26.3
Psychologist	50.0	Broadcast technician	24.2
Executive-search consultant	47.3	Book-keeper	21.5

Group Stressors

Group interaction affects human behaviour. Therefore, there may be some factors in group processes which act as stressors. Following are the major group stressors:

1. **Lack of Group Cohesiveness.** Group cohesiveness is important for the satisfaction of individuals in group interaction. When they are denied the opportunity for this cohesiveness, it becomes very stressing for them as they get negative reaction from group members.
2. **Lack of Social Support.** When individuals get social support from members of the group, they are able to satisfy their social needs and they are better off. When this social support does not come, it becomes stressing for them.
3. **Conflict.** Any conflict arising out of group interaction may become stressing for the individuals, be it interpersonal conflict among the group members or intergroup conflict.

Organisational Stressors

An organisation is composed of individuals and groups and, therefore, individual and group stressors may also exist in organisational context. However, there are macro level dimensions of organisational functioning which may work as stressors. The major organisational stressors are as follows:

1. **Organisational Policies.** Organisational policies provide guidelines for action. Unfavourable and ambiguous policies may affect the functioning of the individuals adversely and they may experience stress. Thus, unfair and arbitrary performance evaluation, unrealistic job description, frequent reallocation of activities, rotating work shifts, ambiguous procedures, inflexible rules, inequality of incentives, etc. work as stressors.
2. **Organisation Structure.** Organisation structure provides formal relationships among individuals in an organisation. Any defect in organisation structure like lack of opportunity of participation in decision making, lack of opportunity for advancement, high degree of specialisation, excessive interdependence of various departments, line and staff conflict, etc. works as stressors as relationships among individual and groups do not work effectively.
3. **Organisational Processes.** Organisational processes also affect individual behaviour at work. Faulty organisational processes like poor communication, poor and inadequate feedback of work performance, ambiguous and conflicting roles, unfair control systems, inadequate information flow, etc. cause stress for people in the organisation.
4. **Physical Conditions.** Organisational physical conditions affect work performance. Thus, poor physical conditions like crowding and lack of privacy, excessive noise, excessive heat or cold, pressure of toxic chemicals and radiation, air pollution, safety hazards, poor lighting, etc. produce stress on people.

Extraorganisational Stressors

Since an organisation interacts continuously with its environment, events happening outside the organisation also work as stressors. Thus, social and technical changes, economic and financial conditions, social class conflicts, community conditions, etc. work as stressors.

EFFECTS OF STRESS

Generally, stress is considered to be negative, thereby meaning that it has negative consequences. However, stress has neutral connotation; it is only the degree of stress which produces positive or negative consequences. From this point of view, stress can be classified as eustress or distress.

Eustress. Eustress denotes the presence of optimum level of stress in an individual which contributes positively to his performance. This may lead employees to new and better ways of doing their jobs. In certain jobs, such as sales, creativity (journalism, radio/television

announcement, where time pressure is significant), a mild level of stress contributes positively to productivity.

Distress. Distress denotes the presence of high level of stress in an individual which affects job performance adversely and creates many types of physical, psychological, and behavioural problems.

Figure 22.8 shows varying degree of stress and their effect on performance.

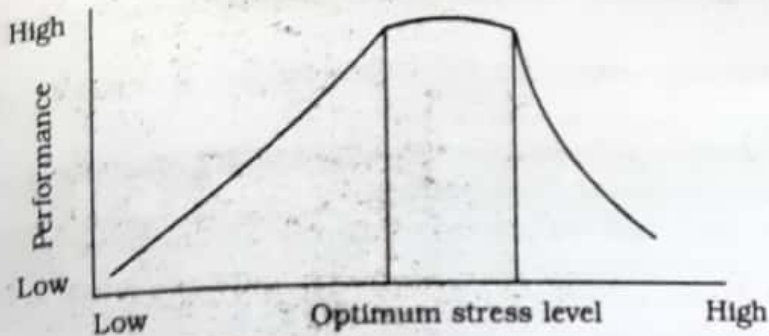


FIGURE 22.8: Levels of stress and performance

At the optimum level of stress (eustress), the performance is maximum. It is lower in the case of very low-level stress, and still lower in very high-level stress. Though optimum level of stress may be different for different individuals, each individual can determine how much stress is functional for him to operate in a productive manner. High level of stress (distress) causes physical, psychological, and behavioural problems.

Physical Problems

Stress causes physical reactions, including autonomic, excitability of nerves, increased heart beat rate, and a decrease in body temperature. A research finding suggests that high-level stress is accompanied by high blood pressure and high level of cholesterol and can result into heart disease, ulcer, and arthritis. There may even be link between stress and cancer.²⁷ Such serious ailments, however, are not caused exclusively by stress alone; physical characteristics of the individuals have their contributions. These ailments have a drastic effect on the individuals, their families, and organisations.

Psychological Problems

High level of stress may be accompanied by psychological reactions, such as anger, anxiety, depression, nervousness, irritability, tension, and boredom depending upon the nature of stress and the capacity of individuals to bear stress. The effects of psychological reactions of individuals may be changes in mood and other emotional states, lowered self-esteem, resentment of supervision, inability to concentrate and make decisions, and job dissatisfaction. These affect productivity in the organisation adversely.

Behavioural Problems

People show dysfunctional behaviour because of stress of high level. Such behaviour may be in the form of alcoholism, drug addiction, increased smoking, sleeplessness, under/over-eating, etc. In extreme cases, when the individual is not able to bear stress, it may result into suicide. At the workplace, people may show behaviour like tardiness, absenteeism, and turnover. In all these cases, organisation is going to suffer.

²⁷ Thomas G. Cummings and Cary L. Cooper. "A Cybernetic Framework for Studying Occupational Stress Human Relations, May 1979, pp. 395-418.

Burnout

Burnout is a syndrome wherein a person breaks down physically and emotionally due to continuous over-work over a long period of time. The human body cannot instantly rebuild its ability to cope with stress once it is depleted. As a result, people become physically and emotionally weakened from trying to combat it. They become detached from their jobs and feel unable to accomplish their goals. Burnout is a slow process and goes through the following stages:

1. Stage of job contentment—enthusiasm to work with high energy level and positive attitudes.
2. Stage of fuel shortage—experiencing mental fatigue, frustration, disillusionment, and low morale.
3. Stage of withdrawal and isolation—avoiding contact with co-workers, showing anger, negativism, and emotional disturbances.
4. Stage of crisis—very low self-esteem, cynicism, and negative feelings.
5. Stage of final breakdown—alcoholism, drug addiction, suicidal tendency, and heart attacks.

Some persons, particularly those who are work addicts or workaholics, are susceptible to burnout. Similarly, some jobs, such as those in the helping professions (counsellors, health care professionals, and social workers) and those with continuous high stress (air-traffic controllers, customer service representatives, and stock brokers) are more likely to cause burnout.²⁸

When people become burnt out, they are more likely to complain, to attribute their errors to others, and to be highly irritable. They feel alienated which drives many of them to think about leaving their jobs, to seek out opportunities to become trained for new careers.²⁹ In addition to higher turnover, such people show increased absenteeism, decreased productivity, and defective work quality.

Rustout

Rustout is a syndrome wherein a person is chronically under-worked and his skills are under-utilised in performing the job. This syndrome is a problem for employees. Like a rusting tool, there is continuous erosion in employees and over the period of time, they become useless. Rusting in employees occurs in two situations—sidelined and misemployment. In sidelining, an employee is isolated by his superior either due to lack of confidence, prejudices, or due to demonstrated misdeeds/incompetence. In misemployment, the employee is placed on a job which requires much lesser skills than what he possesses. In both these situations, the employee develops one or more of the following feelings or behaviours:

1. He no longer engages in workplace events.
2. He does not identify with his job the way he used to do earlier.
3. He begins to feel that he is not needed or valued.

Stress Management

High level stress affects the individuals directly and through them, their families and organisations are also affected. Therefore, efforts should be made to overcome the negative

²⁸Cynthia L. Cordes and Thomas W. Dougherty, "A Review and an Integration of Research on Job Burnout," *Academy of Management Review*, October 1993, pp. 621–56.

²⁹Joseph Seltzer and Rita E. Numeroff, "Supervisory Leadership and Subordinate Burnout," *Academy of Management Journal*, June 1988, pp. 439–46.

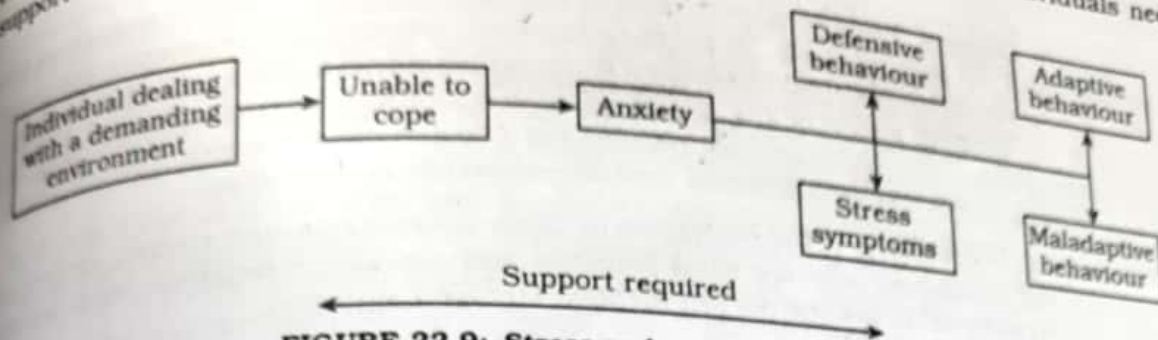


FIGURE 22.9: Stress and coping mechanism

Stress management is required when an individual is unable to cope with the demanding environment. This inability generates anxiety and produces defensive behaviour and stress symptoms. Therefore, the actions are required for developing adaptive behaviour so as to overcome the consequences of stress. Such actions may be taken at individual level as well as at organisational level.

INDIVIDUAL COPING STRATEGIES

Stress may cause within organisational context and outside as discussed earlier. Therefore, coping strategies may be adopted by individuals without reference to the organisation. Individual coping strategies tend to be more reactive in nature, that is, they tend to be ways of coping with stress that has already occurred. Some individual strategies, such as physical exercises, can be both reactive and proactive, but most are geared towards helping the person who is already suffering from stress. Following are the major individual coping strategies.

1. Physical Exercise. Physical exercise is a good strategy to get body fit and to overcome stress. Physical exercises of different types, such as walking, jogging, swimming, playing, etc. are good methods of overcoming stress. The role of Yoga, a scientific technique of physical exercise to keep body fit and to overcome stress, has been recognised in most part of the world. Physical exercise helps people to better cope with stress generally as a side effect, such as relaxation, enhanced self-esteem, and simply getting one's mind off work for a while.

2. Relaxation. Impact of stress can be overcome by relaxation. The relaxation can be a simple one or some specific techniques of relaxation, such as bio-feedback and meditation. In bio-feedback, the individual learns the internal rhythms of a particular body process through electronic signals feedback that is wired to the body area (for example, skin, brain, or heart). From this feedback, the person can learn to control body process in question. Meditation involves quiet concentrated inner thought in order to rest the body physically and emotionally. Transcendental meditation is one of the more popular practices of meditation. In this practice, the meditator tries to meditate for two periods of fifteen to twenty minutes a day, concentrating on the repetition of some *mantra*. Any meditation essentially involves a relatively quiet environment, a comfortable position, a repetitive mental stimulus, and a passive attitude. Meditation has been recognised as a powerful technique for reducing stress. Whether a person takes easy one or specific relaxation technique, the intent is to eliminate the immediately stressful situation or manage a prolonged stressful situation more effectively.

3. Work-home Transition. Work-home transition is also like a relaxation technique. In this technique, a person may attend to less pressure inducing type or routine work during the last

30 or 60 minutes of work time. For instance, during the last hour of work, the person can review the day's activities, list the priorities of the activities that need to be attended to the next day. Thus, he can finish his day's work and come back in relaxed manner.

4. Cognitive Therapy. Because of increasing stress, special cognitive therapy techniques have been developed by psychologists. In these techniques, lectures and interactive discussion sessions are arranged to help participants to: (i) recognise events at work and what cognitions they elicit; (ii) become aware of the effects of such cognitions on their physiological and emotional responses; (iii) systematically evaluate the objective consequences of events at work; and (iv) replace self-defeating cognitions that unnecessarily arouse strain.

5. Networking. Networking is the formation of close associations with trusted, empathetic co-workers and colleagues who are good listeners and confidence builders. Such persons provide mental support to get the person through stressful situation.

ORGANISATIONAL COPING STRATEGIES

Organisational coping strategies are more of proactive nature, that is, they attempt at removing existing or potential stressors and prevent the onset of stress of individual job holders. As discussed earlier, there are many organisational stressors. Therefore, the organisational coping strategies revolve around those factors which produce or help producing stresses. Following are organisational coping techniques and efforts:

1. Supportive Organisational Climate. Many of the organisational stressors emerge because of faulty organisational processes and practices. To a very great extent, these can be controlled by creating supportive organisational climate. Supportive organisational climate depends upon managerial leadership rather than the use of power and money to control organisational behaviour. The focus is primarily on participation and involvement of employees in decision-making process. Such a climate develops belongingness among people which helps them reduce their stress.

2. Job Enrichment. A major source of stress is the monotonous and disinteresting jobs being performed by employees in the organisation. Through more rational designing of jobs, as discussed earlier, jobs can be enriched. Improving content factors, such as responsibility, recognition, opportunity for achievement and advancement, or improving core job characteristics, such as skill variety, task identity, task significance, autonomy, and feedback may lead to motivation, feeling sense of responsibility, and utilising maximum capability at the work. Such a phenomenon helps in reducing stress.

3. Organisational Role Clarity. People experience stress when they are not clear about what they are expected to do in the organisation. This may happen because either there is ambiguity in the role or there is role conflict. Such a situation can be overcome by defining role more clearly. Role analysis technique helps both managers and employees to analyse what the job entails and what the expectations are. Breaking down the job to its various components clarifies the role of the job incumbent for the entire system. This helps to eliminate imposing unrealistic expectations on the individual. Role ambiguity, role conflict, and role overload can be minimised, consequently leading to reduced stress.

4. Career Planning and Counselling. Career planning and counselling help the employees to obtain professional advice regarding career paths that would help them to achieve personal goals. It also makes them aware of what additional qualifications, training, and skills they should acquire for career advancement. A variety of career counselling programmes can be adopted: (i) devices designed to aid the individuals in self-assessment and increased self-

understanding; (ii) devices designed to communicate opportunities available to individuals; (iii) career counselling through interviews by managers, counselling professionals and personnel, and educational specialists; (iv) workshops and educational activities designed to assist the individuals in goal setting and establishing action plan for change; (v) educational and experimental programmes to prepare individuals with skills and knowledge for new activities and new careers; and (vi) programmes for enhancing the individuals' opportunities to make job and career changes. Various career planning and counselling programmes for individuals go a long way in providing them satisfaction and reducing the stress.

5. Stress Control Workshops and Employee Assistance Programmes. The organisation can hold periodical workshops for control and reduction of stress. Such workshops may help individuals to learn the dynamics of stress and methods of overcoming its ill effects. Similarly, the organisation can make arrangement for assisting individuals in overcoming their personal and family problems. This arrangement may include managing personal finance, dealing with family problems, dealing with health problems, and dealing with other kind of personal and family stresses.

Both types of coping strategies for stress—individual and organisational—taken together not necessarily guarantee that individuals will not experience stress. However, such strategies may help either in reducing the tendency of occurring stresses or if stresses have occurred, help in minimising their negative impact.

STRESS MANAGEMENT BASED ON INDIAN PHILOSOPHY

Indian philosophical approach is catching the attention of Western industrially-developed countries to cope with stress. Meditation and Yoga are being practised by more and more countries. Satish Chandra Pandey has developed a model for stress management based on Indian philosophy consisting of *Upanishads*, *Vedanta*, etc.³⁰ The model is presented in Figure 22.10 (on page 568).

KEY CONCEPTS FOR REVIEW

Burnout	Motivating potential score
Core job characteristics	Organisational stressors
Distress	Requisite job characteristics theory
Eustress	Rustout
Group stressors	Social information processing model
Impact of technology	Stress
Individual stressors	Stress management
Job characteristics model	Task characteristics theories
Job enlargement	Theories of work design
Job enrichment	Work design options
Job rotation	Work schedule options
Job simplification	

DISCUSSION QUESTIONS

1. How does technology affect organisational processes and human behaviour in organisations?

³⁰Satish Chandra Pandey, "8m Vision," *JIMS*, April-June 1997.