Nowadays the terms organizational behavior and human resource management are being increasingly used by both practitioners and researchers. The changes in today’s business environment, triggered a number of changes in management and organizational practice that pointed in the organizational behavior and human resource management direction. Therefore, a relatively critical body of academic literature concerning organizational behavior and human resource management has emerged. In this essence, this book attempts to develop an understanding of the important issues and challenges in the fields of Organizational Behavior and Human Resource Management. It is a must for business students and the busy professional manager alike. This collection covers some of the main issues associated with people management. Each essay provides a valuable shorthand to understanding the content of the main issues and the contested debates around it. In this book, some contemporary issues in Organizational Behavior and Human Resource Management will be reviewed and discussed.
Seyed Mehdi Mousavi Davoudi
Mandeep Singh

Organizational Behavior and Human Resource Management
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Contemporary Issues in Organizational Behavior and Human Resource Management
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Preface

Nowadays the terms organizational behavior and human resource management are being increasingly used by both practitioners and researchers. The changes in today’s business environment, triggered a number of changes in management and organizational practice that pointed in the organizational behavior and human resource management direction. Therefore, a relatively critical body of academic literature concerning organizational behavior and human resource management has emerged.

In this essence, this book attempts to develop an understanding of the important issues and challenges in the fields of Organizational Behavior and Human Resource Management. It is a must for business students and the busy professional manager alike. This collection covers some of the main issues associated with people management. Each essay provides a valuable shorthand to understanding the content of the main issues and the contested debates around it.

In this book, the following issues will be reviewed and discussed: health and safety at workplace, job satisfaction, workplace violence, quality of work life, social loafing, organizational citizenship behavior, emotional intelligence, charismatic leadership, organizational learning, readiness to change, & organizational change, knowledge workers, leadership styles & employee empowerment, challenging tasks of human resource managers, corporate social responsibility & HRM, strategy & HRM, knowledge management & HRM, HRM in virtual organizations, electronic HRM, international HRM, and internal marketing & HRM.

At the end, the editors would like to thank the Asian Research Consortium and the Pinnacle Research Journals in which, the articles were extracted.

Dr. Seyed Mehdi Mousavi Davoudi
Dr. Mandeep Singh
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Health and Safety at Workplace

Monika Marwaha* and Parul Khanna†

Abstract

Employees are recognized as the most crucial asset of today’s organizations by both academics and practitioners. If we care for employee’s health and safety, then they will take care of the organization’s image and profits. An organization should treat employees properly and should try to satisfy them by providing congenial atmosphere to perform and grow. This article focuses on explaining the safety incentives, safety and welfare hazards, statutory and non statutory schemes, health hazards, necessities at workplace. An effort has been made to describe types of employee’s welfare that organizations should adopt and implement for increasing the output, employee satisfaction and reduce absenteeism.

Keywords: Health, Safety, Workplace.

Introduction

Health and Safety in the workplace is a concern for employees and employers. Maintaining a work environment that is safe for everyone requires dedication and attention to detail. Workplace safety refers to the working environment at a company and encompasses all factors that impact the safety, health, and well-being of employees. This can include environmental hazards, unsafe working conditions or processes, drug and alcohol abuse, and workplace violence. Workplace safety & health is a category of management responsibility in places of employment. Workplace safety when making soap involves having ingredients properly labeled and stored, maintaining a clean, orderly, well-lit, and well-ventilated work area for making soap, restricting the access of children and pets to the storage and work areas, having easy access to personal protective equipment.

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Workplace safety & health is a category of management responsibility in places of employment. To ensure the safety and health of workers, managers establish a focus on safety that can include elements such as:

- Ensuring all tasks are carried out safely and efficiently and effectively
- Health & safety programs, policies, and plans
- Health & safety processes, procedures, and practices
- Health & safety goals and objectives
- Health & safety inspections for workplace hazards
- Health & safety program audits
- Health & safety tracking & metrics
- Hazard identification and control
- Health & safety committees to promote employee involvement
- Health & safety education and training
- Health & safety communications to maintain a high level of awareness on safety

**Definition**

Organized efforts and procedures for identifying workplace hazards and reducing accidents and exposure to harmful situations and substances. It also includes training of personnel in accident prevention, accident response, emergency preparedness, and use of protective clothing and equipment.

- Modernization of our occupational health and safety laws and sets the scene for achieving further improvements in the national record on safety and health over the next few decades.

- Primary focus is on the prevention of workplace accidents, illnesses and dangerous occurrences and provides for significantly increased fines and penalties.

- Furthers the applications of modern concepts of hazard identification and risk assessment to occupational safety and health continues and recognize to
develop the role of both sides in employment and government in framing and enacting safety legislation.

- Aims to encourage a responsible attitude on the part of employers and employees.

**Improving Workplace Safety at a Small Business**

Most small business owners take steps to try and assure that their place of work is a safe one because it is the right thing to do. Beyond being the right thing to do, smaller companies usually recognize that the benefits to be gained by a safe work environment are many. Attention to safety issues can not only help businesses avoid legal penalties, but also improves employee morale, productivity, and retention. Moreover, effective workplace safety programs often have a tremendous impact on a company's bottom-line financial performance. In addition to the hidden benefits in retention and productivity that go hand-in-hand with such programs, businesses armed with solid workplace safety policies and records realize enormous benefits in the realm of insurance. An employer's workers' compensation premium is based on several factors. These include payroll, a classification of employees by occupational type, and the company's accident history. No factor has more control over insurance premiums or is less understood by policy holders than the experience modification or 'mod.' The mod is an indicator of how an individual operation's accident rate compares to other businesses within its industry. Three consecutive years of actual workers' compensation claims provide the statistical basis for an employer's mod. Under this system, companies that are deemed to have a higher accident rate (as determined by workers' compensation claims over a three-year period) than the industry average pay higher premiums. Conversely, companies that boast a claim rate lower than the industry average will benefit by paying less expensive premiums.

Workplace safety programs can take many forms and cover many potential areas of concern. The sorts of actions taken by companies to maximize the safety of the work environment that they create are varied and include:

- Providing for personal safety equipment
- Installing equipment controls
• Creating and disseminating operational manuals  
• Establishing and enforcing hazardous materials handling policies  
• Adopting a drug and alcohol testing program  
• Offering employee counseling services  
• Implementing safety training programs.

**Safety Managers and Committees**

One method that many firms have had success with is to appoint one person in the organization as the safety coordinator. The ideal candidate has a background in safety, but if no one fits that profile, then choose the candidate who best relates to workers and management, has strong communication skills, and has an interest in and commitment to safety. A common title for this person is "safety manager."

For the safety manager to do his or her job, he or she must have direct access to the top manager in the company. Without management buy-in, safety initiatives will not last long. Many analysts believe that businesses should make certain that safety managers are adequately educated on workplace safety issues as well. Business owners are thus often encouraged to send managers to training and education seminars or classes as part of an overall policy of ongoing education. Additionally, management should encourage the manager to seek out safety professionals at other companies to help him or her build a network of contacts and information. Upper management is also responsible for ensuring that safety performance is made a part of every employee's job responsibility and performance reviews. Only when every employee is held accountable for safety will it become a part of a company's culture.

The best starting point for a new safety manager is often to review company records of past safety problems. By drawing up a list of areas that are known problems, the manager can identify the best place to begin implementation of new safety measures. Of course, it is also important that the manager immediately follow up on any disquieting patterns or dangerous situations that are discovered and implement action steps to correct the problems. Unfortunately, in some instances safety managers will find that workplace safety reports are scant or nonexistent. In such instances, the manager should
start from ground zero and establish a formal accident/safety reporting system to gather data.

Documentation and record keeping serve two additional purposes—they provide written evidence that the new safety program is providing positive results and they can be used to protect the firm in the event that a lawsuit is filed or safety inquiry launched. Documentation of employee training sessions is especially important, including the topics covered, the date and time at which the sessions were held, and any test scores earned by employees at the sessions. Consultants cite testing as a potentially valuable way of determining employee retention of safety information.

The safety manager should seek to involve all employees and managers in safety initiatives. Inspections should be conducted by the personnel of each department, not the safety manager. In fact, the manager should let each department handle most of its own safety problems—if proper training has been given to all employees, the safety manager should only have to address serious problems that require his or her knowledge and authority.

Studies have shown that safety committees can be valuable tools in implementing and maintaining safety programs as well. Safety committees, which typically feature representation from all operational areas, have been shown to reduce the injury rate at companies, which in turn can boost morale and efficiency. Companies that use committees have also reported some unexpected benefits, including an increased sense of teamwork, better sharing of information and a drop in absenteeism, discrimination claims, grievances, and sick days. Not all small business enterprises reach a size that warrants creation of such committees. But for growing businesses with a significant payroll, safety and health committees can provide important benefits. The committees, which ideally will include a cross-section of employees, should serve as a central gathering and dissemination point for all information related to safety.

**Safety Incentives**

Business owners and consultants alike agree that safety managers and consultants will likely not have a meaningful impact on a company's safety records if the employees are not willing to do their part to help make things
better. One of the best ways to ensure employee cooperation is to offer incentives tied to improvements in safety, although observers are quick to add that safety incentives are not an adequate substitute for a strong safety program. In fact, only companies that have a strong program already in place should even think of using incentives. Cash and non-cash awards should only be used to motivate employees to practice what the already-in-place program preaches, which reinforces behavior and encourages participation.

Incentives should reward behaviors that prevent injury by eliminating unsafe work practices. Reward employees who achieve "zero accidents," but be sure to use a broad definition of accident (such as one that would cause an employee to miss time on the job) so that employees do not try to cover up minor injuries in order to keep their zero accident rating. Once the behaviors to be rewarded are identified, and then determine allocation of awards (individual, department, or company-wide).

**Hazard Assessment**

Hazard analysis or hazard assessment is a process in which individual hazards of the workplace are identified, assessed and controlled/eliminated as close to source (location of the hazard) as reasonable and possible. As technology, resources, social expectation or regulatory requirements change, hazard analysis focuses controls more closely toward the source of the hazard. Thus hazard control is a dynamic program of prevention. Hazard-based programs also have the advantage of not assigning or implying there are "acceptable risks" in the workplace. A hazard-based program may not be able to eliminate all risks, but neither does it accept "satisfactory" -- but still risky—outcomes. And as those who calculate and manage the risk are usually managers while those exposed to the risks are a different group, workers, a hazard-based approach can by-pass conflict inherent in a risk-based approach.

Mittens, scarves, hats and boots occur in some hall closets. Pawnbrokers, thrift shops and garbage collectors are involved in the prevention of clutter.
Dustiness

Over time dust accumulates on household surfaces. As well as making the surfaces dirty, when dust is disturbed it can become suspended in the air, causing sneezing and breathing trouble. It can also transfer from furniture to clothing, making it unclean. Various tools have been invented for dust removal; Feather and lamb’s wool dusters, cotton and polyester dust cloths, disposable paper "dust cloths", dust mops for smooth floors and vacuum cleaners. Vacuum cleaners often have a variety of tools to enable them to remove not just from carpets and rugs, but from hard surfaces and upholstery. This way can help your things well organize. Things will look so clean likewise neat.

Dirtiness

To ensure the safety and health of workers, managers establish a focus on safety that can include elements such as:

- management leadership and commitment
- employee engagement
- accountability
- ensuring all task are carried out safely and efficiently and effectively
- safety programs, policies, and plans
• safety processes, procedures, and practices
• safety goals and objectives
• safety inspections for workplace hazards
• safety program audits
• safety tracking & metrics
• hazard identification and control
• safety committees to promote employee involvement
• safety education and training

Safety communications to maintain a high level of awareness on safety housekeeping or housecleaning is the systematic process of making a home neat and clean in approximately that order. This may be applied more broadly that just an individual home, or as a metaphor for a similar "clean up" process applied elsewhere such as a procedural reform. It can also be called household management, which is the act of overseeing the organizational, financial, day-to-day operations of a house or estate, and the managing of other domestic concerns.

Some housekeeping is housecleaning and some housekeeping is home chores. Home chores are housework that needs to be done at regular intervals, Housekeeping includes the budget and control of expenditures, preparing meals and buying food, paying the heat bill, and cleaning the house. Outdoor housecleaning chores include removing leaves from rain gutters, washing windows, sweeping doormats, cleaning the pool, putting away lawn furniture, and taking out the trash.

Tools include the vacuum cleaner, broom and mop. Supplies such as cleaning solutions and sponges are sold in grocery stores and elsewhere. Professional cleaners can be hired for less frequent or specialist tasks such as cleaning blinds, rugs, and sofas. Professional services are also offered for the basic tasks. Safety is a consideration because some cleaning products are toxic and some cleaning tasks are physically demanding. Green cleaning refers to cleaning without causing pollution. The history of housecleaning has links to the advancement of technology.
Indoor Litter

Disposal of rubbish is an important aspect of house cleaning, the reasons for this are psychological, social and practical. Plastic bags are designed and manufactured specifically for the collection of litter. Many are sized to fit common waste baskets and trash cans. Paper bags are made to carry aluminum cans, glass jars and other things. Recycling is possible with some kinds of litter.

Clutter Problem

Clutter is belongings that have not been put away into storage locations designed for them. If there are not enough shelves and drawers and hangers and there can’t be more, this is a cause of clutter. There is a limit to the number of possessions that can be neatly stored in a home.

Although one meaning of housecleaning is "improvement," the primary meaning of housecleaning is "the cleaning of a house." A goal of housecleaning would be the removal of mold from shower grout or smudges and splatters from a kitchen wall. Examples of dirtiness or "soil" would be dry coffee spills and jelly drips or muddy footprints on carpet. Soap and water is a "cleaner." Equipment used with a cleaner might be a bucket and sponge. A modern tool is the spray bottle, but the scientific principle is the same. Cleaning supplies have directions and are sold at janitorial and other stores. Cleaning specialists such as carpet cleaners are listed in phone books. Housecleaning is done to achieve and to enjoy a cleaner house.

Training

In the early 1800s throughout the industrialized world there was a campaign to teach girls the domestic arts (cooking, cleaning, hygiene, sewing, art, décor, etc) in school. In the early 1870s there were college courses in home economics and by 1880 there were high school courses. There continues to be high school and vocational school courses and college degrees in home economics, which prepares students for various employment, as well as home and family management. Home economists are taught and teach about relationships, children, economy, shopping, management of home and family, sewing and
interior decoration. Although boys have not been required to learn cooking and cleaning in school, a few have taken a course or two.

**Household Chemicals**

Various household cleaning products have been developed to facilitate the removal of dust and dirt, for surface maintenance, and for disinfection. Products are available in powder, liquid or spray form. The basic ingredients determine the type of cleaning tasks for which they are suitable.

**Statutory Welfare Schemes**

The statutory welfare schemes include the following provisions:

1. **DRINKING WATER:** At all the working places safe hygienic drinking water should be provided.

2. **FACILITIES FOR SITTING:** In every organization, especially factories, suitable seating arrangements are to be provided.

3. **FIRST AID APPLIANCES:** First aid appliances are to be provided and should be readily assessable so that in case of any minor accident initial medication can be provided to the needed employee.

4. **LATRINES AND URINALS:** A sufficient number of latrines and urinals are to be provided in the office and factory premises and are also to be maintained in a neat and clean condition.

5. **CANTEEN FACILITIES:** Cafeteria or canteens are to be provided by the employer so as to provide hygienic and nutritious food to the employees.

6. **SPITTOONS:** In every work place, such as ware houses, store places, in the dock area and office premises spitt oons are to be provided in convenient places and same are to be maintained in a hygienic condition.

7. **Lighting:** Proper and sufficient lights are to be provided for employees so that they can work safely during the night shifts.
Non Statutory Schemes

Many non statutory welfare schemes may include the following schemes:

1. **PERSONAL HEALTH CARE (REGULAR MEDICAL CHECK-UPS):** Some of the companies provide the facility for extensive health check-up

2. **FLEXI-TIME:** The main objective of the flextime policy is to provide opportunity to employees to work with flexible working schedules. Flexible work schedules are initiated by employees and approved by management to meet business commitments while supporting employee personal life needs

3. **EMPLOYEE ASSISTANCE PROGRAMS:** Various assistant programs are arranged like external counseling service so that employees or members of their immediate family can get counseling on various matters.

4. **HARASSMENT POLICY:** To protect an employee from harassments of any kind, guidelines are provided for proper action and also for protecting the aggrieved employee.

5. **MATERNITY & ADOPTION LEAVE** – Employees can avail maternity or adoption leaves. Paternity leave policies have also been introduced by various companies.

6. **MEDI-CLAIM INSURANCE SCHEME:** This insurance scheme provides adequate insurance coverage of employees for expenses related to hospitalization due to illness, disease or injury or pregnancy.

7. **Employee Referral Scheme:** In several companies employee referral scheme is implemented to encourage employees to refer friends and relatives for employment in the organization.
Necessities at the Work Place

- First aid
- Fire fighting
- The evacuation of employees and others present in the workplace.
- Fire fighting and rescue arrangements.
- Contact with the appropriate emergency services with regard to emergency medical care.

Protective and Preventive Measures

1. Competent persons must be given enough time, without financial cost or other loss of remuneration to perform their functions, and to be able to keep up to date with relevant information.

2. Employer may need to appoint one or more competent persons to assist him or her to comply with safety health legislation.
The competent person would have to advise line and senior management on health and safety, evaluate problems as they arise and suggest solution to those problems and generally promote health and safety at workplace

**Conclusion**

According to my study employees are the important part of an organization. The primary focus is on the prevention of workplace accidents, illnesses and dangerous occurrences and provides for significantly increased fines and penalties is framework in nature, focusing on broad general duties and the organisational and structural arrangements necessary to achieve better safety and health. This study is focusing on health hazards, necessities of the workplace safety, statutory and non statutory welfare schemes to achieve better safety and health. This paper aims to encourage a responsible attitude on the part of employee’s health and safety.
Job Satisfaction in Retailing Sector

Vasundra*

Abstract

Job satisfaction describes how content an individual is with his or her job. It is a relatively recent term since in previous centuries the jobs available to a particular person were often predetermined by the occupation of that person’s parent. There are a variety of factors that can influence a person’s level of job satisfaction. Some of these factors include the level of pay and benefits, the perceived fairness or the promotion system within a company, the quality of the working conditions, leadership and social relationships, the job itself. The happier people are within their job, the more satisfied they are said to be. Job satisfaction is not the same as motivation, although it is clearly linked. Job design aims to enhance job satisfaction and performance methods include job rotation, job enlargement and job enrichment. Other influences on satisfaction include the management style and culture, employee involvement, empowerment and autonomous workgroups. Job satisfaction is a very important attribute which is frequently measured by or organizations.

Keywords: Job Satisfaction, Retailing Sector.

Introduction

Job satisfaction is important technique used to motivate the employees to work harder. It had often been said that “A HAPPY EMPLOYEE IS A PRODUCTIVE EMPLOYEE”. A happy employee is that employee who is satisfied with his job. Job satisfaction is very important because most of the people spend a major portion of their life at their working place. Moreover job satisfaction has its impact on the general life of the employees also, because a satisfied employee is a contented and happy human being. A highly satisfied has better physical and mental well being. Though it is a debatable point as to which one is the cause and which the effect is, but these are correlated to each other.

In simple words job satisfaction can be defined as the extent of positive feeling or attitudes that individuals have towards their job. When a person says that he

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has high job satisfaction it means that he rarely likes his job, feels good about it and values his job highly. We can say that job satisfaction is a result of employee’s perception of how well their job provides those things which are viewed as important. In the organizational field, job satisfaction is considered as most important and frequently studied attitude.

**History of Job Satisfaction**

One of the biggest preludes to the study of job satisfaction was the Hawthorne studies. These studies (1924-1933), primarily credited to ELTON MAYO of the Harvard Business School, sought to find the effects of various conditions on workers’ productivity. These studies ultimately showed that novel changes in work conditions temporarily increase productivity (called the Hawthorne Effect). It was later found that this increase resulted, not from the new conditions, but from the knowledge of being observed. This finding provided strong evidence that people work for purposes other than pay, which paved the way for researchers to investigate other factors in job satisfaction.

Scientific management also had a significant impact on the study of job satisfaction. Frederick Winslow Taylor’s 1911 book, Principles of Scientific Management, argued that there was a single best way to perform any given work task. This book contributed to a change in industrial production philosophies, causing a shift from skilled labour and piecework towards the more modern approach of assembly lines and hourly wages. The initial use of scientific management by industries greatly increased productivity because workers were forced to work at a faster pace. However, workers became exhausted and dissatisfied, thus leaving researchers with new questions to answer regarding job satisfaction. It should also be noted that the work of W.L. Bryan, Walter Dill Scott, and Hugo Munsterberg set the tone for Taylor’s work.

Some argue that Maslow’s hierarchy of needs theory, a motivation theory, laid the foundation for job satisfaction theory. This theory explains that people seek to satisfy five specific needs in life- physiological needs, safety needs, social needs, self-esteem needs, and self-actualization. This model served as good basis from which early researchers could develop job satisfaction theories.
Theories of Job Satisfaction

- **AFFECT THEORY:** Edwin A. Locke’s Range of Affect theory (1976) is arguably the most famous job satisfaction model. The main premise of this theory is that satisfaction is determined by a discrepancy between what one wants in a job and what one has in a job. Further, the theory states that how much one value a given facet of work moderates how satisfied/dissatisfied one becomes when expectations are/aren’t met. When a person values a particular facet of a job, his satisfaction is more greatly impacted both positively and negatively, compared to one who doesn’t value that facet. If employee A values autonomy in the workplace and employee B is indifferent about autonomy, then employee A would be more satisfied in a position that offers a high degree of autonomy and less satisfied in a position with little or no autonomy compared to employee B. This theory also states that too much of a particular facet will produce stronger feelings of dissatisfaction the more a worker value that facet.

- **DISPOSITIONAL THEORY:** It is a very general theory that suggests that people have innate dispositions that cause them to have tendencies toward a certain level of satisfaction, regardless of one’s job. This approach became a notable explanation of job satisfaction in light of evidence that job satisfaction tends to be stable over time and across careers and jobs. Research also indicates that identical twins have similar levels of job satisfaction. A significant model that narrowed the scope of the dispositional theory was the core self-evaluation model, proposed by Timothy A. Judge in 1998. Judge argued that there are four core self-evaluations that determine one’s disposition towards job satisfaction: self-esteem, general self-efficacy, locus of control, and neuroticism. This model states that higher levels of self-esteem and general self-efficacy lead to higher work satisfaction. Having an internal locus of control, leads to higher job satisfaction. Finally, lower levels of neuroticism lead to higher job satisfaction.

- **TWO-FACTOR THEORY(MOTIVATOR-HYGIENE THEORY):**
Frederick Hertzberg’s two factor theory attempts to explain satisfaction and motivation in the workplace. This theory states that satisfaction and dissatisfaction are driven by different by different factors—motivation and hygiene factors respectively. Motivating factors are those aspects of the job that make people want to perform, and provide people with satisfaction, for example achievement in work, recognition, promotion opportunities. These motivating factors are considered to be intrinsic to the job, or the work carried out. Hygiene factors include aspects of the working environment such as pay, company policies, supervisory practices, and other working conditions. While Hertzberg’s model has stimulated much research, researchers have been unable to reliably empirically prove the model, with Hackman and Oldham suggesting that Hertzberg’s original formulation of the model may have been a methodological artefact. Furthermore, the theory does not consider individual differences, conversely predicting all employees will react in an identical manner to changes in motivating/hygiene factors. Finally, the model has been criticized in that it does not specify how motivating/hygiene factors are to be measured.

### Three Important Dimensions to Job Satisfaction

1. Job satisfaction cannot be seen, it can only be inferred. It relates to one’s feelings towards one’s job.

2. Job satisfaction is often determined by how outcome will meet the expectations. If the employees working in the organizational feel that they are working much harder than others in the department but the receiving lower rewards, they will be dissatisfied and have a negative attitude towards the job, the boss and co-worker. On the other hand if they feel that they are being paid equitably and treated well by the organisation, they will be satisfied with their job and will have positive attitude.

3. Job satisfaction and job attitudes are typically used interchangeably. Positive attitudes towards jobs are consequently equivalent to job satisfaction and negative towards the job indicate job dissatisfaction.

Even these two terms are interchangeably, but there are differences between the two. Job satisfaction is a specific subset of attitudes. Attitudes reflect one’s
feeling towards individual’s organizations and objects. But job satisfaction refers to one’s attitudes towards a job. Attitude refers to predisposition to respond but satisfaction relates to the performance factors. Attitudes are long lasting, but satisfaction is dynamic and it keeps on changing. It can decline even more quickly than it is developed. Thus, managers need to pay attention to job satisfaction constantly.

Factors Influencing Job Satisfaction

Strategies to Improve Job Satisfaction

Depending on the underlying cause of your lack of job satisfaction, there may be several ways to increase your job satisfaction:

- **SET NEW CHALLENGES**: If you’re stuck in a job because of lack of education or a downturn in the economy, it doesn’t mean your work has to become drudgery. With a little imagination, you can create new challenges and make the best of the job you have.

- **IMPROVE YOUR JOB SKILLS**: Imagining yourself in your dream job, you might envision yourself as an excellent project manager- a confident communicator and a highly organized person. Why not work on these skills in your present job?
• **DEVELOP YOUR OWN PROJECT:** Take on a project that can motivate you and give you a sense of control. Start small, such as organizing a work-related celebration before moving on to a larger goal. Working on something you care about can boost your confidence.

• **MENTOR A CO-WORKER:** Once you’ve mastered a job, you may find it becoming routine. Helping a new co-worker or an intern advance his or her skills can restore the challenge and the satisfaction you desire.

• **BEAT THE BOREDOM:** Does your job seem boring sometimes? Do you run out of things to do? If so, your abilities may not match your responsibilities. Here are some suggestions:

  • **BREAK UP THE MONOTONY:** Take advantage of your work breaks. Read, listen to music. Go for a walk.

  • **CROSS TRAINING:** Does your work consist of repetitive tasks, such as entering data or working on an assembly line? Talk with your boss about training for a different task to combat boredom. Once you’ve completed the training, you can switch back and forth.

  • **VOLUNTEER FOR SOMETHING DIFFERENT:** If you hear that your company is launching a new project, volunteer for the work team.

**Retailing**

The distribution of consumer products begins with the producer and ends at the ultimate consumer. Between the producer and the consumer there is a middleman- the retailer, who links the producer and the ultimate consumer. Retailing is defined as a conducive set of activities or steps used to sell a product or a service to consumers for their personal or family use. It is responsible for matching individual demands of the consumer with supplies of all the manufacturers. The word ‘retail’ is derived from the French word retailers, meaning ‘to cut a piece off’ or ‘to break bulk’.

A retailer is a person, agent, agency, company, or organisation which is instrumental in reaching the goods, merchandise, or services to the ultimate consumer. Retailers perform specific activities such as anticipating customer’s wants, developing assortments of products, acquiring market information, and financing. A common assumption is that retailing involves only the sale of
products in stores. However it also includes the sale of service like those offered
at a restaurant, parlour or by car rental agencies. Retailing encompasses selling
through the mail, internet, and door-to-door visits-any channel that could be
used to approach the consumer.

Retailing has become such an intrinsic part of our everyday lives that it is often
taken for granted. The nations that have enjoyed the greatest economic and
social progress have been those with a strong retail sector.

Over the last decade there has been sweeping changes in the general retailing
business. For instance, what was once a strictly made-to-order market for
clothing has now changed into a ready-to-wear market? Flipping through a
catalogue, picking the right colour, size, and type of clothing a person wanted to
purchase and then waiting to have it sewn and shipped was the standard practice
in the earlier days. By the turn of the century some retailers set up a store front
where people could browse, while new pieces were being sewn or customized in
the back rooms. Almost all retail business has undergone a similar transition
over the years.

Retail business is the largest private industry, ahead even of finance and
engineering, contributing over 8% to the GDP in the west. Over 50 of the
fortune 500 and about 25 of the Asian top 200 companies are retailers. Thailand
and Indonesia which are offered by the currency turmoil pepped up the
deregulatory measures to attract more FDI in retail business. Japan, under a
prolonged recession and protracted downfall in domestic investment, abolished
its large scale retail store law to attract FDI.

In India, the retail sector is the second largest employer after agriculture. The
retailing sector in India is highly fragmented and consists predominantly of
small, independent, and owner-managed shops. There are some 12 million retail
outlets in India. Besides, the country is also dotted with low cost kiosks and
pushcarts. In 2001, retail trade in India was worth Rs11228.7 billion. There has
been a boom in the retail trade in India owing to a gradual increase in the
disposable income of the middle-class households. More and more players are
venturing into the retail business in India to introduce new attractive retail
formats like malls, supermarkets, discount stores and even changing the
traditional look of the bookstores, chemist’s shops and furnishing stores.
Role of Services in Retailing

Though shopping over the phone and through the internet has increased rapidly in the past few years, the majority of Indian consumers still visit stores to shop. Stores remain popular because of the need of consumers to be able to see and test products; it is a means of social interaction, the opportunity to compare different brands, and impulse buying. The location of a store is also of great importance in the retail process. Since people are attracted to a parking, extended hours of operation, and special play areas for children, wash rooms, trial rooms, etc. Besides, efficient customer service is required to make the customer feel comfortable and important.

Theories and Models of Retailing

Dialectic Process

An evolutionary theory based on the premise that retail institutions evolve. The theory suggests that new retail formats emerge by adopting characteristics from other forms of retailers in much the same way that a child is the product of the pooled genes of two different individuals.

Gravity Model

A theory about the structure of market areas. The model states that the volume of purchases by consumers and the frequency of trips to the outlets are a function of the size of the store and the distance between the store and the origin of the shopping trip.

Retail Accordion Theory

A theory of retail institutional changes that suggests that retail institutions go from outlets with wide assortments to specialized, narrow, line store merchants and then back again to the more general, wide-assortment institution. It is also referred to as the general-specific-general-theory.

Retail Lifecycle Theory
A theory of retail competition that states that retailing institutions, like the products they distribute, pass through an identification cycle. This cycle can be partitioned into 4 distinct stages:

1. Innovation
2. Accelerated development
3. Maturity
4. Decline

**Wheel of Retailing Theory**

A theory of retail institutional changes that explains retail evolution with an institutional life cycle concept.

**Natural Selection Theory**

A theory of retail institutional changes that states that retailing institutions that can most effectively adapt to environmental changes are the ones that are most likely to prosper or survive.

**Central Place Theory**

A model that ranks communities according to the assortment of goods available in each. At the bottom of the hierarchy are communities that represent the smallest central places. They provide the basic necessities of life. Further up the hierarchy are the larger central places, which carry all goods and services, found in lower-order central places plus more specialized ones that are not necessary.

**Trends in Retail Formats**

Retail industry is continuously going through changes on account of liberalization, globalization, and consumer preferences. While multinational retail chains are looking for new markets, manufacturers are identifying, redefining or evolving new retail formats. The existing retail houses are also gearing up to face the emerging competition from the organised sector and the changing outlook of the consumers. For example, consumer spending is shifting
from goods to services. Accordingly the retailers too are fast adjusting to the changing consumer preferences.

Consumers are not only looking for the core products or functional benefits from the retailers but also the non-functional benefits, which need to be compatible with their lifestyles. For example, most of the traditional eating joints in India such as Haldiram, Bikaner, and SagarRatna have revised their product offerings and atmospherics on the lines of the multinational chains to compete with them and to serve changed expectations of the consumers.

**Review of Literature**

A literature review is an account of what has been published on a topic by accredited scholars and researchers. Occasionally it will be asked to write one as a separate assignment, but more it is part of the introduction to an essay, research report or thesis. In writing knowledge and ideas have been established on a topic, and what their strengths and weaknesses are. As a piece of writing, the literature review must be defined by a guiding concept. It is not just a descriptive list of the material available, or a set of summaries.

**Timothy D. Golden and John F. Viega (1920)** in his study indicated that although popular management wisdom has suggested that telecommuting enhances job satisfaction, research has found both positive and negative relationships. In this study, the authors attempt to resolve these inconsistent findings by hypothesizing a curvilinear, inverted U-shaped relationship between the extent of telecommuting and job satisfaction. Using hierarchical regression analysis on a sample of 321 professional-level employees, their findings suggest a curvilinear link between extent of telecommuting and job satisfaction, with satisfaction appearing to plateau at more extensive levels of telecommuting. In addition, task interdependence and job discretion moderated this link, suggesting that some job attributes play an important, contingent role.

**Thomas A. Wright and Douglas G. Bonnet (1953)** in his study indicated that data from a 2 year field study were used to examine the relationships among psychological well-being, job satisfaction, and employee job performance with employee turnover. Using a sample of 112 managers employed at a large organisation on the west coast of the United States, and controlling for employee
Age, gender, ethnicity, and job performance, well being and job satisfaction were found to predict turnover in a no additive manner. As expected, well-being was found to moderate the relation between job satisfaction and job separation, such that job satisfaction was mostly strongly related to turnover when well-being was low.

Marcia Russell and M. LymeCooper (1967) in his study indicated that prior research supports a positive relationship between job and family satisfaction. Although this relationship has been taken as support for the spill over hypothesis it is also consistent with an alternate hypothesis that has received little attention. The congruence hypothesis states that job and family satisfaction are positively related because they share a common cause. Thus, the distinction between the spill over and congruence hypotheses reflects the broader distinction between casual and non casual co variation. The goal of the study was to determine which hypothesis best reflects the relationship between job and family satisfaction. Data were obtained through household interviews with a random sample of 600 individuals. Structural equation modelling techniques were used to estimate simultaneously reciprocal relationships between job and family satisfaction and a non casual correlation between their disturbance terms. Results supported the congruence hypothesis indicating that the relationship between ob and family satisfaction is characterized best as non casual.

Robert J. Vandenberg and Charles E. Lance (1990) in his study indicated that the politics perceptions literature has historically failed to determine the impact of dispositional factors. To address this gap, the current study examined the moderating effects of negative (NA) and positive effect (PA) on the perception of politics- job satisfaction relationship. It was hypothesized that individuals high on both NA and PA would report lower job satisfaction scores when politics were perceived to be high. In study 1, data gathered from 752 employees of a large university in the south eastern US confirmed these hypotheses. In study 2,311 full time employees representing a wide array of occupations provided support for the PA x politics perceptions interaction, but no for the NA x politics perceptions interaction. Implications of these results, strengths and limitations, and avenues for future research are provided.
Timothy A. Judge & Brent A. Scott (1973) in his study indicated that the authors used experience-sampling methodology to investigate the dynamic relationships among insomnia, emotions, and job satisfaction. Over a period of 3 weeks, 45 employees completed surveys each workday, producing a total of 55 observations. Results revealed that, within individuals, insomnia was associated with increased feelings of hostility and fatigue and decreased feelings of joviality and attentiveness. Insomnia was also negatively related to job satisfaction, and this relationship was mediated by the emotions. Finally, gender moderated the within-individual relationships between insomnia and three of the four emotions such that women were more affected by a poor night of sleep than men. Four hypotheses have been advanced regarding the casual relationship between job satisfaction and organisational commitment: (a) satisfaction causes commitment; (b) commitment causes satisfaction; (c) satisfaction and commitment are reciprocally related, and (d) no casual relationship exists between the two constructs. These four hypotheses were represented by separate structural equation models in a longitudinal research design. Using a sample of management information systems professionals, the models were tested using a combination of pseudo-generalized least squares, and full information maximum likelihood estimation procedures. The latter procedures controlled for the unmeasured casual variables characterizing past studies. Results supported the commitment-cause-satisfaction model.

Wayne A. Hochwarter & Darren C. Treadway (1866) in his study indicated that the politics perceptions literature has historically failed to determine the impact of dispositional factors. To address the gap, the current study examined the moderating effects of negative (NA) and positive affect (PA) on the perceptions of politics-job satisfaction relationship. It was hypothesized that individuals high on both NA & PA would report lower job satisfaction scores when politics were perceived to be high. In study1, data gathered from 752 employees of large university in the south eastern US confirmed these hypotheses. In study 2311 full-time employees representing a wide array of occupations provided support for the PA X politics perceptions interaction, but not for the NA X politics perceptions interaction. Implication of these results, strengths and limitations and avenues for future research are provided.

Objectives Of Study
Primary Objectives

- To know the job satisfaction level of the employees.
- To know the areas where the employee want improvement in their jobs

Secondary Objectives

- Doing comparison of job satisfaction level in retailing sector.
- To know the major factor which affects the job satisfaction of the employees?
- To know the economic factors that improves the job satisfaction of the employees.
- To know non economic factors inhibiting job satisfaction among employees.
- To offer valuable suggestions to improve the satisfaction level of employees.

Findings of the Study

Job satisfaction is important technique used to motivate the employees to work harder. It had often been said that “A HAPPY EMPLOYEE IS A PRODUCTIVE EMPLOYEE”.

“Job satisfaction is the set of favorable or unfavorable feelings with which employees view their work”.

Some important findings of the study are:

- We find that the working environment is good and the employees working are also happy with the working environment. 57% of employees were feeling good about the working environment and 12% of employees were feeling excellent about the working condition and there are no such employees who are feeling very poor about the working condition.
- Along with the salary provided to the employees, various non-monetary benefits are also provided to them. 54% of employees are satisfied with these non-monetary benefits offered to employees and 2% are highly dissatisfied.
Different department are having different types of work and every employee is assigned work according to their interest, knowledge, qualifications. In our study we find that 45% of employees are satisfied with the work assigned to them, 20% are highly satisfied and only 6% are highly dissatisfied.

In our study we find that employees are satisfied with the career development programme in their organization. After analysis we find that 56% of employees are satisfied with such programmes.

For better results cooperation between workers is very necessary. In data analysis we find that highest no. of employees are satisfied for their cooperation.

Nature of job means the type of job. In this study we try to find that whether the employees are satisfied with the nature of job provided to them i.e. the job provided to them shall be according to their qualification or knowledge or not and we find that 56% of employees are satisfied.

In this competitive world employees have to do much harder work to get better results for their organization, due to which they feel pressure in their job. After collecting information from employees we find that 72% of employees feel pressure in their job.

Welfare facilities like medical facilities, children’s education, house rent allowance, conveyance allowance etc. is also provided to the employees along with the salary. 57% of employees are satisfied with these welfare facilities.

In last we try to find out that whether the employees are satisfied with the overall job or not and we find that 30% of employees are satisfied and 29% are neither satisfied nor dissatisfied

Recommendations

Following steps/ efforts should organization take to satisfy its employees:

- Lucrative opportunities.
- Implement good employment practices.
- Maintain healthy organizational climate.
• Proper training should be provided to employees according to their skills.

• Proper salary structure should be there.

1. New challenges should be set so that employees can make the best of their job.

2. Boredom should be reduced by breaking up the monotony nature of a particular job.

3. Job satisfaction can be increased by using positive thinking to reframe your thoughts about your job.

4. Work or tasks should be put up in perspective.

5. Employees should avoid negative thoughts, as it will help in managing stress and experience the rewards of profession.

6. Provides career development programs to retain as well as to motivate employees to work efficiently in the organisation.

**Conclusion**

The most common way of measurement is the use of rating scales where employees report their reactions to their jobs. Questions relate to relate of pay, work responsibilities, variety of tasks, promotional opportunities the work itself and co-workers. Some questioners ask yes or no questions while others ask to rate satisfaction on 1-5 scale.

One common research finding is that job satisfaction is correlated with life satisfaction. This correlation is reciprocal, meaning people who are satisfied with life tend to be satisfied with their job and people who are satisfied with their job tend to be satisfied with life. Other important finding is that job satisfaction has a rather tenuous correlation to productivity on the job. This is vital piece of information to researchers and businesses, as the idea that satisfaction and job performance are directly related to one another is often cited in the media and in some non-academic management literature. A recent meta-analysis found an average uncorrected correlation between job satisfaction and productivity. Further, the meta-analysis found that the relationship between satisfaction and performance can be moderated by job complexity, such that for
high-complexity jobs the correlation between satisfaction and performance is higher than for jobs of low to moderate complexity.

Finally it can be concluded that job satisfaction is a pleasurable emotional state resulting from the appraisal of one’s job, an effective reaction to one’s job and an attitude towards one job. Weiss has argued that job satisfaction is an attitude but points out that researchers should clearly distinguish the objects of cognitive evaluation which are affect (emotion), beliefs and behaviors. This suggests that we from attitudes towards our jobs by taking into account our feelings, our beliefs, and our behaviours. Job satisfaction can be an important indicator of how employees feel about their jobs and a predictor of work behaviours such as organizational citizenship, absenteeism, and turnover. Further, job satisfaction can partially mediate the relationship of personality variables and deviant work behaviors.

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A Review - Management Role and Commitment towards Workplace Violence

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Abstract

In this modern era many people feel safe at their jobs and did not realize that violence occurs in workplace. It is a serious issue affecting the health and safety of two million people each year. It also affects employees, customers, contractors and even children. The business community has a legal obligation and responsibility to respond to and prevent violence against their employees which not only provide benefits to the employees but also to the community. Workplace violence relates to not only physical violence, but also the verbal threats and troublesome behavior. This article deals with various aspects of workplace violence, management commitment towards violence, role of employers, analyzing violence in workplace, training, ways to minimize risk and role of HR in reducing workplace violence.

Keywords: Management Role, Commitment, Workplace Violence.

Workplace Violence

Violence in the workplace can cause a serious disturbance among employees, making them feel unsafe and threatened. An effective program provides various benefits in addition to preventing violence in the workplace. A report of Center for Disease Control, says "every year nearly 1.7 million workers fall victim to violence in the workplace and lead to injury death for women in the workplace". To keep all employees safe, each employee should know how to spot workplace violence. From the hiring process itself efforts to avoid workplace violence starts. All hiring managers in company should require following guidelines for screening job applicants.

Workplace violence is an occupational health and safety hazards. According to occupational health and safety act, as of June 2010, defines workplace violence

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as, an exercise of physical force by a person against a worker, in a workplace that cause or could cause physical injury to the worker.

**Management Commitment**

Effective program is ensured by combine effort of both management and employees through a team. Management commitment is essential for effective safety and health program.

- Demonstrating organizational concern for employee emotional and physical safety and health;
- Exhibiting equal commitment to the safety and health of workers.
- Delegating responsibility for the various aspects of the workplace violence prevention program to ensure that all managers, supervisors and employees understand their obligations and duties;
- Allocating necessary authority and resources;
- Maintaining a system of accountability for involved managers, supervisors and employees;
- Establishing a comprehensive program of medical and psychological counseling for employees.
- Supporting and implementing suitable recommendations by safety and health committees.

**Role of Employers in Prevention of Violence**

- Adopting a workplace violence policy and prevention program and communicating the policy and program to employees.
- Providing regular training in preventive measures for all new/ current employees, supervisors and managers.
- Adopting and practicing fair and consistent disciplinary procedures.
- Fostering a climate of trust and respect among workers and between employees and management.
- When necessary, seeking advice and assistance from outside resources, including threat – assessment psychologist, psychiatrist and other professionals and social service agencies.

**Analyze the Worksite Issues**

Step-by-step procedure is involved in analyzing workforce violence. The coordinator analysis the injury and illness records and workers' compensation claims to identify patterns of assaults to be prevented by workplace adaptation, procedural changes or employee training. The workplace violence programs should provide proper treatment for employees who are victimized personally or may be traumatized by witnessing a workplace violence incident. Injured staff or employee should receive prompt and timely treatment and psychological evaluation regardless of its severity.

**Consequences Faced by Victims in Workplace**

- Short- and long-term psychological disturbance;
- Fear of returning to work;
- Changes in inter- personal relationships with coworkers, superior and family members;
- Feelings of incompetence, culpability, incapacity; and
- Fear of criticism by supervisors or managers.
- Shock, disbelief, anger, depression
- Physical injury
- Increased stress level
- Physical disorder
- Loss of self esteem and belief
- Feeling of powerless
- Loss of morale and efficiency
- Increase rate of turnover
- Loss of job satisfaction
Training towards Workplace Violence

Through appropriate preparation, the violence can be avoided or mitigated. The formal instruction on the specific hazards should be provided to employees in facing hazards related to safety and security. However, only a small percentage of employers actually conduct such training. Even fewer employers do so with regularity or for new hires. Workplace-violence-prevention training can be easy and cost effective, especially with the growing prevalence of online training. Many organizations conduct such training in-house, with a special focus on the organization’s specific risk areas. Workplace-violence prevention training should be conducted approximately once a year for the entire employee population and should be mandatory for all new hires, even temporary and part-time employees.

For Employees

- All employees should be trained to behave compassionately toward coworkers when any incident occurs.
- Visiting staff should also provide the same training as permanent staff.
- Qualified trainers should instruct at the comprehension level appropriate for the staff.
- Effective training programs should involve role playing, simulations and drills.
  The training program should involve all employees, including supervisors and managers.
- To provide initial orientation for fresh and reassigned employees before assigned their job duties.
- A combination of training programs may be used, depending on the severity of the risk.
- Employees should receive required training annually. Sometimes refresher programs may be needed more frequently, perhaps monthly or quarterly, to reach and inform all employees effectively.
To supervisors and managers

Supervisors and managers need to learn to recognize high-risk situations, so they can ensure that employees are not placed in assignments that compromise their safety. They also need training for aspects like,

- To ensure that they encourage employees to report incidents.
  - To reduce security hazards and ensure that employees receive appropriate training.

- To recognize a potentially hazardous situation and to make any necessary changes in the physical plant, staffing policy and procedures to reduce or eliminate the hazards.

The training program should also include an evaluation. At least annually, the team or coordinator responsible for the program should review its methods, content and the frequency of training.

Spot Violence in the Workplace

- Find out the workers, who are most vulnerable to workplace. People with high responsibility and who handle money have a higher chance of being a victim of violence in some form.

- To identify violence both employees and employer can attend personal safety seminars.

- Notice any change in behavior and immediately try to rectify it.

- Keep watch on candidate who commits violence in the workplace. Such situation like getting fired lay off and disciplinary action will lead to commit violence.

- Monitor for the employee warning sign, where employee who get violent in work may display warning signs prior to the incident.

- Take the necessary precautions against workers who make violent threats, bring weapons to work, use abusive language etc.,
Workplace Violence due to Job Stress

David Fontana of the University of Honolulu cites the Holmes and Rahe's Life Events Scale studies to note that work-related stress is substantial enough to cause an alarming rate of conflicts with supervisors, coworkers and employees that often result in violence. Stress at work lead to workplace violence. Increases in workload and work pressure with decreasing resources in forestering work environments are becoming increasingly more stressful and more dangerous to employee. According to Fairleigh Dickinson University, three of four Americans complain that their work environment is sufficiently stressful to cause them to be absent from work at an increasing rate, to suffer a loss of productivity and to think about quitting their jobs.

Work-related violence is caused by workers who are dissatisfied with their environment or job responsibilities. The National Institute for Occupational Safety and Health (NIOSH) defines workplace-related violence as any physical attack, threatening behavior or verbal abuse that occurs at work.

Factors Contribute to Violence

- Downsizing
- Labor disputes and poor labor management relations
- Poor management style
- Inadequate security or poorly trained, poorly motivated security force.
- Lack of employee counseling
- A high injury rate or frequent grievances
- Job overload or compulsory overtime
- Poorly defined job task and responsibilities.

The Effects of Violence in the Workplace

Workplace violence has serious effects, which occurs more often. The violence can have physical and psychological effects. Based on the severity the workplace violence is determined.
Physical effect:

Threats of physical violence should not be taken lightly. It is the manager's responsibility to ensure the safety of all employees by eliminating risks due to threats. Investigation, counseling, termination and security might be necessary actions taken with regard to the person making the threats. If the violence is of a physical nature, injuries, scarring, pain, hospitalization and even death may result. Serious physical trauma, even death, can result from workplace violence. The most dangerous effect of workplace violence is physical trauma.

Psychological effects

Long term psychological problems often occur in victims of workplace violence. There are a number of approaches that can help victims of workplace violence, including counseling, time-off, emotional support and medication. Long-term psychological effects may include self-doubt, fear, sleeplessness, irritability, depression, relationship conflicts, lack of motivation and self-blame. If the victims do not get support and psychological help they need when reporting violence in the workplace, it will prevent them and others witnesses from ever reporting violence again.

Business Effects

Workplace violence can permanently close a business. The workplace violence can damage morale. Some employees might require extended time off or even may resign from job. The other problems that may occur include lower productivity and damage to the company image. There is also loss of funds due to legal cost, compensation, pension payments and providing insurance premiums.

Warning Sign of Workplace Violence

- Excessive absences - an employee who consistently leaves their workday early without authorization.

- Increased need for supervision- when an employee exhibits an increased need for supervision. Manager should be alert to such change.
Lack of performance- if an employee who is normally efficient and productive but experience sudden drops in performance. This is actually a warning sign of dissatisfaction and manager should keep note on it.

Change in work habits- when a worker exhibiting inconsistent work habit may be in need of intervention.

Inability to concentrate – if an employee is suddenly unable to concentrate, which indicates that they are in trouble.

Sign of stress- if an employee who has traditionally adhered to safety procedures is suddenly involved in accidents or safety violations.

Drug and alcohol- watch for changes in the person’s mood or character when drugs or alcohol are used.

Basics of a Reporting Form

Details of employee
Location of incident- department, environment
Date, day and time
Details of the assailant
What the employee was doing at the time of incident
The circumstance of the assault or abuse
Details of the outcome like injuries received, damage and time off work.
Information about any remedial action

Ways to Minimize Risk of Workplace Violence

Employers must be proactive to prevent or minimize exposure to such incidents.
Use effective pre-employment document and conduct background checks
Establish policies on workplace violence- where they should establish zero-tolerance position, threats or abusive language and make clear that any violation of these rules can be ground for termination.
Private employers should test all applicants and negative test results should be a condition of employment.

Develop procedures for investigating tests. The procedure should include specific guidelines for conducting an investigation and interviewing witnesses.

Train supervisors and employees. Supervisors should be instructed to identify violence risk and report all threats to management immediately.

Implement employee assistance program to help employees who are having a difficult time handling stress in their lives.

Audit and improve security measures. Employers should establish a relationship with local law enforcement officials and a security consultant.

Role of HR in Reducing Workplace Violence

The key role is to ensure a safe environment for all employees. All HR managers should understand how to minimize the risk of workplace violence.

Conduct Thorough Background Screening. It is paramount that HR personnel and hiring managers do their due diligence when screening prospective hires to ensure they are doing all that is possible to provide a safe and productive work environment for their employees.

Create and Implement a New Workplace-Violence Prevention Policy. Make sure your organization’s workplace-violence prevention policy is up to date, or create and implement one if your organization is lacking in this area.

Train, Train, Train! Most employers acknowledge the importance of training related to preventing inappropriate workplace aggression and workplace violence.

HR professionals should be alert to the warning signs exhibited by victims of inappropriate Employment Relations Today workplace aggression/ workplace violence.
Conclusion

Workplace violence is increasingly recognized as a serious problem with implications for both managers and staff. When an employee is angry with an organization, organizational policies, or coworkers, it is important for the issue to be taken seriously before the issue escalates into aggression or violence. "The manager, supervisor or HR person must then continue to monitor the employee's behavior. The goal is to either get the employee to change his behavior, via skills acquisition and/or dealing with problems, or leave the workplace by choice or company decision." Companies can prevent violence by developing secure workplaces. Safety features can include video cameras, extra lighting, alarms, identification badges, electronic keys and security guards. Offering escorts to vehicles, limiting cash on hand and encouraging employees to keep people informed of their schedules also increase safety and prevent violence in workplace.

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Managing Organisational Quality of Work Life: A Case Study

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Abstract

Quality of work life (QWL) is a very popular term used regularly in every workplace discussion today. In fact, QWL is a very complex and difficult concept. To make a QWL a positive one, it needs to develop a collaborative work environment among the managers and the workers while performing their duties. Therefore, everyone in the organization should go hand in hand to facilitate a feeling of cooperation, teamwork and joy among themselves. Still there is no particular answer to the questions about the most appropriate way to maintain an organizational QWL in order to provide for success and to answer these questions is the most difficult challenge facing by the leaders of an organization. This paper has made an attempt to review and analyze some of the most essential literature on the concept and management of QWL, discuss theories of QWL and to identify and discuss some of the dimensions of QWL in an organization. The paper further examines the barriers to QWL management. The paper identifies some implications for the management of QWL. A case study of a company is also incorporated which depicts the implementation of QWL program successfully and it has made an added value to the organizational QWL management. Finally, it has also suggested certain measures for effective management of QWL in organizations.

Keywords: Management, Organization, Quality of Work Life, Workplace.

Introduction

Quality of work life (QWL) is a very popular term used regularly in every workplace discussion today. In fact, QWL is a very complex and difficult concept. However, its importance in the organizational performance and productivity is enormous. Organizations, in the past, gave more importance on advanced technology for higher productivity surpassing the needs and mental

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state of its employees. This has created a negative impact on the working environment among the employees.

In this era, quality of human inputs is the greatest asset to any organization. Maintaining the quality of such human inputs rises from maintaining the QWL perfectly. Rise in the QWL would help employees’ well being there by the well being of the whole organization. (Subburethina, Umaselvi & Senthil, 2011).

If QWL is to be managed it helps first to be able to define it, however defining what QWL is, is not an easy task. As such there is no any generally acceptable definition about this term. Moreover, many researchers and authors had made attempts to describe the term QWL. Various researchers and authors have proposed models of QWL which include a wide range of factors. Despite all this research and studies, there is still no simple and easy way to manage QWL, approaches to QWL management are contingent upon the leader’s or change agent’s conception of organizational QWL.

The purpose of this paper is to identify and discuss some of the dimensions of QWL in an organization. The paper further examines the barriers to QWL management. Finally, the paper identifies some implications for the management of QWL.

**Review of Literature**

The term “QWL” has appeared in Research Journals and press in USA only in 1970’s. The term QWL was introduced by Louis Davis. The first International QWL conference was held in Toronto in 1972 and the international council for QWL was established in 1972 itself. There are various meaning and definitions of QWL, yet there is lack of universally accepted definition and clear understanding of the term QWL. Indeed, it is difficult to best conceptualize the QWL elements. However, some of the works taken up by various researchers are presented below.

The research of Efraty and Sirgy (2004), on QWL was conceptualized in terms of need satisfaction stemming from an interaction of workers' needs of survival, social needs, ego needs, and self-actualization needs and those organizational resources relevant for meeting them. It was hypothesized that need satisfaction is positively related to organizational identification, job satisfaction, job
involvement, job effort, and job performance and negatively related to personal alienation. A survey study was conducted based on a sample of 219 service deliverers to the elderly in a large Midwestern city. It was found that the results were consistent with the hypotheses. Managerial implications were also discussed.

Hassan, S. B. (1994) examined the level of effectiveness in QWL programs and the influence of socio-demographic factors on employee job satisfaction and job involvement in Standards and Industrial Research Institute of Malaysia (SIRIM). The findings indicated that SIRIM had effective QWL programs. However, its employees were found to be moderately satisfied with their job and they were also involved in their jobs. In addition, its effective QWL programs had significantly influenced 43 percent of the variance in employee job satisfaction ratings, with a positive relationship on adequate and fair compensation, continued growth and security, and safe and healthy working conditions, as significant predictors. His findings also explained 25 percent of the variance in employee job involvement ratings, with a positive relationship on social relevance of work life, adequate and fair compensation, and an inverse relationship on safe and healthy working conditions, as significant predictors. With effective QWL programs, the socio-demographic factors were found to have no influence on employee job satisfaction. However, marital status and service tenure both had significant influence on employee job involvement.

Wyatt, T. A. & Wah, C. Y. (2001) study examined perceptions of the QWL among a sample of Singaporean employees. He obtained data from managerial executives (N=332) through structured questionnaires and are used to illustrate their perceptions concerning QWL. The results from his study suggested four underlying dimensions of QWL: supportive management and favorable work environment, personal growth and autonomy, nature of job, and stimulating opportunities and co-workers.

Kriel, P. J. (2004) considered workplace justice as an important component of QWL. He suggested a new view be taken through the lenses provided by Evolutionary Psychology theory. Specifically with respect to the ethics of a social environment (the business community) that often seems alienating to our socially evolved brains. This study focused on business ethics and it highlights the incongruent landscape lying between it and that of personal moral ethics. It
also illuminates the reasons why it is important for business ethics and personal ethics to be brought closer together and suggested possible ways of bringing this paradigmatic shift about which, if adopted, will lead to an enhanced QWL and a more just society.

Joanna, S. E. M. (2007) explored the perceptions of a QWL survey from the perspective of 10 employees from a variety of departments in a Canadian Cancer Centre. Data were collected through one-on-one interviews at the workplace. The following themes emerged from the analysis: (1) talking about the survey triggered discussions of QWL issues most of which were not captured in the survey; (2) the impact of the survey was more important than the survey itself; and (3) participants were concerned that departments or groups of employees were labeled based on the survey results.

Rethinam, G. S. and Ismail, M. (2008) reviewed the meaning of QWL, analyzed constructs of QWL based on models and past research from the perspective of IT professionals in many countries and in Malaysia. The constructs of QWL discussed are health and well-being, job security, job satisfaction, competency development, work and non-work life balance. The study concluded that QWL from the perspective of IT professionals was challenging both to the individuals and organizations.

Saad, H. S., Abu Samah, A. J. and Juhdi, N. (2008) investigated the employee’s perception of their work-life quality in a private university in Malaysia. Altogether 251 employees in the university participated in this study. Ten variables to measure QWL are examined namely -

a. Support from organization
b. Work-family conflict
c. Relationship with peers
d. Self-competence
e. Impact on job
f. Meaningfulness of job
g. Optimism on organizational change
h. Autonomy
i. Access to resources and
j. Time control.

All these variables were tested the relationship with job satisfaction. The test indicated that each of the QWL variables on its own had a salient predictor of Job Satisfaction. However, 7 QWL variables were no longer significant predictors for job satisfaction when all the 10 QWL variables were entered into the regression equation.

**Concept of Organisational QWL**

Legislation enacted in early 20th century to protect employees from job-injury and to eliminate hazardous working conditions, followed by the unionization movement in the 1930 and 1940s were the initial steps. Emphasis was given to job security, due to process at the work place and economic gains for the workers. The 1950s and the 1960s saw the development of different theories by psychologists proposing a “positive relationship between morale and productivity”, and the possibility that improved human relations would lead to the enhancement of both. Attempts at reform to acquire equal employment opportunity and job enrichment schemes also were introduced. Finally, in the 1970s the ideal of QWL was conceived which, according to Walton, is broader than these earlier developments and is something that must include ‘ the values that were at the heart of these earlier reform movements’ and ‘human needs and aspirations’. The theories of motivation and leadership provided a sound base for the concept of QWL. (Arun & Mirza, 2000)

In spite of the various studies projecting the contribution of QWL there is still a lack of both a universally accepted definition and a clear cut understanding of the QWL concept and what it entails (Krueger, et al. 2002). However, some attempts were made to describe the term QWL. It refers to the favorableness or favorableness of a job environment for people. QWL means different things to different peoples. Let’s see some definition of QWL.

J. Richard and J.Roy define QWL as “the degree to which members of a work organization are able to satisfy important personnel needs through their experience in the organization.”
Richard E. Walton one of the major interpreters of the QWL movement has proposed eight major conceptual areas. They are: Adequate and Fair Compensation, Safe and Healthy Working Conditions, Opportunity to Use and Develop Human Capabilities, Opportunity for Career Growth, Social Integration in the Work Force, Constitutionalism in the Work Organization, Work and Quality of Life, Social Relevance of Work.

**Barriers to Organizational QWL**

Human being’s natural state is to resist any new change and overcoming that requires some strategies. The primary objective of breaking barriers is to identify barriers and develop strategies.

QWL suffers from barriers like any other new schemes. Management, employees and unions fear the effect of unknown change. All these parties feel that the bends of this concept are few though they are convinced about its effect on personnel management as a whole and on the individual parties separately. Management should develop strategies to improve QWL in view of the barriers.

The strategies for improvement in QWL include self-managed work teams, redesign and enrichment, effective leadership and supervisory behavior, career development, alternative work schedules, job security, administrative or organizational and participating management. (Santosh & Sachine, 2005).

According to S.K. Chakraborty, (1987) barriers to QWL in India are as follows:

i. Widespread unhappiness due to comparison with colleagues

ii. Skepticism about the performance appraisal system and promotion criteria

iii. Division into camps and cliques hampering fruitful communication

iv. Frequent fits of anger of top level officials

v. Regional prejudice

vi. Glorification of speed and excitement as against serenity

vii. Unreasonable personal expectation

viii. Limitless addiction to lower-order material needs
Issues in QWL of Organization

Having a good QWL is essential to running a successful organization. Along with that, great leadership is just as important. If the organization is lacking in either of the two then the organization needs to make some changes.

Various books have been written on the topic QWL, and as many training seminars are conducted on this topic around the world every day. And yet it's interesting that even with all of this available information, few organizations succeed at creating a positive working environment. Examples of some companies practicing QWL program are General Motors, Xerox, IBM, BHEL, TISCO, etc.

Organization is comprised of different workers who have different mindset they have their different view point of their QWL. There are generally two types of workers- some accept the life as they find it, i.e. a job, which provides a living, is enough. But for some other, ‘taking home a pay is not all’- they want a change for self – fulfillment in workplace (Biswaheet, 2006).

Therefore, in order to maintain higher order QWL some P/HR manger has identified specific issues of QWL besides normal wages, salaries, fringe benefits, etc. and takes lead in providing them so as to maintain higher order QWL (Santosh & Sachine, 2005). Klott, Mundick and Schuster suggested 11 major QWL Issues. For understanding what this is all about let’s look in detail.

1. **Pay and Stability of Employment:**

   Good pay still dominates most of the other factors in employee satisfaction. Various alternative means for providing wages should be developed in view of increase in cost of living index, increase in levels and rates of income tax and profession tax. Stability to a greater extent can be provided by enhancing the facilities for human resource development.

2. **Occupational Stress:**

   When an employee feel overwhelmed at work, they lose confidence and may become irritable or withdrawn. This can make them less productive and less effective in their job. If the warning sign of stress is ignore, they can lead to bigger problems. Proper management of stress in the workplace can not only
improve the physical and emotional health, it can also make the difference between success or failure on the job. It’s in a manager’s best interest to keep stress levels in the workplace to a minimum. Managers can act as positive role models, especially in times of high stress.

3. Organizational heath programmes:

Healthy companies perform more successfully, health is the ability of an organization to align, execute, and renew itself faster than the competition to sustain exceptional performance over time. An effective training program can reduce the number of injuries and deaths, property damage, legal liability, illnesses, workers’ compensation claims, and missed time from work.

4. Alternative Work Schedules:

Alternative Work Schedules allows employees to be more flexible in scheduling their work. As employees gain greater control over their time, they can, for example, balance work and family responsibilities more easily, become involved in volunteer activities, and take advantage of educational opportunities.

5. Recognition:

Employee recognition may be in the forms of awards, employee merits, promotions and monetary incentives. The importance of recognizing an employee is as important as making them productive and achieving organizational goals. A failure to properly recognize the best assets (human resources) may result to a total organizational disaster.

Employees are humans. Hence, managers should take extra care on their morale and emotions. This is why employee recognition should always be preceded by a careful employee assessment.

6. Participative management and control of work:

When the worker invests his time to the workplace, he should be given an opportunity to participate in the decision making process of the management. The employee should be given an opportunity to express his view and due importance should be given to them by the management while framing policies. Employers work with enthusiasm and interest when they are given importance
and a chance to express themselves. Participative management is beneficial to both parties; organization and employees. Through participative management, both the parties are satisfied. It facilitates meaningful communication and ensures cordial relations.

7. Congenial Worker Supervisor Relation:

Worker Supervisor Relation is probably the most important in workplace. Supervisors at all levels need to have positive methods of dealing effectively with people at all levels and establishing and maintaining highly productive work environments. This in turn leads to better QWL.

8. Grievance Procedure:

Proper grievance procedure that is quick and justified gives employees an opportunity to vent their feelings and represent their case.

9. Adequacy of Resources:

Resources should match with stated objectives otherwise, employees will not be able to attain the objectives. This results in employee dissatisfaction and lower QWL.

10. Seniority and Merit in Promotions:

Promotions based on merit advance workers who are best qualified for the position. It often requires difficult subjective evaluations. In a straight seniority system, where the only factor in allocating jobs is length of service. More typically, seniority counts only within specified job groups. The promotional policies and activities should be fair and just in order to ensure higher QWL.

11. Employment on permanent basis:

Employment on permanent basis gives job security and stability. Permanent workers enjoy alternative benefits such as bonuses, pensions, healthcare and as well as paid annual leave, sickness absence, etc. they may encounter more opportunities for promotion than temporary workers.
Implications for Quality of Work Life Management

In any organization trust is the basic tenant for all relationships, building an environment of trust is one of the most important things to create a positive QWL. Therefore, the need managers have to exercise control and their hesitation to trust, to share information and power, and to delegate decisions (Freeman & Rogers, 1999). However, this is not only a managerial problem. It is also an employee problem since many people contemplate the idea of autonomy and responsibility, and at the same time are reluctant to become autonomous and accountable for their decisions and actions (Greene et al., 2001)

In dealing with the management of QWL, it is necessary to examine existing QWL or new target QWL and individual difference in the organization, each employee differs, in the intensity of his or her achievement and security needs. Also, some employees don’t feel strong need for interpersonal relations some employees prefer simpler, not more complex, tasks. Subsequently, action can be plan in any of several key points of leverage:

Job enrichment, Job enlargement, Vertical and horizontal loading, Manipulating core job dimension, Job rotation, Cross-training, Feedback and reinforcement, Well pay and floating holidays, Empowerments, Child and elder care, Changes to the work environment and social environment, Ergonomic changes, Wellness programs, Aesthetics and personalization, etc. (Michael & Stan, 2002)

The above constitute a number of many strategies and leverage points that can be use in organizations to manipulate an organization in terms of overall QWL. The management of QWL is a long term process; it needs to work with patience and readiness to sustain a deep commitment. Let’s take a case of a company, which implemented QWL program successfully,

Case Study: National Thermal Power Corporation (NTPC)

India’s largest power company, NTPC was set up in 1975 to accelerate power development in India. It is an Indian public sector company listed on the Bombay Stock Exchange in which at present the Government of India holds 84.5% (after divestment the stake by Indian government on 19th October, 2009)
of its equity. It is emerging as a diversified power major with presence in the entire value chain of the power generation business. Apart from power generation, which is the mainstay of the company, it has already ventured into consultancy, power trading, ash utilization and coal mining. NTPC ranked 341st in the Forbes Global 2000 ranking of the World’s biggest companies. The organisation became a Maharatna company in May, 2010, one of the only four companies to be awarded this status. It has been operating its plants at high efficiency levels. Although the company has 17.75% of the total national capacity, it contributes 27.40% of total power generation due to its focus on high efficiency. At NTPC, *People before Plant Load Factor* is the mantra that guides all HR related policies.

It has been awarded No.1, Best Workplace in India among large organizations and the best PSU for the year 2010, by the Great Places to Work Institute, India Chapter in collaboration with The Economic Times. The concept of Corporate Social Responsibility is deeply ingrained in NTPC's culture. Through its expansive CSR initiatives, NTPC strives to develop mutual trust with the communities that surround its power stations.

*HR vision:*

To enable our people to be a family of committed world class professional, making NTPC a learning organization. Core values of the company are as below:

- Customer Focus
- Organizational Pride
- Mutual Trust and Respect
- Initiative and Speed
- Total Quality

*Vision and Mission:*

Develop and provide reliable power, related products and services at competitive prices, integrating multiple energy sources with innovative and eco-friendly technologies and contribute to society.
Human Resources:

People before PLF (Plant Load Factor)' is the guiding philosophy behind the entire gamut of HR policies at NTPC. NTPC strongly committed to the development and growth of all the employees as individuals and not just as employees. NTPC currently employ approximately 26,000 people. Competence building, Commitment building, Culture building and Systems building are the four building blocks on which HR systems are based at NTPC.

Recruitment:

It believes in the philosophy of 'Grow your own timber'. NTPC 'Executive Trainee' scheme was introduced in 1977 with the objective of raising a cadre of home grown professionals. First Division Graduate Engineers/ Post graduates are hired through nation-wide open competitive examinations and campus recruitments. Hiring is followed by 52 weeks of fully paid induction training.

Career Advancement & Opportunities:

NTPC have a well-established talent management system in place, to ensure that it deliver on the promise of meaningful growth and relevant challenges for NTPC employees. It have talent management system comprises performance management, career paths and leadership development.

Rewards & Recognitions:

NTPC created a culture of rewards and recognitions through celebration of various achievements and events and recognizing the contributions behind such success.

Innovate, Create, Compete:

The organization introduced numerous initiatives which seek to enhance the creativity, innovation, functional aptitude and teamwork of the employees. These initiatives include National Open Competition for Executive Talent (NOCET), Professional Circles, Quality Circles, Business Minds and Medha Pratiyogita (a quiz for the employees). A management journal called “Horizon” is published quarterly to enable the employees to share their ideas and experiences across the organization.
Quality of Work-Life:

NTPC is proud of its systems for providing a good quality of work-life for its employees. In addition to providing beautiful and safe work places, it encourages a culture of mutual respect and trust amongst peers, superiors and subordinates. Away from hectic city life, its townships provide an environment of serenity, natural beauty and close community living. Numerous welfare and recreation facilities including schools, hospitals and clubs are provided at the townships to enhance quality of life & the well-being of employees and their families. An entire range of benefits, from child care leave to post-retirement medical benefits are extended to employees to meet any exigency that may arise in a person's life.

Knowledge Management in NTPC:

To meet the ultimate objective of becoming a learning organization, an integrated Knowledge Management System has been developed, which facilitates tacit knowledge in the form of learning and experiences of employees to be captured and summarized for future reference.

Training & Development:

NTPC subscribes to the belief that efficiency, effectiveness and success of the organization, depends largely on the skills, abilities and commitment of the employees who constitute the most important asset of the organization. Its Training Policy envisages a minimum of 7 man days of training per employee per year. The organization has developed its own comprehensive training infrastructure.

Education Up-gradation Schemes:

To meet the academic aspirations of employees and match them with the needs of the organization, it has tie-ups with institutes of repute like MDI, Gurgaon; IIT Delhi; BITS Pilani, etc. It sponsors fixed size batches of employees who are inducted into these courses based on their performance rating in the company and their performance in the entrance exam conducted by the respective institute. Unlike other study leave and sabbaticals, employees undergoing these courses do not forego their salary or growth during the duration of the course.
Seeking Feedback:

NTPC actively seek and encourage employee feedback to ensure that the HR interventions and practices remain relevant and meaningful. It regularly conducts Employee Satisfaction and Organizational Climate Surveys.

Awards:

NTPC derive immense satisfaction from the awards it receive and the resulting recognition they bestow. The awards are key indicators and milestones on its HR journey, and reinforce its HR philosophy and practices. The organization has been awarded No.1, Best Workplace in India among large organizations for the year 2008, by the Great Places to Work Institute, India Chapter in collaboration with The Economic Times.

Observations from the Case Study:

The human resource management and able deployment of training and development programme of its employee had been its unique feature. It had been awarded No.1, Best Workplace in India. At NTPC, People before Plant Load Factor is the mantra that guides all HR related policies. The organization became a Maharatna company in May, 2010, one of the only four companies to be awarded this status. What makes NTPC stand apart was its ability to balance concern for its employees with a high performance work culture.

NTPC was a well-managed company who strongly committed to the development and growth of all the employees as individuals and not just as employees. Competence building, Commitment building, Culture building and Systems building were the four building blocks on which HR systems were based at NTPC.

It had a well-established talent management system and a culture of rewards and recognitions. It introduced numerous initiatives for their employees to enhance the creativity, innovation, functional aptitude and teamwork of the employees. It had well defined systems of good quality of work-life for its employees. In addition to providing beautiful and safe work places, it encouraged a culture of mutual respect and trust amongst peers, superiors and subordinates.
NTPC was mainly targeted an environment of serenity, natural beauty and close community living. Numerous welfare and recreation facilities including schools, hospitals and clubs were provided to their employees and their families to enhance quality of life & the well-being. An entire range of benefits, from child care leave to post-retirement medical benefits had been extended to employees to meet any exigency that might arise in a person's life. It had developed an integrated knowledge management system to meet its ultimate objective of becoming a learning organization. The company subscribed to the belief that efficiency, effectiveness and success of the organization, was dependent largely on the skills, abilities and commitment of the employees who constituted the most important asset of the organization.

The organization had developed its own comprehensive training infrastructure. It had tied up with many institutions to meet the academic aspirations of employees and match them with the needs of the organization. It actively sought and encouraged employee feedback to ensure that the HR interventions and practices remained relevant and meaningful. NTPC regularly conducted Employee Satisfaction and Organizational Climate Surveys.

**Conclusion**

No two organizations are the same, creating better QWL needs proper strategies and environment wherein the workers are treated as assets. Implementing the new change involves, understanding how employees is working, where they work and what tools they need to work more effectively is fundamental to success. To make a QWL a productive activity one, it should be not only the duty of a manager but the workers as well. It’s a collaborative work; therefore everyone in the organization should go hand in hand to facilitate a feeling of cooperation, teamwork and joy among themselves. Still, there are no particular answers to the questions about the most appropriate way to maintain an organizational QWL in order to provide for success, to answer these question is the most difficult challenge facing by the leader of an organization.

Further, from the case study it is found that, to have a better QWL of an employee the organization needs an ability to balance concern for its employees with a high performance work culture. Moreover, the organization should provide training and development programme, rewards and recognition system,
safe work place, culture of mutual respect and trust with everyone in the organization, welfare and recreation facilities to their employees. Lastly but not the least, as the QWL is very dynamic the organizations should regularly conduct employee satisfaction and organizational climate surveys to know the present QWL of the organization and accordingly better QWL can be maintained.

References


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Social Loafing as a Latent Factor in Organizations: Productivity Loss in Group Work

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Abstract

This paper provides a comprehensive review on social loafing, its antecedents and related concepts. First of all, the concept of social loafing is discussed. In the next part, the factors that are responsible for the occurrence of social loafing and reinforce this dangerous latent factor in organizations are extracted from relevant literature and described. Finally, the current paper presents a comprehensive framework which shows the relationship between the antecedents of social loafing, social loafing, and Individual/group/organizational performance. This paper states that social loafing of individuals leads to productivity loss in group work and organizations. Moreover, the present paper provides further insight, for human resources managers of organizations, on HR practices contribute to appropriate job design and providing proper environment for personnel in workplace.

Keywords: Social loafing, Group work.

Introduction

As “group work” becomes more popular and desirable in various fields today, researchers have developed theories of particular causes of social loafing and figured out considerable variables to understand social loafing (e.g., Harkins, 1987; Harkins and Szymanski, 1987; Jackson and Williams, 1985; Latane, 1981; Mullen, 1983; Paulus, 1983; Shepperd, 1993; Stroebe and Frey, 1982).

Based on Latane, et al. (1979), social loafing is a type of social disease, having negative consequences for individuals and societies (p.831). Moreover, social loafing refers to the act in which an individual’s performance is reduced in a group as compared to working alone (Ingham, et al., 1974; Latane et al., 1979; Harkins and Petty, 1982; Chidambaram & Tung, 2005). The description is in the

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social psychology of groups, social loafing in organization is a phenomenon that occurs when personnel make less effort to achieve organization’s goal when they work in a group than when they work alone. When individuals are doing their share in a group, some may be suspicious of their co-workers and worry that they might not make their appropriate contributions. Further, according to George (1992), when an individual’s contributions to a group work are being unfairly judged, the effort he makes usually will be accordingly adjusted to reflect his perceptions of fairness and thus more liable to loafing behavior.

In an attempt to uncover a description for social loafing, pioneering study by Ingham et al. (1974) ruled out difficulty in coordination. More recently, studies focused on motivation theories, and have identified a wide variety of potential antecedents of social loafing phenomenon as follows:

1. Lack of identification of individual contributions to the group (Williams et al., 1981);
2. Lack of challenge and uniqueness of individual contribution (Harkins & Petty, 1982);
3. Low intrinsic involvement (Brickner et al., 1986; George, 1992);
4. Individualistic orientation (Wagner, 1995);
5. Low group cohesiveness (Karau & Williams, 1997);

It is important to note that despite differences in the specific antecedents of social loafing, there is agreement that the fundamental origins of social loafing are motivational (George, 1992; Sheppard, 1993; Wagner, 1995).

As can be inferred, social loafing leads to productivity loss in group work. Today’s organizations must consider that the most important aspects to focus are their human resources, which need to be understood and cared for optimum productivity. Today’s Organizations need effective leaders and employees to achieve their main goals which are efficiency, effectiveness, market share and survival in today’s competitive environment. Thus, social loafing and its antecedents need to be understood by managers.
There is little attention given to the research on the mentioned topic. Thus, by reviewing the relevant literature, this paper attempts to propose a comprehensive framework which provides further insight, for human resources managers of organizations, on HR practices contribute to decrease social loafing phenomenon in organizations.

**Describing the Term “Social Loafing”**

Scholars and business leaders have long recognized that group work can be a competitive advantage for organizations. Yet, it is easy to lose sight of the fact that group working isn’t always effective. One of the most important problems which describe the productivity loss in group work is social loafing which describes the phenomenon that occurs when individuals exert less effort when working as a group than when working independently (Williams & Karau, 1991). Moreover, according to Davis (2003), social loafing refers to the phenomenon of individuals in group situations doing less work, putting in less effort or expending less energy on the group project than they would if they did the work alone.

Research indicates that there is some degree of social loafing within every group. Social loafing is the tendency to reduce individual effort when working in groups compared to the individual effort expended when working alone. Social loafing describes a person who is not providing the maximum effort due to either motivation or circumstance. This phenomenon occurs when an individual does not bear a proportional amount of the work and yet shares the benefits of the group.

One of the first recorded reports of social loafing was in 1913 by German agricultural engineer, Max Ringelmann, who was interested in determining the efficiency of animals, men and machines in various agricultural applications (Kravitz & Martin, 1986). He recognized a collective group performance required less effort by individuals compared to the sum of their individual efforts (Kravitz & Martin, 1986). The phenomenon he noted has been termed the “Ringlemann Effect”.

Based on Hassan (2010), in Ringelmann’s experiment, “participants pulled on a rope attached to a strain gauge. Ringlemann noted that two individuals pulling
the rope only exerted 93% of their individual efforts. A group of three individuals exerted 85% and groups of eight exerted 49% of their combined individual effort. As more individuals pulled on the rope, each individual exerted themselves less. From these observations, Ringlemann determined that individuals perform below their potential when working in a group.”

**Antecedents of Social Loafing**

Social loafing is a dangerous latent phenomenon, if not addressed it can destroy the entire group’s work. There are so many reasons behind being a social loafer; by reviewing the relevant literature, this paper tries to extract and summarize the antecedents of social loafing which lead to occurrence of this latent factor in organizations.

The literature on social loafing identifies several antecedents as contributing to the development of social loafing among group members (e.g. Steiner, 1972; Shaw, 1981; Kerr, 1983; Jones, 1984; Kidwell & Bennett, 1993; Karau & Williams, 1993; Mulvey & Klein, 1998; Weldon et al., 2000; Hindriks & Pancs, 2001; Black, 2002; Palloff & Pratt, 2003; Liden et al., 2004).

There are many social loafing antecedents identified in the literature. Several schemas for categorizing social loafing antecedents exist. What follows is a brief explanation of some of the most frequently cited antecedents to social loafing.

Hassan (2010) categorized the antecedents of social loafing and their descriptions as follows:

**Table 1. Causes of social loafing; cited in Hassan (2010)**

<table>
<thead>
<tr>
<th>CAUSES OF SOCIAL LOAFING</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trivial project</td>
<td>Group members will not work efficiently if they do not see the importance of the project, the project may not be strategic one, or they may consider the project useless.</td>
</tr>
<tr>
<td>Lack of motivation</td>
<td>If group members are not motivated, they will tend to save their efforts, they can do this consciously or unconsciously due to being unmotivated.</td>
</tr>
<tr>
<td>Lack of fair reward system</td>
<td>If people do not expect to be rewarded on fairly basis, nor get recognized they will exert less amount of effort.</td>
</tr>
<tr>
<td>Group incoherence</td>
<td>Some groups do not get along because of different cultures,</td>
</tr>
<tr>
<td>Category</td>
<td>Description</td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Relying on others</td>
<td>Like in the rope pulling case, people will rely on other people to finish their tasks, and they will always look for new ways in order to escape paying the fare.</td>
</tr>
<tr>
<td>Laziness</td>
<td>People do not try their best to achieve group goals.</td>
</tr>
<tr>
<td>Hiding in the group</td>
<td>People may think they can hide in the group, especially in large number of people, and so they exert less effort relying on the fact they will not be caught.</td>
</tr>
<tr>
<td>Equitable contribution</td>
<td>Group members believe that others are not putting forth as much effort as themselves. Since they feel that others in the group are slacking, they lessen their efforts too. This causes a downward cycle that ends at the point where only the minimum amount of work is performed.</td>
</tr>
<tr>
<td>Sub maximal goal setting</td>
<td>Group members may perceive that with a well-defined goal and with several people working towards it, they can work less for it. The task then becomes optimizing rather than maximizing.</td>
</tr>
<tr>
<td>Lessened contingency between input and outcome</td>
<td>Group members may feel they can hide in the crowd and avoid the consequences of not contributing. Or, they may feel lost in the crowd and unable to gain recognition for their contributions. This description is characteristic of people driven by their uniqueness and individuality. In a group, they lose this individuality and the recognition that comes with their contributions. Therefore, these group members lose motivation to offer their full ability since it will not be acknowledged. Additionally, large group sizes can cause individuals to feel lost in the crowd. With so many individuals contributing, some may feel that their efforts are not needed or will not be recognized.</td>
</tr>
<tr>
<td>Lack of evaluation</td>
<td>Loafing begins or is strengthened in the absence of an individual evaluation structure imposed by the environment. This occurs because working in the group environment results in less self-awareness. For example, a member of a sales team will loaf when sales of the group are measured rather than individual sales efforts.</td>
</tr>
<tr>
<td>Non-cohesive group</td>
<td>A group functions effectively when members have bonded and created high-quality relationships. If the group is not cohesive, members are more prone to social loafing since they are not concerned about letting down their teammates.</td>
</tr>
<tr>
<td>Unequal distribution of compensation</td>
<td>In the workplace, compensation comes in monetary forms and promotions and in academics it is in the form of grades or positive feedback. If an individual believes compensation has not been allotted equally amongst group members, he will withdraw his individual efforts.</td>
</tr>
</tbody>
</table>

Moreover Liden et al. (2004) suggested another category. He divided the antecedents of social loafing in two main groups; each of them also divided in
some sub-groups, which are shown in table 2.

Table 2. Antecedents of social loafing according to Liden et al. (2004)

<table>
<thead>
<tr>
<th>Individual-Level Antecedents of Social Loafing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Task Interdependence</strong></td>
</tr>
<tr>
<td><strong>Task Visibility</strong></td>
</tr>
<tr>
<td><strong>Distributive Justice</strong></td>
</tr>
<tr>
<td><strong>Procedural Justice</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Group-Level Antecedents of Social Loafing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Work Group Size</strong></td>
</tr>
<tr>
<td><strong>Group Cohesiveness</strong></td>
</tr>
</tbody>
</table>
If members do not like each other and do not feel that they are close-knit, they may be inclined to engage in social loafing. On the other hand, when members experience a sense of “we-ness” they may interpret social loafing as behavior that lets down fellow group members (Liden et al., 2004).

| Perceived Coworker Loafing | Perceived coworker loafing refers to the extent to which group members feel that one or more coworkers engage in social loafing (Comer, 1995). According to Liden et al., (2004), individuals who suspect others of social loafing will be more likely to engage in social loafing themselves. Study by Schnake (1991) demonstrated that when group members believe that others are withholding effort, they are more inclined to withhold their own effort in order to avoid being taken for a “sucker” (cited in Liden et al., 2004). |

Consequences of Social Loafing

Social loafing has negative consequences that influence group and organization as a whole as well as the individual. One potential effect is the lack of satisfaction that individuals might experience, thereby becoming disappointed or depressed at the end of the duty. When a member of a group becomes a social loafer, the member reduces any opportunity he might have had to grow in his ability and knowledge. The ability for an individual to participate in social loafing increases at the group increases in number (Hassan, 2010).

As can be inferred from above mentioned literature, social loafing negatively affects group members’ outcomes. Further, another negative cue of social loafing is decreasing group performance. According to Hassan (2010), reasonable consequences of social loafing also include dissatisfaction with group members who fail to contribute equally and the creation of in groups and out groups. Additionally, groups will lack the talents that could be offered by those who choose to not contribute. All of these factors result in less productivity.

As noted, when this latent phenomenon exists in organizations, it affects individuals’ performance negatively. Moreover, decrease in individuals’ performance lead to groups’ poor performance. Furthermore, the mentioned decreases in individuals’ performance and group performance result in “productivity loss” in organizations. It is important to note that the important
question is not whether this latent phenomenon exists in organizations or not; but rather which conditions boost this dangerous latent phenomenon in organizations. The proposed model of this paper (figure 1), contributes to better perception of mentioned literature about social loafing.

**Research Comprehensive Model**

![Research comprehensive model](image)

The proposed model demonstrates the relationship between antecedents of social loafing, social loafing and individual, group and organizational performance. It is important to note that fifteen antecedents of social loafing were extracted from previous studies; also, individual-level antecedents and
group-level antecedents contain four and three sub-antecedents respectively; which are shown in table 2.

As can be seen in figure 1, the mentioned antecedents reinforce the social loafing phenomenon. Moreover, first of all, this latent factor affects individual performance negatively; it means that people do not try as hard as they can. Further, productivity losses of individuals influence group performance negatively. Furthermore, as can be inferred from the above literature and from the proposed model, this latent factor affects organizational performance negatively; it means that the productivity of organization as a whole decreases because of lessen hardworking of individuals.

**Discussion and Conclusion**

We should take it into consideration that productivity within a group is not always equal to the sum of individuals’ productivity. Have many scientists been engrossed in a thought that under certain circumstances group work productivity decreases. Thus, this latent factor misleads organization from its defined goals. As a result, the circumstances that this phenomenon happens need to be understood my business owners and human resource managers of organizations.

Thus, this paper suggests that there are multiple factors related to social loafing that all need to be addressed by organizations. It is likely that organizations will recognize the need to provide proper environment for personnel in combating social loafing. Moreover, this paper suggests that HR managers should design jobs in a way to provide meaningful tasks and goals for employees. The more significant and meaningful employees see their jobs and group’s mission, the less likely they will be to engage in social loafing and they try to put all efforts in order to complete a task.

Today’s managers must pay attention to their human resources for optimum productivity of organization. Further, managers should understand why this phenomenon occurs in real life. Thus, by reviewing the relevant literature, this paper suggests some factors that reinforce this phenomenon in organizations. Also, managers should pay attention that in what cases and under what circumstances social loafing will not take place? According to Hassan (2010), “the first condition is a presence of a motivation: if every individual is aware
that he/she will derive benefit from the task, or will be blamed or his/her efforts will be evaluated, then social loafing will not take place. Furthermore, if group members participate in the assignment personally, social loafing will not happen.”

It seems that social loafing leads to productivity loss in organizations. Thus, this paper helps HR managers to perceive this phenomenon in a better way and also helps HR managers to provide appropriate environment for personnel in work place. It is also important to note that for enhancing HR managers’ insight about this dangerous latent factor, researches are needed to examine the relations and interactions between the mentioned dimensions of social loafing, social loafing and firm performance.

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A Comprehensive Study of Organizational Citizenship Behavior (OCB): Introducing the Term, Clarifying its Consequences and Identifying its Antecedents

Seyed Mehdi Mousavi Davoudi*

Abstract

This paper provides a comprehensive review on organizational citizenship behavior (OCB), its dimensions, antecedents and related concepts. First of all, the concept of OCB is discussed and the dimensions of OCB are introduced. In the next part, the positive influences of OCB on individuals and organizations are described. Moreover, this paper identifies the factors that are responsible for the occurrence of OCB. Finally, the current paper presents a comprehensive framework which shows the relationship between the antecedents of OCB, OCB, Individual performance and organizational performance. This paper provides further insight, for human resources managers of organizations, on HR practices contribute to individual superior performance and organizational superior outcomes.

Keywords: Organizational citizenship behavior, OCB

Introduction

Organizational citizenship behavior is defined as “individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization” (Organ 1988, p. 4). In other words, it is essentially the activities employees take that are above and beyond what is expected of them, and which do not give them any explicit reward.

Moreover, successful organizations have employees who go beyond their formal job responsibilities and freely give of their time and energy to succeed at the assigned job. Such altruism is neither prescribed nor required; yet it contributes to the smooth functioning of the organization (Jahangir et al., 2004). There is consensus in this particular field that OCB addresses silent behaviors

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for organizational enterprises (Barbuto et al., 2001). According to Podsakoff et al. (2000), organizational citizenship behavior helps maximize the organizational performance of firms. Since this is the main goal of all organizations, it benefits managers to understand how various variables influence organizational citizenship behavior. Thus, understanding the concept of organizational citizenship behavior and its related factors can help human resources managers of organizations, assess what kind of environment to provide their employees, and also what motivates and satisfies them.

Today’s organizations could not survive or prosper in such competitive environment without their personnel behaving as good citizens by engaging in all sorts of positive behaviors. Because of the importance of good citizenship for all organizations, understanding the nature and sources of OCB has long been a high priority for organizational scholars (Organ, 1988). Organ (1988) argued that OCB is held to be vital to the survival of an organization. Organ further elaborated that organizational citizenship behavior can maximize the efficiency and productivity of both the employee and the organization that ultimately contribute to the effective functioning of an organization. Prominent current organizational researchers supported Organ’s position regarding the importance for effectiveness of those behaviors which he labeled as organizational citizenship behavior (George & Brief, 1992). Furthermore, it is widely accepted among contemporary organizational behavior theorists, that organizational citizenship behaviors have an accumulative positive effect on organizational functioning (Wagner & Rush, 2000).

The vast majority of OCB researches have focused on the effects of OCB on individual and organizational performance; but the lack of sufficient researches focusing on factors which affect OCB is perceived. Thus, by reviewing the relevant literature, this paper proposes a framework to illustrate the antecedents of organizational citizenship behavior which contribute to individual and organizational superior performance.
Organizational Citizenship Behavior and its Dimensions

The concept of OCB has generated considerable amount of attention in today’s studies. According to Podsakoff et al. (1997), this widespread interest in OCB stems from the fact that OCB contributes to improved organizational effectiveness. Researchers have theorized that the effectiveness of organizations is likely to be increased when employees go above and beyond the call of duty to aid fellow workers in order to achieve organizational goals (Organ, 1988). Thus, Organ (2005) defines OCB as behavior that is discretionary, not directly or explicitly recognized by a formal reward system and that in aggregate promotes the effective functioning of an organization. According to Organ (1988), OCBs are behaviors that employees are not explicitly rewarded for exhibiting nor punished for not exhibiting; and are behaviors for which employees do not receive training to perform. According to Schnake (1991), pro-social ethical behaviors such as helping new employees to understand the internal workings of the organization, assisting co-workers complete their jobs, attending meetings and volunteering to do things in excess of job prescriptions are some of the behaviors that can be associated with OCB. These non-traditional behaviors are on-the-job behaviors that are not usually captured by traditional job descriptions (Moorman, 1991).

By reviewing the relevant literature of organizational citizenship behavior, lack of consensus about the dimensions of the construct is inferred. However among the different forms of citizenship behavior that are being identified by researchers, there is conceptual overlap between the constructs; and seven common themes can be depicted according to Ozturk (2011) as follows:

1. Helping Behavior;
2. Sportsmanship;
3. Organizational loyalty;
4. Organizational compliance;
5. Individual initiative;
6. Civic virtue;
7. Self-development;
The definitions of the mentioned OCB themes are extracted from various studies (i.e. Smith et al., 1983; Organ, 1988; Organ, 1990; Graham, 1991; Podsakoff et al., 2000; Ozturk, 2011); which are shown in table 1.

**Table 1. Seven themes of organizational citizenship behavior**

<table>
<thead>
<tr>
<th>SEVEN THEMES OF OCB</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helping Behavior</td>
<td>It shows voluntarily helping others with work-related problems or preventing the occurrence of such problems in workplace (Podsakoff et al., 2000).</td>
</tr>
<tr>
<td>Sportsmanship</td>
<td>Podsakoff et al. (2000) defined it as behaviors that maintain positive attitude even when things do not go their correct way and are willing to sacrifice their personal interest at the expense of the work group success. Moreover, According to Organ (1990), sportsmanship is defined as willingness to tolerate the inevitable inconveniences and impositions of work without complaining.</td>
</tr>
<tr>
<td>Organizational loyalty</td>
<td>This behavior defends organizations against external threats. Further, employees who are loyal to their organizations are committed to organizational norms even under adverse conditions (Graham, 1991).</td>
</tr>
<tr>
<td>Organizational compliance</td>
<td>According to Podsakoff et al. (2000), Organizational compliance captures a person’s acceptance of the organization’s rules, regulations and procedures which results in an adherence to them, even when no one monitors compliance. Moreover, it is labeled as generalized compliance by Smith et al. (1983) and organizational obedience by Graham (1991).</td>
</tr>
<tr>
<td>Individual initiative</td>
<td>Based on Ozturk (2011), it refers to employees’ willingness to engage in task-related behavior at a level that transcends minimally required and generally expected level. Such behaviors include voluntary acts of creativity and innovation designed to improve organization’s performance, volunteering to take on extra responsibilities. It is similar to “conscientiousness” dimension of Organ (1988).</td>
</tr>
<tr>
<td>Civic virtue</td>
<td>According to Podsakoff et al. (2000), this dimension is derived from Graham’s discussion of civic citizenship which represents a commitment to organization and it is reflected as the effort to participate actively in its governance, to look for its best interests even at great personal cost.</td>
</tr>
<tr>
<td>Self-development</td>
<td>Based on Podsakoff et al. (2000), it includes voluntary behaviors that employees show to improve their knowledge, skills and abilities.</td>
</tr>
</tbody>
</table>

Since the introduction of the term “organizational citizenship behavior” by Bateman and Organ (1983), researchers have identified almost thirty different forms of OCB (Podsakoff et al., 2000).
Moreover, different labels have been used for the dimensions of Organizational citizenship behavior; but the most relevant dimensions were introduced by Organ (1988), which are as follows:

1. Altruism;
2. Civic virtue;
3. Conscientiousness;
4. Courtesy;
5. Sportsmanship;

Further, according to Organ (1990), the descriptions of the mentioned dimensions are shown in table 2, (cited in Allisons et al., 2001, p. 283).

**Table 2.** Dimensions of organizational citizenship behavior

<table>
<thead>
<tr>
<th>DIMENSION</th>
<th>DESCRIPTION</th>
<th>BUSINESS SETTING EXAMPLES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Altruism</strong></td>
<td>Voluntary actions that help a fellow employee in work-related problems.</td>
<td>Help fellow employees understand a computer software program, or locate information.</td>
</tr>
<tr>
<td><strong>Civic Virtue</strong></td>
<td>Voluntary participation in, and support of organizational functions of both a professional and social nature.</td>
<td>Attend optional meetings, forums, training sessions; monitor firm threats and opportunities; attend company-sponsored social events (e.g. company picnics).</td>
</tr>
<tr>
<td><strong>Conscientiousness</strong></td>
<td>A pattern of going well beyond minimally required role and task requirements.</td>
<td>Arrive at work early and leave late; avoid prolonged or unnecessary breaks; be punctual for meetings and appointments.</td>
</tr>
<tr>
<td><strong>Courtesy</strong></td>
<td>The discretionary enactment of thoughtful and considerate behaviors that prevent work-related problems for others.</td>
<td>Notify employer if one is going to be late or absent from work; notify co-workers in advance of committing to actions that will affect them.</td>
</tr>
<tr>
<td><strong>Sportsmanship</strong></td>
<td>A willingness to tolerate the inevitable inconveniences and impositions that result in an organization without complaining and doing so with a positive attitude.</td>
<td>Retain from complaining about having to work overtime to complete a project, having a deadline moved up, annoying but not harmful work conditions (e.g. uncomfortable temperature), or having one’s ideas and suggestions rejected.</td>
</tr>
</tbody>
</table>
Consequences of Organizational Citizenship Behavior

Organizational citizenship behavior has been described necessary for the growth, success, effectiveness and productivity of any organization (Murphy et al., 2002). Several studies have emphasized how OCB contributes to organizational effectiveness, efficiency and positive organizational outcomes (Organ and Konovsky, 1989; MacKenzie et al., 1993; Podsakoff and MacKenzie, 1994; Walz and Niehoff, 1996; Podsakoff and MacKenzie, 1997; Podsakoff et al., 1997; Koys, 2001). Podsakoff et al. (2000, p. 543-546) mentioned seven ways that OCB contributes to organizational superior performance as follows:

1. Increasing co-worker or managerial productivity;
2. Releasing resources so they can be used for more productive purposes;
3. Coordinating activities within and across work groups;
4. Reducing the need to devote scarce resources to purely maintenance functions;
5. Strengthening the organizations' ability to attract and retain the best employees;
6. Increasing the stability of the organization's performance;
7. Enabling the organization to adapt more effectively to environmental changes.

Further, Based on Organ et al. (2005), coordination of activities among group members and between work groups improve when employees voluntarily attend and actively participate in work unit meetings or collaborate with members of their team or members of other groups to avoid creating work related problem for other workers. Furthermore, attraction and retention of employees is one of the most important HR function in any organization and this function has posed a big challenge to human resource managers because of the relative scarcity of this category of job candidates. Research has therefore established a link between employee attraction and retention to OCB (Chiboiwa et al. 2011).

It is the contention of Bergun (2005) that OCB maximizes the efficiency and productivity of both subordinates and the organization. At subordinate level, Podsakoff et al. (1997) explain that OCB helps new employees become
productive faster and helps to spread ‘best practices’ in organizations. At organizational level, Cooper and Barling (2008) point out that organizational research has shown that OCB is significantly related to customer service quality and sales performance as well as performance quality and quantity. In other words, Researchers have investigated the consequences of organizational citizenship behavior at two levels, namely:

1. Individual level;
2. Organizational level;

Based on the taxonomy of Organ, Williams and Anderson (1991), divided organizational citizenship behavior (OCB) into two broad categories as organizational citizenship behavior-organizational (OCB-O) and organizational citizenship behavior-individual (OCB-I).

Based on Ozturk (2010), OCB-O is defined as the behaviors that directly benefit the well-functioning of the organization as a whole. For instance, devoting extra effort for organizational performance such as working extra hours is related to OCB-O. Whereas, OCB-I is defined as set of behaviors that directly benefit individuals but indirectly and ultimately benefit the organization. Thus, OCB-I indirectly influences organizational performance through its effect on other’s performances. Therefore, OCB-I is suggested to be more related to coworker relationship and friendship among coworkers (Halbesleben & Bowler, 2007).

### Antecedents of Organizational Citizenship Behavior

Many studies have focused on identifying predictors of OCB in order to determine specific organizational mechanisms that are responsible for the occurrence of OCB. Based on Ebbekink (2007), antecedents of organizational citizenship behaviors are those precedent factors that lead to the creation of organizational citizenship behaviors. There are major groups of antecedents of OCB that have been emphasized in studies of different researchers:

Employee characteristics (i.e. attitudes and dispositions), task characteristics, organizational characteristics, and leadership behaviors (Podsakoff et al., 2000).

Several researchers focused on employee attitudes and dispositions and leader supportiveness as antecedents of OCB (e.g. Bateman & Organ, 1983; Organ,
1988; Smith et al., 1983; O’Reilly & Chatman, 1986; Organ, 1994; Motowidlo & Van Scotter, 1994; Neuman & Kickul, 1998). Characteristics of task and organization, on the other hand, were studied mostly in the literature on the subject of substitutes for leadership (e.g. Podsakoff & MacKenzie, 1995; Podsakoff et al., 1996; Wang et al., 2005).

Moreover, Podsakoff et al (2000, p. 11), has focused on four major categories of antecedents of OCB, namely:

1. Employee characteristics;
2. Task characteristics;
3. Organizational characteristics;
4. Leadership behaviors;

Employee characteristics, for example in the form of employee satisfaction, perceptions of fairness of the leader and organizational commitment, are the most frequently investigated antecedents of OCB (Podsakoff et al, 2000).

Three forms of task characteristics (task feedback, task routinization, and intrinsically satisfying tasks) (Podsakoff et al, 2000).

Leadership behaviors can be divided into transactional leadership behaviors (the leader provides rewards in return for the subordinate’s effort), transformational leadership behaviors (leaders motivate subordinate’s to do more than they are expected to do), behaviors identified with either the Path-Goal theory of leadership (the leader coaches the subordinates to choose the best paths for reaching their goals), or the Leader Member Exchange (LMX) theory of leadership (increasing organizational success due to leaders creating positive relationships with subordinates) (Podsakoff et al, 2000; Podsakoff et al, 1990).

Further, Jahangir et al. (2004) introduced seven categories of antecedents of OCB which were to some extent the same as previous studies, as follows:

1. Job satisfaction and organizational commitment;
2. Role perceptions;
3. Leadership behaviors and LMX;
4. Fairness perceptions;
5. Individual depositions;
6. Motivational theories;
7. Employee age;

**Job satisfaction and organizational commitment:** Job satisfaction has a significant influence on decreasing employees’ absenteeism, turnover, and psychological distress (Davis, 1992, p. 69-73). Furthermore, individuals with higher levels of job satisfaction demonstrate deceased propensity to search for another job (Sager, 1994), and a decreasing propensity to leave (Jahangir et al., 2004). Based on Brown (1993), Workers with high levels of job satisfaction are more likely to be engage in OCB. Along with job satisfaction, organizational commitment is frequently cited antecedent of OCB. Organizational commitment is conceptualized as a strong belief in, and acceptance of, an organization’s goals and a strong desire to maintain membership in the organization (Van Dyne et al., 1995).

**Role perceptions:** Role perceptions include perceptions such as role conflict and role ambiguity, both of which have been found to be significantly negatively related to OCB. On the other hand, role clarity and role facilitation are positively related (Podsakoff et. al., 2000).

**Leadership behaviors and LMX:** Leadership behaviors affect employee's willingness to engage in organizational citizenship behavior (Jahangir et al., 2004). However, rather than being associated with a particular leadership style, research finds that it is the quality of an employees’ relationship with their leader that counts (Podsakoff et al., 2000). Further, The quality of the relationship between a personnel and leaders is often called leader member exchange (LMX) which is associated with OCB.

**Fairness perceptions:** Fairness or justice perceptions refer to employees’ perception towards fairness to the means used to determine outcomes (procedural justice), fairness of the outcomes employees receive (distributive justice) and fairness of the relationships between individuals within the organization (interactional justice), tended to increase the level of OCB.

**Individual depositions:** Based on Organ & Ryan (1995), Personality variables including positive affectivity, negative affectivity, conscientiousness and
agreeableness have been found to predispose personnel to orientations that make them more likely to engage in Organizational citizenship behavior.

**Motivational theories:** According to Kemery, et al. (1996) and Tang & Ibrahim, (1998), individual's motives may relate to his or her organizational citizenship behaviors. Based on Jahangir et al., (2004), researchers proposed five sources of motivation measured include intrinsic process, instrumental, selfconcept-external, selfconcept-internal, and goal internalization.

**Employee age:** According to Jahangir et al. (2004), Younger and older worker may view work and self in fundamentally different ways. Findings of different studies argued that younger employees coordinate their needs with organizational needs more flexibly; by contrast, older employees tend to be more rigid in adjusting their needs with the organization. Therefore, younger and older workers may differ in their orientations toward self, others, and work. These differences may lead to different salient motives for OCB among younger and older employees.

**Research Comprehensive Model**

![Figure 1. Research comprehensive model](image)

The above mentioned correlations explain the chance for OCB to occur when several antecedents (the independent variables) are present. Thus, taking into
account the above literature, figure 1 shows the conceptual framework of the present study which involved the relationship between the antecedents of OCB, OCB, individual and organizational performance. The antecedents of organizational citizenship behavior were extracted from the mentioned studies and their relationship with OCB is demonstrated in figure1. As can be seen, OCB leads to both individual superior performance and organizational citizenship behavior. Furthermore, by increasing the performance of personnel in organization, organizational performance as a whole is going to be improved.

**Discussion and Conclusion**

This study reviews of the relevant literature on organizational citizenship behavior and described the dimensions of OCB. Based on the discussion on OCB dimensions, the concept of OCB has been articulated. Then, a host of antecedents for OCB was identified (employee characteristics, task characteristics, organizational characteristics, leadership behaviors, job satisfaction, organizational commitment, organizational justice, role perceptions, individual depositions, motivational theories, employee age) and armed with these antecedents a comprehensive theoretical framework for OCB is suggested.

Antecedents to OCB are the factors that increase or impede the level of employees’ performance in an organization. But this study focused on those antecedents which enhance individual and organizational performance. It is revealed from the various empirical studies that there is a positive relationship between OCB and the performance of the organization.

This study has implications for both managers and researchers. In a study of organizational citizenship behavior, Smith et al. (1983) showed that many critical behaviors in organizations rely on acts of cooperation, altruism, and spontaneous unrewarded help from employees. This demonstrates how organizational citizenship behavior plays a critical role in the functioning of an organization, which explains why managers must be concerned with maximizing and understanding what creates organizational citizenship behavior. Furthermore, the main implication of the current study for managers is that being familiar with the antecedents, managers could be better able to improve employees’ OCB. It is important for human resource managers to monitor that
set of work behaviors that goes beyond the role description which contributes to the effectiveness of the organization.

According to Jahangir et al., (2004), there is no single cause of OCB; Organizational citizenship behavior is the consequence of many antecedents. It is hoped that implementing and testing these suggested antecedents in different organizational context will help the researchers to enrich the understanding of how various work conditions influence an employee’s willingness to engage in OCB. Moreover, the concept of organizational citizenship behavior and its consequences and its antecedents need to be understood by human resource managers. When the antecedents of OCB are better understood, managers would be more effective to cultivate the OCB among their employees (Jahangir et al., 2004).

References


partial fulfillment of the requirements for the degree of master of business administration.


A Comprehensive Study of Organizational Citizenship Behavior (OCB)
Emotional Intelligence Persuades General Mental Ability and Conscientiousness

J. Venkatesh* and D. Balaji†

Abstract

This paper aims to explore and test the relationship between emotion recognition skill and assessment center performance after controlling for both general mental ability (GMA) and conscientiousness. Every individual’s has a complex “Psychophysiological Experience” called emotions, which is a state of mind to influence internal and external environment interacting with the social life, constructively. Both intra-personal and inter-personal, management of emotions develops and sustains a better environment within every individual and also to the organizational environment. It also focuses to test whether participant sex or race moderated these relationships. Emotion recognition predicted assessment center performance uniquely over both GMA and conscientiousness, but results varied by race. Females were better at emotion recognition overall, but sex neither was related to assessment center performance nor moderated the relationship between it and emotion recognition. The paper also found that GMA moderated the emotion recognition/assessment performance link, as the former was important to performance only for people with low levels of GMA.

Keywords: Performance management, Individual psychology, Emotional intelligence, Assessment centers

Introduction

Investigations on the significance of emotional intelligence (E-IQ) in work settings are growing up rapidly in the contemporary business and official environments. E-IQ is the ability to manage the emotions of one’s own self and of. The construct is multi-dimensional, and includes managing, understanding, using and perceiving emotions. The focus here is on the latter dimension of E-IQ – perceiving emotions, specifically, non-verbal emotions. We focus on

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whether individual and demographic differences among people might moderate the effects of emotion recognition skill on performance. Specifically, the present study examines whether participant race or sex moderates the relationship between non-verbal emotion recognition and assessment-center performance. In addition, we examine whether nonverbal emotion recognition predicts performance, even after controlling for GMA and personality factors, which is conscientiousness. Research to date typically has not controlled for these important individual differences. By doing so here, we hope to provide a clearer picture of the role emotion recognition plays in the performance of complex social and cognitive tasks, while also examining potential demographic moderators of these relationships.

The Conception of Nonverbal Emotions

Studying nonverbal emotions and their recognition is certainly not new. In fact, Darwin (1872) acknowledged that emotions are instrumental for adaptive behaviors such as triggering the “fight or flight” mechanism, for mate selection and for procreation. Much of the early psychological research on nonverbal emotion recognition focused on identifying differences between individuals who were better or worse at accurately recognizing nonverbal expressions. In general, the early research was not done in organizational settings, nor did it focus on mainstream organizational variables. Results suggested that people who are better at recognizing nonverbal emotional expressions tend to be more interpersonally sensitive, higher in psychological adjustment and more trusting of others (see Sabatelli et al., 1983). They also tend to have more positive interactions with others, and to be more satisfied with their personal relationships (Noller and Feeney, 1994). In organizational settings, initial work on this topic tended to focus on the “helping professions”. Researchers have identified positive links between employees’ skill in emotion recognition and job performance ratings for teachers, officers, physicians, counselors and similar occupations (e.g. Campbell et al., 1971). Recent research has focused on the consequences of accurate nonverbal emotion recognition across a relatively, wide range of workplace settings (see, e.g. Rubin et al., 2005). Current research also suggests that the relationship between emotion recognition and performance is more complex than previously assumed. The relationship seems to vary by occupational type and employee gender. For example, Byron (2008)
reported that female (but not male) managers who were better at nonverbal emotion recognition received higher ratings from their subordinates. In contrast, both male and female salespeople benefited from better nonverbal emotion recognition skills. Overall, salespeople who were one standard deviation above the mean at recognizing nonverbal emotional expressions averaged $1,000 more in yearly salary increases (Byron, 2008). The relationship between nonverbal emotional decoding and workplace ratings also varies by the valence (i.e. whether positive or negative emotions) and channel (i.e. facial expression, tone of voice, or posture; Elfenbein and Ambady, 2002a) of the emotional expression. Thus, the relationship between emotion recognition and performance seems to be more nuanced than once believed. While nonverbal emotion recognition skills predict positive outcomes, the strength of the benefit may vary with individual differences on a number of dimensions (e.g. race, sex, personality or GMA). One goal of the current research is to further explore the potentially differential benefits of emotion recognition skills for different people. We first consider whether emotion recognition has a unique relationship with work-related performance, even after controlling for general mental ability (GMA) and personality (specifically, conscientiousness). Second, we examine whether demographic variables (race and sex) moderate these relationships. Third, we explore whether emotion recognition skills can compensate for lower levels of GMA in certain instances. The optimal setting to test these issues is one where many people perform identical tasks in a tightly controlled environment. In this regard, assessment center data could be ideal. Assessment centers provide a high degree of control, a large sample for detecting potential interactions, and a degree of organizational relevance. The combination of these factors is usually lacking in most organizational field studies. Hence, we report data here on a large sample of business students completing a mandatory assessment as part of their business education.

**Significance of Emotional Intelligence**

EI is a relatively new and growing field of research, essential for many areas such as business and management. Peter Salovey and John Mayer first planned and proposed their theory of EI in 1990. Over the intervening decades, theorists have generated several definitions of EI. Based on an analysis of the literature, Zeidner et al. consider that there are two models of EI: mental ability models
and mixed models. Mental ability models focus on aptitude for processing affective information, in which EI is viewed as a well-defined and conceptually related set of cognitive abilities for the processing of emotional information and regulating emotion adaptively. EI is “the ability to monitor one’s own and others’ emotions, to discriminate between them, and to use the information to guide one’s thinking and actions”. Those who conceptualize EI as a fairly well defined set of emotion-processing skills endeavor to assess EI with objective performance tests, such as solving problems or identification of emotions in pictures. Mixed models conceptualize EI as a diverse construct, including aspects of personality as well as the ability to perceive, assimilate, understand, and manage emotions. These mixed models include motivational factors and affective dispositions. Bar-On, describes EI as “an array of non-cognitive capabilities, competencies, and skills that influence one’s ability to succeed in coping with environmental demand and pressures”. Goleman suggests that two domain facets define the competencies associated with EI: ability – awareness versus management of emotion; and target – whether competence relates to self versus others. EI is thus described by four components: self-awareness of emotions, social awareness or awareness of emotions in others, management of emotions in self and management of emotions in others.

Guest and Conway define wellbeing in terms of six constructs including: a manageable workload; personal control over the job; support from colleagues and supervisors; positive relationships at work; a reasonably clear role and a sense of control of involvement in changes in the organization. These parameters of well beings are possible, only by the unique sense of emotional intelligence. There are intra-personal and inter-personal competencies of EI, which predominantly explain the notion of well-being, both to oneself and to the social environment. In some cases, wellbeing is also defined in terms of strain. Strain is defined as psychological, physical or behavioral responses to stressors. Several stressors influence the wellbeing level in a workplace. The term stressor is used to indicate job or organizational conditions that require adaptive responses from employees. If an employee’s response to a stressor is either neutral or even positive then it is not considered as a strain. The negative impact of strain upon an employee’s efficiency, effectiveness, satisfaction and performance are well-documented. Amongst other outcomes, strain is manifested in the form of job dissatisfaction, anxiety, depressed mood,
headache, coronary heart disease, absenteeism, poor performance and turnover, which are again the outcome of emotional fatigue. And from this the clear indication is revealed that the roots of negative outcomes are due to emotional influence causing imbalance. A number of researches are enhanced investigating well-being of employees including top performing leaders and leadership traits in relation to EI. Many authors recognize the necessary shift from old-school management to true leadership. They describe traditional management as promoting methodical, detached, micro-managing supervisors who have extreme control over an employees’ every step and actively separate any emotion from the workplace, similar to the transactional style of leadership. When these same authors turn to describe successful leadership traits, their descriptions portray leaders who are aware and have an understanding of their own and other’s emotions, and are able to use that understanding to effectively motivate, inspire, challenge, and connect with others, an approach aligned with the transformational style of leadership. In Kouzes and Posner’s qualitative illustration of leader’s proudest moments, leader reflections were described in terms of feelings, emotions, and challenges. These authors offer that transformational leadership traits and experiences such as these are more highly correlated with employee satisfaction and performance effectiveness than are transactional traits.

General Mental Ability and Conscientiousness

Many studies have found positive relationships between emotion recognition and job performance; however, none to date have simultaneously considered whether these relationships, could be explained, by the employees’ GMA and/or personality. If emotion recognition skills truly are important for performance, they need to be evaluated while controlling for other critical individual difference variables. The research shows clearly that both GMA and personality, especially conscientiousness is related strongly to job performance, and should therefore be controlled when examining the value-added of emotion-recognition skill. For example, GMA is likely the best predictor of job performance across a variety of contexts. Numerous meta-analyses have demonstrated that employees who are more intelligent do better at work. While GMA seems to explain the most variance in job performance, other variables offer incremental validity to prediction accuracy. The best example is perhaps
personality. Many different models of personality exist, but the most studied in work settings is the Big 5 model. In two meta-analyses, the Big 5 trait, conscientiousness, emerged as the best personality factor for predicting job performance across all. Conscientious people are responsible and dependable, and this trait does not seem to vary much with GMA. In a meta-analysis examining the validity of different criteria used in personnel selection, conscientiousness produced an 18% increment in validity over GMA alone. Because GMA and conscientiousness are positively associated with job performance over a wide range of jobs, we felt it critical to control for these variables when investigating whether emotion recognition skills would predict assessment center performance, which to our knowledge has not been done before. Nonetheless, we expect emotion recognition to show incremental validity for several reasons. First, emotion recognition is likely distinct from both GMA and conscientiousness.

**Impact of Sex and Race**

Early research on nonverbal emotion recognition focused on possible sex differences. Meta-analysis suggests that females acquire emotion recognition skills younger in life, and that their relative advantage in emotion recognition persists into adulthood. In addition, sex may have an indirect effect on the relationship between emotion recognition and performance ratings. This effect could be driven by expectations people have about how the sexes differ in their emotion recognition skills. Because women tend to be better at recognizing emotions they may be more sensitive to other’s emotional responses as well. Some theorists suggest that women have a relative advantage over men in emotion recognition skills because women traditionally have been of lower perceived status than men. The theory of nonverbal behavior supports the notion that lower status individuals need to be more attentive to the emotional displays of others, relative to higher status individuals. Doing so is believed to afford advantages to those with lower status. The need to be attentive to the emotional displays of higher status individuals may arise because these displays can serve to “keep others in their place and allow an individual to gain or recover status”. Lower status individuals are expected to observe and recognize the relative higher status of others, and communication about status can be derived from emotional displays. Because of their perceived lower status in society, women
may benefit more from accurately recognizing nonverbal emotional expressions that can be used to their advantage. Thus, appeal to status differences suggests that the increased importance of emotion recognition for women may be used to help offset perceived status differences between “lower” and “higher” status work members.

Conclusion

The present study revealed complex relationships between emotion recognition and assessment-center performance. Moderators included participant race and GMA. Lower status participants on both variables gained significantly more from their emotion recognition skills in terms of their performance than did members of the higher status groups. The idea that sex and race would have an indirect effect on performance was predicated on linking these variables to status. That is, women are perceived to have lower status relative to men, and non-whites are presumed to have lower status relative to whites. Perhaps the failure to find support for the assumption predicting that sex had an indirect effect on performance bodes well for women, suggesting that the status differential between men and women currently of college-age is closing. The lack of sex differences here fits with Snodgrass’ work, which also failed to find differences in emotion recognition after controlling for other status differences. In contrast, the support for the indirect effect of race is consistent with the subordination hypothesis and other similar hypotheses presented by theorists of nonverbal behavior, predicting that advantages will be bestowed on lower status individuals who are better at emotion recognition. Emotion recognition is considered a primary component of E-IQ. Because emotion recognition skills are learned early in life, they likely form the basis for developing the other, more advanced components of E-IQ. The results of the present study seem to contradict those who argue that E-IQ is an unqualified predictor of performance. Indeed, optimism surrounding E-IQ has led some to suggest that measures of the construct should appear in the business school curriculum. While the present study did not consider the full array of skills that comprise E-IQ, it did examine one critical and primary component of the construct; emotion recognition. Here we found that emotion recognition skills are not uniformly valuable. Rather, they appear to benefit some groups more than others. Further researches should
guide to an improved understanding of the exact nature and role of skills like emotion recognition as determinants of organizational behavior.

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Charismatic Leadership and Rhetoric: A Critical Review

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Abstract

Despite the fact that rhetoric plays an important role in the attribution of charisma, this topic has faced severe apathetic treatment in the hands of leadership scholars. Understanding this important component of communication will help us in comprehending the charisma of leaders and how it helped them in winning the support of their followers. This article serves twin agendas, first to critically examine all the major research works in the field of charismatic leader’s rhetoric and its effectiveness. Secondly, it highlights the areas which have either not been covered in the previous researches or been cursorily touched upon like, rhetoric of personalised charismatic and its dark effects, rhetoric and charisma in the oriental societies and charismatic leader’s rhetoric in information technology era.

Keywords: Charisma, Rhetoric, Leadership, metaphors, stories, impression management.

Introduction

Leaders’ in general and charismatic leaders’ in particular are associated with the gift of gab. A number of researchers have put forth the idea that the charismatic relationship is grounded in language (e.g., Conger, 1991; Conger & Kanungo, 1988; Gardner & Avolio, 1998; House & Shamir, 1993; Willner, 1984). For most people, the charismatic leader is a spellbinding, or at least a highly effective orator (Bryman, 1992). Willner (1984) described charismatic leaders as “spellbinders,” whose magnetic personalities and dynamic speaking skills motivate followers to achieve high levels of performance in such contexts. Conger (1989, p.92) described charismatic leaders as “meaning makers”, according to him these leaders articulate a compelling, beautiful and bright future for the organisation by using value laden words which appeals to the emotions of the employees and provides meaning to their endeavour. Leaders’
rhetoric play vital role in the process of attribution of charisma and also acts as a catalyst in recruiting followers and increasing their identification with the leader and the mission (Schweitzer, 1984; Willner, 1984; Bryman, 1992).

Although in last three decades, there has been a steady and inspiring increase in research investigations in the area of New Leadership. Such leadership includes charismatic leadership (House, 1977; Conger & Kanungo, 1987, 1989; Shamir et al, 1993, Gardner & Avolio, 1998), transformational leadership (Burns, 1978; Bass, 1985; Avolio & Bass, 1988), visionary leadership (Bennis & Nanus, 1985; Sashkin, 1988) and inspirational leadership (Yukl & Van Fleet, 1982). We refer to this new genre of leadership theories as charismatic because charisma is a central concept in all of them, either explicitly or implicitly. Astonishingly, however, there are no current explanations of why leader rhetoric is related to charisma, nor an explanation of what makes a speech charismatic, in the sense of producing strong emotional and motivational effects on followers (Shamir et al., 1994). Emrich, Brower, Feldman, & Garland (2001) note that although much is known about charisma, less is known about “how leaders articulate a vision that is sufficiently compelling to evoke attributions of charisma and greatness among the followers” (p.527). Behavioural theories of Charisma (House, 1977; Bass, 1985; conger & Kanungo, 1987) do not address the issue of leader rhetoric explicitly. The only exception would be the dramaturgical perspective of charismatic leadership postulated by Gardner and Avolio (1998). Meanwhile, studies on leader oratory are not based on a theory of charismatic leadership, and tend to focus on the style of speeches, rather than on their content. These studies emphasize either oratorical devices such as repetitions and three part lists (Atkinson, 1984), alliteration and the use of metaphors (Willner, 1984; Conger, 1989), or nonverbal aspects, such as tone of voice (Schweitzer, 1984), hand gestures (Bull, 1986), and eye contact (Atkinson, 1984).

This article strives to serve two purposes; first, two provide a critical investigation of relevant and important theories and research investigation on charismatic leader’s rhetoric and its subsequent effect on followers. Secondly, it throws light on the future research directions of charismatic leaders’ communication in context of changing socio-economic-business dynamics.
Brief History of Charisma

The word charisma is a Greek word meaning gift. It is used in two letters of St. Paul-Romans, Chapter 12 and 1 Corinthians, Chapter 12- in the Christian Bible to describe the Holy Spirit. Prophecy, ruling, teaching, ministry, wisdom and healing are among the charismatic gifts described in it. Over time the word also came to signify the basis of ecclesiastical organisation for the Church itself. The various roles played by the members of the Church were determined by gifts of God, rather than by a set of rules or procedures designed by man (Conger & Kanungo, 1987). Although the term was made popular by Max Weber the German sociologist it was Rudolph Sohm who was first to use the term charisma in explaining church as a charismatic institution. Rudolph Sohm was a Church historian in Germany.

In trying to understand the rise of the Prussian bureaucracy, Max Weber (1924/1947) introduced the formerly religious concept of charisma to the study of leadership and organisations. He proposed three types of authority-rational-legal, traditional and charismatic. This became of interest in the sociological study of political and social movements as well as in the psychoanalytical interpretations of historical leadership. In the early decades of 20th century Eric Fromm and Sigmund Freud also provided psychoanalytical explanations of charismatic personality. Till 1970s Charisma was subject of discussion and debate among political and sociological scholars and was hardly mentioned in any management literature. It all changed in the end of the 1970s when Robert House wrote an article “The 1976 theory of charismatic leadership “on charismatic leadership and its influence on the followers. This was followed by James Burns’s seminal book “Leadership” which introduced the concept of transformational leadership which is ideologically and theoretically different from traditional transactional leadership. These two writings on charismatic leadership set the motion for other researchers and scholars and the field of leadership was once again able to attract the attention of researchers and funding agencies.

The list of contributors to this extraordinary field of leadership known as Neo-charismatic (House and Aditya, 1997) or, New Leadership (Bryman, 1992) is very exhaustive and illustrious. Few of the names which we commonly associate with this school are Bernard Bass, Bruce Avolio, Jay Conger,
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Rabindra Kanungo, Alan Bryman, Jane Howell, Boas Shamir, Francis Yammarino, Ronald Riggio, Michael Arthur, Janice Beyer, Katherine Klein, William Gardner, James Hunt, and Gary Yukl etc. Today, hundreds of doctoral dissertations and thousands of studies been carried out in this field still we have gained very little in terms of charismatic leader’s ability to motivate followers and other stakeholders with their rhetoric.

Charisma & Rhetoric: Theoretical & Empirical Studies

Although there are several theories and research investigations related to leaders rhetorical ability and its effectiveness. This article tries to highlight only the ones which are either directly related to charismatic leadership or their rhetorical behaviours or, have furthered the area through suggestions and directions. Because of the paucity of space the article has briefly mentioned certain important ones and discussed only a few in details.

Willner’s (1984) discussion of the three elements in the verbal communication that she felt is typical of charismatic leaders’ eloquence. First, the ability to adapt the level of language to the audience. Second, rhetorical devices related to sound such as repetition, rhythm and alliteration. Third, charismatic leaders’ powerful use of figurative language and imagery, such as metaphors. Another point which she made is the gearing of the used language to different audiences. The level of spoken language e.g. elevated, literal or colloquial is important as different levels may have different associations and emotive power. Willner provided the example of Franklin D. Roosevelt who very effectively tailored public talks to the man in the street.

Howell and Frost (1989) in a laboratory experiment manipulated leadership by having professional actors playing one of the three distinct styles: charismatic, structuring, and considerate. The duo varied both verbal and nonverbal behaviours to depict alternative leadership styles. For the charismatic leadership treatment, the actor’s delivery included vocal variety, eye contact, relaxed posture, and animated facial expressions. It was observed that subordinates working with charismatic leaders witness higher levels of task performance and task satisfaction, and lower levels of role conflict, in comparison to other two leadership types (Awamleh & Gardner, 1999).
**Holladay & Coombs (1993, 1994)** in a series of experiments tried to reveal the impact of leaders’ rhetoric on followers’ attribution of charisma. In the first of the two experiments Holladay & Coombs (1993) focussed directly on the effects of delivery by holding the content of a videotaped speech constant. Body gestures, posture, vocal fluency, and eye contact were manipulated. As, expected perceptions of charisma were greater in the strong as opposed to the weak delivery treatment. In a follow-up study, Holladay and Coombs (1994) extended their initial study by manipulating both vision content and delivery. Speech content was varied to project either a visionary or non-visionary message. Significant main effects for both content and delivery were obtained, with the visionary content and strong delivery condition eliciting higher levels of perceived charisma than that with non-visionary content and weak delivery. Of special interest is the finding that the combination of non-visionary content and strong delivery produced greater perceptions of charisma than the opposite combination (Awamleh & Gardner, 1999). This implies that the effects of delivery are more pronounced than those of content.

**Kirkpatrick & Locke (1996)** in their laboratory experiment manipulated vision (vision versus no vision) and delivery, although delivery was referred to as communication style (charismatic versus non-charismatic) .It was found that vision contribute to positive follower attributions, increased trust in the leader, and positive congruence between the leader’s and followers’ beliefs and attitudes. Vision motivated followers to set quality goals and raised their self-efficacy, which in turn increased their performance. Unexpectedly, there was no evidence that delivery impacted followers’ performance or attitudes (Awamleh & Gardner, 1999). However; the authors maintained that irrespective of the findings, delivery is a key determinant of perceived charisma.

**Awamleh & Gardner (1999)** examined the effects of vision content, delivery and organisational performance on perceptions of leader charisma and effectiveness. They included undergraduate students as subjects who were shown videotaped speeches by a bogus CEO of a software company. The subjects were then asked to identify message content (visionary/non-visionary), delivery (strong/weak) and organisational performance (high/low). The experiment also tested the assertions forwarded by Meindl that people generally tend to romanticise leadership by over attributing organisational outcomes to leadership. The findings of this laboratory tests were consistent with previous
findings, the results indicate that delivery is a major determinant of perceived leader charisma and effectiveness. Strong delivery, non-visionary content, and low performance created stronger perceptions of both charisma and leader effectiveness than weak delivery, visionary content, and high organisational performance (Awamleh & Gardner, 1999). The psychometric shortcomings of Romance of Leadership Scale (RLS) is also highlighted through this experiment.

Den Hartog & Verburg (1997) studied the powerful rhetoric of well known charismatic CEOs of three multinational companies (Anita Roddick-The Body Shop; Matthew Barrett – Bank of Montreal; Jan Timmer – Phillips). The bases of international strategy and management mentality are expected to be reflected in the content of the speeches of the CEOs. The content of the vision and of speeches designed to communicate the vision followers is extremely important in gaining follower acceptance of and commitment to the mission. For that they employed discourse analysis to further unravel the rhetorical construction of charismatic speeches. They conclude that charismatic leaders rely heavily on the following rhetorical devices to evoke positive audience reactions:

1. Contrast – Describing the subjects in terms of its opposite, e.g., “leaders are born not made”.

2. Lists – especially three parts lists e.g., “Government of the people, by the people, for the people”.

3. Puzzle-solution /headline-punchline- Increasing audience interest in a solution or punchline, by presenting a puzzle or headline.

4. Position taking- Offering a more or less neutral description of a state of affairs, and then strongly agreeing or disagreeing.

5. Pursuit, Repetition and Alliteration- Actively pursuing an audience reaction by emphasizing a point just made.

(Source: Atkinson, 1984; Heritage and Greatbatch, 1986)

Together, these rhetorical analyses make a compelling case that the content and construction of a leader’s vision can serve as powerful sources for follower inspiration.
Conger (1991)

Jay Conger was the first among management theorists in the Neo-charismatic or New leadership school to focus on Charismatic leader’s speaking prowess. He was of the firm belief that effective leaders are skilful craftsmen of their organisation’s mission; they are capable of communicating the message in a passionate way which generates lot of intrinsic appeal among various stakeholders. Though, the popular management literature sans emotional expressiveness and supports hard and verifiable quantified data in the form of charts and bar graphs, the tone and message conveys very limited range of energy and emotion. A more educated, more intrinsically motivated workplace demands that executives and managers recast their image more in the light of an effective political leader. They must learn to sell themselves and their missions to 'stump' for their cause and this depends on highly effective language skills (Conger, 1991). According to him “The language of leadership” can be divided into two distinct skill categories - Framing & Rhetorical Crafting.

Framing is the process of defining the purpose of the organization in a meaningful way. The leader has to be careful in his or her selection of words to create a compelling and attractive impression in the mind of employees and various stakeholders. In the simplest terms, a leader can choose to say "I want us to build X number of products by this year and return so much on our assets" or "I want us to revolutionize the way people see and act in the world through the use of our products." Both statements are defining a purpose, though with very different meanings. Both are distinct ways of "framing" an organization's purpose one around -quantitative measures, the other around a grander purpose. Frames then are essentially snapshots that leaders take of their organization's purpose (Conger, 1991).

To create a meaningful frame for an organizational mission, values and beliefs play vital role especially in reinforcing commitment and providing guidance for daily actions. We know from research on transformational leadership that at the core of effective leadership is the creation of values which inspire, provide meaning for, and instil a sense of purpose in an organization's members (Bennis & Nanus, 1985; Zalezenik, 1977). The leader requires to keep in mind four important points while framing the organisation’s goals or mission, these four points are a) the mission's or task's importance, b) its root causes or need, c)
stereotypes about antagonists of the mission (both within the organization and externally) and d) the efficacy of the organization to succeed (Snow et al., 1986).

**Rhetorical Crafting** is the art of lending symbolic meaning to the words which goes beyond the literal meaning. In doing so they employ number of rhetorical techniques such as metaphors and analogy or different language styles or rhythmic devices to ensure that the symbolic content of their message has a profound impact.

Metaphors and analogies have this unique ability to touch deep cultural roots and as a result able to elicit stronger emotions (Willner, 1984). According to speech communication experts these devices appear to excite the imaginations of the listener and keep them involved and engaged in consecutive state of tension and tension release. Psychologists believe that rhetorical devices are more effective and persuasive means of communicating ideas because of the vividness they display. Stories for example, convey more vividly the values and behaviours that are important to an organisation (Osborn & Ehninger, 1962).

Another component of rhetoric which plays important role in leader’s charisma is related to sound, such as repetition, rhythm, balance and alliteration. A certain rhythm can often mesmerize an audience. In his speeches, Roosevelt often employed alliteration the repetition of initial consonant sounds in two or more neighbouring words or syllables.

In describing the leadership of the Depression, he states:

*Those who tilled the soil no longer reaped the rewards which were their right. The small measure of their gains was decreed by men in distant cities. .. Individual initiative was crushed in the cogs of a great machine.* The message was heightened by alliteration as shown by the letters (r-, r-, r-, d-, d-, i-, i-, c-, c-) which left terrific impression on the audience.

Finally, paralanguage or the sound of speech is an additional important factor in effective communication. Through appropriate paralanguage, one can communicate an image of self-confidence and power.

Conger’s article underlined the need to study charismatic leaders, rhetoric and language so as to have a deeper and richer understanding of this beautiful and awe inspiring leadership style. Although, he attempted to throw light on both
aspects of leader’s rhetorical skills i.e. leader’s speech as well as the delivery of the speech, the theory was blamed of being very general and non specific.

**Shamir et al. (1994)**

In order to study the rhetorical behaviour of charismatic leader Shamir and his colleagues referred to their self concept theory of charismatic leadership (Shamir et al. 1993). According to that, charismatic leaders achieve its effects not by changing the reward cognitions of followers but rather by implicating their self-concepts. This theory rests on the following assumptions about the self-concept and its motivational implications proposed by Shamir et al (1994):

1. Humans are not only pragmatic and goal oriented but also self expressive.
2. People are motivated to maintain and enhance their self esteem and self worth.
3. People are also motivated to retain and increase their sense of self consistency.
4. Self concepts are composed, in part of identities which are organised in a hierarchy of salience, and identity-salience is reflected in behaviour.
5. Being hopeful in the sense of having faith in a better future is intrinsically satisfying condition, and therefore humans may be motivated by faith.

Based on these assumptions, Shamir et al. (1993) propose five processes by which charismatic leaders have their motivated effects on followers. These are:

1. Increasing the intrinsic value of effort expended in the pursuit of goals.
2. Empowerment of followers by increasing self-efficacy and collective-efficacy perceptions.
3. Increasing the intrinsic value of goal accomplishment.
4. Instilling faith in a better future.
5. Increasing followers’ commitment.

(Source: Shamir et al., 1994)

Shamir et al. believed that charismatic leaders recruit and engage the self-concept of followers by two principal methods: role modelling and frame alignment. The term “frame alignment” (Snow et al., 1986) refers to the linkage
of individual and leader interpretive orientations. The term “frame” denotes “schemata of interpretation” (Goffman, 1974) that enable individuals to locate, perceive, and label occurrences within their life space and the world at large. By rendering events or occurrences meaningful, frames function to organise experience and to guide action, whether individual or collective (Goffman, 1974, p.464).

Charismatic leaders employ various ways to engage in frame alignment, one of such ways is through their speeches. In their speeches charismatic leaders use words and phrases in such a manner that it articulate an ideology clearly, often using labels and slogans; provide a vivid image of the future; exemplify certain identities and values; and suggest linkages between expected behaviours, exemplified values and identities, and their vision of the future.

Shamir et al. further proposed seven testable propositions that categorically separate charismatic leaders from non-charismatic leaders in terms of their speech content. The seven propositions are as follows:

1. More references to collective history and to the continuity between the past and the present;
2. More references to the collective and to collective identity, and fewer references to individual self-interest.
3. More positive references to followers’ worth and efficacy as individuals and as a collective.
4. More references to the leader’s similarity to followers and identification with followers;
5. More references to values and moral justifications, and fewer references to tangible outcomes and instrumental justifications;
6. More references to distal goals and distant future, and fewer references to proximal goals and the near future; and
7. More references to hope and faith.

(Source: Shamir et al., 1994)

To further emphasize their point Shamir et al. in their article carried out a content analysis of the speech of Jesse Jackson who is widely regarded as a
charismatic leader. Jesse Jackson’s speech to the National Convention of the Democratic Party on July 19, 1988, in Atlanta, Georgia is highly regarded as inspirational, uplifting and rhetorical. Wall Street Journal claimed that “20 years from now we will still be talking about this speech” (July 19, 1988).

Although Shamir and his colleagues’ article is considered to be the first true empirical investigation of charismatic leaders’ rhetorical behaviour since it stated several (seven) propositions which can be field tested to find the proposed relationship, it is accused of concentrating only on the content or framing part of the speech thereby missing on the delivery of the message which is equally important if not more important.

**Gardner & Avolio (1998)**

Charismatic leaders are exceptionally expressive persons, who employ rhetoric to persuade, influence, and mobilise others (Bass, 1985, 1988). Friedman, Riggio, and Caseslilla define personal charisma “as a dramatic flair involving the desire and ability to communicate emotions and thereby inspire others” (1988:204). Conger (1989) believes charismatic leaders to be meaning makers. They pick and choose from the rough materials of reality to construct pictures of great possibilities. Their persuasion then is of subtlest kind, for they interpret reality to offer us images of the future that are irresistible. Gardner and Avolio have proposed a dramaturgical framework to describe the “processes whereby social actors use impression management to create and maintain identities as charismatic leaders” (1998, p.32). They utilised the dramaturgical perspective advanced by Goffman (1959) and refined by other authors e.g., Bozeman & Kacmar, 1997; Brissett & Edgley, 1990; Gardner, 1992; Gardner & Martin, 1988b; Giacalone & Rosenfeld 1989, 1991; Leary & Kowalski, 1990; Rosenfeld, Giacalone & Riordan, 1995; Schlenker, 1980, 1985; Schlenker & Weigold, 1992.

In the dramaturgical theory proposed by Gardner and Avolio there is an interaction between leader, followers and the environment where leader or the main protagonist establishes himself or herself in the eyes of internal and external organisational players like followers, suppliers, competitors, and customers (Pradhan & Pradhan, 2011). The leader strives to create a desired identity image of a trustworthy, credible, morally worthy, innovative, esteemed
and powerful individual. These charismatic leaders are known to possess high levels of self-esteem and self-monitoring ability (one’s capacity to monitor and control expressive behaviours). They demonstrate high need for power and high activity inhibition as impression management behaviours. It was House in 1977 who proposed a relationship between need for power (as defined by McClelland, 1985) and behavioural charisma. McClelland conceived the need as a non-conscious motive that varies from person to person, and that varies in strength within a given person, as arousing cues in the environment fluctuate across time. Activity inhibition which is defined as “the extent to which an individual uses available power to achieve institutional and or social goals rather than purely personal goals” (House, 1991). This implies that leaders with a high need for power who use their power for personal gain, are most likely to be judged as exemplary charismatic, this is because they are also seen as trustworthy, morally worthy, and self-sacrificing leaders who have followers’ best interests at heart.

The followers play crucial role as co-protagonists in this dramaturgy. Shamir et al. (1993) argued that the key means by which leaders impact followers’ identities are role modelling (exemplification) and frame alignment. Through, role modelling the leader provides an ideal, a point of reference and focus for followers’ emulation and vicarious learning whereas frame alignment helps in aligning the interests and values of followers and the goals, activities and ideology with that of the leader. The self-esteem of followers of charismatic leaders is a debatable topic as many believe the followers to have low self-esteem and that they suffer from emotional distress (Galanter, 1982) whereas, Sidani (1993) has found that charismatic attract highly confident followers and these confident followers rate their charismatic bosses highly than their non-confident counterparts. Environment also plays important role in this dramaturgy where leaders through their impression management try to create and retain image of a charismatic leader.

The leader impression management model, involves four phases: a) framing; b) scripting; c) staging; d) performing (Gardner and Avolio, 1998).

Framing refers to overall perspective according to which a message can be interpreted (Goffman, 1974). The framing process thus involves meaning management and the construction and articulation of a particular world-view
within which specific communication make sense. It is a quality of communication that causes others to accept one meaning over another. Gardner and Avolio (1998) stated that in framing their vision, charismatic leaders choose words that amplify audience values, stress importance on efficacy and if necessary, will denigrate their opponents (e.g. competitors).

**Scripting** has been defined by Benford and Hunt (1992) as “built upon” frames. The difference between framing and scripting is that the latter proposes actionable ideas. It translates the frames into more practical and doable action plan. The script provides a set of stage directions that guide the performance, and embraces aspects such as the casting of characters, creation of dialogue, and direction of the performance.

**Staging** incorporates non linguistic semiotic systems into performance (e.g. physical appearance, props, symbols, etc). History is full of examples, where a leader is attenuates and emphasizes his/her charisma with the help of an external prop. For example, General George Patton always carried his pearl handled pistol whereas General Douglas MacArthur wore strangely formed hats and a long pipe. Mahatma Gandhi wore clothing which he knit himself as symbol of inspiration and example for others to defy British colonial rule, since at that time manufacturing cotton clothing was banned in India.

**Performing** is the final phase of impression management which involves the “actual enactment of scripted behaviours and relationships” (Gardner and Avolio, 1998, p.44). Charismatic leaders like Martin Luther King and Mahatma Gandhi exemplifies trustworthiness and moral responsibility and portrayed this through their clothing (Gandhi’s wearing of loin cloth), speeches (King’s “I have a dream) and actions (Gandhi’s call for Civil disobedience movement and King’s massive rally to protest against racial discrimination). They also perform in ways that promotes their vision of the future, and promote the organisation or cause they lead/serve/embody. Performing, according to Goffman (1967) also includes “facework”. Facework is the way a leader defends itself or save its own image during a controversy.

Charisma is a co-constructed theatrical event, which takes casting of both leaders and followers as protagonists and competitors as antagonists to bring off the charismatic effect. The theory of dramaturgy sheds light on the behaviours
and motives of charismatic leaders which portrays them in good light. This is the epitome of leader’s rhetoric and persuasion.

**New Research Directions**

In last two decades our understanding of charismatic leadership and the rhetorical behaviours of the leaders has been impressive; still there are many pertinent topics in this area which has been either cursorily mentioned or summarily ignored.

There is conspicuous absence of research in the area of abuse of rhetoric and impression management by charismatic leaders. Howell and House (1992) categorised charismatics into two types - Personalised and Socialised Charismatic. The former behaves in an exploitative, self-aggrandizing ways whereas the latter behaves in a socially desirable manner. History is replete with such charismatic political leaders like Hitler and cult leaders like Jim Jones and David Koresh who through their fiery rhetoric and false impression management techniques created havoc in the lives of many. There is a dearth of research investigation which explores the dark and destructive side of charismatic leaders’ rhetoric.

Alan Bryman (1992, p.58) speaks of the tendency to associate charisma and powerful oratory “in the west”. This statement raises a question that “Is eloquence not that important for attributions of charisma in the East?” There are various examples which suggests that there are various cultural nuances which divides the East from the West in terms of leader’s rhetoric like aggressive hand gestures, pauses, humour and enthusiasm in voice (Trompennars, 1993). Cultural differences in the use and effectiveness of rhetorical devices, content categories, communicator style and delivery elements provide interesting lines of future research.

Another area which deserves our due attention is how charismatic leader’s rhetoric is affected by the advent of information technology? In today’s world where information travels literally faster than light and where leaders should be technology competent to reach out to globally dispersed followers. The very definition and role of rhetoric has changed. Surprisingly and unfortunately our knowledge in this regards is negligible. Our knowledge of such interesting and
intriguing form of leadership will be far from complete without addressing these important but neglected issues.

Conclusion

Rhetoric has played and will continue to play a significant role in the emergence and maintenance of charismatic leadership. But with the change in time and circumstances their roles will also go through significant changes. In this article we have juxtaposed all the major research works and empirical investigations in the field of charismatic leadership and rhetoric for our understanding of their influence and effect on various stakeholders. We have focussed primarily on the works done in the past century which has become the gold standard for other researches in the field. Through this article we have also drawn attention of future researchers towards certain important but neglected issues in this field like the dark side of charismatic leader’s rhetoric, rhetoric and charisma in other cultures (non North American culture) especially in the East where persuasion has a completely different definition and interpretation. Finally we have tried to encourage research in the area of IT and charismatic leader’s rhetoric i.e. how information technology affects the rhetorical behaviour of charismatic leaders. Investigations of these areas will definitely help us comprehend the fascinating, “spellbinding” rhetoric skills of charismatic leader.

References


Organizational Learning: A Key to Achieve Organizational Success and to Prevent Organizational Downfall

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Abstract

It is accepted that, in today’s competitive environment, there is no way for organizations to reach permanent success without being aware of the concept of organizational learning. Organizational learning is the first and the most important strategic steps in order to achieve organizational excellence. Continuous changes of technology & globalization of current world, affect all aspects of our lives. Organizational learning is the vital path of recognition and adoption with increasing Pace of change. In today’s dynamic condition, In order to achieve competitive advantages, organizations must learn from their success & failures. Organizations will require continuous changes to transform into learning organizations. In this article, we attempt to demonstrate the important role of organizational Learning in today’s organizations; moreover, we describe Required Conditions for Transforming Current organizations to learning organizations; which provide further insight for managers of organizations on designing organizational structure contributes to organizational superior outcomes.

Keywords: Learning, Organizational Learning, Learning Organization.

Introduction

Learning has become an important factor for organizations to obtain competitive and sustainable advantages in the last decade (Schein, 1996; Senge, 1993; Stata, 1989). As the rate of technological change continues apace, there is no doubt that even one or two years into the future, much of the technology used by business in world will probably be very different to what it is today. This has appreciable implications for organizational capability and employee development to meet these challenges. Grieves (2000, p. 60) suggests that as organizations continue to change to suit the needs of a society dominated by

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immediacy, speed, instant solutions and just-in-time solutions, they embark on a continuous search for improvements in reliability and innovation or creativity.

Interest in organizational learning has intensified over the last few years but, it is still characterized as a murky field with little cumulative systematic research (Snyder & Cummings, 1998). There is limited agreement on basic concepts, and there are few attempts to provide integrative frameworks or to specify how organizational learning affects organizational performance. Popper and Lipshitz (2000) argue that the downside of the outpouring of publications on organizational learning is a confusing proliferation of definitions and conceptualizations that fail to converge into a coherent whole (see also Dodgson, 1993; Garvin, 1993; Hawkins, 1994; Miller, 1996). Cohen and Sproull (1991, p. 1) suggest that research in organizational learning suffers from conceptions that are excessively broad, encompassing merely all organizational change... and from various other maladies that arise from insufficient agreement among those working in the area on its key concepts and problems. More generally, Sandelands and Drazin (1989, p. 458) caution against the use of terminology since: A danger is that the more these words are used, the more they seem to refer to established entities, and not to hypothetical, provisionally agreed upon entities. . . they no longer are given the scrutiny they deserve and scientific explanations can become bogged down with entities that do not have the stature and explanatory significance assumed for them. These words do not explain how organization comes about, but instead mystify the process in a welter of misbegotten abstractions and unauthentic processes.

Further, team learning is important for teams to learn how to work together effectively and for organizations to manage their continuously changing environment (Senge, 1990; Zaccaro, Ely, & Shuffler, 2008). Therefore, teams are not only considered to be important working units, but also increasingly considered to be the important learning units within organizations (Caldwell & O’Reilley, 2003; Kirkman, Rosen, Tesluk, & Gibson, 2004). Senge stated in ‘The fifth discipline’ that “team learning is vital because teams, not individuals, are the fundamental learning unit in modern organization. This is where the rubber meets the road; unless teams can learn, the organization cannot learn.” (1990, p. 10). Since this classical work, research on the subject grew substantially across disciplines, such as management sciences, economics, organizational theory, communication sciences, political sciences, information
sciences, educational sciences, psychology, sociology, etc. (Akkerman et al., 2007; Poole, Hollingshead, McGrath, Moreland, & Rohrbaugh, 2004). Team learning appeared to be a key driver for both individual learning (Slavin, 1996; Sweet & Michaelsen, 2007), team effectiveness (Crossan, et al., 1995; Van den Bossche, et al., 2006; West, 1999) and organizational learning and innovation (Crossan, Lane & White, 1999). However, compared to research on teamwork, research on team learning increasingly lacks integration (Kozlowski & Bell, 2008). The interdisciplinary attention for the subject on team learning is on the one hand desirable, because it fosters both rapid growth and diversity in perspectives. On the other hand, it is becoming problematic, due to a lack of disciplinary boundary crossing and integration of knowledge. In fact, the multidisciplinary interest in team learning is heading for a Babel-like confusion. A good illustration of the current confusion of tongues is the 30 different definitions/descriptions of team learning we encountered in literature. Definitions range from team learning as “an ongoing process of reflection and action characterized by asking questions, seeking feedback, experimenting, reflecting on results, and discussing errors or unexpected outcomes of actions.” (Edmondson, 1999, p. 353) defined team learning as “a change in the group’s repertoire of potential behavior”. (Wilson, et al., 2007, p. 1043) defined team learning “in terms of both the processes and outcomes of group interaction. As a process, group learning involves the activities through which individuals acquire, share and combine knowledge through experience with one another. Evidence that group learning has occurred includes changes in knowledge, either implicit or explicit, that occur as a result of such collaboration.” (Argote, et al., 2001, p. 370). Moreover, different labels are used to address the same concept (team learning, group level learning, cooperative learning, adaptive team performance, adaptation, group level information processing, collective induction, etc.).

Although, today’s organizations need to be aware of the concept of organizational learning to achieve superior performance, there is little attention given to the research about the mentioned topic and its related concepts. Thus, the present paper attempts to provide a comprehensive review on organizational learning and its related concepts to demonstrate its significant role to business owners to provide sustained competitive advantages for their organizations.
Organizational Learning

**Literature Review**

Interest in the terminology of organizational learning has blossomed over the past 30 years. While widely acclaimed for their seminal work on organizational learning, Argyris & Schon (1996) themselves note:

Twenty or twenty-five years ago, organizational learning was a rare species among ideas. . . . With few exceptions. . . organizational learning was largely absent from the scholarly literature of organizational theory. . . Respected scholars. . . found the idea confusing and, in some ways, repugnant. . . Now, in the mid-1990s, it is conventional wisdom that business firms, governments. . . .even whole nations. . . are all subject to a learning imperative, and in the academic as well as the practitioner world, organizational learning has become an idea in good currency.

Organizational learning was first highlighted by Cyert and March (1963), it did not gain much attention from researchers until the late 1970s when it became a focus of activity for a few organizational theorists (Argyris, 1975; Argyris & Schon, 1978). Research activity did increase in the 1980s, but it was not until the 1990s that the topic became a central one in a variety of management disciplines, such as strategy and production management (Easterby-Smith, 1997).

**Learning: An Essential Business Need**

Hule et.al (2002) stated that “time is money,” and this is true for most organizations. Today, time is in the forefront; in fact, as a strategic weapon, time is the equivalent of money, productivity, quality, and innovation (Griffin, 1993; Stalk, 1988). “Companies have always raced to get to market first. But today, speed is a competitive weapon that requires being nimble as well as quick; used wisely, it can turn a company around” (Stuart, 1994). Thus, organizations focusing on cycle time reduction aim to reduce the time it takes to complete procurement processes in a way that reduces costs and/or increases customer service (Wetherbe, 1995). Speed was not always a requirement in the global business environment. In fact, as long as every competitor marches to the same beat, speed is not necessary. Speed only becomes a competitive
requirement when someone marches faster and they are rewarded for it (e.g., Istvan, 1992; Meyer, 1993).

Smith recognized that “as long as the global rate of change continues to accelerate, the competitor who not only recognizes the change but acts on it can achieve a competitive advantage” (Meyer, 1993). Regardless of the nature of the industry, cycle time is a significant key to success. Almost every function of the organization, including marketing functions such as purchasing, product innovation, and customer service has responsibilities that include continuously re-occurring work processes. Given that an organization should be viewed as a system of interconnected cycles of activity, reducing cycle time is usually a challenging ordeal requiring pressure at the right pressure points. This means that fast cycle time is associated with the ongoing ability to identify the cycle time pressure points, and to satisfy and be paid for meeting customer needs faster than anyone else. Fast cycle time organizations face a unique problem. The greater one’s need is to reduce the cycle time of its purchasing process the more one wants to get started quickly. The faster one wants to start, the more one is attracted to focus on implementing easy-to learn tactics and techniques of a new discipline instead of taking the time to integrate the concepts behind the techniques. In this case, change will not be long lasting, resulting in potentially two serious consequences (Meyer, 1993). First, when time is devoted to learn specific organizational tactics, not enough time will be left to internalize the conceptual foundation required to support the tactics in the long term (e.g., Argyris, 1993; Senge, 1993). Second, the more amenable a tactic is for instant use, the more likely it is that it is not very different from something that employees are already doing, or else it cannot be adopted so fast.

Organizational Learning and Learning Organization

Miller (1996) contends that organizational learning, as it is portrayed in much of the literature, is a haphazard and eclectic notion. Some authors view learning as a change in behavior in response to a stimulus (Cyert & March, 1963). Others suggest that learning requires some conscious acquisition of knowledge on the part of organizational members (Argyris & Schon, 1996; Huber, 1991). Fiol and Lyles(1985) note that organizational learning means the process of improving actions through better knowledge and understanding. In seeking to arrive at an appropriate working definition, one of the critical problems concerns identifying
the border, if one exists, between individual and organizational learning. One reason why there is usually no general accord about which theories to support is that education (which includes adult and vocational education and training) tends to be treated as a field rather than a discipline, and so, educational theorizing is an interdisciplinary endeavor. That said, while a range of definitional viewpoints exists, broadly speaking it is possible to discern at least two dichotomous approaches to the study of organizational learning: an individualist approach that focuses primarily on the individual learner to explain organizational learning, and an organizational approach that views organizational learning as something more than the sum of individuals’ learning. The former depicts individual members as agents of influence on organizational beliefs, while the latter suggest that organizations themselves can exhibit learning characteristics.

Arguably, the tendency more recently has been towards describing organizational learning in terms of organizational processes and structures such that learning is embedded in routines, policies and cultures (Adler & Cole, 1993; Cook & Yanow, 1993; Huber, 1991). Garvin (1993) acknowledges this process dimension to organizational learning and uses the term “strategic learning” to describe the process by which an organization can make sense of its environment in ways that broaden the range of objectives it can pursue or the range of resources and actions available to it for processing these objectives. Similarly, Dixon (1994) describes organizational learning as the intentional use of learning processes at the individual, group and system level to continuously transform the organization in a direction that is increasingly satisfying to its stakeholders. In exploring a range of definitions of organizational learning, she isolated a number of key themes that can be seen to exist within this literature, namely: the expectation that increased knowledge will improve action; acknowledgement of the pivotal relationship between the organization and its environment; the idea of solidarity, as in collective or shared thinking; and a proactive stance in terms of the organization changing itself. Her findings suggest that, however defined, organizational learning can be seen to be mediated by the learning of individual organizational members but not explained by it. Coghlan (1997) postulates that organizational learning is concerned with the capacity within an organization to maintain or improve performance based on experience. Lundberg (1995) similarly proposes that
individual learning is necessary, although not sufficient, condition for organizational learning which is institutionally embedded. He argues that individual learning must first be shared through communication, and that institutional processes play a critical role in ensuring that organizational learning takes place. Specifically, institutional processes need to be developed to support the transfer of what is learned by individuals to the organization and also be capable of storing and accessing what is learned. Tompkins (1995) describes this as collective learning: the diffusion of knowledge and/or skills from individuals to members of the collective, which increases the organization’s capacity to take effective action. Popper and Lipshitz (1998) further argue that if one takes the view that organizational learning is concerned with processes (recruitment, dissemination), then one assumes that learning can take place outside of human heads, i.e., learning by organizations. Interpreted in this way, organization-led learning can be viewed as a means of managing the environmental context to ensure both willingness and an ability to learn. In Conclusion, the most accepted definitions are illustrated in table 1.

Table 1. Definitions of learning organization

<table>
<thead>
<tr>
<th>Contributor</th>
<th>Definitional perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pedler et al. (1991:4)</td>
<td>Learning company as an organization that facilitates the learning of all its members and continuously transforms itself.</td>
</tr>
<tr>
<td>Senge (1990:1)</td>
<td>Learning organization as a place where people continually expand their capacity to create results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free and where people are continually learning how to learn together.</td>
</tr>
<tr>
<td>Leonard-Barton (1992:23)</td>
<td>Learning laboratory as an organization dedicated to knowledge creation, collection and control. In a learning laboratory, tremendous amounts of knowledge and skill are embedded in physical equipment and processes and embodied in people.</td>
</tr>
<tr>
<td>Sturkey (1996:2)</td>
<td>The learning organization as a metaphor, with its roots in the vision of and search for a strategy to promote individual self-development within a continuously self-transforming organization.</td>
</tr>
<tr>
<td>redding (1997:62)</td>
<td>A company is a learning organization to the degree that it has purposefully built its capacity to learn as a whole system and woven that capacity into all of its aspects: vision and strategy, leadership and management, culture, structure, systems and processes.</td>
</tr>
</tbody>
</table>

Source: (Heraty, 2004)

Types of Organizational Learning

Earlier Approach in this area (e.g., Argyris & Schon, 1978), Fiol and Lyles (1985) argue that it is possible to distinguish between two general levels of learning namely, lower level and higher level learning. Lower level learning occurs within a given organizational structure, a given set of rules and leads to
the development of some rudimentary associations of behavior and outcomes. Argyris and Schon (1978) refer to this type of learning as “single-loop learning”. On the other hand, higher level learning aims at adjusting overall rules and norms rather than specific activities or behaviors. This type of learning occurs through the use of heuristics, skill development, and insights. Fiol and Lyles (1985) claim that often some type of crisis (e.g., a dramatically altered market) is necessary before the occurrence of changes in higher level learning. Argyris (1977) refers to this type of learning as “double-loop learning”. Further work by Huber (1991) deals with this topic in more detail and distinguishes three types of learning: congenital learning; experiential (or experimental) learning; and vicarious learning. Congenital learning refers to knowledge imparted by the organization’s creators. Experiential learning refers to knowledge obtained through direct experience, which can be acquired by both intentional and unintentional means. According to Huber, organizational knowledge is most often obtained unintentionally or unsystematically. Vicarious learning refers to acquiring secondhand experience from people outside the organization. Firms wishing to find out about strategies, administrative practices, and especially new technologies commonly use vicarious learning to acquire new knowledge. Huber comments that channels for acquiring such information include consultants, trade shows, vendors, and suppliers.

Figure 1. Single & Double Loop Learning

Source: Argyris & Schon (1978)
Figure 2. Differences Between Single-loop & Double-loop Learning

A Common Accepted perspective, conceptualization and methodology on organizational learning (OL) (Crossan et al., 1999; Fiol and Lyles, 1985; Nicolini and Meznar, 1995; Shrivastava, 1983; Teare and Monk, 2002; Tsang, 1997), there is accord on three broad OL perspectives (Sense, 2007). These three perspectives include: (a) **Cognitive** — Tsang (1997) considers this perspective as generally concerned with knowledge, understanding and insights i.e. the organization gaining knowledge regardless of whether that knowledge is converted into actions. As such, it forms an information processing view of OL (Richter, 1998). (b) **Behavioral** (action) — this perspective has an outcome focus by wanting to see a change in organizational actions or behaviors as a result of learning (Fiol and Lyles, 1985). Tsang (1997) considers that this can be either an actual change or a potential behavioral change (consisting of the lessons learnt that would have an impact on the organization's future behavior). (c) **Sociological** — in this perspective, meaning and actions and learning (both individual and organizational) are a result of the conversations and interactions of individuals within their sociocultural settings, or, in simpler words, their collective and interpretive social practice. This social constructivist perspective on OL provides a challenge to the traditional idea that learning occurs only within the heads of individuals, or in organizational systems and structures (Easterby Smith et al., 2000). It has shifted learning perspectives from an

Source: Argyris & Schon (1978)
epistemology of possession (i.e. the cognitive and behavioral dimensions) to one of evolving practice, and thereby, introduced a stronger emphasis on socially oriented approaches to the understanding of learning and knowing (Easterby-Smith et al., 2000). In this frame, practice and activity are the new units of learning analysis and through developing an understanding of how learning happens in the workplace, it may help contrive improved ways of sustaining and fostering learning processes (Easterby-Smith et al., 2000). In effect, this approach moves us beyond just high philosophy and grand themes and into the gritty world of practice (Garvin, 1993).

Transition from Traditional Organizations to Learning Organizations through Organizational Learning

Learning proposes a highly inclusive approach to change through individual and collective processes of learning. Theories on how managers learn and adapt have long been the subject of organizational change research (Lindblom, 1959; Cyert and March, 1963). However, interest in learning based approaches to change dramatically surged with the concept of the “learning organization” proposed by Senge (1990). This view had a number of theoretical antecedents and predecessors. Senge (1990) drew extensively on Argyris and Schon’s concepts of ‘single’ and “double-loop” learning, where deeper insights into organizational motivations and patterns are explored to open up new possibilities for change. A contributory model was also proposed by Weick (2001) who developed the notion of organizational “sense making” as a key factor in developing change. In a similar vein, Nonaka and Takeuchi (1995) promoted change through knowledge creation processes, first initiated at an individual level and then spiraling up to the organizational level. In an associated development, Hamel and Prahalad (1994) proposed that organizational “stretch and leverage” was required to create successful change. In this formulation, a collective awareness of the organization’s core competencies is used to set appropriate goals for the organization as a whole. Mumford (2003), and Lyttinen and Newman (2008) also promulgate highly decentralized modes of change, through learning about and understanding the organization. Although learning-based change has enjoyed increasing popularity, particularly in the last two decades, there have also attracted a number of criticisms. Some critics see the Learning School as confusing or
sidestepping the role of planning, which can lead to unnecessary or wasted resources. Historically, Lindblom (1959) described incremental management approaches as the science of “muddling through”. At their most extreme, some critics regard the vogue for the Learning School as “anti-strategic”, “disjointed” and “irrational” (Hayes and Jaikumar, 1988). A related criticism is that learning approaches to change results in a lack of focus or ‘strategic drift’ (Johnson, 1987). Critics also regard Learning based change approaches and the idea of the learning organization as overly conceptual and lacking in substance (Thompson, 2003). Furthermore, learning is sometimes criticized as encouraging introspection and passivity.

**Change Creation**

To increase an organization’s potential for success, instead of an organization being just reactive, the organization and its leadership and people must become proactive and define and then “join” change, embrace it as a partner, and use it creatively to advance the organization’s vision, mission and goals and those of society. This is where change creation comes to the fore. With dramatic and omnipresent change being the order of the day, it becomes harder than ever to predict the future. Thus, what should be the approach for dealing with tomorrow? Management guru Peter Drucker (1985) simply and powerfully answers this important question when he advises that since you can’t predict the future, you must create it; that is, organizations and their people must exploit change and create the future that serves organizations and society best improvements while moving ever closer to the desired future. Change creation is proactive. When organizations enact change creation, they intentionally move from being victims of change to becoming masters of change. This means leaders and their organizations must: (a) take genuine responsibility for leading change; (b) effectively define and plan for the desired change; (c) comprehensively prepare the organization for the planned change; and (d) develop and implement a change approach that capably transitions its people, processes, and culture from the existing paradigm to the new, desired one (Lick & Kaufman, 2000, chap 2). An important part of change creation includes (a) modifying aspects of the existing culture that inhibit creative approaches and effectiveness, (b) questioning the solutions of the past toward eliminating conceptual approaches and processes that interfere with new, potentially more
valuable and productive systems, and (c) replace familiar and comfortable processes and technologies with new ones that stretch our capacities and potential for greater educational quality and productivity. Although such things may be difficult and take us out of comfort zones, they are essential if we are to be more effective and productive. How do institutions bring about change creation? In the remaining sections of this article, we discuss the especially important transformational concept of learning teams, which, in the future, will play a key role in helping to bring about change creation and required progressive changes.

Organic Structure: The Most Enabler of Change

Organic structure refers to a type of organizational structure that emphasizes the importance of achieving high levels of adaptiveness and development through informal procedures, decentralized authority, and low levels of specialization (Tata & Prasad, 1992). Lei and Hitt (1996) suggest that in learning organizations, the organizational structure must be designed for both stability and flexibility. They also add that although there is a need for clarity and order, there must also be spontaneity and responsiveness to unpredictable problems and opportunities. Slevin and Covin (1990) suggest that organic structures encourage open channels of communication, authority based in the individual, an emphasis on getting things done, and frequent use of participation to achieve group consensus. These characteristics provide an organization with the opportunity to achieve greater flexibility and self-renewal (Thibodeaux & Faden, 1994). Organic structure allows organizations in complex and dynamic environments to adopt an organizational architecture that is decentralized, with fluid job responsibilities and considerable lateral communications. Members of the organization cooperate and are willing to share information (Miles & Snow, 1992). When an organization tries to make changes to its policies to take advantage of a favorable marketplace, an organic structure ensures that there are no barriers for quick action, which is of particular help. It makes intuitive sense that teams in organizations with organic structures will tend to be informed about policy changes and are well equipped to adapt to the new changes.
Organizational Change Readiness: An Essential Need for Successful Organizations

Change initiatives for the purpose of improvement and gaining advantage have experienced many problems (Geisler, 1996; Harari, 1997). One reason for unsuccessful change initiatives is the tendency of management to seek the quick fix instead of taking a long-term view (Kilman, 1984). Another reason is the tendency to implement piecemeal solutions rather than taking a systems perspective (Ackoff, 1974). To guide change efforts, it is useful to assess the organization’s readiness for change (Armenakis, Harris, & Mossholder, 1993). Readiness for change involves an assessment of the discrepancies that exist as well as the efficacy of the proposed change targets (Pond, Armenakis, & Green, 1984). Armenakis et al. (1993) define readiness for change as “the cognitive precursor to the behaviors of either resistance to or support for a change effort” (pp. 681-682). Employees react to what is happening in their environments and make assumptions about the change process. These assumptions and expectations make up an employee’s perception of an organization’s readiness for change. People naturally fear uncertainty; thus, change resistance is common. Understanding perceptions of an organization’s readiness for change is required to understand change process (Wheatley, 1992). In making change, conditions favor perceptions that the organization might not be ready for change as change brings uncertainty and ambiguity of roles and responsibilities. Employees will try to make sense of what is occurring and draw conclusions about the possible outcomes associated with the proposed changes. In this process, employees will form impressions about the organization’s readiness for change, which may be indicative of the organization’s ability to successfully make change (Armenakis et al., 1993). Thus, perceptions of an organization’s readiness for change represent a key factor in understanding organizational resistance (Eby et al., 2000). Further, and directly pertinent to sales teams, individuals’ perceptions of an organization’s readiness for change may be shaped by the perceptions of others (Griffin, 1997).

In increasingly dynamic environments, organizations are continually confronted with the need to implement changes in strategy, structure, process, and culture (Kohli & Jaworski, 1990). It has long been known that attitudes and values of organizational members are related to innovative behavior (Hage & Dewar,
1973). Armenakis et al. (1993) noted that the examination of organization readiness for change must take into account contextual factors, citing environmental turbulence as one contextual factor of import. Eby et al. (2000) provide empirical support for this assertion reporting that contextual factors such as flexible policies and procedures, logistics and systems support, and trust in management represent better predictors for understanding organizational readiness for change than do individual attitudes and preferences and work group job attitudes.

**Learning and Change**

Learning is absolutely fundamental to change creation efforts. While traditional definitions of learning are most often used, such as “gaining knowledge of or skill in by study, experience, or being taught”, (verb form) and “a knowledge acquired by study, experience, or being taught”, a deeper meaning for learning is proposed for change creation in what might be called “capacity” or “action” learning.

- Learning (verb form): gaining capacity (willingness and ability) for effective action.
- Learning (noun form): capacity (willingness and ability) for effective action.

When these terms are used in change creation circumstances, “effective action” is to be interpreted in relation to the totality of change being considered. “Ability” would include information, knowledge, skill, experience and understanding as well as such characteristics as nuances and qualities that would enhance effective action relative to the change. Also, notice that capacity in this discussion requires both willingness and ability. If either willingness or ability is missing, capacity will suffer. Learning, as more broadly described above, involves a “fundamental shift or movement of the mind”, as learning organization expert Peter Senge (1990) relates: Through learning we re-create ourselves. Through learning we become able to do something we never were able to do. Through learning we re-perceive the world and our relationship to it. Through learning we extend our capacity to create, to be part of the generative process of life. There is within each of us a deep hunger for this type of learning (p. 13-14). This kind of learning is essential to change creation.
Organizational Learning through Learning Teams

In efforts to deal with rapidly changing environments, constantly shifting circumstances, greater demands from those served and growing competition, organizations have attempted to increase their effectiveness and efficiency by enhancing their organizational learning through the use of such things as teams and collaborative processes, e.g. learning teams and professional learning communities. These efforts are part of what might be called collaborative work systems. Collaborative work systems (Beyerlein, 2003) are those in which a conscious effort has been made to create strategies, policies and structures and institutionalize values, behaviors and practices that enable individuals and groups to effectively work together to achieve desired results and organizational goals. Beyerlein (2003) relate that: Collaborative work systems provide one of the key competency areas that organizations can focus on for building vitality and excellence, including competitive and collaborative advantage. On a daily basis, people come together to make decisions, solve problems and plan futures. The effectiveness of these gatherings and the effectiveness of the systems that emerge from them depend greatly on the collaborative capacity that has been built in their organizations.

Teams

One popular and rapidly growing form of a collaborative work system is the team-based organization. A team-based organization is an organization in which a team of independent contributors is the basic unit of work, and the rest of the organization acts as a system of support. Within such an organization, many forms of teams are employed, including temporary and permanent, functional and cross-functional, and local and distributed, where collaborative work is organized in creative ways to fit the situation and requirements (Beyerlein, 2003) About the advance of the team approach, Avery (2001) relates that: Everything I see indicates that more and more people are doing more and more of their work as part of a team. In a 1998 survey initiated by 3M, we asked 2800 people to profile their team-related work over the last ten years. The respondents told us that ten years ago, about 21 percent of their work was done as part of a team. When asked the same question today, those same people told us that close to 50 percent of their work is done in a team. That’s a 250-percent increase over the last decade — an unprecedented change in work style.
**Learning Teams**

The concept of a “learning team” has been defined or discussed in a wide range of ways, often loosely and quite differently, and in many types of organizations and settings. In this article, to give definitiveness, we define “learning team” in a way that encompasses or goes well beyond most definitions in the literature; this definition is based on the essence of other conceptual approaches, on change creation and the Universal Change Principle, and consistent with the formal definition of team learning found in Senge (1990, p. 236). A learning team is a team (an “authentic team”) that aligns and develops its capacity (i.e. willingness and ability) as a team to create the results its members desire to achieve.

A growing reliance on teams in rapidly changing business environments creates an imperative to understand the factors that enable team learning. As mentioned earlier, there is an emerging literature on team learning (Edmondson, 1999; Moon & Strong, 1994). The predominant thinking on improving team performance is that factors such as equipment, materials, physical environment, and pay structure are most important to the performance of teams (Campion et al., 1993; Cohen & Ledford, 1994). For team learning to occur, a consensus on the meaning of information and its implications for the business must exist (Day, 1994). High-performing teams strive for consensus to ensure effective strategy implementation (Dess & Origer, 1987). Such consensus is viewed as the final stage of organizational learning (Slater & Narver, 1995). According to Trent and Monczka (1994), true cross-functional integration requires a culture of participative teamwork throughout all the levels and across all the defined functional boundaries. Teams create their own cultures as they invent basic assumptions, learn to cope with problems, adapt to externalities, and integrate internally. Such cultures are valid for the team and must be taught to new team members as the “correct” way to perceive, think, and feel in relation to problems encountered. Organizational learning research has emphasized cognitive and interpersonal factors. For example, Argyris (1993) reported that individual tacit beliefs about interpersonal interaction inhibit learning behavior and lead to ineffectiveness. Some cognitive theorists have proffered a descriptive theoretical approach to explain the failure of organizations to adapt to change (Levitt & March, 1988). This approach asserts that learning in social
systems is problematic and rare. Other researchers favor prescriptive theory, proposing interventions that provide individuals with “theories in use” (Edmondson & Moingoen, 1998). This approach suggests that expert intervention is required to bring about change (Argyris & Schon, 1978). McKenna (1995) suggests that for a team to “create” the future rather than react to it, they need also to create the conditions of that future within themselves, shaping it and owning it. This requires team learning as a prerequisite for success. He goes on to state that unless a team learns together, much of what they decide to do for a business is based on inadequate information. How effectively an organization’s members learn is critical to how the organization improves. The recognition that change is difficult to accomplish, especially in large organizations, is required to affect successful change and continued improvement (Ettorre, 1999). It has been demonstrated that learning must be at the heart of this improvement (Lynn, 1998).

In organizations, if learning teams are defined as “teams that align and develop their capacities (i.e. willingness and abilities) as teams to create the results that their members desire to achieve”, then their potential capacities are enormous. Learning teams would have potential capacities to effectively:

- Learn and recreate themselves.
- Set and focus on challenging new goals.
- Have a spirit of inquiry and action research capability.
- Be self-directed and reflective.
- Dialogue and think insightfully together about complex issues.
- Take innovative, coordinated action.
- Do things that they were never able to do before.
- Invent together and experiment with their inventions.
- Evaluate progress on issues and effectiveness of ideas.
- Re-perceive their organization, its programs, personnel and groups, and their Interrelationships.
• Extend their capacity to create and be part of a major generative process in an organization’s operations and processes, productivity and effectiveness, and life and activities.

Eby et al. (2000) reported that a preference for working in teams and trust in peers are two variables related to Rangarajan (2004) perceptions of organizational readiness for change. A change to a sales team orientation requires close working relationships with coworkers. It also requires sharing of information, resources, and rewards. Individual salespeople oriented toward working in teams may be more receptive to change and may interpret organizational readiness for change more favorably. Trust in peers may also be important in understanding organizational readiness for change as a team focus creates interdependencies among individual salespeople who, before the change, were highly autonomous. Trust in coworkers may reduce anxiety about team-based accountabilities leading to a greater comfort level with change.

Effective learning teams, as the information in earlier sections suggests, are difficult to create and sustain. That is why the successes of “organizational change and learning, and learning teams” are so problematical and fail so frequently. Consequently, actions toward the development of effective learning teams have to be intentional and serious and represent genuine, major, clearly-defined commitments of the organization. However, when this is done properly and well, the payoffs can be significant and can move the organization to new levels of creativity, change, learning and success. Many of the critical context elements in developing successful learning teams have been covered in the earlier sections of this article. Thus, assuming an organization with these reasonably in place, we concentrate in this section on suggesting a practical design process for creating learning teams as an important part of generating change and new organizational learning. We shall also illustrate a real-world application of this new design process in the next section through a “massive change system for school improvement and increased student performance”, where effective study-group teams, as learning teams, are fundamental to the success of the system. The suggested practical learning-team design process is as follows (lick, 2006):

(1) Build group synergy. This represents the most important part of the process. Without it, the group is just not an authentic team and will fall short of
its maximum potential. This is the foundation for being self-directed, setting and focusing on challenging new goals, having collaboration and reflection, and dialoguing and thinking insightfully together about complex issues. Information for introducing synergy into a group and auditing the group’s synergy level can be found in Lick (1999, p. 42-43); Murphy and Lick (2005, p. 174-175).

(2) **Foster co-mentoring in the group.** In co-mentoring groups each member offers support and encouragement to everyone else, which expands individual and group thinking, understanding and learning, and thereby improving the group’s effectiveness and productivity and helping the group recreate itself and do things it was never able to do before.

(3) **Utilize learning resources.** The group utilizes a wide variety of learning resources, including research, literature, internal and external expertise, related experiences, relevant learning models and professional development. As the learning-team process unfolds, increasing, discovering, generating and using appropriate learning resources provide an enhanced basis and higher plateau for increased learning and potential for new creative solutions and outcomes.

(4) **Integrate knowledge and create potential solutions.** The group pulls together all of the relevant information and knowledge available to it and integrates it synergistically and creatively into one or more potential solutions or desired outcomes. This allows the group to take innovative and coordinated actions, through a spirit of inquiry and action research process (i.e. disciplined inquiry that leads to changes in practice and performance), toward inventing together and experimenting with its creations, as well as gaining new knowledge and learning, recreating the group and doing things it was never able to do before.

(5) **Apply potential solutions and share findings.** As part of the spirit of inquiry and action research process, the group applies the new solutions or outcomes in their real-world workplace and shares their findings and results with group members.

(6) **Assess findings and generate new solutions.** The group assesses the findings and results from Step 5 and evaluates their progress and effectiveness toward the desired outcomes.
(7) Iterate to desired outcomes. The team considers intermediate findings, results and solutions, and modifies them accordingly by repeating Steps 3-6, as often as necessary, until the team is satisfied with the final outcomes. As a result of this process, the group becomes a learning team that (a) gains new potential to re-perceive itself and its organization, programs, personnel and groups, and interrelationships, and (b) extends its capacity to create and be part of a major generative entity in its organization’s operations, productivity and effectiveness, and life and activities.

(8) Recheck group synergy and co-mentoring. The team must also periodically recheck its levels of synergy and co-mentoring, and make appropriate adjustments to satisfy the criteria of Steps 1 and 2.

Discussion and Conclusion

The changes in the present industrial scenario have contributed to changes in the structure and functioning of organizations. Organizations have been focusing on changes in the structure resulting in flatter organizations. The results of various studies show that organizations have changed their shapes dramatically, reducing layers of hierarchy, dispersing authority and decision making, and adopting a variety of practices associated with knowledge sharing, quality improvement and information technology. Considering this, explain the need of organizations for being aware of the concept of learning.

Learning is fast becoming the conventional wisdom of organizational life. Several factors, in consort, have heightened interest in the notion of organizational learning to the extent that learning is increasingly viewed as representing an organizational capability that can deliver competitive advantage (Edmondson & Moingeon, 1996; Tushman & Nadler, 1996). Addressing the compositional features of such organizational learning is necessary if we are to avoid mere conjecture about the nature of organizational learning in practice, and moreover, it is of practical consequence to managers if they are seeking to build such learning environments.

In this paper, we intended to describe the important role of organizational learning and we focused on learning teams, as an enabler to organizational learning. We attempts to define and discuss this undeniable specification of
successful organizations. Thus, we proposed our viewpoint of learning organization via team learning with Focus on Agility and Change Management.

References


A Study on the ‘Readiness to Change’ Among Public Sector Employees

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Abstract

‘Readiness to change’ is considered as one of the major impediments in implementing change effectively. It has been defined as preparing mentally and physically for an experience or action. Various factors such as discrepancy, appropriateness, efficacy, principal support, and valence had been identified as factors affecting readiness to change. The present study has been conducted among Public Sector Undertakings (PSU) employees looking into their readiness to change. This assumes greater significance in the current context where we consider the economy as a global one and the cushion of government support to Public sector undertakings is slowly decreasing. The Public sector Undertakings have to be on their heels to meet the external changes in the environment, and there in lies the need for getting employees ready to change. The study shows that out of the various factors affecting readiness to change, only appropriateness showed strong correlation with employee readiness to change. Appropriateness is defined as the manager’s capability or skill in identifying the unique attributes of an organizational situation so that the appropriate corrective action could be matched to that situation. The study also revealed dependency of employee change readiness level across all the demographic variables taken for this study i.e. gender, salary, age and educational qualification.

Keywords: Appropriateness, Change, Organizational change, Organizational Change Recipients Beliefs Scale, Readiness to change

Introduction and Review of Literature

Effective management of change is one of the critical challenges faced by organizations. Organizations are successful only if they continually and consistently rise to meet the challenges posed by change. Organizations undergo
change either to adapt themselves to the varying external conditions or to overhaul their internal processes and systems. Some of the causes of change include technology, communication, general instability, mergers, reengineering, organizational growth, institutional and market volatility, etc.

Change is the process of ‘altering people’s actions, reactions, and interactions to move the organization’s existing state to some future desired state’ (McNabb & Sepic, 1995). It is concerned with shifting from one stage to another, or breaking down existing structures and creating new ones (Chonko, 2004). There are instances wherein though initially organizational change programs are perceived to be successful, in the long-term success is found to be elusive (Nadine & Persaud, 2003). Evidence shows that only one third of total quality management (TQM) and reengineering programs have met their planned goals (Carr, 1996; Porras & Robertson, 1992). Researchers have identified many reasons for failed change efforts. Some of them include lack of urgency (Kotter & Cohen, 2002), contracting against the right issues and outcomes (Block, 2001), and lack of systems thinking (Burke, 1982, 2002; Burke & Litwin, 1992).

Walinga et al, (2008) are of the opinion that fundamental to any organizational change is ‘the process of getting ready for change’. This will help the organizations in implementing successful change programmes. The present article focuses upon the readiness of employees towards change, which will determine the success of any change initiatives. In understanding the concept of change readiness, it is pertinent to explore, understand, and identify the relationships between topics like organizational change, individual change and change readiness.

**Organizational Change**

There are a number of theories that have implication on the organizational change process. Some of them include Stages of Change Theory (Lewis, 1958), Trans-theoretical model of change (Prochaska et al, 1997), Cognitive schemes or attitudes toward change (Fiske & Taylor, 1984; Isabella, 1990; Lau & Woodman, 1995), Transactional model of stress and coping (Lazarus & Folkman, 1987), Cognitive processes of change (Armenakis & Burdg, 1988), Correlates of readiness for organizational change (Ajzen, 1991; Armenakis et al, 1993;
Cunningham et al., 2002; Prochaska et al., 1997; Terry & Jimmieson, 2004), etc. Various other studies conducted in the field of organisational change have identified methods such as participation in decision making as a means of propelling change. However, studies have shown that these methods have failed to be successful (Griffin, 1988; Locke & Schweiger, 1979; Wagner, 1994). It is evident from the available literature that despite all these theories and research on organizational change, there is still an ‘implementation gap’ in dealing with organizational and individual change effectively (Armitage et al., 2004). Researchers often consider this implementation gap, from the preparation to action stage as a ‘black box’ of change (Thompson and Hunt, 1996).

**Individual Change**

Lewin (1951) described the individual change process in terms of unfreezing, moving, and refreezing. Organizational change programmes to be successful has to focus at the individual level, and specifically the leadership level. This was highlighted by George and Jones (2001) through their extensive study on organizational change. They concluded that change is initiated and carried out by the individuals in organizations. Bandura (1977); Courneya, Plotnikoff, Hotz, & Birkett (2001), Lazarus & Folkman (1987) identified a variety of psycho-socio-emotional factors that contribute to an individual’s movement from one stage to the next such as self-efficacy, perceived behavioral control, and social support. Though factors required by an individual to move through the various stages of change have been identified through different studies, it is not clear as to how best the factors in the organizational change process can be facilitated.

**Readiness to Change**

Starting from Lewin (1947), a number of organizational scientists have proposed variations on the basic phases of unfreezing, moving, and freezing (Armenakis, Harris, & Feild, 1999; Galpin, 1996; Judson, 1991; Kotter, 1995). Though researchers have prescribed various change models, the models of Armenakis, Harris, and Mossholder (1993) and Armenakis et al. (1999) are distinct. They prescribed strategies for creating readiness, and facilitating the adoption and institutionalization of organizational change. This assumes greater
significance in the field of change management. Organizational theorists worldwide agree that readiness for change is the crux to any change management strategy (Armenakis, Harris, & Mossholder, 1993). The concept of readiness was first introduced by Jacobson (1957). Readiness to change is defined as ‘preparing mentally and physically for an experience or action’ (Merriam-Webster, 2005).

Available literature shows that the most important factor involved in employees’ initial support for change initiatives is readiness (Armenakis et al., 1993; Armenakis, Harris, & Feild, 1999). Organizational development professionals have put across various change theories to clearly understand the phenomenon of change readiness (Van de Ven & Poole, 1995). Some have stressed the need for introducing purposeful system wide changes to realize specified goals, but often these purposeful changes would lead to differences and conflicts between the organizational leaders and members as identified through their various studies. Van de Ven and Poole (1995) in essence stresses the need for creating readiness. Various studies had been conducted to understand the importance of readiness during the process of organizational change, and concluded that clear communication of need for change and opportunity to participate in the change process are critical in a successful organizational change programme (Coch and French, 1948).

**Factors Affecting Readiness to Change**

A large number of studies have been conducted in the area of change readiness. The classic studies by Ryan and Gross (1943), and Coch and French (1948) have identified five major factors affecting change readiness as discrepancy, appropriateness, efficacy, principal support, and valence in planning and implementing organizational change. These were validated through a number of other subsequent studies. The five major factors identified through the studies by Ryan & Gross (1943) and & and French (1948) still assumes significance in the field of organizational change and has been stated as the factors for readiness for change. The five factors are explained in detail below:

a) **Discrepancy** is often labeled as the employees’ belief that a need for change exists (Bandura, 1986; Bartunek, Rousseau, Rudolph, & DePalma, 2006; Coch & French, 1948; Kotter, 1995; Nadler & Tushman, 1989;
Pettigrew, 1987; Rafferty & Griffin, 2006; Rousseau & Tijoriwala, 1999). The employees’ belief about need for change is influenced by social accounts. It is dependent on the information provided by change agents to explain why an organizational change is needed (Bies, 1987).

b) **Appropriateness** was dealt in the research by Kepner&Tregoe (1965). Appropriateness relates to manager’s capability in identifying unique attributes of an organizational situation so that the appropriate corrective action could be matched to that situation, while managing change. OD intervention strategies have been identified as a means for appropriateness (Harrison, 1970). Another strategy followed by most of the managers in their change initiatives is to follow the footsteps of other progressive managers, which most of the time end in failures (Abrahamson, 1996; Ghoshal & Bartlett, 1996). Research shows that careful deliberation and planning would help in reducing the employees’ uncertainty in the change process. (Rousseau and Tijoriwala 1999; Bartunek et al., 2006; Rafferty and Griffin, 2006).

c) **Efficacy** in the context of organizational change, efficacy could be defined as the perceived capability to implement the change initiative (Bandura, 1986). A number of studies showed the relationship of organizational change with self-efficacy (Amiot, Terry, Jimmieson, &Callan, 2006; Jansen, 2004; Jimmieson, Terry, &Callan, 2004; McGuire & Hutchins, 2006). Findings also suggest that individuals commonly avoid activities that they believe exceeded their coping capabilities, and would perform only those they believe themselves to be capable (Bandura, 1986). Further, change initiative may be a failure, if the employees don’t believe that they are capable of executing the new behaviour required by the change initiative. Jimmieson et al. (2004) who did sizable research on change management had identified the positive effects of self-efficacy on the employees’ adjustment to the organizational change.

d) **Principal support** is described as the support employees receive from the change agents and opinion leaders (Bandura, 1986). Change agents can range from such positions of the CEO to the immediate supervisor. A major factor associated with this is behavioural integrity of the change
agents, i.e., a change agent’s behavioral integrity will be scrutinized by change recipients for the word–deed alignment. Opinion leaders also play a pivotal role in organizational change by facilitating the success of organizational changes (Salancik & Pfeffer’s, 1978: Ryan & Gross, 1943). This was validated through the studies of Lam & Schaubroeck (2000). It is clear through different studies that if the employees believe that principal support for the change is inadequate, then the change initiative will not be embraced.

e) Valence, referred to as the attractiveness (from the change recipient’s perspective) is associated with the perceived outcome of the change, as identified by the classical work of Vroom (1964). Valence could be divided into extrinsic and intrinsic rewards. Extrinsic valence refers to the rewards or benefits like Incentive systems, gain-sharing programs realized from adopting the new behaviors, etc. (Bullock & Tubbs, 1990). Intrinsic rewards like more autonomy for decision making among operative workers resulted in increase in higher-order need satisfaction like self actualization. It has been identified through research that attitude towards job changes (i.e., changing job content, changing departments, relocation, and voluntary turnover) were related to the beliefs about expected extrinsic and intrinsic benefits and costs. Researchers like Bandura, Wanberg & Banas (2000), van Dam (2005), Bartunek et al. (2006), Fedor, Caldwell, & Herold (2006) have stressed the importance of intrinsic rewards in organizational effort.

The Present Study

The present study deals with assessment of readiness to change among Public Sector Undertakings (PSU) employees. The business units owned, managed and controlled by the central, state or local government are termed as public sector enterprises or public sector undertakings. A PSU is defined as ‘any commercial or industrial undertaking owned and managed by the government with a view to maximise social welfare and uphold the public interest. PSUs have played a significant role in the Indian economy. But if the overall performance of most of the public sector enterprises is examined, it is not satisfactory. The rate of return on capital investment is also very low. Integration of Indian economy with global markets has thrown up new opportunities and challenges for these PSUs.
Some of the PSUs with strategic vision are actively exploring new avenues and have increased their activities to go in for mergers, acquisitions, amalgamations, takeovers and for creating new joint ventures in order to meet with the challenges happening in the global market. But sadly a large number of the PSUs had failed in this aspect. The need of the hour is to make them adapt to the ever changing economy, and therein lays the need for getting ready for the change. Getting the employees ready for change is considered as the most vital element in all the change initiatives of any kind of organization.

The present study has been conducted on the background of looking into the readiness of PSU employees towards change. Prior to the introduction of any change, it is imperative to assess the readiness. The need for assessment of readiness has been identified as a major component in change management through various studies (Cunningham et al., 2002; Jones, Jimmieson, & Griffiths, 2005; Weeks, Roberts, Chonko, & Jones, 2004). Assessment of readiness has been conducted using both qualitative (e.g., observation and interview techniques) and quantitative (i.e., questionnaire techniques) methods. But in most of the studies quantitative methods are been used. Several instruments have been developed for the purpose of assessment of readiness prior to change (Cunningham et al., 2002; Jones, Jimmieson, & Griffiths, 2005; Weeks, Roberts, Chonko, & Jones, 2004).

**Tool Used**

The tool used for the present study is ‘Organizational Change Recipients Beliefs Scale’, developed by Armenakis et al (2007). Other variables such as gender, salary; age and educational qualification were also elicited. Holt, Armenakis, Harris, & Field (2007) opined that the existing instruments used to assess readiness mostly deal with such aspects like change process, change content, change context, and individual attributes. They arrived at this opinion after reviewing more than 32 instruments used for assessing readiness. They further concluded that the available instruments lack evidence of validity and reliability, though these instruments have suggested comprehensive measurement model for change readiness. Most of these instruments measure readiness with respect to change process, change content, change context, and individual attributes.
Of the available instruments, the one developed by Armenakis, Bernerth, Pitts & Walker (2007) called as ‘Organizational Change Recipients Beliefs Scale’ was found to meet the standards of both validity and reliability. The five principal factors measured in this tool are discrepancy, appropriateness, efficacy, principal support, and valence. These factors are in line with the measurement perspectives namely organizational valence with change content, management support with change process, discrepancy with change context, self-efficacy and personal valence with individual attributes. All these measurement factors have shown more than the minimum reliability estimate of 0.7. It also showed a convergent validity by means of its correlations with personality and organizational variables, and predictive validity with job satisfaction, affective commitment and turnover intentions.

The main objective of the present study is to ascertain the relationship between various factors affecting change and change readiness. The other objective is to look into the relationship between employee readiness to change and gender, salary, age, and educational qualification. Data was collected from 155 employees working in various PSU’s. The distribution of the sample based on various factors is given in Table 1.

<table>
<thead>
<tr>
<th>Demographic Particulars</th>
<th>Classifications</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>98</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>57</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>155</td>
</tr>
<tr>
<td>Salary (in Rs)</td>
<td>Less than 10,000</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>10,000 to 19,999</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td>20,000 to 29,999</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>30,000 to 50,000</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Above 50,000</td>
<td>08</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>155</td>
</tr>
<tr>
<td>Age (in years)</td>
<td>18-25</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>26-35</td>
<td>60</td>
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<td></td>
<td>36-45</td>
<td>29</td>
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<tr>
<td></td>
<td>46-55</td>
<td>19</td>
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<tr>
<td></td>
<td>56-60</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>155</td>
</tr>
<tr>
<td>Qualification</td>
<td>SSLC</td>
<td>13</td>
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<tr>
<td></td>
<td>+2</td>
<td>23</td>
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<td></td>
<td>Graduation</td>
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<tr>
<td></td>
<td>Polytechnic/ Technical</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>155</td>
</tr>
</tbody>
</table>
The hypotheses set for the study are:

**Hypothesis 1:** Factors affecting readiness to change and employees’ readiness to change are significantly related

**Hypothesis 2:** Employee readiness to change is independent of demographic particulars like age, gender, salary, educational qualification.

### Results & Discussion

As stated above the main objective of the study was to ascertain the relationship between various factors affecting change; such as discrepancy, appropriateness, efficacy, principal support, valence, and employee change readiness. The correlation between discrepancy and change readiness is 0.398 that of appropriateness and employee change readiness is 0.762, efficacy and change readiness is 0.346, principal support and employee change readiness is 0.410, and finally that of valence and employee change readiness is 0.336. Here only appropriateness and change readiness shows a strong correlation. The other main objective of the study as stated above was to look into whether employee readiness to change is independent of demographic particulars like age, gender, salary, educational qualification. In testing of whether employee readiness to change and age are independent, the Chi square test revealed an asymptotic score of 0.564 (at 95 % confidence level), and hence we can assume that both are dependent.

In testing the hypothesis whether employee readiness to change level and different salary groups of employees are independent, the Chi square test revealed the asymptotic score as to be 0.567, and hence it can be assumed that both are dependent. The test for the hypothesis about employee readiness to change and the different age groups of employees revealed the Chi square asymptotic score to be 0.911. This also points that both are dependent. In testing the dependency of employee readiness to change level across different educational qualification groups of employees, the asymptotic score was 0.950, and hence dependency is established here also.

The present study reveals that there exists only negligible relationship between factors affecting change readiness and employee readiness to change, except for appropriateness and employee readiness to change which showed a high
correlation of 0.762. The literature review defines appropriateness as the manager’s capability or skill in identifying the unique attributes of an organizational situation so that the appropriate corrective action could be matched to that situation, thus eliminating the discrepancy which might exists in the case of a change initiative. This finding assumes greater significance as in the case of PSU’s since the employees’ belief for need for change is dependent on the appropriate measures taken, taking into account the situation or scenario that exists within the organization. This also points to the need for careful deliberation and planning, when change programmes are implemented. This is also focused in all related literature (Rousseau & Tijoriwala, 1999; Bartunek et al, 2006; Rafferty & Griffin, 2006).

The study also revealed the dependency of employee change readiness level across all the demographic variables taken for this study i.e. gender, salary, age and educational qualification. This is in perfect harmony with the previous studies conducted which identified the relationship between employee readiness to change with different variables such as age, gender, marital status, tenure in company, tenure in position, job status, spouse, children, education (Mottaz, 1988; Madsen et al., 2005). Increased family dependency may be a major factor behind this relationship – between demographic variables and employee readiness to change (Blau, 1985; Madsen et al., 2005). However, due to increasing dependency and the associated need for psychological attachment employees may actually become more positive towards the organisational change (Madsen et al., 2005). In the case of age and its relationship with employee readiness to change, it is identified through earlier studies that younger employees are more ready and open for organisational change than to older (Shah & Shah, 2010). Certain earlier studies have also shown that married employees tends to have a strong relationships to their supervisor and peer in the organization, and are more open to change (Shah & Shah, 2010).

Conclusion

Assessing employee readiness to change assumes significance in the current scenario, particularly in the case of PSUs who are compelled to compete with ever changing market situations. Earlier, Government support was assumed to be strong pillars of PSUs, but things are now slowly changing. Now the focus is on becoming sustainable. Hence PSUs have to be on their heels to meet the
challenges of external environment, and be ready to change as per requirement. Organizations also have to assess their readiness to change, so that they can take upon themselves the challenges of the external environment. The present study was carried out in this context assessing the employee readiness to change in PSUs. The study revealed some interesting results.

It is established in this study that out of the different factors affecting employee readiness to change, appropriateness seemed to have strong relationship with readiness to change. So in PSUs, change agents should give more importance to careful deliberation and planning while implementing change and employee participation in the planning stage itself would reduce the resistance to change. This is in line with the studies of Coch and French (1948), Kotter (1995), Kotter & Schlesinger (1979), and Lawrence (1954). In the present study, other than appropriateness all the other factors including discrepancy, efficacy, principal support, and valence showed only negligible correlation with employee readiness to change. The reason of such a finding is open to further study. All the demographic variables taken for the study i.e. gender, salary, age and educational qualification showed relationship with employee readiness which is in line with the earlier studies (Madsen et al., 2005). This highlights the need for taking into consideration the employee profile, both personal and job wise while deciding about implementing change. Further, organizations should retain this information about employees in their database so that it can be used as a guideline while implementing change. It is expected that the results of the present work will initiate further studies in the area of readiness to change.

References


Transactional Analysis Derivatives an Approach to Organizational Change and Development

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Abstract

TA theory explains human behavior from the perspective of understanding transactions that take place based on the programmed experiences in the childhood. Transactional analysis theory and approach is given a fresh interpretation in the context of the organizational processes of change and development. The ego states of Parent, Adult and Child are further understood with its different components. Similarly analysis of transactions, script analysis, life positions and game analysis become the focal themes in the realm of organizational change and development. Finally a TA model of organizational change and development is suggested that can be effectively utilized to accelerate the process.

Keywords: Ego state, Script Analysis, Game Analysis, Model of Organizational Change and Development Organizational Positions

Introduction

Transactional Analysis (TA) that occupies a central position in the study, understanding, and interpretation of human behavior is embedded with lots of intricacies so far unexplored in the myriad situations of life. It is applied with vigor in the specific context of organizational behavior processes and more particularly in the area of organizational change and development. The present exploration and the consequent derivatives are drawn from the main body of TA theory and approach to transforming human behavior from unhealthy and negative programming to healthy and positive programming and living.

TA as applied today in the area of organizational change and development needs revision and a new interpretation which is supposed to be made here. The TA theory is applied to examining individual functioning with less focus on group/organizational contexts. The TA concepts of ego state analysis, analysis of communication transactions, script analysis, individual positions of okayness

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Ego State Analysis

Ego state as a psychological state of mind gets expressed in one’s way of thinking, feeling and behavior at a point of transaction. It is the current state of the mind derived from the past events that refer to real situations of life. The ongoing transactions of the mind are based on the past programmed data that are reenacted in similar or apparently similar situations of interpersonal and intra personal processes. The present ego state is linked to stored data of emotional, cognitive, motivational and behavioral significance, all of which together give rise to the three identified ego states of parent, adult and child with subcomponents. Ego state as a differentiated system of interacting feelings, thoughts and potential behaviors represent the childhood experiences that take shape in the three states and that within each state different kinds of thoughts, feelings and acts can be identified (English, 2005). Over and above the traditional components of TA in each ego state, in this analysis of the relevance of TA in organizational change and development, six other components are brought forward in the ego states of parent, adult and child.

Parent Ego State and the Sub-components

Generally known as the “taught” concept of life, parent ego state represents the ideas, attitudes, beliefs, opinions and behaviors of all parental figures like father, mother, teachers, elders, leaders and other authority figures who open a “file” in the memory structure of the individual that becomes a repository of their ideas, conversations, beliefs and opinions. Parent ego state is functional along the lines of right and wrong, do’s, and don’ts, commands, orders, obedience, authority and unquestionable instructions. This file of parental memory gets activated in the current state of the mind as parental ego state that transacts with the world.

In the structural differentiation of the ego states, it is to be noted that each ego state can contain other ego states (Widdowson, 2010). This differentiation brings about further subdivisions in each ego state characterized by a specific system
of thoughts, feelings and actions. As explained in the Figs. 1(a) & 1(b), the parental ego state is differentiated structurally and functionally which are specific to the organizational processes. And that a transaction process initiated and maintained in the parental state can contain “matters” which can be diagnosed as Adult and Child. In this way a parental ego state can be structurally and functionally differentiated into three positive and three negative ego states. Positive and negative ego states imply transaction conducted along productive and unproductive programmes.

The sub-components of the parental ego-state identified in the organizational context are the following:

**The authority-minded parent (AM):** In this ego state managers and top officials think, feel and act along strict authority channels, exercising the power in visible and invisible ways so as to influence the subordinates. Notions of authority dominate the state of the mind. The manager would say “you do this as suggested by me”.

![Fig. 1(a) Parent Ego State Sub-Components](image)
Cooperative and caring parent (CC): Similar to the nurturing parent ego-state, a cooperative and caring parent ego state expresses in terms of supporting and cooperating with the co-workers and subordinates in order to ensure smooth functioning of the organization. For example in the process of implementation of change and development programmes, the manager who is functioning in this ego state is prompted to say, “let us do it together”.

Conservative parent (CP): In this ego state of conservativism, managers are sticking to traditions, conventions and the established procedures of managing instead of experimenting with the new and the modern. The conservative ego state, which is expressed as, for example, “I’m comfortable with this system of working” can be traced back to the conservative upbringing of the early life. As is evident, the conservative parental ego state opposes the introduction of modern change programmes.
**Liberal parent (LP):** Opposite to the conservative parent, the liberal parent actively promotes change and development. The ego state that is expressed verbally and non-verbally allows the manager to move forward with new development plans as he is prone to welcoming new plans. The desire to embrace modernity means that change is swift under this manager who may say, for example “I want to proceed with the programme at any cost”.

**Suspicious and doubtful parent (SD):** The ego state characterized by wavering and frequent change prevents the manager from effectively executing change projects or even conceiving change plans. As the mind is overcrowded with the thoughts and the feelings of suspicion and hesitation to act, a doubtful and indecisive ego state never transacts in a way to make progress. “We can’t do this as it has lots of limitations and it is going to invite lots of opposition” is reflective of this ego state.

**A resilient and confident ego state (RC):** In this parental ego state of tolerance, patience, resilience and executive confidence, the manager transacts in a way pointing to the characteristics of an effective and efficient executive who is determined to make success a daily mantra. This parental component of personality always expresses perseverance and realistic belief in one’s own capabilities and resources. “Let us try to overcome the obstacles using our resources and plans” is the form of communication that the manager resorts to in interactional situations.

It has been observed that Parent Ego state take different structural and functional forms from the introjected system of feelings, attitudes and behavioral patterns and it can also be based on a fantasy of a parental figure that leads to the development of what is called a self-generated parent ego state or an internal saboteur (Zaletel, et.al, 2009; Erskine and Moursund, 1998).

It can be assumed that introjections, self-generations and/or fantasy figures produce same and/or different system of feelings, attitudes and behavioral patterns resulting in further differentiation at the structural and functional levels. Feelings, attitudes and behavior patterns of the same nature form a particular subdivision and different feelings, attitudes and behavior patterns make a different cleavage in the parental ego state.
It can be stated that in the dynamic functioning of the parent ego state, that is in response to multiple and a wide range of transactional stimuli and responses, the ego states get differentiated. A sort of structural and functional specialization comes into play when the individual starts confronting newer and newer stimuli and responses. The processing of new stimuli and the demands for a new set of responses result in the combination and the recombination of the parental data leading to the formation of the different sub-components that makes it possible for the parent ego state to function in the new situation. Specifically in response to the organizational stimuli and responses, the managers come to develop the sub-components.

**Adult Ego State and the Sub-components**

Adult ego state is marked by the information processing activity that processes information received from different sources. This “thought” concept of life either functions in the resourceful way or it fails to function leading the person to think intelligently or unintelligently in his transactions with the world. The childhood experiences shape the way an adult comes to use his intelligence and cognitive activities.

Following the pattern of parental ego states, the structural and functional differentiation of the adult ego states fall into three productives and three unproductives Figs. 2(a) & 2(b).

In the adult ego-state functioning, the subcomponents relevant and manifested in work behavior are the following:

*Analytical ego state (AE):* In this ego state of functioning, the individual shows high amount of reasoning and componential analysis in his transactions that demand high information processing. In the analytical ego state of functioning, the mind is in a mode to receive a good amount of information from the organizational environment and transforms the same into productive channels of organizational functioning. “I will go through it in a detailed manner”, the manager would say when the organization receives a new proposal.

*Coordinated and organized ego-state (CO):* The manager swings into action in quick and controlled manner that ensures rich dividend for the organization. The coordination and the organization that the manager shows in varied
activities are symptomatic of the organized and the controlled childhood life. The organization that the manager brings into executive functions of identifying and solving problems, allocating resources, dealing with employees is evident of a strong and robust ego state.

**The big-picture ego state (BP):** Wide focusing and inclusive thinking imply that the manager is always able to have a big picture of the organization and/or the departmental activities. Big picture entails unified and wholistic view of the organization where the ultimate goal of the organization becomes the driving factor and the micro processes are never segregated from the main frame of the organizational processes. A manager with this ego state is capable of including the relevant and excluding the irrelevant in the scheme of activities. “Allow me to study its repercussions and after effects” is a saying that comes out of this ego state.

**Sub-analytical ego state (SA):** In this ego-state of functioning, the mind follows the commands of being unintelligent and illogical in management activities. Instead of actively processing the information, the mind actively and passively sidelines critical reflections and reflective thinking.

![Fig. 2(a) Adult Ego State Sub-Components](image)
The mind acts by the ill-formed thoughts that have its base in patterns of negative thinking. “We will disregard the weaknesses and we will implement the programme as early as possible”.

**Disorganised/Unorganised ego-state (DU):** The main characteristic of this ego state is that the individual’s thoughts and behavior never centre on organizing and coordinating managerial activities in a systematic way. The looseness and the haphazard arrangement seen in physical, social, official and intellectual activities point to this particular ego state of functioning. The non-methodical style of functioning can be traced to childhood experiences which are largely in an atmosphere of clumsiness and awkward settings. The office room and the table they use often present a chaotic picture.

**Narrow-focused and restricted thinking (NR):** Besides the refusal to see the big picture, the manager acting in this ego state shows a constricted thinking without any flexibility to think on a larger horizon. Inability to use concepts that have wider applications in wider situations of management force the manager to
comment, “I am unable to see the utility of this programme in our company or any other concerns”.

The adult ego state is a sort of complex ego state that processes multiple sources of information such that this level can be called an information processor. As an information processor, it deals with the transactional world in a highly methodical and systematic manner.

Stimulated and confronted by the reality and the activation of the cognitive processes, the adult ego states get formed in the individual in different ways. The mechanics of the formation of the adult ego state are dependent upon the nature of the cognitive resources and the processings and the nature of the parent and child data that prove to be functional/productive and dysfunctional/unproductive. Following the blending of the cognitive resources and processings with the parent and child data, the adult ego state takes on productive-unproductive forms. The ego state thus formed can be called the archaic adult ego state. Adult ego state can also get formed in the individual’s own confrontation with the reality where the individual is less influenced by the past data. This neo-adult ego state is purely derived from the individual’s own unique cognitive resources and the rich source of data provided by the environment. That is the adult ego state can have an archaic component and a neo component. The archaic adult ego state is wholly composed of the refinements and the modifications of the parental and child ego state data in the light of the confrontation with the reality. The neo-adult ego state is dependent upon the functioning of the cognitive resources.

The processings of the parental and child ego states data and the emergence of the cognitive resources and processings can result in the formation of two opposite adult ego states of productivity and unproductivity. Distinct and similar levels of adult ego states are acquired by the individual as the individual experiences and the transactional world of each individual differs. The archaic and the neo adult ego states are thus consequent to the interaction among new experiences registered by the individual, the parental and the child data and the evolving information processing activities of the cognitive system.
The Child Ego State and the Sub-components

The child ego state is obviously characterized by feelings and emotions that dominated the childhood of an individual. Considered to be the “felt” concept of life, this ego state springs surprises in the form of laughter and cry. The different patterns of significant and eventful emotions that the child experienced in his relations with others programme his emotional life later in the life.

The structural and functional partitioning of Child Ego states yields six ego states, out of which there are three productives and three unproductives Figs.3 (a) & 3 (b). As such an adult worker may come to demonstrate or experience the following components in his work settings.

**Jovial child (JC):** The ego state is manifested in happy and friendship situations of team work and cooperative endeavours. The manner shows the interest and participation in jovial activities of leisure and relaxation. The overwhelming joy and laughter are the predominant expressions in appropriate situations.

**Adventurous and inquisitive ego state (AI):** A playful, experimenting and curiosity-driven childhood ensures an ego-state in a manager that is always innovative, risk-taking and achievement-oriented. Such managers, it may be noted are the ones who take the road less traveled by people implying that they may turn out to be intrapruners and creativity-minded. They are the ones who easily embrace change and become models for others in treading new paths.

**Sociable and interpersonal (SI):** This ego state of the childhood seeks out the company of others and tries to build a network of relations around work processes. Accomplishment of goals through others becomes the nature of the ego state that dominates in a particular transaction. The manager would say, for example, “let us gather together all the members and decide upon the problem”. Sociable and interpersonal ego state is underlined by the emotions for others that warmly receive the suggestions and requests of others. This ego state is reflected in friendship-seeking activities, expressions of gregariousness, affiliations and love.

**Lonely and secluded ego state (LS):** Aloof and disinterested, the manager may say, “leave me alone I am just not interested” that is reflective of the child ego
state. This ego state leads the manager towards a state of seclusion that results in less interaction with others and an unfriendly approach to subordinates and coworkers. The distance and the separation kept from other potential interacting units like individuals and groups leave a situation where the manager has to work in a rather solitary manner.

*Lazy and absentee minded (LA):* Refusing or abstaining from duties and responsibilities can be built into a system of habits that are perpetuated by everyday events and reinforcements. Non-performance of work on a continuous basis leads to a state of negative reinforcement in which the subject comes to deriving extraneous pleasure and satisfaction. In this ego state the subject becomes an expert in devising hideous plans and ways so as to be idle most of the time and the idleness is come to be practiced in relation to the behavior of others for which no blame can be placed on the person. By all means the individual tries to avoid work so as to be relieved of the pain of work. In TA interpretation, constant rejection and non-participation in childhood activities leads to the development of this ego state that gets unraveled in real life work settings.

*Complaining ego state (CE):* Frequent and regular airing and expression of complaints mark this ego state of the manager. In this pattern of compulsive and regular complaints about employees, co-workers, senior managers, organization and the world at large, the manager is trying to relive his insecure and unsatisfactory childhood characterized by discontentment in the satisfaction of needs and wants.

The two pathways that lead to the partitioning of the child ego state are: (1) innate emotionality and (2) learned and learning emotionality. Each child has an innate emotionality that is unique to the child and the child can be placed at different points on the spectrum of emotions. The intensity and the type of emotions that the child experiences differ which is indicative of the differential felt life of individuals. The path way that starts from the external environment of social and interpersonal relations brings in new emotional decisions and the child learns to experience different types of emotions that gradually evolves and stabilizes into distinct emotional patterns.
In the dynamic emotional functioning, the differentiation of positive and negative emotions as experienced by the child forms the major subdivision of the child ego state and it corresponds to the traditional TA theory. Further subdivisions are made possible in the developmental period. As the child undergoes a variety of emotional experiences, the process of innate emotionality gets modified such that it is possible to differentiate between core affect and affective quality (Fernandez-Dols and Russell, 2003). The core affect of the person remains objectless whereas affective quality is experienced in relation to a stimulus. As the core affect becomes the foundational dynamics of all emotional experiences, the individual child learns to associate a specific emotion with a specific stimulus or a class of stimuli, thereby giving rise to categories of emotion linked to specific objects, events, issues, places or persons. These linkages established between the internal emotional experiences, which in turn is derived from the core affect system, and the external world provide the individual with the whole emotional system.

In the continuing process of emotional experiences, which is based on the interaction between the core affect and the affective quality, individuals acquire different categories of emotion all of which are linked to the external world of happenings and persons. And as experiences mount and as the innate emotionality undergoes changes, different ego states centered on a specific emotion develop. The child consciously, subconsciously and unconsciously systematizes and differentiates the emotional experiences into different child ego states.
Fig. 3(a) Child Ego State Sub-Components

Fig. 3(b) Child Ego State Sub-Components
Principles of Ego State Structural and Functional Differentiation

1. Differentiation of ego state can take place beyond the traditional subdivisions in response to new transactional stimuli and responses.

2. As the amount of experiences pile up there exists a pressure on the ego states to make further subdivisions in response to the environment.

3. Encountering new stimuli hitherto unexperienced brings in the first driving force to partition the existing ego states.

4. The combination and the recombination of the data stored are the principal ways of ego state differentiation.

5. Similarity and dissimilarity of experiences force differentiation in the ego states.

6. Structural and functional differentiation follows an evolving pattern.

Mixed Ego State Functioning

In the arena of the ego state functioning, it is observed that an individual never manifests a single ego state or a single sub component. The complex and unpredictable organizational situation demands the expression of three ego states/subcomponents. The postulation of the mixed ego state functioning is possible because individuals are shown to be expressing patterns of emotions, different thought patterns and behaviors in complex situations of work. The activation of the ego state is contingent upon complex situations of work that demand a complex response that becomes adjustive. In the behavioral functioning of thought, motivation, emotion and acts, the individual may come to express any three subcomponents of parent, adult and child in an interactive manner. In a given behavioral functioning, one sub-component each from parent, adult and child surface in the present functioning leading to the emergence of thoughts, emotions and acts. A sample of behavioral functioning is constituted by cognition, emotion and behavioral acts of micro and macro nature. The three ego states which act in an interactive manner thus define a behavioral sample in a specific situation. It can be seen that there comes into experience 18 subcomponents of the three premier ego states, out of which three ego states dominate at a particular transaction. At the same time it is to be
noted that the surfacing of the three ego states does not always take place as a major ego state or a specific component can dominate the behavioral functioning leaving little room for other subcomponents to get activated. As is evident there are 216 possible mixed ego states that can surface in behavioral functioning, that is 216 mixed ego states and three of the premier ego states surfacing independently or in combination in the conscious state of functioning.

The three subcomponents representing the three major ego states transact with the world in a complex and comprehensive manner. The specific subcomponents can be diagnosed in macro and micro analysis of verbal and nonverbal expressions. Generally the three sub components are aligned with one another as the diagram shows, Fig 4. Here the cooperative and caring parent, analytical adult ego state and the jovial child make a perfect blend that the transaction is done in the most fruitful, enjoyable and cooperative manner.

Unlike in contamination, in the mixed ego state, differentiation of data, that is layering of micro and macro messages bring about clear structural and functional differentiations. The internal and the external expressions of the three ego states are consequent to the processing of the multiple stimuli that produce an interactive response.

![Diagram](Fig. 4. Mixed Ego State Functioning)

**Analysis of Transactions**

Transactions by the medium of spoken language (non-verbal transactions are also subjected to analysis) among the managers/workers in the organization provides the way to diagnose and use the ego state in a healthy manner in organizational functioning. Analysis of the verbal communication unravels the
ego state functioning of the individuals engaged in conversation, discussions or negotiation.

In the organizational context the following form of productive and unproductive transactions can be deciphered based on the nature of the ego states. It may be stated that it is the orientation of communication tends to be productive or unproductive in the long run.

**Productive Transaction Vs Unproductive Transaction**

In a productive transaction the individuals or groups transact from a productive ego state thereby directing the activity in a progressive manner whereas in an unproductive transaction, the individuals or groups transact from an unproductive ego state thereby directing the activity in a regressive manner.

It may be noted that in each category of ego state, that is Parent, Adult Child, there is the possibility of productive or unproductive transaction. That is individuals communicate from one of these ego states of PAC. As communication or transaction is a two way process, a total of four different communication forms may be identified.

A. Productive + + transaction

B. Productive + - transaction

C. Unproductive - - transaction

D. Unproductive - + transaction

In a productive + + transaction, the person A communicates from a productive ego state, that is intended to the productive ego state of the other person called B. B in turn communicates or replies in the intended productive ego state.

In a productive + - transaction the person A communicates from a productive ego state, that is intended to the productive ego state of the person B. B in turn communicates or replies from an unintended unproductive ego state.

In an unproductive - - transaction, the person A communicates from an unproductive ego state that is intended to the unproductive ego state of the other person B. B in turn communicates or replies in the same intended unproductive ego state.
In an unproductive - + transaction the person A communicates from an unproductive ego state and the message is intended to the unproductive ego state of the person B. B in turn communicates from a productive ego state and so we call it an unproductive -+ communication.

Moreover transactions can also originate from an interactive ego state of three subcomponents of PAC. The individual can initiate a transaction from three productive subcomponents or three unproductive subcomponents. The following mixed transactions can be observed:

A. Productive- Productive- Productive + + +
B. Productive- Productive- Unproductive + + -
C. Productive- Unproductive- Unproductive + - -
D. Unproductive- Unproductive- Unproductive - - -
E. Unproductive- Unproductive- Productive - - +
F. Unproductive- Productive- Productive - + +

The signs indicate that the target also responds in the same intended ego states. And it is not always likely that the target will respond in the intended ego state. The individual may respond in any combination of ego states out of the 216 that may result in the continuation or termination of the communication flow.

These are the typical patterns that occur in situations of interpersonal relations and most of the transactions may be identified using these forms. However, three other forms of transactions are also observed in organizational life.

In the blind form of communication, neutral, irrelevant or insignificant messages originate wherein the ego state is neither dominated by productive nor unproductive process. The purpose of this aimless communication is to while away the time or to fill the time interval with some contents. The initiator of the communication, that is A knowingly or unknowingly sends out a message that has no explicit character of productivity or unproductivity that usually evokes the same form of response from the target. And in unusual cases the target can generate a productive or unproductive response that may change the course of the communication.
In the double edge form of communication the recipient of the message is in a position to decode the message in either way of productive or unproductive nature. The target of the communication that is B picks up the productive or the unproductive tone or content of the message and responds and the sender may or may not continue the process of communication.

In the hidden form of transaction, the sender conceals the real purpose of communication from the target. Unlike the ulterior form of transaction, in hidden form the sender has an intention that he deliberately hides from the target so as to understand the target in a better way.

**Script and Schematic Analysis**

In neuropsychological terms, scripts are neural formations or imprints that are formed in critical childhood periods that act as key drivers of personality. These neuropsychic structures which are formed in the interaction with others exert a pivotal influence on personality that the central nature of the personality is determined by the nature of the scripts.

In TA theory scripts are parental programmes formed in constant interaction between parents and the child. And upon continuous reinforcements of the programme or manner of behavior, the individual child automatically takes a decision along those lines leading to the formation of neural networks that remain firmly entrenched in personality (Allen and Allen, 1972). The childhood decisions following reinforced parental programming become the pivotal part of script which gets further corroborated as the individual grows older and gets into a larger circle of people who in all probability reinforce the original programme in self-perpetuating manner (Solomon, 2003).

Embedded with the personality functioning, scripts can be classified into superscripts and subscripts. Otherwise called life scripts, superscripts exercise a predominant influence on the personality of the individual in an all encompassing way and that it permeates the entire functioning. Superscripts are so called because of the complexity of the formation and the drastic and the dramatic influence that the script come to have over the life of a person.

Subscripts function independent of superscripts in that its domain of influence is entirely different. Subscripts are so called because of their limited influence
on the activities of the person. The individuals can be under the influence of a single superscript whereas many subscripts can be possessed by the individual. The nature of the relation between superscripts and subscripts are shown diagrammatically Fig.5.

The criteria to differentiate superscripts and subscripts are (a) the number of messages received from different sources (b) the frequency with which the messages are registered on the implicit memory of the person (c) the intensity of emotion felt by the person (d) the strength of the message such that strong and loaded messages have greater impact and greater depth and weak messages have lesser impact and lesser depth (e) the force with which messages are transmitted such that messages with greater force have greater scope and application value and messages with lesser force have lesser scope and lesser application value (the difference between strength and force is that the former is tied to the person from whom the message originates and the latter to the relational nature of the message, which is already in the person in undefined ways).

As “unconscious systems of psychological organization” (Erskine, 2009) scripts are dynamic forces with cognitive, affective, motivational and behavioral arenas. In the cognitive level verbal and non-verbal messages are registered in memory and they continue to determine the life of a person. Messages are registered with emotions of any type like fear, anxiety, rejection, acceptance, etc. As driving forces of neuropsychic systems, scripts move and drive the behavior of the individual in a specific path.

The psychological organization of scripts can be further corroborated by script systems and script matrices. Script system constitutes a pattern of interrelationships among cognitive, affective and motivational components that are formed in the process of script transference leading to the operationalization of core beliefs, overt behaviors, fantasies, obsessions, internal physical reactions and reinforcing memories (O’Reilly-Knapp and Erskine 2010).

The diagram illustrates the psychological organization of the scripts Fig.6. Scripts take on psychological organization in that the cognitive, motivational, affective and behavioral components take on a unifying character that the psychological processes become interconnected and interrelated. The script messages transferred are thus characterized by cognitive, affective, motivational
and behavioral realms that become deeply entrenched in the intra psychic life of a person.

Fig. 5. The Nature and the Relation Between Superscripts and Subscripts.

Relying upon the idea of script matrices, the complexity formation superscripts can be understood. The direct and indirect sources of scripts as understood by TA theorists are the parents and significant others. Besides these influences, scripts can also take their origin from social and interpersonal situations that the individual encounters in daily activities. In his ego-state matrix theory, Steiner (1971) unravels the nature of the script matrices. The complexity of the messages that the child receives and the way it is transformed into an embedded script qualifies it as life script/super script. The complexity is to be understood in relation to the multiple messages of the same nature received from the same source in repeated instances and also similar messages received from other significant persons and social situations. Moreover, complexity also rests with the use of images and meta languages in the formation of scripts. Images and visualizations add to the extensiveness and intensity of scripts that make it a superscript over period of time. The use of images and visualizations make the formation of scripts easy and quick.

The parental messages/injunctions/any forms of communication are cognitive that it affects the thought processes of the child, thereby generating a new system of thought that gives a specific direction to life. The generated thought is converted into a decision that gradually becomes an implicit memory. The message that already carries with it an affective tone generates a specific emotion that is in tune with the innate emotionality and the learned/conditioned
emotional experiences of the individual child. The motivating component of the communication directs the individual to a specific group of behaviors. And these intrapsychic changes are expressed in overt behaviors.

Building upon the original theory of scripts, TA theorists have evolved the idea of script matrix that consist of values, don’t injunctions and here’s how norms of behavior (Dusay, 1977). Scripts thus formed of injunctions and decisions evolve into script matrices. Script matrices are parental programming that involves the messages received from different persons, for example, father and mother, in different situations and experiences which later get elaborated in respective situations of life including the organizational life. Some of the scripts that managers/workers formulate or solidify as they become part of an organization involve the following:

“Never to be a leader”

“Do not communicate in group”

“Do not work hard”

“Spend the time in gossip”

“Be anti-management”
The initial messages received from parents/significant others take these behavioral forms in organizational settings that become a stable aspect of work behavior.

A related cognitive structure that has special significance in the area of change and development is schema. Schemata are cognitive structures, generalized across situations, which help the person interpret events, situations or other significant cluster of stimuli (Fiske, 2000). Schemata are “data reduction devices” providing economy of information processing to individuals engaged in the task of interpreting and giving meaning to stimulus array. In the face of an “overwhelming flow of sensations” that involves events, issues or other situations, schemata function as templates to give meaning to events (Bartunek and Moch, 1987).

Further, schemata are cognitive structures of knowledge of procedures or facts. And that the interrelationships formed around a specific procedure or concept resulting in the formation of a new schema. Schemata are either self-generated or second-hand nature (Fiske, 2000). Individual’s own experiences and the abstractions done generate a schema. An organized system of relations learned from others becomes a second-hand schema. Regardless of its origin, schemata help the individual to interpret and deal with the world in a quick, easy and methodical manner.

Unlike scripts, schemata have no unconscious nature and the individual can easily identify and name the schema that influences his behavior. The similarity between scripts and schemata is that both act as a sort of ready-recokner in interactions with the environment and they provide the individual with short-cut keys to carry out a scheme of behavior. The types of schemata studied include person schemata, event schemata, institutional schemata, etc.

Organizational schemata are cognitive structures formed to interpret and understand the organizational processes. Organizational schemata that are shared by organizational members enable them to interpret the organizational processes in a similar manner as the situation demands. The link between the operation of organizational schemata and behavior, more particularly change and development is amply illustrated in
OD literature (for example, Tichy and Nisberg, 1976) which means that successful planned organizational change and development makes use of schematic change as an effective change strategy (Bartunek and Moch, 1987).

Bartunek and Moch (1987) have shown the successful use of schemata at three levels of change, that is first order change makes use of the existing schemata to bring about more effective changes in specified area, second-order change involves replacing the existing schemata with a new schemata as a new method of work is introduced in the organization and third-order change involves more self-generated schemata as the organizational members decide for themselves in an appropriate situation of choice.

Some of the organizational schemata relevant in the area of organizational change and development include the following: Quality improvement schemata, Technology upgradation schemata, Automation schemata, Task restructuring schemata, Communication schemata, Project implementation schemata, Decision making schemata, Interpersonal schemata, etc.

Organizational Positions and Okayness

Even though life position is viewed as defining the total direction that an individual perceives or the overall life destiny, it is not always the case because it changes in accordance with the situation. That is life position cannot be considered as a static position but it is a dynamic position that shows variation in the positive direction or in the negative direction. Just as an individual holds a life position, an individual joining an organization comes to hold an organizational position in terms of the okayness. White (1994) speaks of a surface life position that is temporary, reactive and situational and a character position that is more basic and stable across many situations. Accordingly White (1994) has added four more positions with reference to okayness besides the usual four OK positions.

Over and above the okayness felt and thought by individuals, other levels of okayness in organizations can be identified. Okayness as an individual organizational position connotes the nature of interpersonal relationships in relation to the state of individual predisposition. Basically, okayness springs from individual tendencies and it is rooted in the early childhood, interpersonal
and social experiences. In the organizational context, therefore okayness is also to be studied in collectivity that is individuals who share the same okayness and individuals who do not share the same okayness. Accordingly the following levels of okayness may be deciphered in organizational relationships Table 1.

<table>
<thead>
<tr>
<th>Table 1. Different Okayness in Relation to Groups and Organizations</th>
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<tr>
<td><strong>Individual vs Group</strong></td>
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<tr>
<td>I’m OK They ‘re OK</td>
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<tr>
<td>I’m not OK They ‘re OK</td>
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<td>I’m OK They ‘re not OK</td>
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<table>
<thead>
<tr>
<th><strong>Group vs Organization</strong></th>
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<tbody>
<tr>
<td>We as a group ‘re OK They as other groups ‘re OK</td>
<td>We as an organization ‘re OK They as another organization ‘re OK</td>
</tr>
<tr>
<td>We as a group ‘re not OK They as other groups ‘re OK</td>
<td>We as an organization ‘re not OK They as another organization ‘re OK</td>
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<td>We as a group ‘re not OK They as other groups ‘re OK</td>
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The collective okayness has its roots in the social psychological processes of group functioning. Firstly, individuals join an organization and subsequently a group with a life position that gets changed in group interactions. Secondly, if majority of the members hold okayness, the minority may also tend to move in the direction of okayness if other situational processes are favorable and vice versa. Thirdly, the more cohesive, united and goal-directed, the members are okayness easily change in the positive direction. Finally, interventions initiated in the group functioning can tilt the okayness along the intended lines.

In the individual vs. group okayness, leaders come to be tested for their efficiency and effectiveness. The most unfavorable scenarios are that the leaders are not OK and both the leaders and the followers are not OK. In this
situation, the group turns into a highly dysfunctional one making the members discontented, non-cooperative and rebellious.

Group vs. group okayness is expressed in intergroup activities of discussion, negotiation, decision-making, goal-achievement and related organizational activities.

Group vs. organisation okayness becomes critical when a group comes to face-to-face with the organization as a whole or when a group confronts the top management. The direction of activities is primarily dependent upon the okayness position of the powerful unit which means that if the powerful unit is ok, the activities tend to take a favorable turn.

The relevance of organizational vs. organizational okayness is in inter-organizational relationships like financial cooperation, joint ventures, transfer of technology and personnel and sharing of information and knowledge.

**Games Managers/Workers Play**

As stereotypical, repetitive and gripping patterns of behavior, games are played by individuals in a variety of situations of life including the organization. In the hideous nature of games individual enact/reenact a well programmed repetitive mode of behavior in order to assert in a negative way an underlying programme that now seeks release and satisfaction.

As a transferential phenomena based on an individual script, games represent an unconscious desire to bring to the present life the past programmed data, which is expressed in disguised form (Widdowson, 2010). The challenging and demanding organizational context provide the managers/workers with a field to reenact the script rooted in the intrapsychic processes. The moves and the expected countermoves are designed to reinforce the past so as to derive an ulterior psychic satisfaction of being sunk. Games are overly behavioral in character as the player resorts to a sequence of recurring manifested activities in which there is an ulterior satisfaction. The different games played by managers/workers are explained.
I Told You So

This game is played to conceal one’s inferiority complexes in that managers in-charge of departments/projects/plans/other specific activities come out with this accusation whenever the activity fails to materialize. And we call it a game played by the manager because if we trace the entire sequence of activities from start to finish, we can identify his explicit and implicit attempts to scuttle the activity from different sides. The moment the activity fails, the manager makes every attempt to justify it citing well conceived excuses, intellectual arguments and dubious reasoning which may not have a real basis. Managers experiencing deep seated feelings of inadequacy, inferiority and incompetency execute this game so as to derive the payoffs in the form of being limited to his position and related ones.

The Procastinator

The procrastinator manager is one who procrastinates decisions, plans or any matter that needs to be executed with urgency on silly and irrelevant grounds. If we examine the behavior of this manager, it can be readily seen that no results or outcomes come forward from this manager who is playing this game because of severe lack of confidence in oneself, high amount of experienced anxiety and one who is not sure of himself.

The benevolent manager

In this game play, the manger is too good and concerned and interested in the lives and works of others, especially subordinates and coworkers with whom he is constantly interacting in the pursuit of organizational and individual goals. This goody-goody manager is actually extremely benevolent in his dealings that he never wants to hear criticism from others and that he never antagonizes others. The underlying dynamics of this game is the weak-hearted and servile attitude of the manager. And this motivates him to behave to avoid displeasure from others in all instances of encounter. The manger wants to live in a façade of “everything is alright” when in fact he experiences deep insecurity in his work and life.
The angry and the tensed man

Opposed to the benevolent manager, the angry and the tensed always sends out signals of anger, dissatisfaction and tension. This manager cannot be easily approached by others just because of his anger and tension-frame of behavior. In a surreptitious way, by this frame of behavior, the manager tries to avoid meeting serious and well meaning co-workers who may pose a threat to his position and power. The demonstration of anger and tension is always to keep a safe and comfortable distance from others and by this behavior the manager constructs a negative world of his own where he cannot be touched by others.

The busy manager

The busy manager never finds time for others or to do important tasks. Instead he is always busy with irrelevant and insignificant matters that have no outcome relation. This game is sequentially enacted to cover up incompetency, fear of failure and an instinctual like desire to halt progress in the working of the organization. By being busy, the work hours is “effectively” spent in the eyes of others but achieves nothing in the real sense. The constant distraction to which the manager pushes himself creates a sort of mental screen that wards off productive thoughts from the mind, rendering the manager busy and distracted internally and externally. The payoff that the manager derives from this game is that he is not an effective executive.

The workaholic manager

Workaholic manager is a slave to work in that he continuously and constantly does and repeats the same or different work even when it is not necessary. In a monotonous and self-centered manner the manager “attends to” work on an average of 15 to 17 hours a day and at the end emerges from the workdesk tired and discontented, having achieved nothing. The manager addicted to “work” does nothing in a substantial manner that can be measured in concrete outcomes. In a compulsive manner, he goes through heaps of files again and again or he goes through the cycle of plan and changes that uncovers certain unconscious tendencies of fixation, rigidity or idiotic experiences that remain unresolved. The reward that the manager earns from this game is that of “being intelligent and committed”.

Jose Mathews
A TA Model of Organizational Change and Development

A basic therapeutic assumption of TA is that the wound programmes that the individual carries can be unwound and new healthy programmes can be learned or incorporated by the individual. The wrong or unhealthy “mental software” installed early in life can be uninstalled in a deliberate and conscious way and new healthy and productive mental software is to be installed that overhauls the life of the individual once the programme becomes active or once the individual assimilates the new script. The willingness, the desire and the assumption of responsibility to change life underlies another basic principle of TA therapy.

![Diagram of A TA Model of Organizational Change and Development]

**Fig. 7.** A TA Model of Organizational Change and Development

In the light of the important concepts discussed, a TA model of organizational change and development may be postulated. The Fig. 7 explains the important
variables and the relations that exist among them that lead to a productive organizational life.

In the diagnosis of the ego states the individual manager/worker is to be taught the nature of different ego states that surface in interpersonal interactions by the means of verbal and non-verbal expressions. The development of self-awareness and insight into one’s own ego states as and when they surface in the conscious mind is the key to change the ego state and transact with others in an appropriate manner so as to derive mutual benefits from the relationships. In the development of self-awareness of ego states, the individual comes to have control over different subcomponents of ego that enable him to execute a suitable transaction.

Ego state analysis involves analysis of the transactions that can be productive ++, productive +- unproductive - - unproductive -+. The communication participants are to have sound knowledge into the changing mode of productive and unproductive transactions. This knowledge prevents a breakdown in communication or it enables the leaders to influence the transaction of others in the desired manner.

Another component of the model is the analysis of scripts and schemata. Maladaptive and maladjustive scripts and schemata that the individual uses in his life are to be identified. The therapeutic help that can be rendered by an expert in the field is a way to erase unhealthy scripts and imprint healthy scripts. The analysis of the script matrix calls for thorough examination into the working of the ego states of the individual.

Bartunek and Moch (1987) have identified a number of ways of identifying schemata that organizational participants come to have. Analysing the language, causing a change in worker’s routine, conduct of group reflections in which members express and describe the events and the way they understand them and analysis of collages and biographies go a long way in unraveling the schemata that are either facilitative or inhibitive in the arena of organizational functioning.

Development of healthy scripts and appropriate schemata results in a manifold increase in the productivity of the workforce.
The proper understanding of the organizational positions in relation to okayness leads to the development of constructive relationships.

Game analysis is another significant component of the TA model of change and development. Many a time it becomes difficult for the individual player to understand the game in to which they have fallen or from which they cannot escape. Because the games played go unnoticed or not understood by the players themselves the intervention of an expert is the ideal way of curing the ills that afflict the participants.

**Conclusion**

As is evident organizational change and development is an area that is complex and in that sense change and development becomes almost impossible without understanding the behavioral processes. The dynamic nature and the application value of TA theory can be readily seen in the understanding and interpretation of organizational processes. TA theory goes a long way in activating and facilitating the change and development processes in organizations. The TA derivates are considered to be of great practical value to an OD consultant.

**References**


Transactional Analysis Derivatives
Understanding Perspectives of Knowledge Work and Knowledge Worker Perceptions for Effective Performance Management in Indian Organisations: Review and Insights

Sitanath Mazumdar* and Sujoya Ray Moulik†

Abstract

Human resource practices have assumed a strategic position in the knowledge economy, wherein managing and enhancing the performance of human capital in the workplace remains a critical concern. In this paper, we discuss and review the different aspects of knowledge work that render performance management (PM) a difficult and complex task. First among these is the phenomenon of knowledge work, the nature of which renders the measurement of knowledge worker (KW) performance a difficult task. Also, the unique characteristics of knowledge work which lead to certain employee-organization dynamics particular to knowledge workers which is reflected in the psychological contract, is also reviewed. The distinct occupational commitment that often takes priority over organizational commitment is another unique reality in knowledge-based firms. Another aspect discussed in this context is exposure to and impact of global management practices which are imported, adapted and modified to Indian organizations. In the backdrop of these arguments, we further discuss the need to explore effectiveness of performance management practices from the perspectives of the knowledge worker(s) which would enable the organization to address performance related concerns more effectively.

Keywords: Knowledge Worker; Multinational Management; Psychological Contract; Employee Perspectives

Introduction

Performance Management: What the theories say

Theoretically defined as system for managing employee performance, the process of performance management is most commonly represented as a cycle: Ainsworth and Smith (1993) have described the cycle of events as Performance

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Planning, Assessment of Performance and finally Corrective and Adaptive Mutual Action via Mutual Feedback Discussions. Guinn (1987) also proposed a three step process: planning, managing and appraising. Torrington and Hall (1995) likewise have three steps of planning, supporting and reviewing performance. Heisler et al. (1988) have four elements in their performance management process: Directing, Energizing, Controlling and Rewarding. Hartle (1995) also proposed four: Planning, Managing, Reviewing and Rewarding. Performance management is an ongoing process of identifying, measuring and developing human performance in organizations. It is hoped that data are gathered by systematic observations, not only to measure current performance accurately but also to provide the necessary feedback information for changes that will improve future performance. The purpose is to measure progress, differentiate between levels of performance, pinpoint training needs, validate rewards and identify employees for promotion.

Possible Outcomes from Effective Performance Management: (Pulakos, 2004)

- Clarifying job responsibilities and expectations.
- Enhancing individual and group productivity.
- Developing employee capabilities to their fullest extent through effective feedback and coaching.
- Driving behavior to align with the organization’s core values, goals and strategy.
- Providing a basis for making operational human capital decisions (e.g., pay).
- Improving communication between employees and managers

Performance management for knowledge workers (KW): difficulty in finding the best practice

An integral issue concerning people management practices in knowledge-based organisations is the effective utilization of their intellectual capital. The designing of PMS for knowledge workers is in itself a daunting task. Researchers have long been debating on whether to adapt the ‘Best practice’ or a ‘Contingency approach’. In the context of HR practices, various writers and practitioners have put forward various models of PMS some of which have been
adapted and labeled as ‘best practices’. Many claim that adapting such best practices would reap bountiful benefits to the organization. (Pfeffer 1998; Arthur 1992).

As with all debates, another branch of research is attempting to provide evidence to the fact that all practices do not suit all organizations. (Patterson et al 1997; Huselid 1995). The ‘one size fits all’ approach is better replaced by acknowledging organizational differences in size, competitive strategy and structure, each of which imply different and ‘tailor-made’ approaches to design of the appraisal system. Another area of concern is the developmental aspect of the Performance Management practices. The ‘performance improvement cycle’ often contained within appraisal schemes requires employees to ‘justify’ their development needs by demonstrating the relevance of these to the attainment of organization objectives. This managerialist approach to performance appraisal has been criticized as unwarranted, unworkable and unacceptable in knowledge-based organisations with arguments such as it being antithetical to a self-governing community of professionals. It is also viewed as an infringement of freedom, which severely restricts creativity and self-development. (Barry 2001, Holley and Oliver 2000, Henson 1994, Townley 1990). A developmental approach to performance appraisal giving professionals themselves the primary responsibility to identify aspects of their roles in which development is possible and desirable may be more appropriate and deliberately separate from the processes of reward and promotion. (Simmons and Iles, 2001).

To understand why HR practices, PMS in particular, should be a major concern for knowledge workers, it is integral to understand the uniqueness of the knowledge worker (KW) and the dynamics which impact KW performance.

**Perspectives of Knowledge Work**

**The nature of knowledge work**

The concept of ‘knowledge work” and thus the knowledge worker were first used by Peter Drucker when he referred to “knowledge workers” as workers who work with intangible resources (Drucker, 1959). They are accepted to be high-level employees who apply theoretical and analytical knowledge, acquired through formal education, to develop new products or services (Drucker, 1994). Some researchers (Nickols, 2000; Dove, 1998) claim that formal education may
not be necessary criteria. For example, part of the knowledge could also come from informal sources of education, such as experience in a specific area, previous access and use of personal knowledge, organizational knowledge, and external knowledge (Nickols, 2000).

The KW is not hired to create, produce or manage a tangible product and/or service. Instead the knowledge worker would gather, develop process and apply information that generates profitability to the enterprise (Smith and Rupp 2004). Anell and Wilson (2002) emphasize the increased importance of managing and retaining knowledge workers. They state that the economists’ traditional categorization into land, labor and capital has been superseded by knowledge as the prime resource. Consequently, there is increased interest in human resource management, human capital, and the challenge of attracting and retaining knowledge workers.

The contribution of the knowledge worker is of critical importance to the growth of any knowledge-intensive industry. In today’s knowledge economy and culture, procedural justice and perceived support, which go beyond traditional human resource practices, are important knowledge-sharing antecedents. The success or failure of an organization’s knowledge management cycle rests more heavily on the company’s ability to manage and motivate its employees, as people are at the heart of the knowledge management philosophy (Bollinger and Smith, 2001). Due to the difficult and complex nature of the KW job description, how to monitor, reward, motivate and encourage KW performance is a matter that requires reckoning (Drucker, 1999; Davis, 1991; Ray and Sahu, 1989; Schroeder et al., 1985, Amar, 2002). Narang and Divedi (2010) discuss, in the context of determining job satisfaction of the KW, that in knowledge economy where learning and education are prime enablers and knowledge workers, by definition, are the ones who work with knowledge, it is primarily learning that employees are looking for. Moreover, the limited shelf life of the professionals (Allee, 1997) is a prominent motivator leading them to continuously upgrade their competencies.

In managing knowledge workers it has been observed that directions and supervision should be replaced with covert leadership as they “respond to inspiration, not supervision” (Mintzberg 1998). Supervision and guidance being rated as the least important for satisfaction show that the knowledge workers do
not prefer being given directions or supervised too closely by management. This probably is the reason why they are referred as autonomous performers (Nickols 2009). Pearce and Manz (2005) believe that in organisations and situations where employees’ commitment is important (not just their compliance), where creativity and innovation are important, shared leadership is of particular importance.

Drucker (1999) in an attempt to clearly understand KW productivity explained that KWs must identify the task themselves and have autonomy. Also, innovation has to be part of knowledge work and knowledge work requires continuous learning and teaching. Moreover, KW productivity is primarily a matter of quality, not just quantity and KWs should be seen as an asset instead of a cost. The knowledge worker conceptual definition framework states that knowledge work is a continuum and that certain knowledge work dimensions like autonomy, structure, tangibility/intangibility, knowledge, creativity and complexity can be used to differentiate between manual and knowledge work (Ramirez et al, 2004). Ehin (2008) also believes that knowledge and knowledge workers cannot be ‘managed’ in the traditional sense. Self-organization being an important feature of all life forms; it is all the more important for knowledge workers in their work environment.

The psychological contract: knowledge age realities

HR practices can play an important role in orchestrating the culture of an organization. HR practices represent a set of salient and universal practices that can create the foundation for developing an organizational climate (Ostroff et al., 2000; Schneider, 1987). Importantly, the climate or culture perceptions of organization also shape individual inferences about what the organization is like. Furthermore, organizational culture leads to the construction of a “normative” psychological contract, which is shared by the members of the organization (Rousseau, 1995).

Many theorists adhere to the claim that HR practices are an integral factor in determining the state of the psychological contract. (Guest, 1998; Rousseau and Greller, 1994, Pate 2005). It is believed that HR practices send “strong messages to individuals regarding what the organization expects of them and what they can expect in return” (Rousseau, 1995, p. 162) and are thus indicative
of organization intentions. HR practices communicate promises and future intents in the name of the organization through hiring practices, reward practices and developmental activities. Individuals commonly view these promises as forms of contracts, as enduring mental schemas and act according to the commitments conveyed and behaviors cued (Rousseau, 1995).

Employee beliefs about HR practices in the organization have an impact on the perceptions of breach of psychological contract. Among various HR practices, performance management processes, in particular has been identified to play a key role in determining employee-employer expectations (Lester and Kickul, 2001; Truss et al., 1997; King, 2000). In fact studies view that the biggest issue and the greatest contribution HR can make in the changing employment scenario are in the area of evaluation and appraisal (King, 2000). Management scholars have acknowledged that the KW and their relationship with their organization(s) are characterized by a novel form of psychological contract.

O’Neill and Adya (2006) have postulated that the nature of the psychological contract of the knowledge worker varies across different stages of employment. This in turn implies that the expectations and perceptions that the KW hold towards his organization and its practices might not be uniform over time. Managers need to realize this fact and properly assess the nature of PCs maintained by knowledge workers so that knowledge sharing messages may be customized to address individual motivators. Implicit psychological contracts that often influence knowledge worker attitudes for sharing knowledge are easy to overlook and challenging to manage. The PM process involves employers setting performance standards and providing employees with feedback about their level of performance while providing commensurate rewards and providing opportunity for improvement and growth. Performance criteria that clearly link knowledge sharing behaviors to organizational rewards are positively related to employee knowledge sharing behaviors and negatively related to psychological contract breach. Training and knowledge exchange opportunities that focus on educating employees and actively promoting collaborative learning results in increased knowledge sharing behaviors and fewer perceptions of psychological contract breach among employees. A well-developed and executed communication strategy results in increased knowledge sharing behaviors and fewer perceptions of psychological contract breach among employees. Ideally it would be desired that the nature of the PC be such
that employees possess high levels of trust in management and co-workers. However, in today’s knowledge intensive organisations individual motives for power, control and personal outcome maximization vary as a result of differing perceptions of how well mutual obligations are fulfilled throughout the employment exchange. The increased emphasis on managing one’s own career and the explosion of global project work teams are just two obvious changes to the traditional work environment that are likely to influence trust among workers and motives for or against collaboration.

**Distinct occupational culture in knowledge based firms**

From an organizational architecture perspective, knowledge organization may have flatter, networked or complicated matrix structures. In many cases they may be boundary less or loosely coupled organizational environments with decentralized and often networked decision-making in disaggregated or co-ordinated sub-units. These may be in the form of joint ventures or strategic alliances (Drucker, 1989; Handy, 1989; Thompson and Heron, 2002). These structural types alter normative forms of control through cultures and identities that replace more direct command and control mechanisms (Alvesson, 2000). Structures in knowledge intensive firms should be such so as to facilitate autonomous, self-directed work, depending on the levels of controls and accountability, and flexibility in working conditions (working hours, flexi-time, part-timework and telecommuting). (Horwitz et al, 2003)

Another feature of the work environment in knowledge intensive firms is enclave-like work teams, which enhance the expertise and job autonomy of knowledge workers vis-à-vis management. Often, though, knowledge workers experience unmet job expectations including limited employee influence over decision-making and careers, and communication gaps with senior management. Under these circumstances, and in contrast to the impact of occupational commitment, organizational commitment may not contribute to work effort. (May et al 2002)

Distinct occupational cultures pervade knowledge workers in similar professions. More often than not it is seen that occupational commitment is more prioritized than organizational commitment. For example, it is observed that even though software and other relatively new IT occupations lack the same
code of ethics, single qualifying entry route, and strong professional associations of the traditional professions, there is a collective notion of professionalism and sense of occupational community. While being a software worker might mean being seen (by others) as a committed hard-working person, this may be commitment to the job or occupation rather than to the organization. Commitment to the organization thus occurs only in as much as the organization is able to affirm the values of workers as a group; for software workers this may involve the provision of high autonomy, skill and knowledge enhancement, or opportunities to develop one’s career.

Parker et al. (2004) argue that the organization may remain an important source of identity, by being a source for various types of career or practice communities, by, for example, providing short-term identification. Knowledge workers have been found to belong to a distinctive occupational culture that crosses the boundaries of the organizations where these people work including elements such as high value of conceptual/technical knowledge, extreme and unusual demands pertaining to the content of the task at hand and a need for constant self re-education. In such an occupational genre, to facilitate productivity and organizational commitment, one would have to emphasize on studying the perspectives of the knowledge workforce in how HR practices and in particular performance management practices affect the way that reinforces or distorts occupational and thus organizational culture. (Guzman and Stanton, 2009)

**Exposure to international management practices**

Management culture at macro level is broadly categorized into western and eastern management approaches. The western management approach, basically introduced by Americans, is dominated by science and technology. It is based on materialism, which gives superior value to machinery and materials. Workers are treated as articles of trade and their efficiency ratio is based on financial incentive. On the other side, eastern management is based on both, quality of work life and quality of output of goods. Such a conscious approach is advocated by Japan mainly and, therefore, it is many times also called as Japanese management. (Laturkar, 2010)
Management textbooks have forever been pointing out the differences between American and Japanese management, theories X, Y and Z and other management philosophies. However, when these philosophies manifest in practices - especially beyond the countries of their origin, the impact of such practices on organizations and employees becomes a pertinent area of concern. For instance, employees functioning in different national-organizational cultures may have a different set of values, they may believe in different things, they may or may not embrace teamwork, they may have a different vision of short-term and long-term paybacks, and they may feel differently about authority and delegation. National culture has powerful influence on almost all aspects of work and organization, such as motivation, commitment, loyalty, attitudes, perceptions and behaviors (Hofstede, 1991). Many strategic HRM concepts and practices have mostly originated in the West and thus naturally reflect individualistic culture, rights-conscious ethic, contract oriented style and short time horizon of the West which differs greatly from the collectivist culture, duty-conscious ethic, relationship oriented style, and long time horizon of the East that are heavily culture bound.

Economic liberalization, privatization and globalization in India during the 1990s have been typified by radical and strategic structural change and transformation of the Indian corporate sector. India has seen the influx of plethora of multinational corporations who have enthralled management researchers and practitioners alike with their new and improved management techniques leading to “Multinationalism” of Indian management practices. In this context, Mergers and Acquisitions are slowly emerging as an effective long-term business strategy. Mergers have been taken up as a restructuring exercise to sell off non-core business and to consolidate their stronger presence in their core areas of business interest. Mergers are a key context for the creation and management of a modified psychological contract or employment relationships between employees and firms thereby affecting the element of trust (Rosalind H. Searle and Kirstie S. Ball, 2004). Mergers force employees to examine, and often change, their understanding of the organization. To the employees, mergers pose as an extreme form of change and are often perceived as threatening to individuals, heightening vulnerability and loss of security (Saunders and Thornhill, 2003, Natarajan et al 2011). In spite of this growing concern, even today very limited attention has been given to management of
perception of the employees within the merger context, particularly the
cognitions, feelings and interpretations of those who remain with the firm.
Perceptions are based not only on the fairness and treatment of departed
colleagues, but also from experiences of existing and new employees. This is a
significant phenomenon as organizations expect an on-going cooperation of this
group of employees, ensuring for the continuing viability of the firm.
Particularly in India, where significant social identity and esteem of an
individual is attached to the work organization, the complexities arising out of
mergers and acquisitions are manifold (Kumar and Bansal, 2008).

Arora (2005) in his study on foreign multinationals based in India has also
emphasized on intercultural differences, which are reflected through different
aspects of organizational behavior and management culture like management
and leadership styles, motivation strategies, organization communication and
control mechanisms, negotiation practices and human resource management
practices. Living in a collectivist society, with a high power distance, an Indian
tends to appreciate a paternalistic style of leadership. They respect and adore the
skills brought by the superior and demand more attention and approachability
from their leaders. Working in a foreign company appears to be a strong
motivator for the status conscious Indian, who visualizes a “market-value”
advantage in being trained in new technologies. The Indian organization
structure is biased towards relationship-oriented systems, where interpersonal
links are focused more than processes and procedures. Indians expect more
clarity on instructions and guidance and that increases the need for top-
downward communication. When it comes to performance evaluation, Indians
prefer qualitative indicators (such as loyalty) to quantitative indicators (such as
output). The Indian negotiation practices reflect the cultural mindset and are
guided by the Brahminical idealism and Individual anarchism (Kumar, 2004). A
mapping of Indian human resource management practices reveals more
similarities with the Japanese than with the Anglo Saxon world. The changing
face of Indian management does show signs of convergence, though the sources
of influence are no more confined to Anglo Saxon world; the Japanese, the
Korean, and the Scandinavian influences are intermingling with the Indian
mindset. The HR profession in India has often been accused of faddism and
blindly adopting internationally accepted trends. But the dynamics of national
culture are complicated and continuously interplay with organizational and
occupational culture. Mendonca and Kanungo (1994, 1996) state that a mere transplanting of techniques and practices from one culture to another is not enough to ensure efficient management. Instead, managers need to consider two types of interventions. First, they should adopt specific strategies in order to overcome the constraints and build on the strengths of the organization’s internal work culture. Second, they need to adopt the nurturing-task leadership style and its set of empowerment strategies that is absolutely critical to the effective design and implementation of performance management practices in the developing countries.

Understanding Knowledge Worker Perceptions: A Step towards Designing Effective PMS

Effective performance management: matching outcome with intention

Research suggests that the role of performance evaluations and feedback in the Indian organisations has been insignificant as Indian employees' feel that formal performance evaluation and performance feedback may lead to conflict and/or confrontation (high power-distance, high uncertainty avoidance). Research argues that formal performance evaluations may not be applicable in India where employees prefer personalized relationships with their managers, and these kinds of relationships limit the application of a formal evaluation of performance and direct feedback on progress toward objectives (Gopalan and Rivera, 1997; Mendonca and Kanungo, 1997). An alternative explanation is that PM has been poorly implemented in the Indian subsidiaries and thus few of the respondents have been subject to formal performance evaluations (Lindholm, 2000)

An effective PMS would be characterized as a system that delivers on its intentions. Most models of performance enhancement and management define an effective PMS as one which ultimately leads to desirable employee outcomes such as enhanced performance and learning, job satisfaction, employee commitment, motivation and retention. Studying the statistics i.e. numerical figures such as productivity indices or retention/attrition rates is an incomplete approach to studying the effectiveness of such practices unless these studies are supplemented with a comprehensive exploration of the organizational dynamics
and the causal factors behind these statistics. It is virtually impossible to determine the effectiveness of PMS without employee feedback on the same.

Effectiveness, in management, simply means doing the right thing in the right way. In the knowledge economy, given the unique characteristics of knowledge work and workers, the success of a performance management system largely depends on to what extent the organization is sensitized to the needs of the employee in terms of both job content and context. Theoretically the objectives of most performance management systems comprise administrative and developmental purposes. When performance does not meet desired standards it is a cause of concern to any organization. Therein lays a tendency of looking for flaws in the individual being appraised as an explanation for poor performance. An angle that is often ignored is the very implementation of the PMS i.e. the execution and the impact it has on employee performance. In the context of knowledge worker productivity, the nature of work, distinct occupational commitment and culture and the continuous international influence on human resource practices renders it necessary that performance management practices deliver what they promise to.

The need to explore KW perceptions towards PM: Arguments for the motion

Employees engaged in the knowledge economy play a huge role in corporate India’s growth and providing the competitive edge. It has been suggested that Industrial Age management practices are insufficient in managing the growth and performance of employees engaged in knowledge work. Human resource professionals need to work closely with managers to develop performance systems that align individual competencies and capabilities towards on-going, collaborative employee behavior (Lengnick-Hall and Lengnick-Hall, 2003). Research acknowledges the possibility that a combination of simultaneous HR practices (particularly conscious coaching beyond ordinary training for filling knowledge gaps and team autonomy) boosts the performance of knowledge workers (Smith and Rupp, 2004).

Researchers have attempted to identify employee perspectives that impact and are impacted by the PMS of an organization. Research in this context has been somewhat limited in terms of comprehensiveness of coverage i.e. attempts have
focused on a limited range of perceptions, reactions and components of PMS. In fact, most studies focus upon the evaluative component of PMS namely the evaluation or appraisal aspect rather than all the integrative functions that comprise PMS. For e.g., Anderson (2002) suggests that ‘employee cognitive perceptions’ influence the effectiveness of the PMS above and beyond the instrument used or the system facets. When an employee enters an organization he brings with him certain individual traits and characteristics that may change or adapt depending on the work environment. The employee’s motivations, behaviors and the environment all have an impact on how the employee acts. In the context of performance management, individual employees develop attitudes about the performance appraisal process based on their own motivations as well as their work environment. Two learned employee behaviors that impact the effectiveness of an employee’s performance appraisal is the employee’s ‘organizational commitment’ and the ‘justice’ the employee perceives in the performance appraisal process. Similarly, Reinke (2003) states that performance appraisal assumes that employees and supervisors ‘accept the process as legitimate’; legitimacy being defined in terms of whether the employee believes the process adequately evaluates his or her performance and rewards good performance. If they do, the summative and developmental purposes of appraisal will be fulfilled. Employees will respond to information received in the appraisal process and alter their behavior to receive promised rewards (promotion, pay, etc.). If employees do not accept the performance appraisal process as legitimate, then its purpose is defeated regardless of the quality of the instrument or the processes supporting it. Social exchange theory (Blau, 2006) suggests that where there is ‘perceived support from supervisors’ and ‘employee trust in managers’, then employees will reciprocate and respond with positive work attitudes through increased motivation and commitment that can lead to enhanced performance. (Baptiste, 2008) It has also been observed that the stated purpose and usage of the performance appraisal (in terms of developmental or administrative) may influence employee perceptions and attitudes toward their jobs. (Sartoris et al 2007). The perceived ‘congruency between current and ideal performance appraisal systems’ predicts a variety of relevant performance appraisal attitudinal variables. Employee reactions on comparing employees’ current versus ideal performance appraisal systems significantly predicted overall system satisfaction, as well as perceived system usefulness and fairness. It has been found that if employees perceive that the

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performance appraisal system is congruent with their expectations, then positive outcomes should be expected (i.e. higher job satisfaction, greater perceptions of the system being useful and fair). (Whiting et al 2008)

An important fact that has been explored in research is the linkage between HR practices and individual, organizational as well as normative culture of an organization. HR practices can be instrumental in creating the culture of an organization. Organizational culture in turn influences individual as well as group level perceptions. Human resource practices influence individual employee’s perceptions regarding what the organization is like. Theoretical research has focused on the key features of an HRM system that create an organizational climate, defined as the shared perceptions of employees of what the organization is in terms of practices, policies, procedures, routines and rewards (Bowen and Ostroff, 2004). It has been observed that individual perception of an HRM system and shared perceptions of high commitment HRM contribute to affective commitment to the organization of employees. Bowen and Ostroff (2004) elaborate on climate strength as having a mediating effect in the relationship between an HRM system and organizational performance. HRM practices serve as a signaling function by sending messages that employees use to make sense of and to define the psychological meaning of their work situation (e.g. Rousseau, 1995). Employees interpret organizational actions like human resource practices as indicative of the organization’s commitment to them (Gallie 2001, Baptiste 2008).

Another emerging area of research addresses how perceptions and cognitive styles of knowledge workers help boost their development (Larsen and Mahnke, 2001). Thus it is imperative that organisations attempt to understand knowledge workers perception of different management practices and how the same impacts them. Dimensions of effectiveness as interpreted from the vantage point of the knowledge worker can in turn give the organization enhanced perspectives in terms design and implementation aspects.

The arrival of MNCs in India provide professionals with opportunities and benefits, including increased pay, international travel and postings, enhanced responsibilities and authority and broader career opportunities – if they support the adoption of desired management practices (Edwards and Rees, 2006). However, perceived outcomes of performance management practices can vary
between different grades or levels of staff. Intra-organizational variations in responses to Western management techniques can be linked to broader evidence concerning how types of workplace reforms can differentially affect workers. Sub-cultures, more or less hostile to management change efforts, can exist within organizations, shaped by a number of factors such as professional identities, length of service, functional groupings, and hierarchical positions (Harris and Ogbonna, 1998). The relationship between particular HRM practices, aspects of the psychological contracts of workers, and the degree of their work motivation and job satisfaction, has been found to vary with salary level, gender, and nature of employment contract, educational qualifications, seniority and type of job (Guest, 1999). Kostova (1999) has argued that the success with which MNCs transfer centrally desired human resource policies and practices to subsidiaries needs to be evaluated in two ways. First, in terms of the extent to which they have been “implemented” at the local level; second, in relation to how far employees have “internalized” them. Organisations would be required to understand cultural differences, have empathy in a non-judgmental way, and construct a reasoning based on both cultures. (Majidi, 2006) Balancing global and local sensibilities in terms of transferring and adapting “global” practices is a challenging task for most Indian organisations with multinational outlook.

The purpose of understanding employee perspectives/perceptions of PMS is to determine whether the PMS is effective in terms of achieving desired employee outcomes such as enhanced productivity and learning, job satisfaction, organizational commitment and retention of high performers. In fact, for organisations that bank on intellectual and human capital as their competitive edge for success, evaluating PMS from the vantage point of the employee is an integral part of the organisations audit of its PMS and HRM practices as a whole. In view of existing research, explorations focusing work attitudes like job satisfaction or perceptions of justice and fairness or for that matter determining congruency of PMS with employee expectations yields an incomplete and lopsided view of PMS effectiveness. The process and content of the performance improvement process must be compatible with the needs, values, and expectations of its users if it is to be accepted and implemented effectively. Historically, it has been seen that appraisees frequently express considerable dissatisfaction with their organization's current appraisal practices,
suggesting that these practices do not correspond to their expectations. Knowing more about appraisee perceptions regarding the process and content of performance management is crucial to more grounded research and should be perceived as useful in practice. (Gosselin et al 1997)

Conclusion

The Indian corporate scenario has undergone some radical changes in the last two decades wherein knowledge workers have been recognized as integral sources of competitive advantage. It has also been accepted that traditional management practice cannot cater to knowledge-based firms in terms of enhancing desired employee outcomes in terms of efficiency, commitment and enhanced learning. This paper attempts to explore the different dimensions of knowledge work which make managing knowledge worker performance a difficult task. Further we have tried to justify why understanding how knowledge workers perceive PMS is important in determining effectiveness of PMS.

Given the integrative nature of PMS as a process consisting goal setting, evaluation, skill enhancement, career development as well as rewards and recognition, it is necessary that employee perspectives be comprehensively explored for each stage of the PMS process. Employees’ understanding of and reactions to certain integral aspects of the existing PMS such as role of both the employee and the organization in goal setting, pre appraisal training and preparation, design of the measures, suitability of instruments, transparency of the process results, tangibility of the reward-evaluation linkages, post appraisal follow-up and feedback used should not be ignored. The intention- outcome gap in any stage of the performance management process detracts from the effectiveness of the system as a whole. Therefore, in-depth research into designing and developing comprehensive instruments for employees to identify and explore discrepancies in the PMS is of utmost importance. Perspectives reflected in such studies, if included as a part of the PMS audit, coupled available statistics of productivity, retention and return on investment of employees would provide a comprehensive and realistic view of the effectiveness of an organisation’s PMS. To assess the efficiency of modern day PMS so as to design efficient, relevant and congruent PMS for knowledge
workers would be impossible without deep research into employee perspectives on PMS.

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Understanding Perspectives of Knowledge Work and Knowledge Worker Perceptions
Role of Leadership Style and Employees Personal Characteristics on Employee Empowerment

Krishna Murari*

Abstract

In recent years, the pace of organizational change has accelerated, the competitive pressure from outside the organization has intensified, and most organizations find themselves operating in more complex, unpredictable, and dynamic environments. Hence, in today's rapidly changing and very threatening environments, organizations find themselves always scrambling for the competitive advantage. They realize that they must continuously improve the way they organize and manage themselves to be successful and competitive. They understand that the organizational competitiveness will ultimately depend on their capability to configure people and design a system for optimal execution of strategy.

In this era of globalization, there is a need for employees’ empowerment in organization so that employees will be in position to make quick decision and respond quickly to any changes in the environment. Organizations that are committed to employee empowerment, they are in a position to motivate and retain their employees (Nick et al., 1994).

Level of employee empowerment in an organization depends on the leadership style in the organization. Many researches have been carried out in the fields of leadership styles and empowerment separately linking these to the organizational efficiency and effectiveness individually. The various types of leadership styles have different impact on empowerment of the employees.

This paper highlights that the leadership and employees personality play vital roles in employee empowerment. The common empowering factors for empowerment are Information sharing, Vision, Developing Competency, Providing Resources, Sufficient Support, Faith and Risk taking, Rewards and Recognition, Gradual implementation. This is possible by initiative of leadership in the organization.

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It also highlights that Employee Empowerment creates Trust, Commitment, Competitiveness, Employee Involvement and Quality of work life in employees resulting in high competitive advantage to the organization.

Introduction

In recent years, the pace of organizational change has accelerated, the competitive pressures from outside the organization have intensified, and most organizations find themselves operating in more complex, unpredictable, and dynamic environments (Lewin 1951).

For the past 20 years, companies have invested in technology as if they viewed technology to be the ultimate source of competitiveness. Technology may be needed to stay in the competitive game, but by itself, technology is seldom the main source of competitive success. The resource that is the source of advantage must be found elsewhere (Stanley et al., 2004).

Answer to this elsewhere is given by Nick et al., (1994) by highlighting that, in this era of globalization, there is need for employees’ empowerment in organization so that employees will be in position to make quick decision and respond quickly to any changes in the environment. Organizations that are committed to employee empowerment, they are in a position to motivate and retain their employees.

The employee empowerment literature highlights that empowered workforce will lead to achieving a competitive advantage (Conger and Kanungo, 1988; Quinn and Spreitzer, 1997; Sundbo, 1999; Forrester, 2000).

Hsin Kao (2006) explains that, in today’s global society, organizations have to deal with challenges as well as increasingly volatile competition. Therefore, leaders’ effectiveness has become a very important issue that must be explored in order to understand how to motivate employees and help them to achieve organizational goals.

Many researches have been carried out in the fields of leadership styles and empowerment separately linking these to the organizational efficiency and effectiveness individually. More than 7500 studies of leadership have been conducted since the beginning of the last century (Bass, 1990). Many researchers have found that Leadership plays a major role in employee
Empowerment can be defined as the process of making the organization responsive and flexible, providing a climate for continuous learning, developing a culture which values initiative, honesty and achievement and encouraging the employees for taking more responsibility through sharing of power and responsibility by working together (Gupta and Murari, 1996).

Terms empowerment is defined by various ways. Employee characteristics play a major role in bringing empowerment. There are many positive outcomes of empowerment such as quality, service, and productivity and Firms' financial performance (Bowen & Lawler, 1995), Role satisfaction and self–efficacy (Gupta (1999)

**Empowerment - Definition**

Literature review reveals that the term “Empowerment” is defined in various ways by different scholars. Different social scientist and management guru take empowerment in different meanings. Burke (1986) considers leadership as


“Empowerment is a state of mind as well as a result of position, policies, and practices. As managers we become more powerful as we nurture the power of those below us. One way we nurture those below us is by becoming a role model for how we want them to function." (Block, 1987). The researcher suggests that for empowerment, following things are important:

i) Sharing as much information

ii) Creating the mind-set that everyone is responsible for the success of this business

iii) Creating a vision of greatness

Empowerment is a process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of providing efficacy information (Conger and Kanungo, 1988).
According to Conger & Kanungo (1988) without a sense of confidence in their abilities, employees will likely feel inadequate and less empowered. Self-determination refers to employees’ perception on the autonomy in the initiation and continuation of work behaviors and processes it involves causal responsibility for a person’s actions.

Nick et al. (1994) explain the importance of empowerment. They highlight that Organization that are committed to employee empowerment, are in a position to motivate and retain their employees but it is a complex management tool which needs to be nurtured and handled with a lot of care.

Caudron (1995) highlights that when employees 'own' their jobs; when they are able to measure and influence their individual success as well as the success of their departments and their companies; they are called as empowered employees.

Quinn & Spreitzer (1997) explain that employee feel empowered when the employees feel that their work is important and the value of a work goals of activities they are engaged in, are congruent with their own value system, own ideals and standards.

(Fragoso, 2000) defines empowerment as the enlargement of employees’ jobs, giving them the responsibility and authority to make decisions about their work without supervisory approval while creating value for the ultimate customers.

Duke and Russell (2000) explain that empowerment requires management to delegate more responsibility directly to employees. It recognizes the potential of employees to identify problems and to devise actions to solve those problems. Workers must be involved in the decisions which affect them. Empowered employees should know what to do in an empowered business, not expect to be told.

Fracaro (2001) tells that the essence of empowerment is to release, rather than ignore or underutilize, employees’ experience, initiative, knowledge, and wisdom. Employee performance is a major factor that leads to the success or failure of a business. Empowering employees enhances their skills and performance.
Empowering Factors


Information Sharing

Researches reveal that people who have information about current performance levels will set challenging goals—and when they achieve those goals they will reset the goals at a higher level (Bowen & Lawler, 1995; Randolph, 1995; Blanchard, Carlos & Randolph, 1996; Ginnodo).

Vision

Creating a vision of greatness is the first step toward empowerment (Block, 1987). The most important motivational aspect of charismatic/transformational leadership is the heightened intrinsic value of goal accomplishment produced by the articulation of a meaningful vision or mission (Thomas and Velthouse, 1990; Gandz, 1990; Bowen and Lawler, 1995; Quinn and Spreitzer, 1997).

Developing Competency

Once employees understand what needs to be done to improve the organization, they must have all the skills and resources necessary to be able to accomplish those improvements (Kanter, 1979; Gandz, 1990; Ginnodo, 1997).

Providing Resources

Once both employees and managers have received proper training, the next step is to give employees control of the resources needed to make improvements (Caudron, 1995; Ward, 1996).
Sufficient Support

The organization which chooses to implement empowerment must ensure that sufficient support is available to keep it going. Empowerment techniques and strategies that provide emotional support for subordinates and that create a supportive and trusting group atmosphere can be effective in strengthening self-efficacy beliefs (Conger and Kanungo, 1988; Blanchard and Bowles, 1998).

Faith and Risk Taking

Managers need faith in employees. Risks can be minimized through training and shared vision, values and beliefs, but the empowered organization requires confident managers who have faith in employees. The overall culture of the organization must support risk taking (Gandz, 1990).

Rewards and Recognition

Recognizing and rewarding improvement efforts and success enhances the empowerment of the employee. Reward and recognition systems build pride and self-esteem (Ginnodo, 1997; Byham, 1997; Quinn and Spreitzer, 1997).

Gradual Implementation

A number of authors indicate that employee empowerment is a process which must be implemented in stages. This concept applies both for each individual and for the organization as a whole (Conger and Kanungo, 1988; Blanchard, Zigarmi & Zigarmi, 1985; Bowen and Lawler, 1992; Caudron, 1995; Ford and Fottler, 1995; Blanchard & Bowles, 1998; Blanchard, Carlos & Randolph, 1996).

Employee Personality and Empowerment

Employees’ receptivity to empowerment practices largely depends on their personality make up. While employees with a particular combination of traits are likely to welcome empowerment initiatives, those with a different set of traits may shun them. From a business perspective therefore it is important to identify the personality attributes that are related to successful empowerment.

Following are the important personal characteristics of empowered employees2:
i) Openness to change.

ii) Willingness to assume risks, including the risk of failure.

iii) Ability to work cooperatively within a team environment.

iv) Willingness to be accountable.

v) Willingness to accept consequences.

vi) Ability to operate from one's own set of personal values.

vii) Applying personal integrity to all situations.

viii) Person having Competence (or self-efficacy).

ix) Person with Self-determination.

x) Degree to which an individual feels that his/her work makes a difference in achieving the overall purpose of the task (Thomas & Tymon, 1994; Thomas & Velthouse, 1990) and

xi) The extent the individual believes that he or she can influence organizational outcomes in a positive way (Spreitzer, 1995).

Managers must become leaders who are willing and able to transfer authority. Thomas and Velthouse (1990), and Spreitzer (1995), defined empowerment as "increased intrinsic task motivation manifested in a set of four cognitions reflecting an individual's orientation to his or her work role:"

i) Meaning,

ii) Competence,

iii) Self-determination and

iv) Impact.

When the mission of the organization or goals of the activities they are engaged in are congruent with their own value system, employees feel that their work is important and care deeply about what they do (May et al., 2004; Quinn & Spreitzer, 1997; Spreitzer, 1995; Thomas & Tymon, 1994; Thomas & Velthouse, 1990).
Outcomes of Empowerment

A number of authors indicate that the increasing competitiveness of the global marketplace calls for better service and the benefit of drawing upon the entire pool of employees for creative ideas (Gandz, 1990; Bowen & Lawler, 1992).

Bowen & Lawler, (1995) highlight that Empowerment improves

- Worker satisfaction and quality of work life.
- Quality, service, and productivity
- Employee involvement.
- Profitability and competitiveness
- Firms' financial performance.

Gupta (1999) identified the following consequences of empowerment:

i) Self–efficacy
ii) Organizational commitment
iii) Work Environment Satisfaction
iv) Role satisfaction
v) Job Involvement

Empowerment is a win–win situation—customers benefit from responsive employees; organisations benefit from satisfied customers and sharp employees; and employees benefit from improving their confidence and self-esteem (Fragoso, 2000). Some of the specific outcomes which provide competitiveness to the recantations are:

i) Trust
ii) commitment
iii) competitiveness
iv) Employee involvement
v) Quality of work life.
Trust

Employees who feel empowered at work are more likely to have greater levels of trust in their leaders. For example, those who find meaning in their work are more likely to immerse themselves totally in their roles (May et al., 2004) and place themselves in a more vulnerable, trusting position as they expose their true selves at work.

Commitment

Empowerment has positive correlation with commitment. Research on commitment highlights that organizational commitment has significant implications for employees, organizations, and society (Mowday et al., 1982; Mathieu & Zajac, 1990; Spreitzer, 1995, 1996; Spreitzer et al., 1999; Potterfield, 1999; Conger, 1999; Koberg et al., 1999).

Competitiveness

It is the ability of a company, country, or a product to compete with others for example, Europe’s competitiveness in international markets. This is also the desire to be more successful than other people. Many specialists agree that a business success and accomplishing the economic and social objectives established depend greatly upon the management of that organization, assured by an organizational and managerial culture of performance. The competitiveness of the organisation goes up with employee empowerment.

Employee Involvement

Employee empowerment increase employee involvement. Employee involvement involves the creation of an environment wherein people are involved in the decision making process that have an impact on the decisions and the actions that have a bearing on the jobs. In short it is an effort to pool in the ideas of the employees that can help in the achievement of the desired results.

Quality of Work Life

Empowerment is intended to allow employees to take ownership for their jobs and improve the work experience (Bakley, 2007). It makes them happier and satisfied. Empowerment brings creativity, critical thinking, conceptual skill,
communication skill and self confidence. It results in self –enhancement and autonomy. (Serey, 2006). This results in better quality of work life.

Leadership

There is no consensus on definition of leadership among scholars (Bass, 1990, Barrow (1977) and Cartwright & Zander (1968) define Leadership is a reciprocal process. Any aspect of the leader, group member or setting can influence and be influenced by every other variable in the system.

Bass (1985), Bass et al. (1987) elaborate that leadership is often a transformational process. The transformational leader increases group members’ motivation, confidence and satisfaction by uniting members and changing their beliefs, values and needs. Leadership is the ability to impress the will of the leader on those led and induce obedience, respect, loyalty, and cooperation.

Stogdill (1974) considers the leadership as the process (act) of influencing the activities of an organized group in its efforts towards goal setting and goal achievement.

Important leadership styles identified by the researches are autocratic leadership style, bureaucratic leadership style, charismatic leadership style, democratic leadership or participative leadership style, laissez-faire leadership style, people-oriented leadership/relations-oriented leadership/ human relation leadership style, servant leadership style, visionary leadership style, task-oriented leadership style, transactional leadership style, transformational leadership style, abusive leadership style, ethical leadership style, primal leadership style, entrepreneurial leadership style, holistic leadership style, Transcendental leadership style.

Leadership and Empowerment

The various types of leadership styles have different impact on empowerment of the employees. The one kind of leadership may be supportive to some of the employees while it may be a barrier for other kind of employees. Self empowered persons may develop themselves in leaders when supported and they may become cocoons in unfavourable leadership of their superiors.
A study by Rajib Roy (2006) on Situational leadership and empowerment explains that Empowerment can assist any leader (who is willing to make some key changes) tap the knowledge, skills, experience, and motivation of every person in the company. Leaders who empower people are placing additional responsibility for results on the team members. Empowerment is not soft management. But even though it places high expectations on people, team members embrace empowerment because it leads to the joys of involvement, ownership, and growth.

Transformational leadership led to empowerment and to subsequent engagement in the task, self-efficacy, and independent thinking and approach (Dvir et al., 2002). Transformational leadership led to empowerment and commitment. Empowerment has been found to be related to effectiveness, less strain, and job satisfaction (Spreitzer et al., 1997).

Employees want to be treated authentically as well as fairly and with respect. When such ethical behavior is aligned with authentic moral intentions, employees will respond in an overwhelmingly positive manner (Lucas, 2000). Such authentic leaders engage in authentic moral behaviors that are consistent with their transparent moral evaluations (May et al., 2003).

Without a well-developed sense of authenticity leaders are unable to earn the credibility they need to motivate people to follow them toward their dreams, missions, purposes, and goals, even if they display ethical leadership behaviors (Morrison, 2001).

The common empowering factors are identified by researchers viz. Information sharing Vision Developing Competency Developing Competency Providing Resources Sufficient Support Faith and risk taking Rewards and Recognition and Gradual implementation can be practiced through leadership supportive to employee empowerment.

Autocratic leadership style, bureaucratic leadership style and abusive leadership style are not supportive to employee empowerment as they believe in being authoritative. Researchers found that decision-making was less creative under authoritarian leadership. They also found that it is more difficult to move from an authoritarian style to a democratic style than vice versa. Abuse of this style is usually viewed as controlling, bossy, and dictatorial (Lewin et al., 1939).
Employees under laissez-fair leadership have been found to be the least productive. They showed little cooperation, and were unable to work independently (Lewin et al., 1939).

Murari and Gupta (2009) explain that abusive leadership is a road block to innovative strategy in the organization. Innovative people can not absorb criticism and comments on their commitment and dedication for developing something new. They can not work with unpredictable leaders. NiCarthy et al. (1993) identified a number of abusive leadership styles in workplace research. Unfortunately these counterproductive styles are still present in far too many organizations today.

**Empowering Characteristics of Organization/ Leadership and Employees**

Based on the above discussion and literature survey, empowering characteristics of organization, Leadership and employees identified by various scholars are summarized in table-1.

**Table 1.** Empowering Characteristics of Organization/ Leadership and Employees

<table>
<thead>
<tr>
<th>Empowering characteristics</th>
<th>Scholars emphasizing the characteristics</th>
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<tbody>
<tr>
<td></td>
<td>Samad (2007)</td>
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<tr>
<td>Self-directed teams</td>
<td>Caudron (1995)</td>
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Role of Leadership Style and Employees Personal Characteristics on Employee Empowerment

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<tr>
<td>Positive feedback</td>
<td>Caudron (1995)</td>
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<tr>
<td>Achievement orientation in employee</td>
<td>Forrester (2000)</td>
</tr>
<tr>
<td>Self efficacy of employee</td>
<td>Argyris (1998), Bandura (1986; 1997)</td>
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<tr>
<td>Employee’s Risk taking</td>
<td>Gandz (1990)</td>
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<tr>
<td>Employee’s Self determination</td>
<td>McShane and Glinow (2005)</td>
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<tr>
<td>Employees perception on his Influence outcome of the organization</td>
<td>Spreitzer (1995), Fulford &amp; Enz, 1995; May et al., 2004</td>
</tr>
<tr>
<td>Employee’s Willingness to acceptance consequence</td>
<td>Quinn &amp; Spreitzer, 1997; Spreitzer, 1995; Thomas &amp; Tymon, 1994; Thomas &amp; Velthouse, 1990</td>
</tr>
<tr>
<td>Employee’s Hope for alternate ways to solving problems</td>
<td>Snyder et al., 1991</td>
</tr>
<tr>
<td>Employee’s resilience</td>
<td>Masten (2001), Masten and Reed (2002).</td>
</tr>
<tr>
<td>Employee’s level of openness to change</td>
<td>Quinn &amp; Spreitzer, 1997; Spreitzer, 1995; Thomas &amp; Tymon, 1994; Thomas &amp; Velthouse, 1990</td>
</tr>
<tr>
<td>Employee’s ability to work cooperatively within a team environment</td>
<td>Quinn &amp; Spreitzer, 1997; Spreitzer, 1995; Thomas &amp; Tymon, 1994; Thomas &amp; Velthouse, 1990</td>
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**Conceptual Framework of Leadership Style and Empowerment**

It is quite evident that leadership style and characteristics of the employee play a major role in making an empowering organization. Based on above discussion a frame work or leadership styles and empowerment is developed and shown in fig 1 below.
Discussion and Conclusion

In Leadership literature, a number of authors have referred to effective leadership as being characterized as empowering which, in turn, would be expected to enhance organizational commitment and effectiveness (Conger & Kanungo, 1988; Conger, 1999).

The common empowering factors are identified are Information sharing, Vision, Developing Competency, Providing Resources, Sufficient Support, Faith and risk taking, Rewards and Recognition, Gradual implementation. This is possible by initiative of leadership in the organization.

It was found that Openness to change; Willingness to assume risks, including the risk of failure; ability to work cooperatively within a team environment; willingness to be accountable; willingness to accept consequences; Ability to
operate from one's own set of personal values; applying personal integrity to all situations; Competence (or self-efficacy); self-determination; degree to which an individual feels that his/her work makes a difference in achieving the overall purpose of the task and the extent the individual believes that he or she can influence organizational outcomes in a positive way (Thomas & Velthouse, 1990; Thomas & Tymon, 1994; Spreitzer, 1995)

Leadership plays a major role in bringing the culture of empowerment in the organization as highlighted by Spreitzer (1995), Conger and Kanungo (1988), Blanchard and Bowles (1998), Gupta (1999), Fracaro (2001) and Samad (2007). Knowledge/ work skill Rewards/ reinforcement Self-esteem Leadership Supportive Organizational culture Self-directed teams Training Resources Positive feedback Self confidence of employee Achievement orientation in employee Self efficacy of employee Employee’s Risk taking Employee’s Self determination Employees perception on his Influence outcome of the organization Employee’s Willingness to acceptance consequence are important for making the organization empowered organization.

Conclusion

Leadership plays a vital role in employee empowerment. Employee Empowerment will create Trust, Commitment, Competitiveness, Employee Involvement and Quality of work life in employees resulting in high competitive advantage to the organization.

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Role of Leadership Style and Employees Personal Characteristics on Employee Empowerment
Challenging Tasks of Human Resource Department in Microfinance Institutions

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Abstract

The values of HR in various fields are taken as important aspect to achieve the business. Unfortunately, HR is the most neglected function in Indian microfinance sector and HR planning is mostly run on temporary basis and used mostly for determining new recruitments or promotions to estimate the salary expenses. Finding right people for different MFI functions and their willingness to compensate for people with relevant experience become most critical issue. The task is to formulate ideal HR policies and procedures with reference to microfinance business to make right number of people with the right attitude and skills in the right place at the right time. Currently, the sector is attracting many entrepreneurs including youngsters to enter into business with an ambition to start a Microfinance Institution (MFI). There are more than 1000 microfinance institutions operating in India. The quality of service delivery in the microfinance industry depends on person to person contact and relationship. These institutions are searching for the right people who can manage and handle the monetary or credit business with smooth approach with the community. They expect to provide effective monetary service to the public for which people with good attitude and genuineness to build a high confidence level in connection with the small, medium business society are needed. Recruiting qualified staff, offering relevant training and capacity building and controlling employee turnover are the most difficult issues in MFI because of its distinctive nature of business. Building a strong and long-lasting microfinance industry is a challenging task for the management and the Human Resource Department. The focus of this paper is to analyze the importance and challenges of the HR function in MFI.

Keywords: HR, Values, Issues, Challenges, MFI, People, Development, Management

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Introduction

Usually, MFIs provide credit and small loans to poor people for starting a business or for buying or consuming goods. At present, several MFIs are offering services like accepting small savings starting from Rs.10 to 25 per day as well as customized insurance services for the borrowers. For such services, MFIs charge interest of 30% annually. In reality, this could be considered very high but many poor people are borrowing from private lenders who will not maintain transparency and are known to charge well over 100% annually. Still demand is plenty and available MFIs across the nation are not adequate to cater the needs of many poor people in this direction. Contrary to what majority of people believe, bad loans or bad debts in micro credit are very rare as compared to the organized sector. Here only 2% of the total loan disbursement has shown bad so far.

Till a couple of years ago, an MFI was just another non-profit activity for the cause of social change. Predominantly, the sector was mostly dominated by NGOs, donor-driven organizations and few individuals in rural markets. Surprisingly, investments in the microfinance sector are on the rise because of the involvement of the capital market and several other private players and investors. At present, major international finance institutions and banks like Deutsche Bank, Citibank, HDFC and ICICI Bank are entering this segment as well. Based on a research recently conducted by Deutsche Bank, the volume of total microfinance loans increased from $4.5 billion in 2005 to approximately $25.5 billion in 2010.

Scope and Opportunity for MFIs

The microfinance business practice movement in India is in limelight according to various national and international business and commerce survey analysis reports and is seen as an attractive market with high potential investment opportunities. Hence this trend definitely attracts many more business experts to find more space to invest into MFIs arena. According to Arjun Muralidharan, CEEO, ASA-GV, (The Activist for Social Alternatives – Grama Vidiyal) “the situation may not be as simple as before, but the field is certainly growing and anyone entering into the sector should arrange alternate source of funds now.” ASA-GV is in the process of developing special schemes related to social
security for its members by offering the benefit of life insurance, accident insurance and old age annuity similar to pension scheme offered by the organized sectors like SBI, HDFC, etc.

**Importance of HR Department in Managing MFIs Growth**

Building a solid and long-lasting institution is very challenging and multifaceted task for the top level management as well as for the HR department. But HR is most neglected function in the Indian microfinance sector and HR planning is usually run on ad-hoc basis though quantitative in nature and used mostly for determining new recruitments of promotion to estimate the salary expenses.

The most critical issue in HR planning is finding the right people for different MFI functions and their willingness to compensate adequately for people with relevant experience. There are very few people available with relevant experience because, microfinance sector has scaled up recently and there are very limited training institutes or business schools to churn out the people with required attitude and skill sets. According to a survey reported by an MFI ‘Sa-Dhan’, nearly 25 institutions in India have exclusive courses in microfinance, which is totally inadequate in the light of the demand in the sector.

According to the research paper by Craig Churchill, ‘Managing Growth: The Organizational Architecture of Microfinance Institutions” clearly outlines the interplay of three important elements i.e. Organizational Structure, Human Resource Development and Institutional Culture, that will go into making successful and long-lasting MFI as shown in the Figure1.

**Figure1:** Using Organizational Architecture to Manage Growth
HRD and Institutional Culture

Human resource development plays a vital role in building institutional culture and organizational structure. Essentially, any MFI should be very strong in the three areas as mentioned in the Figure 1 to meet the requirement of business growth. Each institution will have its own unique culture. The core values, vision, mission and code of conduct form the basis of this culture, heavily influenced by the Chairman and Executive Director of the company and senior management team. Generally, any institutional culture is difficult to identify because it is not something which is readily visible on the organizational chart. Moreover, culture is mainly reflected in the informal procedures like staff interactions, working environment, institution’s day-to-day operations and so on. Effective Human Resource Management (HRM) is the most important department in any organization to institutionalize the culture. Following are the most considerable HRM tools and practices that shape institutional culture.

- Alignment of the firm’s code and conduct, value streams, guiding principles and HR must be based on MFIs vision and mission.
- The advertisements, well-designed application forms and recruitment process etc. must create an impression and portray the reputation of the MFI.
- The standards of performance appraisal system existing in the MFI to assess their employees’ performance must be transparent in approach.
- The process of managing employment contract, induction and orientation for new employees must reveal the strength of MFIs value statement.

Generally, it is very critical to understand the complete HRM systems and processes by all employees thus it is very important to formally communicate to the employees of the respective organization.

Organizational Structure

In the present management context, flat and simple organizational structure is the best model for any growing organization. Team-based work approach is only considered as the best procedure in every organization to increase the productivity, efficiency and responsiveness. All staff members must be
organized in teams based on different branches, products and region types of
clients. At the same time, employees also prefer to work in smaller business
teams because they find it more challenging and see a better chance of getting
their ideas adopted. Smaller teams also help to foster more sense of
responsibility and accomplishment. Organizational structure should facilitate an
environment conducive for increased team work to experience success and
growth potential. During expansion, MFIs should build a lively and
decentralized organizational structure to give confidence even in various branch
offices. In the beginning, decentralization process may create some challenges
in the form of administrative issues and managing growth for some period of
time. Therefore, communication must remain an important tool for effective
management.

Human Resource Intensive

The quality of service delivery in the microfinance industry depends on person
to person contact and relationship. Due to various challenging circumstances in
business, MFIs competitive positions will keep changing constantly. Hence, it
is more human resource-intensive and sourcing of skilled and quality human
resources will play a crucial role of sustaining the growth of this industry. For
the HR department to play an effective role at any MFI, the importance lies in
integration of several important components of organizational architecture.

HR Challenges at MFIs

There are several HR challenges faced by the most of practicing HR
professionals in this sector. As it is just an emerging sector and the availability
of workforce with relevant experience is very limited. An online survey by
‘Microfinance Insights’ on Human Resources Challenges and Solutions”
highlighted some important HR issues like more employee turnover, staff
retention and recruitment and training as the biggest challenge. The existing
supply of human resources is more from the NGO sector and naturally they will
have more of an NGO orientation rather than microfinance orientation. Hence
professionalism in the microfinance sector is very much limited. Moreover,
there are no educational institutions offering relevant programs in the area with
relevance to microfinance.
HR challenges in MFIs can be broadly classified into three levels:

1. **Sectoral Level Challenges**: As a sector, microfinance has an extraordinary growth potential. But it is recognized by only few players who are involved in this business and few strategies who know the potential. Other people are largely unaware and sceptic about opportunities that lie before them. Microfinance being employee-intensive industry, their interpersonal relationship and service quality to customers will make a large difference in developing the organizational wealth. Otherwise, it will affect the shrinking margins on business and discourage the spending on human resources and finally both the quality and quantity of human resources will suffer.

2. **Organizational Level Challenges**: When organizations are growing rapidly the human resources are not increasing accordingly. It leads to improper ratio of clients per officer to deep costs down. Finally, it will lead to low morale, beginning of turnover, MIS backlogs and decline in portfolio quality. Sometimes, to scale up operations and portfolio, it demands recruitments of new staff in large numbers. Usually in the most the MFIs, the hiring process is not happening in a professional ways. The process is being carried out through cost in mind only and thus hires less qualified people. With this practice, organizations face the growth crisis and may become unbalanced over a period of time.

3. **Individual Level Changes**: Most of the talent particularly youngsters are reluctant to work in remote areas. Initially, few may work with small MFIs at rural places function with limited requirements and the lack of induction, training and skill enhancement remains a challenge. Employees may struggle for growth and increments, and have limited exposure as compared to city environment.

**HR Challenges Pertaining to Human Capital Issues**

HRM department should ensure to provide and effective workforce to meet the vision and mission of the organization. HR professionals should formulate ideal HR policies and procedures to bring the right number of people with the right
attitude and skills in the right place at the right time. In order to do this, most of the HR professionals of MFIs will face classic challenges like:

- Recruitment of qualified staff,
- Training and capacity building,
- Managing turnover,
- Designing incentives,
- Financial constraints, etc.

Today, most of the head hunters are facing tough problems to provide qualified staff for managing microfinance institutions. It is a critical issue for every MFI in India and abroad as well. Concurrently, it has been proven by several important research report findings also. According to the Microfinance Banana Skins Report, the most pressing task for microfinance institutions is “Managing Quality”. By echoing this finding, the respondents of microfinance insight survey rated human capital issues as the most challenging to deal with. The study revealed as 51% of MFIs are facing challenges pertaining to human capital issues as compared to financial (29%) and technical issues (15%) as shown in Figure2.

Surprisingly, financial issues are not rated highly as everyone expects to be so in the present microfinance market situation, which is becoming very competitive and demand more specialized knowledge and faster scaling than ever before. The report also highlighted that recruiting qualified staff, offering relevant training and capacity building and controlling employee turnover are the most difficult issues because of its distinctive nature of business.
Challenges in Recruiting Right People

At present, MFIs are competing more with commercial banks and NGOs for finding appropriate talent. For effective functioning of any MFI today, it is necessary to lead in search of targeted recruitment for specialized talent. The study has clearly revealed the requirement of talent in three major areas of importance. (1) Strategic thinkers with relevant experience in microfinance sector require 63% talent, which is the most challenging area of concern, (2) Staff for basic operations need 21% and (3) Strategic thinkers with the experience of capital markets require talent of 16% as shown in Figure3.
Challenges in Recruitment Criteria: Many research findings revealed the important criteria in recruitment is about the awareness of local knowledge. It is ranked higher than having the knowledge of capital markets, management degrees and international experience for all levels of staff members.

Criteria for Top-level Recruitment: Filling top-level positions like that of CEO, CFO and COO can be difficult for MFIs because of the complex skills required for every position and the leadership team has to know about the regions of operations as it is for lower level staff. This decisive factor overshadows the need for management degree, capital markets experience and international experience.

Criteria for Director Level Recruitment: Recruitment for the post of Directors also has similar findings as that of top level recruitments of MFIs. After the prerequisite of local knowledge and international experience is rated as very important followed by capital market experience and having management degree.

Criteria for Staff Level Recruitment: For staff-level recruitments like for the position of branch managers and credit managers, the need for local knowledge (55%) and local language proficiency (54%) are very essential prerequisites followed by English language proficiency rate very high (52%) and years experience (43%) as shown in figure 4.
Incentives are one means to motivate the employees and reduce high turnover rates in organizations. Majority of microfinance institutions are using monetary-based incentives and are using non-monetary based incentives like public recognition for achievements, sponsoring holidays and increase vacation days. Only very few percentage of the MFIs are offering Employee Stock Option Plans (ESOPs) as incentive schemes to their employees due to their complexity and nature of business as well as because of lack of knowledge on the part of MFIs in administering such plans. Since employee turnover is a major issue at MFIs, an extensive study was conducted to measure the perception on turnover vs. incentive schemes. Based on the respondents, they are considered into three categories as (a) Employees turnover as major concern, (b) Employee turnover as minor concern and (c) Employee turnover as not a concern at all.

**Capacity Building through Training Programs**

On going training programs are very important for employees to build required skill sets and keep them engaged. Most of the MFIs offer training at least once or twice a year and nearly 39% of them offer it more than four times per year.
Currently, many MFIs prefer to offer basic in-house training programs for new recruits to provide the general information of the organization and required product knowledge. This basically covers classroom training program mixed with field work training to provide the knowledge of various delivery methodologies of the microfinance company. Later, more in-depth knowledge will be provided in the areas of Management Information Systems (MIS), field monitoring, accounting basics for the branch managers, needs assessment, regular office monitoring and market monitoring methodologies, HR and finance resource management for managerial level staff, etc. Few MFIs also arrange professional visits to established MFIs as part of their training programs for gaining more practical exposure in real-time environment.

**Conclusion**

At present, building a strong and long-lasting microfinance institution is a challenging task for the management as well as for human resource department. Most of the essentials and challenging HR functions like recruitment and selection, training and development, compensation and reward management, performance appraisal system are being carried out on adhoc basis. In order to streamline and strengthen the human resource systems and policies in microfinance institutions, HR department requires strong support form the board as well as senior management. By taking into consideration the size, needs stage of growth and institutional strategy of these institutions, the board and HR managers have to formulate the ideal and employee friendly policies in HR framework to motivate the employees in MFIs. Then it is no longer a challenge for the business leaders to achieve excellence in organizational architecture of microfinance institutions. Although right people with right attitude are selected by MFIs, certain strategy may be adopted for the achievement of their business such as, providing compulsory training in the financial field to tackle the monetary activities smoothly in relation with variety of borrowers in the society. The human resources being recognized and utilized in the positive manner will establish HR function to overcome the challenges and to enhance amicable performance of microfinance industry.
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Corporate Social Responsibility in India - The Key Role of Human Resource Management

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Abstract

Corporate Social Responsibility (CSR) is the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve the quality of life. But, still there are numerous organizations which understand CSR as undertaking some donations or philanthropic activities. Rather in its true sense, CSR constitutes a strong commitment to social obligations and internalization throughout the organizational culture which lays emphasis on the execution of the obligations towards the employees and involving them in responsible endeavors. However from the very beginning the key player in undertaking such activities in the organizations has been top manageable and it has been the driving force in the area of social responsibility. Employees have been rarely covered under the ambit of CSR. To ensure organization-wide commitment, the non-management workforce has to be involved in the process. This involvement of employees speaks of the strategic contribution of Human Resource Management (HRM) in CSR. In this context, this paper presents the origin of CSR and its practices in India. This paper also presents the role of engagement of the HR professionals in CSR activities.

Introduction

The totality of CSR can be best understood by three words: ‘corporate,’ ‘social,’ and ‘responsibility.’ In broad terms, CSR relates to responsibilities corporations have towards society within which they are based and operate, not denying the fact that the purview of CSR goes much beyond this. CSR is comprehended differently by different people. Some perceive it to be a commitment of a company to manage its various roles in society, as producer, employer, customer and citizen in a responsible manner while for others it is synonymous

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to Corporate Responsibility (CR) or Corporate Citizenship or Social Action Programme (SAP). Of late, the term has also been started to link up with Triple Bottom Line Reporting (TBL) which essentially measures an enterprise’s performance against economic, social and environmental indicators.

Discourses on CSR suggest that many definitions of CSR exist within the business community, and CSR continues to be an evolving concept, with no single definition that is universally accepted. Given below one of the key definition that have garnered wide acceptance and favour amongst business circles - Philip Kotler and Nancy Lee (2005) define CSR as “a commitment to improve community well being through discretionary business practices and contributions of corporate resources” whereas Mallen Baker refers to CSR as “a way companies manage the business processes to produce an overall positive impact on society.”

**Origin of CSR in India**

The concept of CSR in India is not new, the term may be. The process though acclaimed recently, has been followed since ancient times albeit informally. Philosophers like Kautilya from India and pre-Christian era philosophers in the West preached and promoted ethical principles while doing business. The concept of helping the poor and disadvantaged was cited in much of the ancient literature. The idea was also supported by several religions where it has been intertwined with religious laws. “Zakaat”, followed by Muslims, is donation from one’s earnings which is specifically given to the poor and disadvantaged. Similarly Hindus follow the principle of “Dhramada” and Sikhs the “Daashaant”.

In the global context, the recent history goes back to the seventeenth century when in 1790s, England witnessed the first large scale consumer boycott over the issue of slave harvested sugar which finally forced importer to have free-labor sourcing. In India, in the pre independence era, the businesses which pioneered industrialisation along with fighting for independence also followed the idea. They put the idea into action by setting up charitable foundations, educational and healthcare institutions, and trusts for community development.
The donations either monetary or otherwise were sporadic activities of charity or philanthropy that were taken out of personal savings which neither belonged to the shareholders nor did it constitute an integral part of business. The term CSR itself came in to common use in the early 1970s although it was seldom abbreviated. By late 1990s, the concept was fully recognised; people and institutions across all sections of society started supporting it. This can be corroborated by the fact that while in 1977 less than half of the Fortune 500 firms even mentioned CSR in their annual reports, by the end of 1990, approximately 90 percent Fortune 500 firms embraced CSR as an essential element in their organisational goals, and actively promoted their CSR activities in annual reports.

According to “Altered Images: the 2001 State of Corporate Responsibility in India Poll”, a survey conducted by Tata Energy Research Institute (TERI), the evolution of CSR in India has followed a chronological evolution of 4 thinking approaches:

**Ethical Model (1930 –1950):** One significant aspect of this model is the promotion of “trusteeship” that was revived and reinterpreted by Gandhiji. Under this notion the businesses were motivated to manage their business entity as a trust held in the interest of the community. The idea prompted many family run businesses to contribute towards socioeconomic development. The efforts of Tata group directed towards the well being of the society are also worth mentioning in this model.

**Statist Model (1950 –1970s):** Under the aegis of Jawahar Lal Nehru, this model came into being in the post independence era. The era was driven by a mixed and socialist kind of economy. The important feature of this model was that the state ownership and legal requirements decided the corporate responsibilities.

**Liberal Model (1970s –1990s):** The model was encapsulated by Milton Friedman. As per this model, corporate responsibility is confined to its economic bottom line. This implies that it is sufficient for business to obey the law and generate wealth, which through taxation and private charitable choices can be directed to social ends.

**Stakeholder Model (1990s – Present):** The model came into existence during 1990s as a consequence of realisation that with growing economic profits,
businesses also have certain societal roles to fulfill. The model expects companies to perform according to “triple bottom line” approach. The businesses are also focusing on accountability and transparency through several mechanisms.

**CSR Practices in India**

Several major CSR initiatives have been launched in India since the mid-1990s. Nearly all leading corporates in India are involved in corporate social responsibility programmes in areas like education, health, livelihood creation, skill development, and empowerment of weaker sections of the society. Notable efforts have come from Tata Group, the Aditya Birla Group, and Indian Oil Corporation, to name a few, have been involved in serving the community ever since their inception. Many other organizations have been doing their part for the society through donations and charity events. The 2010 list of Forbes Asia’s ‘48 Heroes of Philanthropy’ contains four Indians. The 2009 list also featured four Indians. India has been named among the top ten Asian countries paying increasing importance towards corporate social responsibility disclosure norms.

Best practices followed by Indian Companies related to CSR are as follows:

- **ONGC and Indian Oil Corporation** has been spending 0.75-1% of their net profits on CSR activities. In 2007-08 Rs. 246.70 crores was spent by oil PSUs on CSR activities. ONGC’s CSR projects focus on higher education, grant of scholarship and aid to deserving young pupils of less privileged sections of society, facilities for constructing schools etc.

- **SAIL** has taken successful actions in environment conservation, health and medical care, education, women upliftment providing drinking water.

- **BHEL & Indian Airlines** have been acclaimed for disaster management efforts. BHEL has also adopted 56 villages having nearly 80,000 inhabitants.

- **Reliance Industries** initiated a project named as “Project- Drishti” to bring back the eyesight of visually challenged Indians from the economically weaker sections of the society. This project has brightened up the lives of over 5000 people so far.
• Mahindra & Mahindra launched a unique kind of ESOPs- Employee Social Option in order to enable Mahindra employees to involve themselves in socially responsible activities of their choice.

• GlaxoSmithKline Pharmaceuticals’ CSR programs primarily focus on health and healthy living. They work in tribal villages where they provide medical check-up and treatment, health camps and health awareness programs. They also provide money, medicines and equipment to non-profit organizations that work towards improving health and education in under-served communities.

• Bajaj Electricals Ltd corporate social responsibility activities include Education, Rural Development & Environment.

Although the implementation of such activities involves time, effort and resources yet the business houses have realized that it (CSR) is one of the important ways in which an organization can distinguish itself from its competitors. The tangible and intangible benefits associated with for organization are immense. A powerful tool like CSR not only enhances the brand image and reputation of the business but also leads to improvement in sales and customer loyalty, and increased ability to attract and retain employees. By capitalizing on it, the organizations can improve their financial performance and attract more investment with immense economic value. The word CSR has, as a result, occupied very important place in the plans and strategies of the organizations in the present era.

But still there are numerous organizations which understand CSR as undertaking some donations or philanthropic activities. Rather in its true sense CSR constitutes a strong commitment to social obligations and internalization throughout the organizational culture which lays emphasis on the execution of the obligations towards the employees and involving them in responsible endeavors. However from the very beginning the key player in undertaking such activities in the organizations has been top management and it has been the driving force in the area of social responsibility. Employees have been rarely covered under the ambit of CSR. To ensure organization-wide commitment, non-management workforce has to be involved in the process. This involvement of employees speaks of the strategic contribution of Human Resource Management (HRM) in CSR. In this context, the responsibility of human
resource management department for encouraging sustainable practices that offer practically and theoretically new opportunities is very much.

The role engagement of HR professional in CSR

The role engagement of the HR professional in CSR initiatives in organization is a relatively unexplored area, in the ongoing academic discourse, theorizing and public debate, concerned with the nature, direction, role and process of CSR. CSR as a corporate imperative is essentially a strategic approach for organizations to anticipate and address issues with their interactions with stakeholders and through those interactions, to achieve success in their business endeavors. The top-bottom approach, where CSR initiative is driven by top management remains dominant, with little involvement of the organizational employees, the human resources that is strategically placed to derive such organizational activities, with the complex array of stakeholders involved in CSR. If the employees are not engaged corporate social responsibility becomes an exercise in public relations. The credibility of an organization will become damaged when it becomes evident that the company is not “working the talk”. This is expressed as CSRHR= PR. Embedding CSR in the corporate strategy of the organizations can enhance the unlocking of the creative potentials of employees, who can now buy into the program, and drive its implementation to success.

The HR has a strategic role to play in the organization’s CSR initiatives. For HR to take this leading role it must be made a strategic business partner, participating in CSR policy formulation in the corporate boardroom. In this role, the HR professional can facilitate the implementation process through the involvement of the employers who are the ‘DNA’ of an organization and a key source of competitive advantage in today’s knowledge-based business environment. Developing the proper nexus or link between CSR and HR can enhance society’s development and provide benefits for the organization. The link between socially responsible practices and organizational performance, HRD professionals can facilitate the legitimation of CSR strategies within an organization”. The role engagement of the employees will therefore bring up, the strategic contribution of HRM in CSR. The HR professional will then be contributing to sustainable practices in the organization and this will enhance
organizational success. The immense benefit organization derives when the HR professional embeds the CSR values in the corporate culture. The HR policies and strategies which form the framework for culture in the organization help to create awareness among employees, of the need to achieve the corporate goals in the best possible and ethical manner. The HR professional can be engaged to perform many roles in the organization that initiates CSR programmes. Performing these roles brings immense benefits to the organization.

1- The HR can lead and educate organizational members on the value of CSR and provide the action plans on how to strategically and successfully implement the program. He provides requisite training opportunities for employees to identify with the CSR activity and provide the necessary support during implementation. By helping to develop action plans to analyze CRS activities, the HR professional is equally promoting corporate citizenship, which is vital for developing a culture for social responsibility.

This will further enhance the corporate reputation of the organization. If a company wants to add organizational value, the HR function must focus on actions that build employee competencies and motivation that in turn positively influence corporate reputation. Good business sense for HR to head the (CSR) process and partner with strategic leaders in the firm because human capital is arguably the number one intangible value driver”. In highlighting the important interfaces between HR and CSR, the HR function can play a critical role in embedding CSR within corporations through facilitating CSR strategy development, implementation and related change issues.

2- The HR manager can help organization develop responsible and sustainable practices, and the focus on such practices may give HR more support in its existing work. The equitable employment practices appear to affect employees through improved morale, increased engagement, higher productivity and better retention. These also reflect on an organization’s position as an employer of choice.

3- The HR professional can serve as a veritable channel or source for effectively communicating CSR activities to employees and the public or community. This communication allows a company to gain additional
benefits from their investment including improving their public image, increasing employee morale, and support from the community and communicating with employees to greatly improve the performance of CSR mission. The HR’s role therefore involves developing the strategies to enhance business sustainability and communicating the values that enable the company to look beyond their short-term interests and see that acting responsibly can enhance their very ability to survive. The ultimate goal of CSR communications should be to engage employees in the CSR mission of the firm, to help build out the firm’s CSR DNA”.

4- The HR professional can also play an important role in helping the organization achieve CSR standards. HR leader can accordingly, influence three primary standards of CSR - ethics, employment practices and community involvement - that relate directly or indirectly to employees, customers and the local community. In fact, human resources management practices promote personal and professional employment, diversity at all levels and empowerment. The HR “has a key role to play by ensuring that their organization abides by accepted legal and ethical standards. It is part of their role to ensure employee effectiveness with an environment that maximizes the return on the investment in human capital by observing legal, ethical and fair treatment”. Other HR practices consider employees as valued partners, with the right to fair labour practices, competitive wages and benefits and a safe, harassment-free, family-friendly work environment.

The HR professional will encourage community relations through his HR teams by implementing reward programs, charitable contributions, fund raising activities, and encouraging community involvement and practices. The community relations aspect of charity makes a company stronger and better able to engage or recruit and retain competent employees who easily identify with CSR initiatives. The HR team has a responsibility to make sure that the importance of CSR is emphasized during employee orientation and other training sessions. In community involvement, the HR leader will help the company foster an open relationship that is sensitive to community culture and needs and play a proactive, co-operative and collaborative role to make the community a better place to live and conduct business.
CSR has recently expressed its concern to include both ecological sustainability and social development with a focus on a ‘triple bottom line’ performance. Business firms now place emphasis on sustainability which implies a simultaneous focus on economic, social and environment performance. A sustainable corporation as one that achieves economic profit maintains environmental quality and contributes to increased social equity. The HR professional has an important role to play here in terms of developing, monitoring and implementing the triple bottom line activities. An organization’s CR and sustainability can be most effective with the HR team in the lead. The HR professional has an opportunity to get comprehensive CSR programs rolling that will engage and benefit the entire organization and its stakeholders. The HR to lead sustainability initiatives, since recruitment, retention, morale, productivity, recognition and rewards - as well as innovation - are major components of a CSR/business sustainability strategy.

Conclusion

The concept of corporate social responsibility has gained prominence from all avenues. Organizations must realize that government alone will not be able to get success in its endeavor to uplift the downtrodden of society. The present societal marketing concept of companies is constantly evolving and has given rise to a new concept-Corporate Social Responsibility. Many of the leading corporations across the world had realized the importance of being associated with socially relevant causes as a means of promoting their brands. It stems from the desire to do well and get self satisfaction in return as well as societal obligation of business.

The HR professionals successfully perform the roles of leading and educating employees on the value of CSR, developing responsible and sustainable practices, communicating CSR activities to the stakeholders and providing direction, control and action plans for implementing CSR initiatives in the organization. The managerial implications of fully involving the HR manager is to enable him take strategic action plans and control of the CSR programs and to enhance employees’ participation.
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Integrating Human Resource Management with Firm’s Strategy: A Key Concept to Achieve Firm’s Superior Performance

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Abstract

This paper tries to demonstrate the important linkage between human resource management, firm’s strategy and firm performance. As a result, first of all, we review the relevant literature about the linkage between human resource management and organizational performance; and the relationship between human resource management and firm’s strategy. Then, by proposing a model, this paper illustrates the integration between organizational capability/culture, group competencies/norms and individual ability and knowledge with each other and at the same time with firm’s strategy. Moreover, this paper states that such integration leads to firm’s superior performance. Finally, we develop theoretical propositions that provide further insight, for managers of organizations, on HR practices contribute to organizational superior outcomes.

Keywords: Human Resource Management, Firm’s Strategy, Firm Performance.

Introduction

Human Resource management has grown in its range to the point where it has become an industry rather than just a simple occupation. Although there may be considerable debate concerning the actual role HR should perform and how it should be done, HR established a place at the senior management table by the early 1990s through their ability to identify and solve practical problems in fields such as recruitment, employee relations, training, etc. (Stredwick, 2005, p. 22). According to Armstrong (2010, p. 8), the practice of Human Resource Management (HRM) is concerned with all aspects of how people are employed and managed in organizations. It covers activities such as:

- Strategic HRM;
- Human Capital Management;

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† Faculty of Management and Economics, Semnan University, Semnan, Iran.
Knowledge Management;
Organization Development;
Resourcing (Human Resource Planning, Recruitment and Selection, and Talent Management);
Performance Management;
Learning and Development;
Reward Management
Employee Relations;
Employee Well-Being.

HRM can be described as a strategic, integrated and coherent approach to the employment, development and well-being of the people working in organizations. It has a strong conceptual basis drawn from the behavioral sciences and from strategic management, human capital and industrial relations theories. This foundation has been built with the help of a multitude of research projects (Armstrong, 2010, p. 8).

It has been said that the most important assets of any business walk out the door at the end of each day (Boxall et al., 2007, p. 88). Indeed, people and the management of people are increasingly seen as key elements of competitive advantage (Boxall and Purcell 2003; Pfeffer 1998; Gratton et al. 2000). Spurred on by increasing competition, fast-paced technological change, globalization, and other factors, businesses are seeking to understand how one of the last truly competitive resources, their human resources, can be managed for competitive advantage (Boxall et al., 2007, p. 88).

In attempting to examine the impact of human resources management on organizational performance, a number of researchers have discovered some impressive and direct impacts and influences. This is referred to by Ramsey et al. (2000) as ‘the high road’ approach to management, in which organizations choose to compete primarily on quality and rely especially on HR development and employee contributions to succeed in this (p. 502). At the same time that researchers were attempting to prove conclusively that successful and effective HRM improved the bottom line performance. Furthermore, a number of writers talked about a system of ‘High Performance’, indicating that using integrated
human resource management will inevitably lead to organizational improvement and explain that it is through the combined effects of such practices that managers can most hope to elicit high levels of performance.

Appropriate human resource management is seen as a key concept to achieve superior performance. Without proper HR practices, employees will not be prepared to develop their skills and competencies, take on board the enhanced responsibilities for quality, work organization and problem solving, and ‘go the extra mile’ to come up with improvements and innovations. That is why, a large number of researches use HRM as a key reflection of organizational success.

As Guest (1997) argues, ‘The distinctive feature of HRM is its assumption that improved performance is achieved through the people in the organization.’ If, therefore, appropriate HR policies and processes are introduced, it can also be assumed that HRM will make a substantial influence on organizational performance.

It is important to note that HR practices contribute to higher performance and lead to competitive advantages of organizations only when they are integrated with firms’ strategy. Furthermore, it is noteworthy to state that, human resources can play a strategic role in achieving organizational superior performance; Thus, these ideas have led to the formation of a field of research often referred to as strategic human resource management (SHRM). This relatively young field represents an intersection of the strategic management and human resource management (HRM) literatures (Boxall 1998; Boxall and Purcell 2000). Central to emerging perspectives on strategy is the role of the firms’ human resources in creating and sustaining superior performance through social capital (wright et al., 2001).

There is little attention given to the research on the relationship between firm’s strategy, human resource management and firm performance. Thus, this paper attempts to propose a framework on the mentioned topic and develop theoretical propositions that provide further insight, for managers of organizations.
**HRM and Firm Performance**

According to Armstrong (2010, p. 15), the Holy Grail sought by many HRM researchers is to establish that HRM practices demonstrably cause improvements in organizational performance. HR practitioners too would like to be able to justify their existence by saying to their bosses and their colleagues that this is the case. Much research has been carried out over the last decade or so, most of which at shows that there is a link between good HRM practice and firm performance. Moreover he represented some researches about the mentioned topic to show the important linkage between HRM and firm performance (p. 16-17) as follows:

<table>
<thead>
<tr>
<th>Researcher(s)</th>
<th>Methodology</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Huselid (1995)</strong></td>
<td><strong>Analysis of the responses of 968 US firms to a questionnaire exploring the use of high-performance work practices.</strong></td>
<td><strong>Productivity is influenced by employee motivation; financial performance is influenced by employee skills, motivation and organizational structures.</strong></td>
</tr>
<tr>
<td><strong>Patterson et al.</strong></td>
<td><strong>The research examined the link between business performance and organizational culture and the use of a number of HR practices.</strong></td>
<td><strong>HR practices explained significant variations in profitability and productivity (19 per cent and 18 per cent respectively). Two HR practices were particularly significant: (1) the acquisition and development of employee skills and (2) job design including flexibility, responsibility and variety.</strong></td>
</tr>
<tr>
<td><strong>Appelbaum et al.</strong></td>
<td><strong>Study of the impact of high-performance work systems (HPWSs) in 44 manufacturing facilities – over 4,000 employees was surveyed.</strong></td>
<td><strong>HPWSs produced strong positive effects on performance. They are associated with workshop workers’ intrinsic reward from work and thereby enhance organizational commitment. Practices that raise the levels of trust, increase.</strong></td>
</tr>
<tr>
<td><strong>Guest et al. (2000)</strong></td>
<td><strong>The Future of Work Survey covered 835 private sector organizations. Interviews were carried out with 610 HR</strong></td>
<td><strong>A greater use of HR practices is associated with higher levels of employee commitment and contribution and is in turn linked to</strong></td>
</tr>
</tbody>
</table>
professionals and 462 chief executives. higher levels of productivity and quality of services.

**Thompson (2002)**  
A study of the impact of high-performance work practices such as team working, appraisal, job rotation, broad-banded grade structures and sharing of business information in UK aerospace establishments. The number of HR practices and the proportion of the workforce covered appeared to be the key differentiating factor between more and less successful firms.

**West et al. (2002)**  
Research conducted in 61 UK hospitals obtaining information on HR strategy, policy and procedures from chief executives and HR directors and mortality rates. An association between certain HR practices and lower mortality rates was identified. As noted by Professor West, ‘If you have HR practices that focus on effort and skill; develop people’s skills; encourage co-operation, collaboration, innovation and synergy in teams for most, if not all employees, the whole system functions and performs better.’

**Purcell et al. (2003)**  
A University of Bath longitudinal study of 12 companies to establish how people management impacts on organizational performance. Policy and practice implementation (not the number of HR practices adopted) is the vital ingredient in linking people management to business performance and this is primarily the task of line managers.

Moreover, he clarified How HRM practices affect firm performance (p. 18-19); which are shown in table 2.

**Table 2.** The HR practices that influence firm performance

<table>
<thead>
<tr>
<th>HR practice</th>
<th>How it impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attract, develop and retain high-quality people</td>
<td>Match people to the strategic and operational needs of the organization. Provide for the acquisition, development and retention of talented employees, who can deliver superior performance, productivity, flexibility, innovation, and high levels of personal customer service, and who ‘fit’ the culture and the strategic requirements of the organization.</td>
</tr>
<tr>
<td>Talent management</td>
<td>Ensure that the talented and well-motivated people required by the organization are available to meet present and future needs.</td>
</tr>
<tr>
<td>-------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Job and work design</td>
<td>Provide individuals with stimulating and interesting work, and give them the autonomy and flexibility to perform these jobs well. Enhance job satisfaction and flexibility to encourage high performance and productivity.</td>
</tr>
<tr>
<td>Learning and development</td>
<td>Enlarge the skill base and develops the levels of competence required in the workforce. Encourage discretionary learning which happens when individuals actively seek to acquire the knowledge and skills that promote the organization’s objectives. Develop a climate of learning – a growth medium in which self-managed learning as well as coaching, mentoring and training flourish.</td>
</tr>
<tr>
<td>Manage knowledge and intellectual capital</td>
<td>Focus on organizational as well as individual learning, and provide learning opportunities and opportunities to share knowledge in a systematic way. Ensure that vital stocks of knowledge are retained and improve the flow of knowledge, information and learning within the organization.</td>
</tr>
<tr>
<td>Increase engagement, commitment and motivation</td>
<td>Encourage productive discretionary effort by ensuring that people are positive and interested in their jobs, that they are proud to work for the organization and want to go on working there, and that they take action to achieve organizational and individual goals.</td>
</tr>
<tr>
<td>Psychological contract</td>
<td>Develop a positive and balanced psychological contract which provides for a continuing, harmonious relationship between the employee and the organization.</td>
</tr>
<tr>
<td>High-performance management</td>
<td>Develop a performance culture which encourages high performance in such areas as productivity, quality, levels of customer service, growth, profits, and ultimately the delivery of increased shareholder value.</td>
</tr>
</tbody>
</table>
Empower employees to exhibit the discretionary behaviors most closely associated with higher business performance, such as risk taking, innovation, and knowledge sharing of knowledge and establishing trust between managers and their team members.

**Reward management**
Develop motivation and job engagement by valuing people in accordance with their contribution.

**Employee relations**
Develop involvement practices and an employee relations climate which encourages commitment and cooperation.

**Working environment—core values, leadership, work–life balance, managing diversity, secure employment**
Develop 'the big idea' (Purcell et al, 2003): that is, a clear vision and a set of integrated values. Make the organization 'a great place to work'.

**Strategy and HRM**

The importance of human resource management to effective implementation of strategy has been mentioned in recent years. Porter (1985) explicitly confirmed that human resource management was an essential support activity that, when integrated with other value chain activities, is urgent for a firm to achieve and sustain competitive advantage. A prominent perspective that potentially explains the strategic importance of human resources is the resource-based view of the firm. According to Buller and McEvoy (2012), the resource-based view proposes that a firm is defined by the resources it controls. Further, it assumes that all competitors are not homogeneous but, rather, they differ on the resources that they possess. These resource-based differences explain differences in performance across firms. If a firm possesses resources that are valuable, rare, non-imitable, non-substitutable, non-transferable, and the firm has the organizational capability to exploit these resources, it possesses a sustainable competitive advantage (Barney, 1991).

We use RBV as the dominant theoretical framework for our proposed model. RBV has been used by other researchers as a framework for examining the relationship between HRM and firm performance. What is missing from many
of the previous examinations is the link between strategy and human resource management.

Wright and McMahan’s (1992) definition of strategic human resource management illustrates that the main focus of the field should be on integrating HR with firm strategies. Jim Walker’s (1980) classic book Human Resource Planning was one of the first to directly suggest considering a firm’s business strategy when developing a human resource plan. These attempts tended to take an existing strategy typology (e.g. Miles et al.’s (1978) prospectors, analysts, and defenders) and identify the kinds of HRM practices that should be associated with each strategy. Furthermore, Beer et al. (1984) introduced an alternative to the individual HR sub-function framework for HR strategy. They argued that viewing HRM as separate HR sub-functions was a product of the historical development of HRM and current views of HR departments. They proposed a more generalist approach to viewing HRM with the focus on the entire HR system rather than single HR practices. This led to a focus on how the different HR sub-functions could be aligned and work together to accomplish the goals of HRM and a more macro view of HRM as whole rather than individual functions (Boxall et al., 2007, p. 91). These statements describe how HRM could contribute to the accomplishment of strategic goals; and how HRM and firm’s strategy could be related to each other.

**Research Proposed Model**

Based on the preceding discussion and by following Boswell et al. (2006) and Buller and McEvoy (2012), we introduce our model which shows the integration of organizational capabilities and culture, group competencies and norms, and individual ability and knowledge, with one another and with the organization’s strategy. Our proposed model is shown in Figure 1. As illustrated, organization’s strategy is the driving force of the framework, including organizational vision, mission, goals and strategic plans. The core parts of the model are three distinct, yet interrelated levels of analysis that are directly linked to firm’s strategy: organizational, group, and individual level of the organization. We suggest that organizational capabilities, group competencies, and individual ability and knowledge are primarily related to social capital. According to Buller and McEvoy (2012), HRM practices are
central to generating, reinforcing and sustaining organizational capabilities/culture, group competencies/norms, and individual ability and knowledge. Overall firm performance is a function of the integration of strategic priorities, actions and HRM practices among these three organizational levels.

**Organizational Capability/Culture**

Colbert (2004) defined organizational capabilities as system-level resources, as “those organizational capabilities that exist only in relationships-in the interactions between things” (p. 348). These capabilities and resources involve both the ability to learn and the ability to change (Boal & Hooijberg, 2000). They have been variously referred to as cultural resources (Wernerfelt, 1989), dynamic capabilities (Teece et al., 1997), knowledge-based capabilities (Grant, 1996), social networks (Collins & Clark, 2003), system-level resources (Black & Boal, 1994) or learning capabilities (Kang et al., 2007).

According to Denison (1996), organizational culture is also an important factor which determines firm performance. Buller and McEvoy (2012) argued that organizational performance will be enhanced when employees at all levels share values, assumptions, and beliefs that are aligned with strategic goals and capabilities. Denison (1996), and Bowen and Ostroff (2004) suggested that organizational culture can affect the design of human resource management policies and practices, as well as mediate the link between human resource
management and performance by shaping cultural norms and practices. HRM policies, practices and systems influence the perceptions, attitudes and behaviors of individual employees which, in aggregate, affect group and organizational outcomes (Buller and McEvoy, 2012). For instance, some studies illustrated that high performance work practices (Sels et al., 2006) and high involvement work organizations (Batt & Colvin, 2011) are associated with positive organizational outcomes; e.g., increased productivity, lower quit and dismissal rates (Buller and McEvoy, 2012).

Furthermore, according to Buller and McEvoy (2012), organizational capabilities and culture involve social capital. The preponderance of evidence indicates that social capital has a strong positive effect on firm performance (Westlund & Adam, 2010). A relevant concept here is that of organizational citizenship behavior (OCB), defined as work-related behaviors that are discretionary, not related to the formal organizational reward system, and, in aggregate, promote the effective functioning of the organization (Organ, 1988). Consistent with our model, OCB can be present at three different levels in the organization: organizational, group and individual (Organ and Ryan, 1995; Bentein et al., 2002; Buller and McEvoy, 2012). According to Buller and McEvoy (2012), organizational citizenship behavior at the organizational level is considered as a shared set of assumptions, beliefs, and values that promote discretionary, extra-role behaviors to maintain and enhance the social and psychological contexts of work; e.g. OCB is a component of the organization's culture. When these behaviors are directed at the accomplishment of firm’s strategic goals, they increase organizational performance, since employees share a collective interest in helping the organization to succeed. There is some evidence that HRM practices affect OCB and contribute to positive organizational outcomes (Gong and Chang, 2008; Lam et al., 2009; Kim and Gong, 2009). According to mentioned studies, HRM practices influence extra-role behaviors which lead to better performance of organizations.

**Proposition 1.** HRM practices that reinforce organizational capabilities/culture, integrated with firm’s strategy, lead to organizational superior performance.
Group Competencies/Norms

The norms that govern group behavior are also important factors that need to be discussed and understood. According to Napier & Gershenfeld, (1985), group norms are the “rules of behavior” that have been accepted as legitimate and shared by the group members. Cialdini & Trost, (1998) stated that group norms influence individuals performance within the group as well as that of the group as a whole. Moreover, according to Ehrhart and Naumann (2004), group norms are a component of organizational citizenship behavior in groups and also affect the strength of OCB norms in groups which influence group performance. Furthermore, they argued that, to the extent that the organization has a strong culture around OCB, the various groups will have the same OCB norms within the organization. According to Podsakoff & MacKenzie, (1997), group-level OCB contribute to group higher performance. As mentioned, HRM practices influence extra-role behaviors which lead to higher performance of groups; and also Buller and McEvoy (2012) suggested that group’s higher performance contribute to higher organizational performance.

**Proposition 2.** HRM practices that reinforce group competencies and norms, integrated with firm’s strategy, lead to group’s superior performance; and also lead to organizational superior performance.

Individual Ability and Knowledge

The third level of analysis in the model is individual ability and knowledge. As stated by Colvin and Boswell (2007), organizations and jobs do not act on strategic priorities and “people” do. Ultimately, firms create and execute strategy through the individual and collective behaviors of their employees. Therefore, each individual employee must have the knowledge, ability and opportunity to engage in actions leading toward the accomplishment of strategic goals. In addition, employees should have the opportunity to apply their ability and knowledge toward the fulfillment of organizational strategic goals. Therefore, opportunity is largely a function of organizational policies and culture and group level rules and norms (Buller and McEvoy, 2012). To sum up, effective employee performance is a result of the employee’s skills and motivation and the opportunity to apply those skills in their organization (Appelbaum et al., 2000).
According to Colvin & Boswell (2007), action alignment in organization can be enhanced through some mechanisms such as:

1. Providing clear communication of the strategic objectives of the organization.
2. Participating employees in job-related decisions.
3. Defining jobs more clearly.
4. Giving employees more discretion in how they contribute to achieve company goals.

Moreover, HRM practices contribute to performing these actions; and also develop employees’ ability and knowledge. In addition, previous studies have tried to introduce the specific HRM practices and employee behaviors needed to implement particular strategies (Olian and Rynes, 1984; Jackson et al., 1989; Wright et al., 1995). According to job design theory, employees can derive intrinsic value from the meaningfulness of their job activities and when they believe that the work they are doing is significant and contributes to organizational goals, they will try their best to engage in particularly discretionary actions that contribute to those goals. HRM practices affect employees’ perception about the significance and meaningfulness of their job. Thus, HRM practices associated with individual performance and also influence group/organizational performance.

**Proposition 3.** HRM practices that reinforce individual ability and knowledge, integrated with firm’s strategy, lead to individuals’ superior performance; and also lead to group/organizational superior performance.

**Conclusion and Discussion**

Much of the recent research suggests that HRM practices can positively affect firm performance, primarily through their impacts on social capital. However, the specific mechanisms by which HRM practices affect firm performance are not clear. In this paper, we clarify previous studies and extended our framework by following Boswell et al. (2006) and Buller and McEvoy (2012) to present a comprehensive model that illustrates the linkages between firm’s strategy, HRM practices and organizational performance. Our proposed framework suggests
that Superior performance is hypothesized to result from directly linking strategic goals and action plans to organizational capabilities and culture, group competencies and norms, and individual ability and knowledge. Furthermore, HRM practices integrate these three levels with each other and at the same time with firm’s strategy which affect organizational performance. Table 2 shows how HRM practices influence organizational performance. In other words, organizational performance increased when HRM practices are “strong” (Bowen & Ostroff, 2004), and also, when these practices themselves are integrated with firm’s strategy.

In addition to above discussion about organizational performance, measuring organizational performance can be named as a challenge for future research. According to Buller and McEvoy (2012), measures of performance must move beyond simple financial measures and incorporate more comprehensive tangible and intangible outcomes. One example is provided by Ulrich and Brockbank (2005) who introduced metrics which provide a potentially more complete and accurate assessments of the performance impacts of HRM practices linked to strategy for assessing the intangible returns on investments in HRM practices.

It is important to note that our paper has some considerable implications for human resource managers. First of all, we clarify that in addition to these managers, all personnel should be aware of their firm’s strategy. Furthermore, beyond understanding the needs of the business, human resource managers can enhance their strategic value, and the value of HRM practices, by improving their competencies in three primary areas: organizational design, managing change, and measuring performance (Ulrich and Beatty, 2001; Lawler et al., 2004; Boudreau and Ramstad, 2005; Cascio, 2005; Kates, 2006).

According to Buller and McEvoy (2012), the design of organizations is essential in creating social capital. Human resource managers can contribute to the social capital of the firm by developing and facilitating relationships among work groups, managers and employees at all levels of organization. Furthermore, human resource managers can assist the firm in developing the right kinds of organizational architecture and culture to create and execute strategy. Moreover, as noted, HRM practices should be integrated with strategic goals to have positive influence on organizational performance. Further, it is not enough to
have the “right” HRM practices and systems in place; they must also be implemented effectively by both managers and employees.

References


The Mutual Linkage between Human Resource Management and Knowledge Management

Seyed Mehdi Mousavi Davoudi* and Ravneet Kaur†

Abstract

This paper attempts to demonstrate the important mutual linkage between human resource management and knowledge management. As a result, first of all, the present paper reviews the relevant literature about human resource management; and knowledge management. In the next step, the influence of human resource management on knowledge management is described. Then, the impact of knowledge management on human resource management (HR practices) is clarified. Thereafter, by proposing a model, this paper illustrates the mutual linkage and integration between HRM and KM. Moreover, this paper states that such integration leads to firm’s superior performance. Finally, the current paper develops theoretical proposition that provide further insight, for managers of organizations, on integrating HR practices with knowledge management which contributes to organizational superior outcomes.

Keywords: Human Resource Management, HRM, Knowledge Management, KM.

Introduction

The changes in the present industrial scenario have contributed to changes in the structure and functioning of organizations. Organizations have been focusing on changes in the structure resulting in flatter organizations. The results of various studies show that large organizations have changed their shapes dramatically, reducing layers of hierarchy, dispersing authority and decision making, and adopting a variety of practices associated with knowledge sharing, quality improvement and information technology. Further, it is inferred that organizational change is the basis of competitive advantage for organizations.

In the modern global economy, the increasingly rapid flow of information, and the growing recognition of the significance of intellectual capital, knowledge is increasingly claimed to be a critical resource of competitive advantage for

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organizations. Thus, the idea of knowledge management (KM) has enjoyed widespread popularity in today’s studies. Moreover, the rise of the knowledge economy has seen a proliferation of information and communication technologies, coupled with greater organizational complexity, the growth of virtual and global organizations and rapid change. This in turn requires drastic change within human resource management (HRM) to respond to changing demands of the knowledge economy (Chivu and Popescu, 2008).

Despite a proliferation of knowledge-based literature, the various approaches available to organizations to manage their knowledge resources are based on two orientations. According to Gloet and Berrell (2003), one orientation is the advances of information technology (IT) as the anchor for developing ideas about KM, while the other proposes a humanist and social approach that highlights the role of people in the processes of knowledge sharing and leveraging. Thus, it is important to recognize the fundamental role played by human and social resources of KM.

There is a considerable overlap between human resource management and knowledge management; because, knowledge creation is related to human activities and managing humans is a HR activity. Although people play a critical role in KM efforts, research has paid little attention to the linkages between KM and HRM (Hislop, 2003; Thomson and Heron, 2006). There is little attention given to the research on the mutual linkage between human resource management and knowledge management. Thus, by reviewing the relevant literature, this paper attempts to propose a comprehensive framework which provides further insight, for managers of organizations contributes to superior performance of organizations.

Human Resource Management

It has been said that the most important assets of any business walk out the door at the end of each day (Boxall et al., 2007, p. 88). Indeed, people and the management of people are increasingly seen as key elements of competitive advantage (Boxall and Purcell 2003; Pfeffer 1998; Gratton et al. 2000). Spurred on by increasing competition, fast-paced technological change, globalization, and other factors, businesses are seeking to understand how one of the last truly
competitive resources, their human resources, can be managed for competitive advantage (Boxall et al., 2007, p. 88).

Human Resource management has grown in its range to the point where it has become an industry rather than just a simple occupation. Although there may be considerable debate concerning the actual role HR should perform and how it should be done, HR established a place at the senior management table by the early 1990s through their ability to identify and solve practical problems in fields such as recruitment, employee relations, training, etc. (Stredwick, 2005, p. 22). According to Armstrong (2010, p. 8), the practice of Human Resource Management (HRM) is concerned with all aspects of how people are employed and managed in organizations. It covers activities such as: Strategic HRM, Human Capital Management, Knowledge Management, Organization Development, Resourcing (Human Resource Planning, Recruitment and Selection, and Talent Management), Performance Management, Learning and Development, Reward Management, Employee Relations and Employee Well-Being.

HRM can be described as a strategic, integrated and coherent approach to the employment, development and well-being of the people working in organizations. It has a strong conceptual basis drawn from the behavioral sciences and from strategic management, human capital and industrial relations theories. This foundation has been built with the help of a multitude of research projects (Armstrong, 2010, p. 8). Moreover Armstrong (2010, p. 12) presented a model for HRM as an integrated system and coherent bundle of mutually reinforcing practices; which is shown in figure 1.
**Figure 1.** HRM as an integrated system

Further, the debate surrounding HRM can be characterized by four predominant approaches (Beardwell 2001, p. 9):

1. HRM is no more than a renaming of basic personnel functions, which does little that is different from the traditional practice of personnel management.

2. HRM represents a fusion of personnel management and industrial relations that is managerially focused and derives from a managerial agenda.
3. HRM represents a resource-based conception of the employment relationship, some elements of which incorporate a developmental role for the individual employee and some elements of cost minimization.

4. HRM can be viewed as part of the strategic managerial function in the development of business policy, in which it plays both a determining and contributory role.

**Knowledge Management**

The value of a firm’s products and services is based not only on its physical resources but also on intangible knowledge assets. Some firms perform better than others because they have better knowledge about how to create, produce, and deliver products and services. This firm knowledge is difficult to imitate, unique, and can be leveraged into long-term strategic benefit (Laudon and Laudon, 2007, p. 114). Knowledge management (KM) is one of the new topics of academic and professional discourse in many fields, such as cognitive sciences, sociology, management science, information science, knowledge engineering, artificial intelligence, and economics (Sinotte, 2004; Dalkir, 2005; Rowley, 2007; Martin, 2008; Wild & Griggs, 2008). According to Laurie (1997), KM is defined as the creation, acquisition, sharing, and utilization of knowledge for the promotion of organizational performance. Further, Anderson (1999) proposed a model of the relationships among data, information, knowledge, and wisdom (see Figure 2), and stated that data, information, and knowledge are necessary for dealing with regular affairs, whereas wisdom is necessary for dealing with irregular affairs and adopting appropriate actions when faced with a changing environment. According to their view, KM not only manages knowledge, but also encourages individuals to utilize knowledge effectively while working (Wen, 2009).
According to Jha (2011), “knowledge management is a managerial philosophy, which is perceivable in the practices of different organizations. Knowledge management is not an ultimate tool that solves all information and knowledge creation problem. However, utilizing knowledge management, better performance can be achieved by interaction between individuals or groups. Moreover to be efficient, knowledge management requires storage for information and knowledge, which is open to organization member for searching critical information, knowledge or the best practices. Thus KM is the learned method for knowledge sharing and interaction and furthermore, KM clarifies which way to operate. Knowledge management should be considered an organizational process, which is used to achieve better performance due to effective knowledge sharing and organizational learning, recognizing and developing competencies, and gaining from individually different skills and knowledge.”

In addition to above literature, it is important to note the differences between tacit knowledge and explicit knowledge. According to Edvardsson (2003), “the most fundamental and common classification of organizational knowledge is along the explicit-tacit dimension. In this classification, explicit knowledge is considered to be formal and objective, and can be expressed unambiguously in words, numbers and specifications. Hence, it can be transferred via formal and
systematic methods in the form of official statements, rules and procedures and so is easy to codify. Tacit knowledge, by contrast, is subjective, situational and intimately tied to the knower’s experience. Thus, it is difficult to formalize, document and communicate to others.”

Moreover, Serban and Luan (2002) demonstrated the differences between tacit knowledge and explicit knowledge; as shown in table 1.

**Table 1. Differences between tacit and explicit knowledge**

<table>
<thead>
<tr>
<th>CLASSIFICATION OF KNOWLEDGE</th>
<th>EXPLICIT KNOWLEDGE</th>
<th>TACIT KNOWLEDGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEATURES</td>
<td>Codified</td>
<td>Personal</td>
</tr>
<tr>
<td></td>
<td>Stored</td>
<td>Context specific</td>
</tr>
<tr>
<td></td>
<td>Transferable</td>
<td>Difficult to formulate</td>
</tr>
<tr>
<td></td>
<td>Easily expressed and shared</td>
<td>Difficult to capture, communicate, share</td>
</tr>
<tr>
<td>SOURCES</td>
<td>Manuals, policies, procedures, data base and reports</td>
<td>Informal business process and communication, Personal experiences, Historical understandings</td>
</tr>
</tbody>
</table>

Source: Serban and Luan (2002)

Further, Knowledge management is defined as any process or practice of creating, acquiring, capturing, sharing and using knowledge, wherever it resides, to enhance learning and performance in organizations (Scarborough et al, 1999). Furthermore, Allee (1997) proposed a category for KM activities which is further extended as organizational KM activity measures; as follows:

1. knowledge creation;
2. knowledge retention;
3. knowledge sharing;
4. knowledge innovation;
<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>INDEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge Creation</td>
<td>Knowledge generation</td>
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<td></td>
<td>Knowledge acquiring</td>
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<td>Knowledge arrangement</td>
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<td>Knowledge Retention</td>
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<td>Knowledge classification</td>
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<td></td>
<td>Knowledge socialization</td>
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Cited in Wen (2009)

To sum up, Armstrong (2010, p. 89) provide a comprehensive model of knowledge management which maps the concept of knowledge management clearly (see figure 3):
Figure 3. Concept map: Knowledge management

Source: Armstrong (2010, p. 89)
After reviewing the relevant literature about human resource management and knowledge management, and describing the related concepts, the mutual relationship between HRM and KM is going to be described in the following part.

The Influence of Human Resource Management on Knowledge Management

In today’s business where competitive advantage is linked to knowledge, considerable interest in knowledge management continues to be the common trend in organizations. KM has a broad scope and interdisciplinary nature which consists IT professionals, accountants, marketers, organizational development and change management professionals. It should be noted that KM emphasis on knowledge work, knowledge workers and the nature of knowledge within organizations. It is important to note that knowledge is viewed as a social creation emerging at the interface between people and information and especially within communities engaged in communication, knowledge creation, and knowledge sharing and learning. Further, KM can be described as the systematic processes by which an organization identifies, creates, captures, acquires, shares and leverages knowledge (Chivu and Popescu, 2008). Chivu and Popescu (2008) further states that in terms of the HRM function, the rise of the so-called knowledge economy has had a major impact, with a considerable shift from HRM as a bureaucratic “personnel management” operation to the development of discrete HRM functions over the past few decades. This has been accompanied by the integration of these functions to support competitive advantage and a more strategic thrust.

By reviewing the relevant literature, it is inferred that most of the studies in this field only mentioned the unilateral effect of knowledge management on human resource management or vice versa. But, this paper attempts to illustrate and clarify the mutual influences of knowledge management (KM) and human resource management (HRM) on each other. Firstly, the influence of HRM on KM is described. Without effective human resources effective knowledge system can’t be implemented. Thus, human resource management contributes to better implementation of KM in organizations. There are some roles that HR can play in developing knowledge management system in organizations:
1. Human resources help organizations to reach the purpose of the implementation of knowledge management system. Investing in knowledge management without a clear sense of purpose among organization’s personnel, can be named as wasting money. Thus, the managers of organizations, especially HR managers, should frame the issue of the knowledge management effectively, before deciding on a course of action.

2. HRM should integrate organizational objectives and mission with statement of ethics, and policies which will lead to creating an environment of sharing and using knowledge among personnel.

3. By utilization of all organization's resources, HRM should change tacit knowledge into explicit knowledge which leads to create strategic capability in organizations.

4. HRM must recognize and reward knowledge sharing in organization. By these activities they will integrate knowledge sharing into daily life of personnel. Thus, HRM must apply appropriate method for selection, appraisal, and compensation in organization.

5. HRM should help firms to manage electronic communication in organizations. Internet network is an integral part of knowledge management. As employees increasingly rely on technology to communicate, they lose opportunities to develop the rich, multifaceted relationships that encourage the communication of tacit knowledge. Human resource management can contribute to developing social capital by sensitizing employees to the negative consequences of excessive reliance on electronic media and by creating opportunities for face-to-face contact (Ahmed and Ahmad, 2012).

Moreover, according to Gloet (2004), a revitalization of the HRM function to respond to the demands of the knowledge economy and to develop linkages with KM requires major changes across four key areas: Roles, Responsibilities, Strategic Focus and Learning Focus (see Figure 4).
The explanations of the mentioned four key areas are extracted from Gloet (2004), which will facilitate the understanding of the link between KM and HRM:

“Learning: An important aspect of life in the knowledge economy is the need for learning. The emphasis on discrete HRM practices is broadening to focus on developing themes and creating environments conducive to learning, as well as to the acquisition, sharing and dissemination of knowledge within organizations. This includes creating and sustaining learning environments and nurturing communities of practice. The new role for HRM includes managing intellectual capital and developing human capital within the organization. A learning organization gives the platform for building knowledge system in the organization.
Roles: These new HRM roles are those of human capital steward, knowledge facilitator, relationship builder, and rapid deployment specialist. The human capital steward recognizes the value of intellectual capital, must ensure that human capital is available, effective and that it will grow in value; this means brokering the services of knowledge workers. The knowledge facilitator places emphasis on learning and development, the effective management of knowledge, and creating environments conducive to knowledge creation, sharing and dissemination. The relationship builder focuses on creating and sustaining networks and communities of practice, of joining together people in various parts of the supply chain in new ways. The rapid deployment specialist faces the challenge of rapidly changing markets where information, business processes and organizational design can be combined in different ways to meet ever changing dynamic environments characteristic of life in the knowledge economy. KM has the capacity to significantly broaden the role of the HRM professional, so for this an organization should have the capability in itself to introduce these new roles.

Relationships: HRM in the knowledge economy should reflect a responsibility for developing and sustaining organizational capabilities through activities that overlap with traditional business functions such as strategy formulation and implementation, finance and marketing, as well as new functions such as KM. This requires developing new relationships that reflect a shared responsibility among managers, employees, customers and suppliers for HRM. KM can create a new role for HRM that can provide the means by which to forge new relationships. The structure of the organization should be in a manner that creates more coordination and effective authority and responsibility relationship among employees, managers, customers and suppliers.

Strategic Focus: In the knowledge economy a primary focus of HRM should be the development of human capital and the management of knowledge. MacDonald (2003) identifies a need for HR professionals to identify and channel intellectual capital towards the development of a concise set of core competencies, strengths and capabilities. An emphasis on traditional long term strategic development and long range planning in HRM needs to be complemented by a more short term strategic approach that can be responsive to unpredictable, dynamic, fluid environments which characterize the contemporary business world. In conjunction with a short-term strategic focus,
organizations need to be thinking about long-term sustainability as well as constant renewal and revitalization. The role of the HRM professional will then focus on integrating individuals, teams and organizational learning for the benefit of both customers and shareholders. HRM can play an important role in creating and developing the organizational capabilities that form part of contemporary KM strategies geared to creating wealth from intellectual capital while maintaining a commitment to sustainability imperatives.”

Further, human resources have a significant influence on four dimensions of KM: As can be inferred, human resources in all organizations play critical role in knowledge Creation, knowledge Retention, knowledge Sharing and knowledge Innovation inside their organizations.

Moreover, Armstrong (2010, p. 92) described the contribution HR can make to knowledge management as follows:

1. Help to develop an open culture which emphasizes the importance of sharing knowledge.

2. Promote a climate of commitment and trust.

3. Advise on the design and development of organizations that facilitate knowledge sharing. Ensure that valued employees who can contribute to knowledge creation and sharing are attracted and retained.

4. Advise on methods of motivating people to share.

5. Help in the development of performance management processes that focus on the development and sharing of knowledge.

6. Develop processes of organizational and individual learning that will generate and assist in disseminating knowledge.

7. Set up and organize workshops, conferences and communities of practice and symposia that enable knowledge to be shared on a person-to-person basis.

8. In conjunction with IT, develop systems for capturing and, as far as possible, codifying explicit and tacit knowledge.
9. Generally, promote the cause of knowledge management with senior managers.

In addition to above mentioned literature about the influence of HRM on KM, in the next step, this paper attempts to describe the influence of KM on HRM.

The Influence of Knowledge Management on Human Resource Management

Business owners and CEOs of organizations attempt to facilitate the implementation of HR practices by applying information technology and knowledge management in their organizations. Knowledge management provides a medium in which human resource managers will perform HR programs and HR practices in a better way and with higher quality.

KM and HR Development: HR development is the process of acquiring and developing knowledge, skills capabilities, behaviors and attitudes through experience, events and programs provided by the organization, guidance and coaching provided by managers. According to Armstrong (2010), “HR Development is concerned with ensuring that a person’s ability and potential grows through the provision of learning experiences or through self-directed (self-managed) learning. It is an unfolding process which enables people to progress from a present state of understanding and capability to a future state in which higher-level skills, knowledge and competencies are required.” Utilizing knowledge management in organizations will facilitate HR Development in organizations.

KM and HR learning: Learning is the means by which a person acquires and develops new knowledge, skills, capabilities, behaviors and attitudes (Armstrong, 2010). As Honey and Mumford (1996) explained it, “Learning has happened when people can demonstrate that they know something that they did not know before (insights, realizations as well as facts) and when they can do something they could not do before (skills).” Further, learning is a continuous process which not only increases existing capabilities of personnel but also leads to the development of the knowledge and skills that prepare people for higher-level responsibilities in the future. As can be inferred from the above literature, KM contributes to better learning of personnel in organizations.
**KM and recruitment:** In the era of knowledge economy, where knowledge transfer and sharing are urgent for developing a competitive advantage, the function of the HR department is to recruit personnel who would subscribe to this culture of sharing information and knowledge dissemination. KM provides a database of all necessary information for organization which contributes to better staffing and recruitment of new personnel who are suitable for organization.

**KM and retention:** Organizations should retain only those employees who add value to the organization through their experience, expertise and knowledge and share them with the others in the organization. KM helps organizations to identify those employees and keep them in workplace to add value for their organizations.

**KM and reward system:** Previous studies have clearly suggested that people are not willing to share data and add value to organization unless they are rewarded for it. To maximize the value of knowledge sharing, those employees who contribute to higher productivity of organization should be recognized and rewarded properly; and KM provide a comprehensive information about those mentioned employees for organization.

Furthermore, it is important to note that knowledge management affects all HR practices by providing correct and comprehensive information for human resource managers which leads to better implementation of HR practices and also leads to organizational superior outcomes.

To sum up, the following model facilitates the understanding of the mutual relationship between human resource management and knowledge management.

**Research Proposed Model**

Taking into account the above mentioned literature, Figure 5 shows the research model which involved the mutual linkage between knowledge management (KM) and human resource management (HRM); and also their relationship with organizational performance.
By reviewing the relevant literature about KM, HRM and the related concepts, this paper proposed a model (figure 5) and suggests a proposition as follow:

**Proposition:** Integrating human resource management with knowledge management in organization leads to organizational superior performance.

**Discussion and Conclusion**

The present paper attempts to illustrate the important relationship between knowledge management and human resource management in organizations. By reviewing the relevant literature about KM and HRM, it is inferred that most of the research studies implemented in this field only showed the unilateral influence of these two variables on each other; thus, this paper shifts the paradigm about the linkage between KM and HRM: By clarifying the effects of those mentioned variables on each other and by proposing a model (see figure 5), this paper suggests that KM and HRM have a mutual linkage with each other which should be considered by CEOs and managers of organizations.
Previous studies have showed that appropriate HR practices influence organizational performance positively; similarly, some studies argued about the positive influence of knowledge management on organizational outcomes: As discussed by Blake (1988), the aim of knowledge management is to capture a company’s collective expertise and distribute it to “wherever it can achieve the biggest payoff.” This is in accordance with the resource-based view of the firm, which suggests that the source of competitive advantage lies within the firm (that is, in its people and their knowledge), not in how it positions itself in the market. Trussler (1998) commented that “The capability to gather, lever, and use knowledge effectively will become a major source of competitive advantage in many businesses over the next few years.” A successful company is a knowledge-creating company.

Armstrong (2010, p. 87) stated that knowledge management is about getting knowledge from those who have it to those who need it in order to improve organizational effectiveness. In the information age, knowledge rather than physical assets or financial resources is the key to competitiveness. In essence, as pointed out by Mecklenberg et al (1999), “Knowledge management allows companies to capture, apply and generate value from their employees’ creativity and expertise.”

Taking into account the above mentioned literature about the positive impacts of KM and HRM on organizational outcomes, the present paper suggests that by integrating KM with HRM, organizations will benefit from the established synergy (i.e. additional energy or greater effect that is produced by these two variables combining their energy) which contributes to organizational superior performance. The proposition of this paper provide further insight for business owners and CEOs to pay enough attention to both mentioned concept and their related factors in their organizations to reach superior performance, efficiency, effectiveness, productivity and survival in today’s competitive advantages which can be named as the ultimate goals of all organizations.
References


The Mutual Linkage between Human Resource Management and Knowledge Management


The Mutual Linkage between Human Resource Management and Knowledge Management
Human Resource Management in Virtual Organizations

Seyed Mehdi Mousavi Davoudi* and Esmaeil Shabaani†

Abstract

Based on environmental changes, especially because of globalization, transformation from the traditional organizations into the new form is critical important issue in today’s business world. Further, as human resources are the most important assets of an organization, applying and managing these important resources need to be understood by managers of today’s post-industrial organizations (virtual organizations). Thus, this paper attempts to clarify human resource management in virtual organizations. Firstly, by reviewing the relevant literature, various definitions of virtual organization are introduced and its concept is discussed. In the next part, we explain human resource management; and thereafter, we clarify HR activities in a virtual context. Moreover, this paper suggests that electronic human resource management assists HR professionals cope with the new challenges emerging in virtual organizations.

Keywords: Human Resource Management, Virtual Organization.

Introduction

Today’s organizations need to transform from traditional industrial enterprises into the modern post-industrial ones, which contributes to the flexibility and innovativeness of them; and they should pay more attention to factors which facilitate this transformation. Therefore, they should focus on knowledge sharing among personnel and their partners which leads to increase attention toward the use of information technology and helps organizations to adapt themselves to the rapid environmental changes. Further, the rapid changes in today’s global market have contributed to changes in the structure and functioning of organizations (Davoudi and Fartash, 2012a). Considering this, explain the need for a new form of organizational structure i.e. “virtual organization” in today’s uncertain environment.

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In virtual organizations, personnel operate at a remote distance from one another and also from their managers (Cascio, 2000). As a new concept, a virtual organization (VO) has established an entirely new kind of relationship among organizations, and personnel. There will be no physical presence of workers in such post-industrial enterprises. Further, personnel of a VO, work together through computer network and information technology, though geographically divided.

According to Price (2000), in the virtual era, traditional departments and offices disappear, leaving an amorphous mass of people connected electronically and sharing information through video-conferencing and e-mail, when required. According to Davoudi and Kaur (2012a), over the past decade, large companies and small/medium-sized firms (SMEs) have been required to go global, and with the emergence of “global village” concept, many issues arises in the field of human resource management and organizations are involved in new methods for managing their human resources in Action.

Considering this, explain the need for a new form of Human Resource Management in organization that meets the demands and needs of the management and the employees of today’s organization (Davoudi and Fartash, 2012b). Thus, as Davoudi and Fartash (2012b) stated, the requirements for the new form of HRM become apparent; and that is because of the need for HR managers who should be available at any time in any place, and have appropriate interaction with organization’s personnel, though they are divided.

**Virtual Organization**

In 1986, Mowshowitz coined the term “Virtual Organization”. Since then, there have been various researches on this new type of networked organizations. By reviewing the relevant literature, it is inferred that there exist various synonyms to the term Virtual Organization, like: Virtual Corporation, Virtual Enterprise and Virtual Company. But in in this paper we use the term virtual organization (VO) for our purpose. Thus, first of all we extracted various definitions of VO from researches as follows:

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Table 1. Definitions of a Virtual Organization
Dubinskas (1993) | The terms 'virtual team' and 'virtual organization' evoke the special status of groups created through the use of groupware such as computer conferencing.
---|---
Byrne (1993) | A virtual corporation is a temporary network of independent companies - suppliers, customers, and even rivals - linked by information technology to share skills, costs, and access to one another's markets. This corporate model is fluid and flexible - a group of collaborators that quickly unite to exploit a specific opportunity.
---|---
Klein (1994) | Virtual corporation consists of the company that faces the customer and a network of other companies that co-operate to achieve what none of them could achieve alone. This arrangement permits each participant to concentrate on what each does best and to limit its risks and investments to its core competencies.
---|---
Coyle and Schnarr (1995) | A virtual corporation is a temporary network of companies that come together quickly to exploit fast changing opportunities, for example, the making of films.
---|---
Hale and Whitlaw (1997) | The virtual organization is the name given to any organization which is continually evolving, redefining and reinventing itself for practical business purposes.
---|---
Townsend et al. (1998) | Virtual teams are groups of geographically and/or organizationally dispersed co-workers that are assembled using a combination of telecommunication and information technologies to accomplish an organizational task.
---|---
Fitzpatrick and Burke (2000) | The virtual corporation can be defined as a temporary network of independent companies, suppliers, customers, even erstwhile rivals—linked by information technology to share skills, cost, and access to one another’s market.
---|---
Allert (2001) | A virtual company is where work is performed outside of the definition of place. There’s no factory floor, no retail store, no conference room, no cubicle farm. Virtual work is primarily the manufacture, retail, and distribution of intellectual property.

Moreover, there are some factors causing VOs to form. According to Fairchild (2004), the trends that lead to VO have increased in business world. The trends towards VOs are reviewed by (Bleeker, 1994) and are widely cited in the literature. According to Bleeker (1994), four key trends toward VOs can be named as follows:
A) PACE: It is important to note that today’s businesses run forward in a high speed which demand flexible organizational structures that able to response to environmental changes immediately. According to Toffler (1970), the business market would turn into “survival of the fastest, not the fittest”. And according to Fairchild (2004), this can be witnessed by the compressed life cycles for all activities in the value chain, and hierarchical organizations that cannot respond to new demands.

B) COST: According to Bleeker (1994) the decreasing cost of market entry, like the cost of information services and other technology-driven industries, can be named as second trend toward the formation VOs. Based on Bleeker (1994), in today’s industries, “even small undercapitalized startups can have an enormous impact on innovation”. Thus, it is inferred that to survive in such competitive market, demands special organizational structure like, that of the VOs.

C) PERSONALIZATION (CUSTOMIZATION): In today’s business world, various groups of customers demand different goods or services. As we know, the survival of all organizations depends on their customers satisfaction from the quality of the services and goods they receive. Thus, it is critical important for organizations to identify these different needs of all customers and satisfy their needs; to have a loyal base of satisfied customers. To serve the mentioned purpose, organizations need flexible and responsive structure. As inferred, VOs have appropriate characteristics to do so.

D) GLOBALIZATION: Globalization connotes an expansion of interfaces between nations, the flow of business, goods or capital from one country to another. A global enterprise, (Parker, 1998):

- Draws resources from the world;
- Views the entire world as its home;
- Establishes a worldwide presence;
- Adopts a global business strategy;
- Transcends internal boundaries (of people, process and structure) and external boundaries (of nation, time and space).
According to Brawley (2003), globalization can be defined as follows (cited in Davoudi and Kaur, 2012a):

- A process whereby markets and production in different countries become increasingly interdependent due to the dynamics of trade in goods and services and flows of capital and technology.
- In addition, a change in the nature of goods being traded, with vertical transnational production being fragmented, more intermediate goods crossing borders and corporate strategies based on outsourcing to centers based on international specialization.
- The movement of factors of production from one country to another.
- The integration of financial markets (the most transferable factor of production) and more fluid flows of international capital.
- The creation of a global market based on high levels of cross-border flows of labor migration, trade, communication, transport of goods and other items.

The evidence for the increased importance of international business comes from many fronts (Davoudi and Kaur, 2012a). In addition to the proceeding paragraphs, Information Technology enables organizations to adapt themselves with the changes caused by globalization. As inferred, VOs have the most appropriate characteristics to operate in today’s global market.

**Human Resource Management**

Human Resource management has grown in its range to the point where it has become an industry rather than just a simple occupation (Davoudi and Kaur, 2012b). According to Armstrong (2010, p. 8), the practice of Human Resource Management (HRM) is concerned with all aspects of how people are employed and managed in organizations. It covers activities such as: Strategic HRM, Human Capital Management, Knowledge Management, Organization Development, Resourcing (Human Resource Planning, Recruitment and Selection, and Talent Management), Performance Management, Learning and Development, Reward Management, Employee Relations and Employee Well-Being. Further, the overall aim of HRM is to enable organizations to be successful through their personnel. According to Armstrong (1999, p. 4) the
Aims of HRM are as follows (cited in Davoudi and Kaur, 2012b): (1) Provide a range of services which support the achievement of corporate objectives as part of the process of running the organization, (2) Enable the organization to obtain and retain the skilled, committed and well-motivated workforce it needs, (3) Enhance and develop the inherent capacities of people – their contributions, potential and employability – by providing learning and continuous development opportunities, (4) Create a climate in which productive and harmonious relationships can be maintained between management and employees and in which feelings of mutual trust can be developed, (5) Develop an environment in which teamwork and flexibility can flourish, (6) Help the organization to balance and adapt to the needs of its stakeholders (owners, government bodies or trustees, management, employees, customers, suppliers and the public at large), (7) Ensure that people are valued and rewarded for what they do and achieve, (8) Manage a diverse workforce, taking into account individual and group differences in employment needs, work style and aspiration, (9) Ensure that equal opportunities are available to all, (10) Adopt an ethical approach to managing employees which is based on concern for people, fairness and transparency, (11) Maintain and improve the physical and mental wellbeing of employees.

**Human Resource Management in Virtual Organizations**

As personnel in a virtual organization work far from each other, it can be inferred that human resource management in these kinds of organizations is performed through electronic human resource management (E-HRM). According to Davoudi and Fartash (2012b), “E-HRM is a way of implementing HR strategies, policies, and practices in organizations with the full use of web-technology-based channels. Thus, E-HRM is the application of information technology for performing of HR activities.” Similarly, Voermans and vanVeldhoven (2007) defined E-HRM as the administrative support of the HR function in organizations by using internet technology. Another definition of E-HRM is using computer systems, interactive electronic media and telecommunications network to fulfill HR functions (Strohmeier, 2007). As Zafar (2009) stated, the rise of the knowledge economy is accompanied by a transformation of the bureaucratic organization into one of the networked types.
This transformation also becomes visible in the relationship between the individual employees and the organization (Davoudi and Fartash, 2012b). To sum up, the chosen statement by Ulrich (1997) tries to show that the e-component adds a new dimension that ‘rocks the HR boat’. In order words, E-HRM forces ‘traditional’ HR professionals to rethink and redefine policies and practices and, indeed, their own profession (Zafar, 2009).

Obviously, HR activities in virtual organizations pose new challenges to HR managers and call for a newer understanding of the different dimensions of personnel and their problems. According to Thomson and Mabey (1994), “Truly virtual organizations create new problems for human resource management. A networked company does not require a personnel function but its core management must be adept in managing people at a distance, some of whom may not be ‘employees’ as such. They are true ‘human resource managers’.” (p. 5).

As inferred, the HR department in a virtual organization should design HR policies which suit the specific requirements of the virtual environment. Thus, in the following part we clarify the human resource management requirements of virtual organizations.

**Recruitment**

Virtual organizations must make the optimum use of information technology for recruiting personnel (e-recruiting). E-recruitment (or online recruitment) ensures a faster processing of applications. Online recruitment refers to posting vacancies on the corporate web site or on an online recruitment vendors’ website, and allowing applicants to send their resumes electronically via e-mail or in some electronic format (Galanaki, 2002). It also includes the active search of the internet and the location of resumes (Davoudi and Fartash, 2012b).

**Training and Development**

Using the internet in training and development is one of the mostly discussed aspects of E-HR and probably the one with the most potential in terms of cost benefits. The internet can be used in training needs assessment, in pure e-learning activity and in career management (Davoudi and Fartash, 2012b). E-
learning refers to the use of the electronic tools to conduct online training for the personnel.

According to Alexander (2007, p. 26), three forms of e-learning platforms are available for training the personnel of virtual organizations as follows:

A) Computer-based training, where the course information is provided on the computer without any link to external learning resources.

B) Web-based training, where information is presented through the Internet, intranet and extranet with necessary links with outside learning resources.

C) Technology-based instruction, where audio-visual tools, including computer and TV, are used extensively for training the virtual employees.

It should be noted that training in virtual organizations should not focus only on the development of skills and knowledge of personnel but also on sharing them among them. According to Noe and Simmering (2002), in the course of training, the HR department must identify the competencies of the employee and ensure that these competencies are shared among other members.

Compensation

Virtual organizations should apply suitable compensation and reward system which will be different from that of the traditional organizations. Unlike in the traditional organizations, the compensation packages of virtual organizations should be flexible. For instance, According to Davoudi and Fartash (2012b), employee self-service allows employees to submit electronically their preferences in terms of benefit selection, reducing the burden for the HR department.

Performance Evaluation

As there is no face-to-face interaction between the superiors and the personnel in virtual organizations, the HR department should depend only on the end results produced by the virtual personnel for performance evaluation. Thus, organizations should have clear performance objectives and criteria for evaluating the virtual personnel. According to Davoudi and Fartash (2012b), “E-HRM allows the whole performance appraisal to be conducted on-line, on
the corporate internet interface. This means that the manager and the employee are able to submit performance data directly to the HR department in electronic form. This practice, though criticized for the lack of written evidence, reduces paperwork and if read receipts for both supervisor and supervised are used, it can impressively decrease time and cost for the HR department.”

Communication

As face-to-face interaction is missed in virtual organizations, with the aid of information technology, human resource should defeat this challenge (E-HRM). As cited in Davoudi and Fartash (2012b), E-HRM includes the use of electronic mail for communication with the personnel. The penetration rate of computer-mediated communication, mainly e-mail, is higher than 75 percent in corporate environments and e-mail has emerged as the communication medium of choice (Bontis et al., 2003).

Discussion and Conclusion

The present paper attempts to clarify human resource management in virtual organizations. As past researches stated, personnel are the most important resources of all organizations (Davoudi, 2012; Davoudi and Fartash, 2012b; Davoudi and Cherati, 2012; Davoudi and Kaur, 2012a; Davoudi and Fartash, 2012c). Thus, in today’s environment, new methods of managing these important resources should be recognized and need to be understood. Only in this way organizations reach to the competitive advantages. Competitive advantage occurs when strategic actions result in resource or capability differences that produce higher organization-level profitability and cash flows (Rumelt, 2003; Pacheco-de-Almeida and Zemsky, 2007). To achieve competitive advantage an organization should be different from its competitors in ways that allow it to earn higher returns. Taking into account the above literature, virtual organizations will face many new challenges which need to be understood by managers. As discussed above, E-HRM is a new method of managing human resources which will decrease organizational costs and increases organizational efficiency, effectiveness and productivity which firstly leads to organizational survival and then leads to organizational success.
Introducing E-HRM in organizations especially virtual organizations will help them to cope with the emerging challenges. Moreover, the introduction of E-HRM to virtual organizations’ personnel brings changes in the way they experience HRM in their organizations and in the HR tools and instruments they get offered. They acquire the chance to get updated in terms of organizational dynamics and take part in online communications.

References


Human Resource Management in Virtual Organizations
Electronic Human Resource Management: New Avenue which Leads to Organizational Success

Seyed Mehdi Mousavi Davoudi* and Kiarash Fartash†

Abstract

This paper attempts to clarify the important role of electronic human resource management (E-HRM) in organizations. As a result, first of all, the present paper reviews the relevant literature about E-HRM. In the next step, the objectives of E-HRM in organizations are described. Then, three types of E-HRM are clarified. Thereafter, the applications and benefits of E-HRM are described. Moreover, this paper identified some factors which contribute to successful implementation of E-HRM in organizations. Then, by proposing a model, this paper illustrates the important role of information technology in supporting HR practices. Finally, the current paper develops theoretical proposition that provide further insight, for managers of organizations and business owners, on integrating HR practices with information technology which contributes to organizational superior outcomes.

Keywords: Human Resource Management, HRM, Electronic Human Resource Management, E-HRM.

Introduction

The changes in the present industrial scenario have contributed to changes in the structure and functioning of organizations. Organizations have been focusing on changes in the structure resulting in flatter organizations. The results of various studies show that organizations have changed their shapes dramatically, reducing layers of hierarchy, dispersing authority and decision making, and adopting a variety of practices associated with knowledge sharing, quality improvement and information technology. Considering this, explain the need for a new form of Human Resource Management in organization that meets the demands and needs of the management and the employees of today’s organization. Thus, the requirements for the new form of HRM become apparent; and that is because of the need for HR managers who should be

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available at any time in any place, and have appropriate interaction with organization’s personnel.

By providing Internet and Intranet applications, HR managers would not be necessary to obtain information from traditional HR policies and practices within an organization. Thus, Organizations find new avenues to reach their purpose; and that is E-Human Resource Management. It seems that electronic human resource management (E-HRM) is gaining importance in today’s business (CedarCrestone, 2005) and the use of web-based technologies for HR practices, policies and processes is enhancing within organizations. According to Bondarouk and Ruël (2009), since the mid-1990s, organizations have increasingly introduced electronic Human Resource Management which is understood as a set of Information Technology (IT) applications that coverer all possible integration mechanisms and contents between HRM and IT’s aiming at creating value within and across organizations for targeted employees and management.

Further, surveys of HR consultants suggest that both the number of organizations adopting E-HRM and the depth of applications within the organizations are continually increasing (e.g. CedarCrestone, 2005). According to Esen and Erdogmus (2011), using information and communication technologies in human resource services has become an important strategy to achieve competitive advantages for organizations. Moreover, the literature on E-HRM suggests that, overall, the three goals of e-HRM are cost reduction, improving HR services, and improving strategic orientation (Brockbank, 1997; Lepak and Snell, 1998; Stanton and Coover, 2004). Although, today’s organizations need new method of human resource management to achieve superior performance, there is little attention given to the research about the mentioned topic and its related concepts. Thus, the present paper attempts to provide a comprehensive review on E-HRM and its related concepts to demonstrate the importance of E-HRM to business owners to provide sustained competitive advantages for their organizations.
Introduction to Electronic Human Resource Management

It has been said that the most important assets of any business walk out the door at the end of each day (Boxall et al., 2007, p. 88). Indeed, people and the management of people are increasingly seen as key elements of competitive advantage (Boxall and Purcell 2003; Pfeffer 1998; Gratton et al. 2000). Spurred on by increasing competition, fast-paced technological change, globalization, and other factors, businesses are seeking to understand how one of the last truly competitive resources, their human resources, can be managed for competitive advantage (Boxall et al., 2007, p. 88). Thus, human resource management has grown in its range to the point where it has become an industry rather than just a simple occupation. Although there may be considerable debate concerning the actual role HR should perform and how it should be done, HR established a place at the senior management table by the early 1990s through their ability to identify and solve practical problems in fields such as recruitment, employee relations, training, etc. (Stredwick, 2005, p. 22). According to Armstrong (2010, p. 8), the practice of Human Resource Management (HRM) is concerned with all aspects of how people are employed and managed in organizations. It covers activities such as: Strategic HRM, Human Capital Management, Knowledge Management, Organization Development, Resourcing (Human Resource Planning, Recruitment and Selection, and Talent Management), Performance Management, Learning and Development, Reward Management, Employee Relations and Employee Well-Being.

In addition to above mentioned literature about HRM, e-HRM is a way of implementing HR strategies, policies, and practices in organizations with the full use of web-technology-based channels. Thus, E-HRM is the application of information technology for performing of HR activities. Utilizing information technology highlights two aspect of E-HRM; first, technology integrates and connects people who can be in one room of the organization or in different countries. Second, information technology supports HR managers by fulfill their activities (this task fulfillment can be both partially or completely according to organization’s strategy and purpose). Similarly, Voermans and vanVeldhoven (2007) defined E-HRM as the administrative support of the HR function in organizations by using internet technology. Another definition of E-HRM is
using computer systems, interactive electronic media and telecommunications network to fulfill HR functions (Strohmeier, 2007). As Zafar (2009) stated, the rise of the knowledge economy is accompanied by a transformation of the bureaucratic organization into one of the networked types. This transformation also becomes visible in the relationship between the individual employees and the organization.

To sum up, the chosen statement by Ulrich (1997) tries to show that the e-component adds a new dimension that ‘rocks the HR boat’. In order words, E-HRM forces ‘traditional’ HR professionals to rethink and redefine policies and practices and, indeed, their own profession (Zafar, 2009).

**Objectives of Electronic Human Resource Management**

As mentioned above, E-HRM is a way of thinking about and implementing HRM strategies, policies, and practices. Organizations attempt to achieve certain objectives by following a specific E-HRM direction. Beer et al. (1984) identified four objectives of E-HRM as follows:

1. High commitment
2. High competence
3. Cost effectiveness
4. Higher congruence
Table 1. Objectives of E-HRM

<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>DESCRIPTIONS</th>
</tr>
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<tbody>
<tr>
<td>High commitment</td>
<td>By high commitment workforce is motivated and understanding, and that they are willing to interact with the management about changes in the organizational environment and the impact that this can have on the internal organization. For HR itself, this means that it should be able to play the role of change agent.</td>
</tr>
<tr>
<td>High competence</td>
<td>High competence points towards the capacities of employees to learn new tasks and roles if the circumstances require it.</td>
</tr>
<tr>
<td>Cost effectiveness</td>
<td>Cost effectiveness refers to the competitiveness of pay levels and employee turnover rate, and to the acceptability of costs resulting from employee resistance such as strikes.</td>
</tr>
<tr>
<td>Higher congruence</td>
<td>Finally, higher congruence refers to the internal organization, the reward system, and the ‘input, throughput, and output’ of personnel, which need to be structured in the interests of all stakeholders.</td>
</tr>
</tbody>
</table>

Source: Beer et al. (1984)

Types of Electronic Human Resource Management

By reviewing the relevant literature, it is inferred that in 1998, Lepak and Snell suggested three types of E-HRM as follows:

1. Operational E-HRM;
2. Relational E-HRM;
3. Transformational E-HRM;

The comprehensive descriptions of those mentioned types of E-HRM were extracted from Lepak and Snell (1998); see table 2.
Table 2. Types of E-HRM

<table>
<thead>
<tr>
<th>TYPES OF E-HRM</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational E-HRM</td>
<td>The first area, operational E-HRM, concerns the basic HR activities in the administrative area. One could think of salary administration (payroll) and personnel data administration.</td>
</tr>
<tr>
<td>Relational E-HRM</td>
<td>The second area, relational E-HRM, concerns more advanced HRM activities. The emphasis here is not on administering, but on HR tools that support basic business processes such as recruiting and the selection of new personnel, training, performance management and appraisal, and rewards. For relational e-HRM there is the choice between supporting recruitment and selection through a web-based application or using a paper-based approach (through advertisements, paper-based application forms and letters etc.).</td>
</tr>
<tr>
<td>Transformational E-HRM</td>
<td>Transformational e-HRM, the third area, concerns HRM activities with a strategic character. Here we are talking about activities regarding organizational change processes, strategic re-orientation, strategic competence management, and strategic knowledge management. In terms of transformational e-HRM, it is possible to create a change-ready workforce through an integrated set of web-based tools that enables the workforce to develop in line with the company’s strategic choices.</td>
</tr>
</tbody>
</table>

Source: Lepak and Snell (1998)

Applications of Electronic Human Resource Management

The applications of E-HRM provide a variety of automated HR activities that increase the HR function with flexibility and ease of use. Davis et al (1997) defined usefulness as a specific application system which increases personnel job performance in organization. As a result, users of E-HRM system perceive it useful only when they observe the positive impact of E-HRM applications on organizational performance.

The following figure (figure 1) shows the various E-HRM applications used by HR managers in their routine activities. These software tools increase organizational outcomes by making it more committed to the goals defined in the mission statements of organization. This results in increased job satisfaction, organizational commitment, employees’ cohesiveness, job security and reduced...
work stress levels, turn over, absenteeism and etc.; and finally, it leads to increased HRM effectiveness.

**Figure 1.** The relationship between E-HRM tools, HRM applications and HRM effectiveness

Moreover, Florkowski and Olivas-Lujan (2006) identified various types of E-HRM applications as follows:

1. Interactive Voice Response (IVR) systems;
2. Self-service applications (SSA);
3. HR extranet applications (HREA);
4. HR portal applications (HRPA);
5. Integrated HR suite applications (ISA);
6. HR intranet applications (HRIA);
7. HR functional apps (HRFA);

Table 3 shows the descriptions of the mentioned E-HRM applications.

**Table 3.** Types of E-HR applications

<table>
<thead>
<tr>
<th>E-HRM APPLICATIONS</th>
<th>DESCRIPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interactive Voice Response (IVR) systems</strong></td>
<td>Ability to set up or change payroll, Edit addresses for benefits and payroll records and Check job opportunities.</td>
</tr>
<tr>
<td><strong>Self-service applications (SSA)</strong></td>
<td>Update and use employee-specific information, online via a browser.</td>
</tr>
<tr>
<td><strong>HR extranet applications (HREA)</strong></td>
<td>Personalized to an individual's role, experience, work content, language, and information needs.</td>
</tr>
<tr>
<td><strong>HR portal applications (HRPA)</strong></td>
<td>Promotion agent for training providers. Online services to identify suitable training, register, negotiate, process and confirm sales of training services.</td>
</tr>
<tr>
<td><strong>Integrated HR suite applications (ISA)</strong></td>
<td>Manage benefits plans triggered via a web-based interface.</td>
</tr>
<tr>
<td><strong>HR intranet applications (HRIA)</strong></td>
<td>Monitoring workforce demographics in line with recruitment and retention objectives.</td>
</tr>
<tr>
<td><strong>HR functional apps (HRFA)</strong></td>
<td>Monitoring workforce demographics in line with recruitment and retention objectives.</td>
</tr>
</tbody>
</table>

Source: Florkowski and Olivas-Lujan (2006)

**Benefits of Electronic Human Resource Management**

By reviewing the relevant literature, this paper extracted some benefits of E-HRM from various studies which are as follows:

1. The generation of HR metrics to support strategic decision making (Hendrikson, 2003; Lengnick-Hall & Moritz, 2003; Lawler et al., 2004; Hussain et al., 2007; Bondarouk & Ruël, 2009).

2. The automation of routine HR tasks and replacing “filing cabinets” (Martinsons, 1994; Brown, 2002; Parry et al., 2007).
3. The branding of organizations (Lawler & Mohrman, 2003; Martin et al., 2008).

4. Freeing HR staff from administrative burdens and allowing them to undertake strategic people-management activities (Lepak & Snell, 1998; Ruel et al., 2004; Shrivastava & Shaw, 2004; Martin et al., 2008).

5. Improving talent management through e-selection, self-assessment, e-performance management (Martin et al., 2008)

6. Transforming HR professionals from administrative paper handlers to strategic partners (Broderick & Boudreau, 1992, Burbach & Dundon, 2005; Bell et al., 2006; Voermans and Veldhoven, 2007; Keegan & Francis, 2008; Haines and Lafleur, 2008).

Further, Zafar (2009) identified the important influences of E-HRM on HR practices as follows:

**Human resource planning:** In relation to HR planning, E-HRM updates employee data, personnel changes and job requisitions. This means that, since employees are given the opportunity to update their personal data, the HR record-keeping gains higher accuracy and data quality (Adamson & Zampetti, 2001).

**Human resources Recruitment:** Online recruitment refers to posting vacancies on the corporate web site or on an online recruitment vendor’s’ web site, and allowing applicants to send their resumes electronically via e-mail or in some electronic format (Galanaki, 2002). It also includes the active search of the internet and the location of resumes.

**Human resources Evaluation:** E-HRM allows the whole performance appraisal to be conducted on-line, on the corporate internet interface. This means that the manager and the employee are able to submit performance data directly to the HR department in electronic form. This practice, though criticized for the lack of written evidence, reduces paperwork and if read receipts for both supervisor and supervised are used, it can impressively decrease time and cost for the HR department.

**Communication:** E-HRM includes the use of electronic mail for communication with the personnel. The penetration rate of computer-mediated
communication, mainly e-mail, is higher than 75 percent in corporate environments and e-mail has emerged as the communication medium of choice (Bontis et al., 2003).

**Rewarding human resources:** Employee self-service allows employees to submit electronically their preferences in terms of benefit selection, reducing the burden for the HR department.

**Human Resources Development:** Using the internet in training and development is one of the mostly discussed aspects of E-HR and probably the one with the most potential in terms of cost benefits. The internet can be used in training needs assessment, in pure e-learning activity and in career management.

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**Successful Implementation of Electronic Human Resource Management**

According to Tania et al., (2009), there are some factors which contribute to successful implementation of E-HRM in organizations; which are as follows:

1. User involvement (Al-Sehali, 2006; Lee and Lee, 2007; Remus, 2007).

2. Business process re-engineering (Nah et al., 2001; Lee and Lee, 2007; Remus, 2007).

3. Planning and strategy (Nah et al., 2001; Al-Sehali, 2006; Lee and Lee, 2007; Remus, 2007).


5. Change management (Nah et al., 2001; Al-Sehali, 2006; Remus, 2007).

6. Top management support (Nah et al., 2001; Remus, 2007).

7. Effective communication (Nah et al., 2001; Remus, 2007).

8. Project management (Nah et al., 2001; Remus, 2007).
Research Proposed Model

Taking into account the above mentioned literature, figure 2 illustrates the research proposed model. According to the proposed model, human resource management and HR practices should be supported by information technology in organizations. In other words, organizations should apply information technology to assist HR managers in their day to day activities, like in job analysis, recruitment, performance management, compensation, training, development and Labor-management relations. Further, when these HR practices are supported by Information technology it means that the concept of E-HRM comes to existence in that organization which affects organizational outcomes; as illustrated in figure 2.

Proposition: Integrating HR practices with information technology, E-HRM, affects organizational outcomes positively.
Discussion and Conclusion

The present paper attempts to clarify the important influences of electronic human resource management on organizations. As mentioned above, personnel are the most important resources of all organizations. Thus, in today’s uncertain and competitive environment, new methods of managing these important resources should be recognized and need to be understood. Only in this way organizations reach to the competitive advantages. Competitive advantage occurs when strategic actions result in resource or capability differences that produce higher organization-level profitability and cash flows (Rumelt, 2003; Pacheco-de-Almeida and Zemsky, 2007). To achieve competitive advantage an organization should be different from its competitors in ways that allow it to earn higher returns. As discussed above, E-HRM is a new method of managing human resources which will decrease organizational costs and increases organizational efficiency, effectiveness and productivity which firstly leads to organizational survival and then leads to organizational success.

It seems that introducing E-HRM in organizations is accompanied by a reduction in HR staff levels, especially in terms of administrative staff. And well implementation provides an opportunity for HR departments to get a clearer profile and a better image. Moreover, the introduction of E-HRM to personnel brings changes in the way they experience HRM in their organizations and in the HR tools and instruments they get offered. They acquire the chance to get updated in terms of organizational dynamics and take part in online communications.

To sum up, the proposed model developed in this paper clearly shows how HRM changes to E-HRM which helps organizations achieve competitive advantages. Although providing a foundation, future research is needed to build, augment, and refine this model. But, more researches are needed to integrate information technology and HRM better into the E-HRM literature both theoretically and empirically. The model proposed here is an initial attempt to lay the groundwork for this needed integration from a theoretical perspective.
References


International Human Resource Management: Managing People in Multinational Enterprises

Seyed Mehdi Mousavi Davoudi* and Ravneet Kaur†

Abstract

This paper attempts to clarify the important role of international human resource management (IHRM) in multinational enterprises (MNEs). As a result, first of all, the present paper describes the critical role of human resources in organizations; and moreover, reviews the relevant literature about internationalization of businesses; and then introduce IHRM as a suitable method for these businesses. In the next step, the present paper discusses that IHRM differs from domestic HRM in some aspects. IHRM is much more complex than domestic based human resource management because there are wider issues to be aware of. Thereafter, the main challenges of MNEs and IHR managers are discussed.

Keywords: Human Resource Management, HRM, International Human Resource Management, IHRM.

Introduction

It has been said that the most important assets of any business walk out the door at the end of each day (Boxall et al., 2007, p. 88). Indeed, people and the management of people are increasingly seen as key elements of competitive advantage (Boxall and Purcell 2003; Pfeffer 1998; Gratton et al. 2000). Spurred on by increasing competition, fast-paced technological change, globalization, and other factors, businesses are seeking to understand how one of the last truly competitive resources, their human resources, can be managed for competitive advantage (Boxall et al., 2007, p. 88).

Over the past decade, large companies and small/medium-sized firms (SMEs) have been required to go global and with the emergence of “global village” concept, many issues arises in the field of human resource management and organizations are involved in new methods for managing their human resources

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in Action. Managing human resources in overseas locations have different problems and challenges for HR managers, than if employees were based in the home base. In this era of globalization, international human resource management (IHRM) is becoming an important concept for human resource professionals to be aware of and to practice. IHRM is a vital concept for HR managers in multinational enterprises (MNEs) who recruit staff from overseas. International human resource management is about the world-wide management of human resources (Adler and Ghadar, 1990; Brewster, 2002; Cascio and Bailey, 1995; Harris and Brewster, 1999; Poole, 1999; Punnett and Ricks, 1992; Tung, 1984). The main aim of IHRM is to enable multinational enterprises, to be successful globally. IHRM for many firms is critical to their success, and effective IHRM contributes to survival and success of MNEs.

Although, today’s multinational organizations need new method for managing their human resources to achieve superior performance, there is little attention given to the research about the mentioned topic and its related concepts. Thus, the present paper attempts to provide a comprehensive overview on IHRM and its related concepts to demonstrate the importance of IHRM to MNEs managers to provide sustained competitive advantages for their organizations.

**Human Resource Management**

“You can take my factories and burn up my buildings, but give me my people and I’ll build it right back again” (Henry Ford)

This statement (cited in Mathur and Gupta, 2011) demonstrates the importance of human resources in an organization. Because, personnel offer competitive advantages to a firm and managing people is the main domain of human resource management (HRM). HRM has grown in its range to the point where it has become an industry rather than just a simple occupation. Although there may be considerable debate concerning the actual role HR should perform and how it should be done, HR established a place at the senior management table by the early 1990s through their ability to identify and solve practical problems in fields such as recruitment, employee relations, training, etc. (Stredwick, 2005, p. 22). According to Armstrong (2010, p. 8), the practice of Human Resource Management (HRM) is concerned with all aspects of how people are employed and managed in organizations. It covers activities such as: Strategic
HRM, Human Capital Management, Knowledge Management, Organization Development, Resourcing (Human Resource Planning, Recruitment and Selection, and Talent Management), Performance Management, Learning and Development, Reward Management, Employee Relations and Employee Well-Being. Further, HRM can be described as a strategic, integrated and coherent approach to the employment, development and well-being of the people working in organizations. It has a strong conceptual basis drawn from the behavioral sciences and from strategic management, human capital and industrial relations theories. This foundation has been built with the help of a multitude of research projects (Armstrong, 2010, p. 8).

Moreover, the changes in the present industrial scenario have contributed to changes in the structure and functioning of human resource management in organizations. Today’s organizations need new avenues to reach their aims. Thus, in the following part, this paper attempts to describe the factors accelerate the changes in the nature of human resource management in organizations; and the role of HR managers to cope with these changes with the aid of international human resource management concept.

**The Internationalization of Businesses**

Internationalization connotes an expansion of interfaces between nations, the flow of business, goods or capital from one country to another, that is, an action in which nationality is still strong in the consciousness (Sparrow et al., 2004, p. 17). A global enterprise, by contrast (Parker, 1998):

- Draws resources from the world;
- Views the entire world as its home;
- Establishes a worldwide presence;
- Adopts a global business strategy;
- Transcends internal boundaries (of people, process and structure) and external boundaries (of nation, time and space).

But in this paper, we ignore these differences and consider both international and global enterprises as multinational enterprises. Globalization can be defined from an economic and political perspective. From an economic perspective
(more relevant to this paper), globalization (internationalization) can be defined as follows (Brawley, 2003):

- A process whereby markets and production in different countries become increasingly interdependent due to the dynamics of trade in goods and services and flows of capital and technology.
- In addition, a change in the nature of goods being traded, with vertical transnational production being fragmented, more intermediate goods crossing borders and corporate strategies based on outsourcing to centers based on international specialization.
- The movement of factors of production from one country to another.
- The integration of financial markets (the most transferable factor of production) and more fluid flows of international capital.
- The creation of a global market based on high levels of cross-border flows of labor migration, trade, communication, transport of goods and other items.

The evidence for the increased importance of international business comes from many fronts. The following paragraphs describe some of this evidence which extracted from (Briscoe and Schuler, 2004, p. 16-18). The numbers, sizes, types and countries of origin of enterprises involved in various forms of international business have all continued to expand (Briscoe and Schuler, 2004, p. 16).

**Table 1. The evidence for the increased importance of international business**

| Numbers: | “Today, approximately 60,000 MNEs employ more than 45 million people worldwide. This is about twice as large as in 1990. And this number is predicted to increase up to 75 million people by 2010 (Schuler, 2003). The overall level of foreign direct investment has increased rapidly to where it is now estimated to total at least US$3.2 trillion, with approximately 80 percent coming from (and going to) developed countries. But the amount going to (and coming from) developing countries, particularly Brazil, Mexico, India, China, Singapore, Hong Kong, and the countries of Eastern Europe (primarily countries with ties to developed countries), is also enhancing quite rapidly.” |
| Sizes: | “In many countries (including the most developed ones), many of the largest firms are family-owned, such as those owned by the overseas Chinese in Taiwan, Thailand, Hong Kong, Indonesia, Malaysia, and Singapore and family groups in Latin America. In addition, in many countries, the largest enterprises are government-owned; yet they, too, engage in international commerce. And in some countries, such as Germany, many of the firms that...” |
conducted international business are quite small. For example, it is estimated that in Germany there are about 350 small to medium-sized firms (SMEs with fewer than 300 or so employees) that still dominate their global niche markets. This reinforces the point that the number of firms and the number of countries involved with international commerce is continuing to expand at a rapid rate, making the world of business increasingly competitive and complex – and increasingly international in nature and scope.”

Types: “Adding to the complexity is the growing number of firms that derive over half of their revenues outside their home countries and the increasing number of local firms whose ownership is held by firms from another country (with that parent firm possibly coming from a country like El Salvador, such as Badger Manufacturing, mentioned above, as well as from Japan or England or France or the Netherlands or Australia, all of which are countries which house firms with extensive overseas investment). Some of the larger (and more familiar) firms with greater than 50 percent of their revenues from outside their home countries include Hewlett-Packard, Intel, Xerox, Dow Chemical, McDonald’s, Manpower, Eastman Kodak, Nestlé, Exxon, Royal Dutch Shell, Unilever, IBM, Siemens, Volkswagen, Asea Brown Boveri (ABB), Coca-Cola, and Gillette. In addition, many well-known firms are now owned by firms from another country, including Firestone Tire (owned by Bridgestone, Japan), Chrysler (owned by Daimler Benz, Germany), Guinness (owned by Diageo, UK), Holiday Inn (purchased by Bass but now a part of Intercontinental Hotels, Great Britain), RCA (owned by Thompson, France), Ben & Jerry’s Ice Cream and Best Foods (owned by Unilever, Netherlands/UK), Braun (owned by Gillette, US), Tropicana orange juice (acquired by Seagram, Canada, but recently acquired by Pepsi, US), Godiva chocolate (owned by Campbell Soup, US), Jolly Green Giant(owned by Grand Met, Great Britain), and Volvo and Jaguar (owned by Ford Motor Company).”


Moreover, Briscoe and Schuler, (2004, p. 15), illustrated some reasons for growing globalization, why it makes international business so complex and “chaotic,” and why it makes the role of IHRM so important:

1. **Increased pressure on costs:** Firms move to places where labor and other resources are cheapest and most readily available.

2. **The search for new markets:** For growth and to be able to compete more effectively with global competitors, but also because firms and consumers around the world also seek foreign products and services.

3. **Greater customer demands on product and service qualities.**
4. **Government policy**: That can come in many forms, such as encouraging foreign investment through tax benefits, or the opening up of markets through regional trade treaties, or through privatizing industries such as telecommunications, health care, and the mass media, or encouraging local firms to export to develop better trade balances and to earn hard currency.

5. **Technological development**: Which impacts globalization in a number of ways, e.g., multinational enterprises searching the globe for the best technology, the best technology being made or copied everywhere, and new technology allowing smaller, more flexible manufacturing plants to be placed close to markets, no matter where those markets are.

6. **Worldwide communication and information flow**: This creates global knowledge of and demand for world-class products and services.

7. **The interdependence of nations in trading blocs**: Such as the European Union, the Association of South East Asian Nations (ASEAN), Mercosur (Brazil, Argentina, Uruguay, and Paraguay), and the North American Free Trade Agreement (NAFTA – Canada, the US, and Mexico).

8. **The integration of cultures and values**: Through the impact of global communication and the spread of products and services such as music, food, and clothing, which have led to common consumer demands around the world.

9. **A larger, more** highly educated workforce worldwide.

10. **Decreasing trade barriers and opening markets**: Which expose more firms to foreign competition—often presenting higher quality products and services at a lower cost—and which present—if not make necessary—the search for “overseas” opportunities for markets and investment.

11. **E-commerce**: That makes firms “global” from the moment they have a web site up and running, as customers from around the world log on to that web site and order whatever product or service is being offered.

To sum up, the mentioned drivers have created a new set of global realities for MNEs which affect all aspects of HRM activities in MNEs. After the globalization of businesses, human resource practices, such as recruiting
(finding the best and lowest-cost employees anywhere in the world), executive development (ensuring the management group has the knowledge and ability to operate effectively in the international arena), compensation (being globally competitive), and labor relations (which can vary dramatically from country to country) require globally savvy IHRM professionals to facilitate international business (IB) success (Briscoe and Schuler, 2004, p. 15).

Further, some measures have been used to capture the levels of internationalization of the firm from an economic perspective. The most popular measures used as proxies of internationalization are as follows:

- Foreign subsidiaries’ sales as a percentage of total sales (FSTS) (Stopford and Dunning, 1983).
- Export sales as a percentage of total sales (ESTS) (Sullivan and Bauerschmidt, 1989).
- Foreign assets as a percentage of total assets, as an estimate of the material international character of an organization (FATA) (Daniels and Bracker, 1989).
- Number of foreign subsidiaries, to distinguish the degree of foreign involvement (Vernon, 1971, Stopford and Wells, 1972).

Taking into account the above mentioned literature, it is inferred that because of the changes in today’s businesses, traditional HRM will not serve business owners’ purposes; thus, the concept of International HRM emerged in today’s businesses to operate on a larger scale and with more complex strategic considerations.

**International Human Resource Management**

The world has become more competitive, dynamic, uncertain, and volatile than ever before (Kanter, 1991; Dowling et al., 1999). In the early years of academic exploration surrounding IHRM, a number of scholars suggested that IHRM differs from its domestic counterpart in terms of a number of factors (Dowling, 1988). According to Briscoe & Schuler (2004, p. 210), staffing of multinational enterprises has typically been simplistically described as involving three
different types of international employee: parent-country nationals (PCNs), host-country nationals (HCNs), or third-country nationals (TCNs).

Figure 1. International Human Resource Management Model

According to Claus (1998) and Briscoe & Schuler (2004, p. 29), it is necessary to know that HR practices in the international context are different from its domestic counterpart in a number of ways. This includes the IHR department in a multinational firm:

1. Being responsible for a greater number of activities, such as the management of international assignees, which includes such aspects as foreign taxes and work visas and detailed assistance with family relocations to foreign locales.
2. Having to expand its areas of expertise to include a much broader perspective, including knowledge of foreign countries and their employment laws.

3. Having to get much more closely involved – than is ever necessary in a purely domestic situation – with employees’ (and their families’) lives as the firm moves employees from country to country.

4. Being involved with a greatly expanded and constantly changing mix of employees, adding considerable complexity to the IHR management task.

5. Having to cope with more external influences, such as having to deal with issues stemming from multiple cultures and countries.

6. Having to face much greater exposure to problems and difficulties, and thus, exposure to much greater potential liabilities for making mistakes in HR decisions (e.g. the cost of a failed international assignment can be as high as US$1 million).

Figure 2 illustrates the transition of domestic HRM to IHRM which happen in organizations by the change in organizational structure, policies and procedures; and development of leadership skills.

Figure 2. HRM and IHRM model

Source: Plessis and Beaver (2008)
Most literature in the field of IHRM tends to frame the term within the context of multinational enterprises (MNEs) (Zheng, 2011). For example, Taylor et al. (1996) simply treat IHRM as the MNE's IHRM system with a set of distinct activities, functions, and processes that are directed at attracting, developing, and maintaining an MNE's human resources. They aggregate the various HRM systems used to manage people in the MNE, both at home and overseas to recognize the important role played by the parent company to control and coordinate human resources of all units within the MNE (p. 960). Moreover, Schuler and Tarique (2007) and Dowling et al. (2008) argued that IHRM is the effective management of human resources in global markets for MNEs in order to gain a key source of competitive advantage and to be globally successful.

Early models in the field of IHRM focused on the role of MNEs and argued that finding and nurturing the people able to implement international strategy is critical for such firms. IHRM was considered to have the same main dimensions as HRM in a national context but to operate on a larger scale, with more complex strategic considerations, more complex coordination and control demands and some additional HR functions (Sparrow et al., 2004, p. 2).

### The Main Challenges Faced by International HR Functions

To describe the main challenges faced by international HR functions, Sparrow et al. (2011, p. 11) provided the comprehensive explanation of these challenges in their book (Globalizing Human Resource Management). This research extracted the related text from their book; which is shown as follows without any change:

“The research shows that international HR functions face a number of challenges. In particular, they have to help their organizations manage:

- The consequences of global business process redesign, the pursuit of a global center of excellence strategy and the global redistribution and relocation of work that this often entails.

- The absorption of acquired businesses from what might previously have been competitor businesses, the merging of existing operations on a global scale, the staffing of strategic integration teams, attempts to
develop and harmonize core HR processes within these merged businesses and the management of growth through the process of acquisition whereby new country operations are often built around the purchase of a series of national teams.

- The rapid start-up of international operations and the requirement to provide insights into the organization development needs of these new operations as they mature through different stages of the business lifecycle.

- The changing capabilities of international operations as many skills become obsolete very quickly and as changes in the organizational structure and design expose managers to more complex roles that require a general up-skilling of local operations.

- The need to capitalize on the potential that technology affords the delivery of HR services, whilst also ensuring that local social and cultural insights are duly considered when it is imperative to do so and especially when IT is being used to centralize and “transactionalize” HR processes, or to create shared services, on a global basis.

- The changes being wrought in the HR service supply chain as the need for several intermediary service providers is being reduced, and as web-based HR provision is leading to greater individualization of HRM across international operations that often currently have very different levels of “HR sophistication”.

- The articulation of appropriate pledges about the levels of performance that can be delivered to the business by the IHR function, and the requirement to meet these pledges often under conditions of cost control across international operations, or shareholder pressure for the delivery of rapid financial returns in new international operations.

- Learning about how to operate through formal or informal global HR networks, how to act as knowledge brokers across international operations and how not to automatically pursue a one-best way HR philosophy.
Offering a compelling value proposition to the employees of the organization, understanding and then marketing the brand that the organization represents across global labor markets that in practice have different values and different perceptions.

The identity issues faced by HR professionals as they experience changes in the level of decentralization/centralization across constituent international businesses. As knowledge and ideas about best practice flow from both the center to the operations and vice versa, it is not uncommon for HR professionals at all levels of the organization to feel that their ideas are being overridden by those of other nationalities or business systems.”

In addition to above mentioned literature about the challenges faced by IHRM, in the following part, this paper attempts to explain HR practices in the global context which can be called as other challenges for IHRM:

**Global Workforce Planning and Staffing**

The aim of global workforce planning is to identify employment needs and to develop plans for meeting those needs from the available global labor force. According to Briscoe and Schuler (2004, p. 202) the term “workforce” applies to any enterprise’s employees. The term “labor force” applies to the pool of potential employees, the labor market, from which a firm hires its workforce.

One of the complexities for enterprises in the global environment is that their activities are spread all over the world, in different places, different languages and cultures. And these firms should recruit their personnel from those different places, languages, and cultures although with the lack of accurate information about the nature of the labor force in different countries. Further, sometimes these MNEs face with labor shortage in some countries; and for their survival, they should cope with this problem. Thus, they should provide accurate information from both government agencies and independent sources.

**Global Training and Management Development**

When enterprises operate globally, the training of their global personnel is critically important and also difficult practice for their HR managers. As, a
global enterprise’s personnel may be its most important source of competitive advantage, a well-trained global workforce has a significant influence to the success of these enterprises in the global marketplace.

Thus, according to Keys and Fulmer (1998; Cited in Briscoe and Schuler, 2004, p. 263), the following seven imperatives have been suggested as key to global organizational learning and training and development:

- **Think and act globally:** Global enterprises should think about and prepare for a presence in all the critical markets in the world, not just its home region.

- **Become an equidistant global learning organization:** Learning from all cultures, anytime, in any manner possible, must be facilitated (Slocum et al., 1994).

- **Focus on the global system, not its parts:** Development programs should focus on breaking down the silos of departments and even the boundaries between countries and those that separate customers and suppliers and focus on the global organizational system.

- **Develop global leadership skills:** Global leadership requires competencies different from those needed in the domestic marketplace. These should be considered in global training and development programs.

- **Empower teams to create a global future:** Multinational and cross-border teams should be increasingly empowered to perform critical organizational projects and problem-solving activities.

- **Make learning a core competence for the global organization:** Global organizations need to become global learning organizations, where learning and development permeates all that the organizations do.

- **Regularly reinvent yourself and the global organization:** Constant self-development should become the cornerstone of strategies for success for both individuals and organizations in today’s highly competitive global economy.
Global Compensation and Benefits

Designing a compensation system for enterprises is a critical duty for human resource managers. Moreover, designing this system for international business makes this responsibility much more difficult. For example, MNEs will face problems such as dealing with multiple currencies, exchange rates, inflation rates, tax systems and rates, and differing standards and costs of living. Thus, it is inferred that global compensation and its related concept need to be understood by IHR managers which leads to job satisfaction and organizational commitment of personnel and provide competitive advantages for MNEs. Therefore, the main objectives for the typical MNE global compensation program include (Briscoe and Schuler, 2004, p. 306-307):

- Attraction and retention of employees who are qualified for foreign assignments (from the perspective of the parent company, but includes the perspectives of the PCNs, HCNs, and TCNs).
- Facilitation of transfers between foreign affiliates, between foreign affiliates and the parent company (usually headquarters), and between parent-company and foreign locations.
- Establishment and maintenance of a consistent and reasonable relationship between the compensation of employees of all affiliates, both at home and abroad.
- Maintenance of compensation that is reasonable in relation to the practices of competitors yet minimizes costs to the extent possible.

International Performance Management

A firm’s performance appraisal system has a significant influence on the performance of its workers. Yet, implementing valid performance appraisals, even in the domestic environment, is quite a difficult task. Further, conducting effective performance appraisals is even more challenging in the international enterprises.

There are many reasons that the international performance evaluation system doesn’t work very well, including (Briscoe and Schuler, 2004, p. 354):
• Problems with the choice of evaluator (e.g., local or parent company) and that person’s amount of contact with the expatriate.

• Host-country management’s perceptions of performance. (There are often considerable differences between headquarters and foreign locales in what is valued in terms of performance and in terms of perceptions of the actual behavior).

• Difficulties with long-distance communication with headquarters. (for example, in the time and the timeliness of the communications and the understanding of the communications, particularly as this relates to performance evaluations, but also as a major component in the expatriate’s and foreign manager’s job activities, themselves).

• Inadequate contact between parent-company rater and subsidiary ratee.

• Inadequate establishment of performance objectives for the foreign operations (unclear, contradictory) and means for recording levels of individual and organizational performance.

• Parent-country ethnocentrism and lack of understanding of the foreign environment and culture.

• Frequent indifference to the foreign experience of the expatriate and to the importance of the international business, in general.

Thus, MNEs should do a number of things to ensure that appropriate performance evaluations are used in their global operations. First of all, MNEs should identify some criteria that should be used for evaluation. Briscoe and Schuler (2004, p. 361) suggested that MNEs need to meet parent-company standards and they need to do it within the international and local-culture contexts. Thus, the evaluation system needs to take both sets of standards into account. Then, MNEs should identify that who should conduct performance appraisals of expatriates and foreign managers: peers, subordinates, customers or clients. According to Briscoe and Schuler (2004, p. 363), This is an application of what is referred to as the 360 degree review process, i.e., using reviews from above, below, and beside the candidate reviewee, and even using self-review.
**Discussion and Conclusion**

The present paper attempts to clarify the important role of international human resource management in multinational enterprises. As mentioned above, personnel are the most important resources of all organizations. Thus, in today’s uncertain and competitive environment, and by globalization of businesses, new method for managing these important resources should be recognized and need to be understood. Only in this way organizations reach to the competitive advantages. Competitive advantage occurs when strategic actions result in resource or capability differences that produce higher organization-level profitability and cash flows (Rumelt, 2003; Pacheco-de-Almeida and Zemsky, 2007). To achieve competitive advantage an organization should be different from its competitors in ways that allow it to earn higher returns. As mentioned above, IHRM is a new method of managing human resources; which will decrease multinational enterprises costs and increases their personnel efficiency, effectiveness and productivity which firstly leads to organizational survival and then leads to organizational success. Accordingly, there is a strong need to improve our understanding of the approaches that MNEs utilize to satisfy the competing needs for integration and differentiation in their operations (Brewster 2002).

As discussed, IHRM differ from domestic HRM in some aspects. IHRM is much more complex than domestic based human resource management because there are wider issues to be aware of. The IHR managers should consider many aspects when working in multinational enterprises. They should consider that Traditional HR practices should be substituted with new practices. IHR managers should apply global workforce planning and staffing, global training and management development, global compensation and benefits and international performance management to satisfy their personnel. These new practices can be called as the main challenges which IHR managers and MNEs will face. Thus, to be successful, MNEs should increase their knowledge and ability to cope with these challenges.

It is important to note that more researches are needed (both theoretically and empirically) to clear the critical role of IHRM in today’s businesses. The current paper is an initial attempt to lay the groundwork for this new concept from a theoretical perspective.
References


The Link between Internal Marketing and Human Resource Management

Seyed Mehdi Mousavi Davoudi* and Ravneet Kaur†

Abstract

This paper attempts to demonstrate the important linkage between internal marketing (IM) and human resource management (HRM). As a result, first of all, the present paper reviews the relevant literature about IM. In the next step, the elements of IM are introduced. Then, the main objectives of IM are clarified. Further, the relevant literature of HRM and the link between IM and HRM are described. Thereafter, by proposing a model, this paper illustrates the linkage between IM and HRM which leads to firm’s superior performance. This paper states that Marketing and Human Resource management departments should be aligned and integrated with each other. In other words, it is necessary, to have a market-oriented HR managers in order to make an impact on the success of an organization. HR managers should apply the same strategies that marketing managers use to promote products and services outside the organization. Therefore, the tools that are widely used in the external environment (e.g., market research, segmentation and targeting) could be employed internally to motivate the employees.

Keywords: Internal Marketing, Human Resource Management.

Introduction

In today’s uncertain and competitive environment, organizations should try their best to apply all their resources effectively. It has been said that the most important assets of any business walk out the door at the end of each day (Boxall et al., 2007, p. 88). Indeed, people and the management of people are increasingly seen as key elements of competitive advantage (Boxall and Purcell 2003; Pfeffer 1998; Gratton et al. 2000). Spurred on by increasing competition, fast-paced technological change, globalization, and other factors, businesses are seeking to understand how one of the last truly competitive resources, their

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human resources, can be managed for competitive advantage (Boxall et al., 2007, p. 88) and for achieving organizational superior performance.

Past studies have revealed a strong linkage between employees’ job satisfaction and organizational superior performance. Moreover, researchers found a significant positive relationship between employees’ job satisfaction and customer perceptions of service quality performance (Hartline & Keith, 1996; Yoon et al., 2001). It is expected that satisfied employees deliver better services (Schmit & Allscheid, 1995) which affects customer confidence positively and contributes to achieving customer loyalty. Consequently, having a loyal base of satisfied customers within such a competitive environment, increases revenues, decreases costs and builds market share (Halil & Cem, 2010). Thus, to have satisfied customers, the satisfaction of employees is necessary.

The idea of satisfied employees for the benefit of satisfied customers is developed through the concepts of internal marketing (IM). According to Berry (1981), the concept of internal marketing was based around viewing jobs as if they were “internal products” offered to employees. Moreover, the logic of IM states that employees are the internal customers of their organizations who had needs to be satisfied; and those needs were closely connected to their jobs.

Although people play a critical role in organizations, research has paid little attention to the link between IM and HRM. Thus, by reviewing the relevant literature, this paper attempts to demonstrate the important linkage between IM and HRM; which provides further insight for managers of organizations contributes to superior performance of organizations.

**Internal Marketing**

The Internal Marketing was first introduced by Berry et al. (1976). The IM refers to the use of marketing perspective for managing an organization's human resources (George and Gronroos, 1991). The main concept of internal marketing is to count employees as internal customers, and work as a product, a product that should satisfy the needs and requirements of customers to achieve organizations to its definitions in this area (Preston & Steel, 2002, Berry, 1981). In other words, the main logic in internal marketing is to accept this point that it should be behaved with employee like internal customers (Gummesson, 2000).
In the previous years, the IM concept has experienced an impressive advance. Researchers have rapidly investigated the IM concept in order to produce a unified definition for it. But, as yet, IM researchers haven't been able to create a single IM definition. Reviewing the previous literature indicates that the IM definitions of most of the scholars can be classified according to their scope and dominant perspective into four groups as follows:

1. Internal marketing as a mere synonym of human resource management;
2. Internal marketing as a usage of marketing techniques in internal marketplace;
3. Internal marketing as a precondition for satisfied external customers;
4. Internal marketing as a source of competitive advantage.

The representatives of each group and their brief explanations are given in the following part of the paper.

Table 1. Four categories of IM definitions

<table>
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<th>PERSPECTIVE</th>
<th>AUTHORS</th>
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<td>as a precondition For satisfaction of external customers</td>
<td>Ballantyne (2000); Varey (2001); Kotler (2003).</td>
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As can be seen in table 1, some scholars have defined IM as a synonym of HRM. In this perspective, IM contains the effort of an organization to recruit, train, motivate and reward their employee toward more satisfying practices. Further, managers should appreciate the important role of their employees in their organizations. Moreover, some scholars have defined IM as a usage of marketing techniques in internal marketplace. In this perspective, IM is the
employment of external customers skills for internal employees (i.e. internal market research and segmentation, internal product policy, internal pricing, internal sales and distribution, and internal communication and promotion) which persuade employees that they are connected to external customers. Furthermore, some scholars have defined IM as a precondition for satisfaction of external customers. In this perspective, IM precede external marketing because for satisfaction of external customers, satisfaction of internal customers (employees) is necessary. Employees play critical role in organizations; they will meet the needs of external customers through their commitment to organizational objectives. Finally, other scholars have considered IM as a source of competitive advantages. In this perspective, IM focuses on practices related to employees which influence external marketing and organizational performance positively and contribute to achieving competitive advantages.

**Internal Marketing Elements**

By reviewing the relevant literature, it is inferred that scholars have introduced various elements of IM. There are many proposals about the IM elements provide for the academic literature. This paper extracted these elements from various studies; table 2 illustrates the authors and the IM elements that have been introduced, as follows:

<table>
<thead>
<tr>
<th>AUTHOR(S)</th>
<th>ELEMENTS</th>
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<tr>
<td>Gronroos (1985)</td>
<td>• Motivation&lt;br&gt;• Development</td>
</tr>
<tr>
<td>Tansuhaj et al. (1988)</td>
<td>• Recruitment&lt;br&gt;• Training&lt;br&gt;• Motivation&lt;br&gt;• Communication&lt;br&gt;• Retention</td>
</tr>
<tr>
<td>Gummesson (1991)</td>
<td>• Internal Communication&lt;br&gt;• Training&lt;br&gt;• Education&lt;br&gt;• Information</td>
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</table>
**Internal Marketing Objectives**

Although there is no a consensus on the definition of IM, there is a general agreement among the IM scholars on the existence of internal customers and the objectives pursued by the use of the IM (IM elements).
According to Tansuhaj et al. (1988) and Ahmed et al. (2003), there is a set of objectives that the IM should seek to develop. Which are as follows:

1. Increase the effort that the employee is willing to do for the organizations.
2. Increasing employee commitment with the organizations.
3. Increasing employee involvement with the organizations.
4. Increase employee motivation.
5. Increased job satisfaction.

Thus, organizations use internal marketing activities to improve employees’ effort, commitment, involvement and job satisfaction. Also, these employees' outcomes are positively correlated to individual superior performance. Additionally, employees’ superior performance contributes to organizational superior performance and will influence external customers’ perceptions of service quality. Although the IM focuses on organizations’ employees as internal customers and attempts to meet their needs, the main goal of internal marketing is to enhance services quality for external customers to have a loyal base of satisfied clients which contributes to increasing revenues, decreasing costs and building market share and etc. Taking into account the above literature, the following model briefly illustrates the main goal of IM.

**Figure 1. IM Objectives**

**Human Resource Management**

Human Resource management has grown in its range to the point where it has become an industry rather than just a simple occupation. Although there may be considerable debate concerning the actual role HR should perform and how it should be done, HR established a place at the senior management table by the early 1990s through their ability to identify and solve practical problems in
fields such as recruitment, employee relations, training, etc. (Stredwick, 2005, p. 22). According to Armstrong (2010, p. 8), the practice of Human Resource Management (HRM) is concerned with all aspects of how people are employed and managed in organizations. It covers activities such as: Strategic HRM, Human Capital Management, Knowledge Management, Organization Development, Resourcing (Human Resource Planning, Recruitment and Selection, and Talent Management), Performance Management, Learning and Development, Reward Management, Employee Relations and Employee Well-Being. Further, the overall aim of HRM is to enable organizations to be successful through their personnel. According to Armstrong (1999, p. 4) the aims of HRM are as follows:

- Provide a range of services which support the achievement of corporate objectives as part of the process of running the organization.
- Enable the organization to obtain and retain the skilled, committed and well-motivated workforce it needs.
- Enhance and develop the inherent capacities of people – their contributions, potential and employability – by providing learning and continuous development opportunities.
- Create a climate in which productive and harmonious relationships can be maintained between management and employees and in which feelings of mutual trust can be developed.
- Develop an environment in which teamwork and flexibility can flourish.
- Help the organization to balance and adapt to the needs of its stakeholders (owners, government bodies or trustees, management, employees, customers, suppliers and the public at large).
- Ensure that people are valued and rewarded for what they do and achieve.
- Manage a diverse workforce, taking into account individual and group differences in employment needs, work style and aspiration.
- Ensure that equal opportunities are available to all.
- Adopt an ethical approach to managing employees which is based on concern for people, fairness and transparency.
Maintain and improve the physical and mental wellbeing of employees.

The Relationship between IM and HRM

By reviewing the literature of IM and HRM, it can be inferred that there is the noteworthy overlap between these two concepts. According to Glassman and McAfee (1992), Dunne and Barnes (2000), and Varey (2001), considering human resources as internal customers would best be served through the contributions of both the marketing and human resources functions as it reflects the common roots of each discipline within psychological theory. The important role of internal marketing is to breed effective human resources, which imply IM and HRM are closely related to each other. According to Bansal et al. (2001), some relevant aspects of HRM practices in achieving employees commitment, job satisfaction, and trust are related to the success of IM. Further, it is important to note that, for demonstrating the important linkage between IM and HRM, the relationship between HRM functions and IM elements should be understood and considered.

(1) Job analysis, (2) recruitment, (3) performance management, (4) compensation, (5) training and development, and (6) labor-management relations can be named as the most important functions of HR managers in organizations. Thus, this paper attempts to describe the linkage between these HRM functions and IM, which will facilitate the understanding of the link between HRM and IM; as follows:

1. For organizations, to achieve competitive advantages, they must identify their human resources needs. They must evaluate past trends, their current situation, and meet the future need of their human resources. According to Pynes (2009, p. 149), before informed decisions can be made about recruitment and development needs, compensation plans, training and career development objectives, performance management systems, and job design, data must be collected and analyzed. The technique used to acquire the data necessary to make informed decisions is called job analysis. Job analysis is a process which collects necessary data for determining the knowledge, skills and abilities required to perform a job successfully. This process identifies job’s activities, behaviors, tasks, and
performance standards and necessary personal requirements to perform a job, such as personality, physical characteristics, aptitudes, and job-related knowledge and skills. It sounds like that without a systematic process of job analysis, organizations will not be able to implement IM process properly; because, job analysis as the first and most important functions of HR managers, provides necessary information about all factors related to successful implementation of IM in organizations.

2. Recruitment is the process of attracting qualified employee to apply for vacant position in organization; which requires effective planning to determine the human resources. Recruitment must be tied to the organization’s strategy. This helps organization to hire employees who possess superior knowledge, skills, abilities, and other positive characteristics that help employees to adopt themselves with organizations policy and strategy. This also makes it possible for organizations to implement a wide range of practices within a short time frame in response to employees’ needs. Thus, recruitment, as one of the HRM functions, by selecting appropriate employees according to organizational strategy contributes to better implementation of IM in organizations.

3. Because employees are essential to the delivery of quality services, performance evaluation and performance management are important components of human resource management in today’s organizations. The information gathered from an effective evaluation assists agencies in accomplishing their missions. Performance evaluations/management provides management with essential information for making decisions about employee advancement and retention. And when correct decisions are made about employees, they will be motivated. Further, Pynes (2009, p. 216) stated that “accurate evaluations provide information and feedback to employees. Employees must be informed about the goals and objectives of the agency and the role they play in the agency’s success. They must know what standards will be used to judge their effectiveness. Supervisors must communicate to employees their strengths as well as their deficiencies, thus providing the opportunity for employees to correct their weaknesses before serious problems emerge.” Thus, accurate
performance management contributes to better implementation of IM in organizations.

4. Decisions about salaries and benefits are important in attracting, retaining, and motivating employees. Employees expect fair compensation for the services they perform. Employees’ expectations and perceptions about the fairness of compensation are critical factors related to the compensation system. Employees are motivated by appropriate compensation system which is called extrinsic rewards. Extrinsic rewards are part of the job situation that is provided by others. They may include the salary and benefits or status that one receives from being employed. Employees may be motivated by the fair compensation and benefits that he or she receives through being employed. Thus, fair compensation system contributes to better implementation of IM in organizations.

5. The changes in the present industrial scenario have contributed to changes in the structure and functioning of organizations. Organizations have been focusing on changes in the structure resulting in flatter organizations. The results of various studies show that organizations have changed their shapes dramatically, reducing layers of hierarchy, dispersing authority and decision making, and adopting a variety of practices associated with knowledge sharing, quality improvement and information technology. Considering this, explain the need of organizations for employees with specific skill and knowledge. Training and development of employees are key concepts which help organizations to prepare such employees. Training and development has been defined as “a planned effort by an organization to facilitate the learning of job-related behavior on the part of its employees” (Wexley & Latham, 1991, p. 3). Training and development programs enhance the skills, knowledge, or behaviors of employees. These programs have positive influence on both employees and organizations. Employees’ skill and knowledge will increase through training programs which leads to better adaption of employees with their job. Thus, employees’ job satisfaction increases through these programs which contribute to individual and organizational superior performance. As inferred, training and development of employees serve the purpose of IM in organizations.
6. The uncertainty workplaces changes have decreased the confidence of employees that their jobs are secure and their wages will remain competitive. According to Pynes (2009, p. 367) uncertain economic times, decreases in health care benefits for many workers, an increase in the temporary workforce, and reduced or lost pensions have contributed to increased insecurity in the labor market that is now affecting many organizations. These changes affect the workplace and provoke changes in labor-management relations. The present economic distress, leading to threats of downsizing and privatization, requires that unions and employers reexamine their structure and systems to see how they can provide more effective services (Pynes, 2009, p. 339). To remain competitive, managers should adopt new approaches and attitudes for resolving conflicts in organizations, and should creatively resolve problems and develop solutions advantageous. This process will improve organizational atmosphere for both employees and managers and contributes to enhancing personnel satisfaction which is the aim of implementing IM in organizations.

**Research Proposed Model**

Taking into account the above mentioned literature, figure 2 shows the research proposed model.

In the first step, HRM and HRM functions are illustrated. As can be seen they cover IM and its elements. Some researchers think that the important role of internal marketing is to foster effective human resource management (Ewing & Caruana, 1999), which implies the subordinate position of internal marketing in relation to HRM. As can be seen, the primary aim of IM and HRM is to meet employees’ needs which lead to employees’ job satisfaction, organizational commitment, organizational citizenship behavior and etc., which contribute to individual superior performance. This superior performance affects firms’ service quality positively which leads to clients satisfaction. And having loyal base of satisfied customers within such a competitive environment, increases revenues, decreases costs, builds market share and have many more positive influences on organizations.
Discussion and Conclusion

This main purpose of the current paper is to clarify the linkage between IM and HRM in today’s organizations. In today’s competitive environment, organizations must meet the needs of their external customer to reach their goals which are efficiency, effectiveness, productivity, and market share. It is important to note that, the managers who are concerned with monitoring and improving external customer satisfaction need to meet employee’s need as their
internal customers. The key for reaching employee’s satisfaction is Internal Marketing (IM).

The notion underlying the internal marketing is that managers have to concentrate on the internal market (employees) as much as on the external market (clients), if they want their strategies to be successfully and effectively carried out within their organization. Therefore, it is important to provide the appropriate internal environment to reinforce customer-consciousness. In doing so, Marketing and Human Resource management departments should be aligned and integrated with each other. In other words, it is necessary, to have a market-oriented HR managers in order to make an impact on the success of a company. HR managers should apply the same strategies that marketing managers use to promote products and services outside the organization. Therefore, the tools that are widely used in the external environment (e.g., market research, segmentation and targeting) could be employed internally to motivate the employees.

To sum up, the proposed model developed in this paper clearly shows the link between IM and HRM which helps organizations achieve competitive advantages. Although providing a foundation, future research is needed to build, augment, and refine this model. But, more researches are needed to identify the link between IM and HRM literature both theoretically and empirically. The model proposed here is an initial attempt to lay the groundwork for this needed alignment from a theoretical perspective.

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