LEADERSHIP

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LEARNING OBJECTIVES

The purpose of this course is to introduce the study of leadership in the field of organizational behavior. The course aims to demonstrate how concepts, theories, and methods of organizational behavior can be applied in work, managerial, and leadership contexts. It highlights the importance of recognizing individual processes such as perception, motivation, and decision-making, as well as socio-cultural factors that influence these behaviors within organizations. The course also addresses organizational issues such as justice, power and politics, and conflict, providing evidence for values, judgments, and ideologies that govern individual and group behaviors at work.

Leadership has been increasingly seen as a central concern in management, with enduring relevance over the past century. The coursebook also emphasizes the growing significance of leadership in contemporary society and the increasing interest in understanding effective leadership from various conceptual viewpoints. The proliferation of globalization, technology, and diversity in the workforce has led to unprecedented transformations in organizational management practices. These shifts have introduced new demands for competitiveness, prompting a renewed focus on strategic thinking and leadership. Leadership focuses on the mission, the people, and performance to create ways for the organization to progress, from identifying areas of competitive advantage by developing the skills and competencies of the workforce, building motivated, committed, and effective teams, making decisions and communicating them effectively, to maneuvering organizational policies and processes and individual behavior to foster organizational performance. Throughout the chapters, the coursebook explores leadership as a multifaceted process, covering topics relevant to defining leader characteristics, managerial skills and roles, and its effectiveness in achieving organizational objectives now and preparing for the future.

UNIT 1

ORGANIZATIONAL BEHAVIOR AS THE FOUNDATION OF LEADERSHIP

STUDY GOALS

On completion of this unit, you will be able to ...

- define organizational behavior.
- explain the importance of understanding organizational behavior.
- describe job performance.
- recognize the importance of organizational commitment.

1. ORGANIZATIONAL BEHAVIOR AS THE FOUNDATION OF LEADERSHIP

Case Study

Synergy Manufacturing is a mid-sized company specializing in the production of industrial conveyer belts. In recent years, the company has been facing challenges related to performance of its employees and some of its employees have also quit to join other companies. The management has observed a decline in productivity, including delayed production and decreased product quality. There is a noticeable lack of commitment among employees. Many have expressed a lack of enthusiasm for their work, and there is an increasing turnover rate.

The company recognized that job performance and commitment are closely interrelated. Employees who are committed to their work tend to perform better, and higher job performance can contribute to increased commitment. To address these challenges, Synergy Manufacturing tried to identify the factors affecting job performance and commitment. To achieve that the company conducted surveys and held focus group discussions with employees. This helped them identify several key issues, including lack of clear job expectations and roles, insufficient training and skill development opportunities, limited recognition and rewards for excellent performance, and a disconnect between employees' values and the company's mission. To boost motivation and job performance, the company introduced an employee recognition and rewards program. Employees who consistently demonstrated outstanding performance were rewarded with bonuses, public recognition, and opportunities for career advancement. This recognition system encouraged employees to excel in their roles. They also clarified job expectations by defining roles and responsibilities more explicitly. They took steps to ensure that the company's mission and values aligned with the personal values of its employees. This alignment created a sense of purpose and commitment among the workforce.

In a year, Synergy Manufacturing experienced significant improvements. Employee job performance levels improved. The quality of the products increased, and production timelines were consistently met. Employees became more committed to their work, with higher levels of enthusiasm and dedication to their roles. The company experienced a decrease in employee turnover, as employees felt more satisfied and engaged in their positions. Synergy Manufacturing thus successfully tackled its challenges related to job performance and commitment by identifying the factors affecting these areas and implementing strategies to address them.

1.1 What is Organizational Behavior?

As we entered the 21st century, significant transformations unfolded in the workplace, profoundly impacting the individuals employed therein. These changes encompass shifts in how, when, where, and with whom people work. Whether they are megatrends like globalization, digitalization, diversity in workforce, or temporary events like the COVID-19 pandemic; the impact on work and work behavior is readily discernable. Consequently, the characteristics of the workforce have evolved, including leadership demands and styles, working patterns, and alterations in how individuals commence their careers and when employees opt to conclude their working years. Other monumental shifts involve the integration of advanced information technologies into the very fabric of our organizations and lives, as well as the increasing importance of intangible knowledge (growth of **knowledge economy**) as the primary asset in the realm of work, superseding tangible units of production (e.g., Hadad, 2017; Karlsson et al., 2010). These transformations have manifested in public and private sector organizations, spanning both unionized and non-unionized sectors, nonprofit enterprises, and family businesses (e.g., Rösler et al., 2021; Jurisch et al., 2013).

Knowledge economy places a strong emphasis on intellectual capabilities, information technology, and human capital, and it relies on the creation, application, and dissemination of knowledge as key assets.

Furthermore, structural modifications, due to the changes in work patterns and requirements, have also significantly affected individuals within organizations. This includes the drive towards achieving greater efficiency and competitiveness, often leading to downsizing and restructuring in previously large organizations. Simultaneously, there is a trend towards expanding into global giants through mergers and acquisitions of other entities. These sweeping changes in the nature of work pose fresh and substantial challenges to work performance. Consequently, it prompts us to engage in

- understanding work and the people engaged in it.
- questioning whether the understandings developed over the past century still remains relevant to the contemporary workplace and the current workforce (Barling & Cooper, 2008).

This juncture presents an opportunity to delve into the study of organizational behavior.

Organizational Behavior – Definition

Organizational behavior, often abbreviated as OB, is a specialized field of study that examines the influence of individuals, groups, and the organizational structure on how people behave within a company. The ultimate aim of is to apply this knowledge to enhance the effectiveness of an organization. To simplify, OB is the study of people's actions in a workplace and how those actions impact the organization's performance. Given its focus on work-related situations, OB places significant emphasis on aspects like job-related concerns, work, absenteeism, employee turnover, productivity, human performance, and management. While there is ongoing discussion about the importance of each, OB encompasses fundamental areas of interest such as motivation, leadership behavior and authority, interpersonal communication, group dynamics and processes, attitude development and perception, change management, conflict resolution and negotiation, and work design.

The Interdisciplinary Nature of OB

Organizational behavior is an applied field of behavioral science that draws insights from various behavioral disciplines. Robbins et al. (2017) contend that the primary fields of influence include (i) psychology, (ii) social psychology, (iii) sociology, and (iv) anthropology.

i) Psychology predominantly contributes to our understanding at the individual or micro level of analysis. Psychologists are concerned with studying and comprehending individual behavior. Contributions of psychology to the field of OB encompasses learning theories, personality theories, counselling, and industrial and organizational psychology.
   While early industrial/organizational psychologists concentrated on issues like fatigue, boredom, and other factors affecting working conditions that could hinder efficient work performance, more recently, their contributions have expanded to the areas of cognition, emotions, individual differences, training, leadership effectiveness, **needs satisfaction** and motivation at workplace, job satisfaction, decision-making processes, performance evaluation, attitude assessment, employee selection methods, work design, job-related stress, and work-life balance.

Needs satisfaction (or frustration) strongly influences human motivation. In organizational behavior, needs range from autonomy in decision-making to competence.

ii) Social psychology integrates concepts from both psychology and sociology, even though it is generally categorized as a branch of psychology. It centers on how individuals influence one another. Social psychologists have extensively studied the implementation of change and the reduction of barriers to its acceptance. They also make substantial contributions to the understanding and alteration of attitudes, communication patterns, building trust, and investigating group behavior, power dynamics, and conflict.
iii) Sociology explores people in relation to their social environment or culture. Sociologists have enriched OB by studying group behavior in organizations, particularly within formal and complex organizations. Most notably, sociology has contributed to research on organizational culture, formal organization theory and structure, organizational technology, communication, power dynamics, and conflict.
iv) Anthropology involves the study of societies to gain insights into human beings and their activities. Anthropologists' work on cultures and environments has facilitated our understanding of disparities in fundamental values, attitudes, and behavior among people from different countries and within different organizations. Much of our current comprehension of organizational culture, organizational environments, and distinctions between national cultures results from the contributions of anthropologists or those who employ their research methods.

Leadership in Organizational Behavior Studies

The cornerstone principles of a thriving and steady organization encompass credible leadership and efficient management. In challenging times, the presence of reliable leaders who can inspire the workforce to give their utmost effort and guide their organization through difficulties, becomes even more critical. Leaders establish the **organizational culture** and ensure smooth operations, as they are the ones responsible for defining an

organization's distinct characteristics and unifying all its components. Their leadership actions have a profound impact on the organization's culture and the path it takes within society.

Organizational culture is the collective belief and shared expectations among the members of an organization. It encompasses the norms, values, structure, mission, and leadership assumptions held by individuals within that organization.

Thus, leadership plays a pivotal role in the realm of business dynamics and the work environment, and the skills required for effective leadership and influence are indispensable. However, it is worth noting that leadership, as a vital element in any organization, can significantly contribute to business failures (Gavkhar, 2022). That is precisely the reason why leadership remains a subject of ongoing interest for researchers in organizational behavior.

1.2 Job Performance

Individual performance serves as the fundamental foundation upon which the entire economy relies (Kim & Ployhart, 2014). Devoid of individual performance, there would be no team achievements, no unit accomplishments, no organizational success, and ultimately, no performance within economic sectors (Campbell & Wiernik, 2015). Job performance is the collective measure of employee behaviors that bring about some expected value for organizations, which can be positive or negative (Chernyshenko & Stark, 2005). Motowidlo (2003) defines job performance as an aggregate of distinct behavioral actions an individual executes within a designated time frame, with an expected value to the organization. When describing job performance in the context of organizational behavior, one can argue if performance and behavior are identical constructs. Though used interchangeably, Motowildo and Kell (2013) clarify that behavior, performance, and outcomes (results) should not be conflated. Behavior constitutes the actions individuals take. Performance signifies the anticipated value, in organizational terms, of these actions. Outcomes, on the other hand, represent the conditions or states of individuals or entities that are modified by these actions, either aiding or impeding organizational effectiveness. Consequently, outcomes serve as the pathway through which an individual's behavior either facilitates or obstructs an organization in accomplishing its goals, underscoring the importance of focusing on outcomes when assessing individual job performance.

Factors of Job Performance

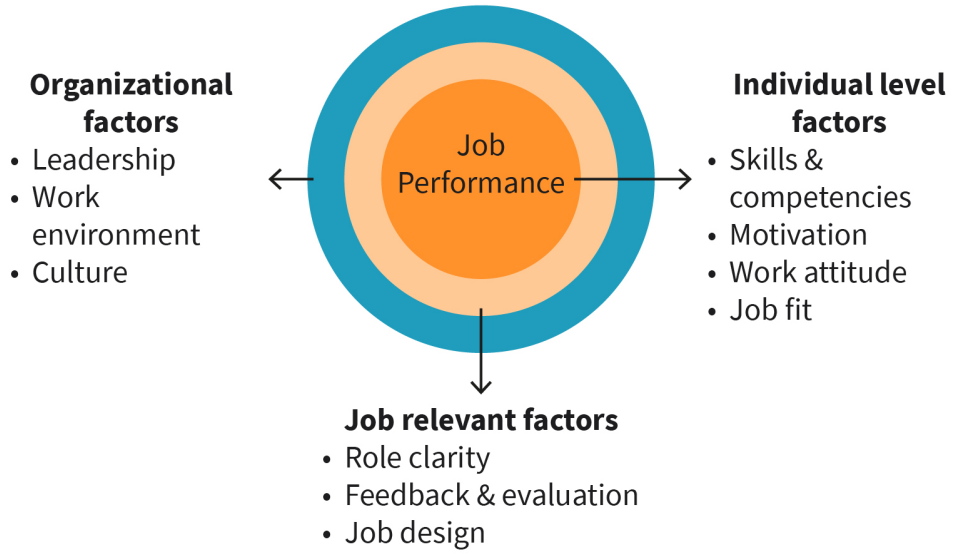
Job performance is influenced by numerous factors that play a vital role for both employees and organizations. These are some of the key factors that can contribute to job performance:

Individual level factors

- **Skills and competencies:** The knowledge, skills, and competencies that employees bring to their roles significantly influence their performance (Motowildo, 2003). This encompasses technical skills, problem-solving abilities, and interpersonal skills.

- **Motivation:** Employee motivation is a significant driver of better performance. It can stem from intrinsic sources, such as personal drive, or extrinsic factors like rewards and recognition (e.g., Riyanto, et al., 2021).
- **Work attitude and job satisfaction:** Attitudes like organizational commitment and job satisfaction strongly correlate with high performance. Satisfied and committed employees tend to perform well, and job satisfaction can both result from and contribute to good performance.
- **Job fit:** Ensuring alignment between an employee's skills, interests, and values with their job role is essential for enhancing job performance.

Figure 1: Factors of Job Performance



Source: Tusharika Mukherjee (2023).

Job relevant factors

- **Leadership:** Effective leadership and management practices create a supportive environment for employees to excel. Supportive managers can motivate and guide their teams.
- **Work environment:** The physical and psychological work environment, including tools, resources, and safety measures, significantly affects performance.
- **Organizational culture:** A positive and inclusive workplace culture (e.g., Shore et al., 2018) fosters high performance by encouraging collaboration, innovation, and a sense of belonging (e.g, Awadh & Saad, 2013). Factors like perceived equity (in rewards and recognition), organizational justice (e.g., Shan et al., 2015), organizational support (e.g., Chen et al., 2020) influence job performance in varied ways. In addition, organizations that invest in employee training and development programs often experience improved job performance. Continuous learning (often an integral part of learning organizations) enhances skills and knowledge that facilitates job performance (e.g., Sessa & London, 2015). Effective collaboration, communication, and teamwork within team-based work environments positively impact individual job performance. Organizations that pro-

mote maintaining a healthy work-life balance are more likely to facilitate effective job performance, enhanced productivity, and a reduced risk of burnout. Similarly, encouraging innovation and creative thinking can lead to improved performance, particularly in roles that require problem-solving and new ideas.

It's important to acknowledge that these factors are interconnected and can vary based on the specific job, industry, and individual characteristics. Employees and organizations often target these factors to improve job performance and overall productivity.

The Multidimensionality of Job Performance

Behaviors related to job performance are typically categorized into three main classes (Barling & Cooper, 2008; Chernyshenko & Stark, 2005):

1. Task performance
2. Contextual performance
3. Adaptive performance (counterproductivity)

Task performance

Task performance encompasses an individual's contributions to organizational success. It pertains to actions that are officially recognized within the reward system and align with the job descriptions (Barling & Cooper, 2008). Chernyshenko and Stark (2005) define task performance as actions that either (1) directly convert raw materials into products and services or (2) support and maintain the successful transformation of these raw materials. These behaviors are explicitly outlined in an employee's job description and are considered role prescribed.

In a broader context, task performance involves activities that either convert materials into the goods and services produced by the organization or facilitate its efficient operation (Motowidlo et al., 1997). Essentially, task performance represents the fulfillment of the contractual obligations between the employer and employee.

Furthermore, task performance is a multi-faceted concept. Campbell (1990) introduced a hierarchical model featuring eight performance factors, with five of them related to task performance:

1. Job-specific task proficiency
2. Non-job-specific task proficiency
3. Proficiency in written and oral communication
4. Supervision (relevant for leadership positions)
5. To some extent, management, and administration

Each of these five factors can be further broken down into sub-factors, which may vary in importance depending on the specific job requirements. For instance, the supervision factor includes aspects such as guiding, directing, motivating subordinates, providing feedback, maintaining positive working relationships, and coordinating subordinates and resources to achieve task completion (Borman & Brush, 1993).

Contextual performance

Merely meeting the formal job requirements is insufficient, as there is often a need to surpass these expectations (Sonnentag & Frese, 2002). Contextual performance encompasses behaviors that don't directly contribute to organizational output but instead foster a supportive organizational, social, and psychological environment. These are discretionary behaviors that aren't explicitly prescribed by the job role but contribute to shaping the organizational, social, and psychological context of the workplace. Examples of contextual performance include volunteering for tasks that aren't part of the formal job description, assisting and collaborating with colleagues, and adhering to organizational rules and procedures. In the business realm, these behaviors are often referred to as **organizational citizenship behaviors** (OCB) (Chernyshenko & Stark, 2005).

Organizational citizenship behaviors refer to the comprehensive term used to depict the positive and beneficial actions and behaviors exhibited by employees that go beyond the requirements of their official job duties. It encompasses all voluntary efforts made by employees to aid their colleagues and contribute to the overall well-being of the organization.

Notably, contextual performance differs from task performance, as it involves actions that aren't officially outlined in the job description. Nevertheless, it indirectly bolsters organizational performance by facilitating task performance.

Borman and Motowidlo (1993) categorize contextual performance into five groups:

1. Volunteering for activities that go beyond one's formal job requirements
2. Demonstrating unwavering enthusiasm and commitment when essential for fulfilling crucial task requirements
3. Providing assistance and support to colleagues
4. Adhering to rules and prescribed procedures, even when it's inconvenient
5. Actively championing organizational objectives

Instances of contextual performance encompass displaying extra effort, adhering to organizational rules and policies, offering help and collaboration to others, or alerting colleagues to work-related issues (Motowidlo et al., 1997).

OCB is the 'stabilizing' contextual performance, which encompasses prosocial organizational behavior (Brief & Motowidlo, 1986). OCB denotes discretionary behavior that isn't necessarily acknowledged or rewarded by the formal reward system. Discretionary implies that such behaviors are not obligatory and are not part of the formal role defined in a person's contract with the organization. Barling and Cooper (2008) held that individual instances of OCB might not significantly impact organizational outcomes, but their cumulative effect contributes to the efficient functioning of the organization. OCB comprises five components:

- Altruism (e.g., helping others)
- Conscientiousness (e.g., adherence to organizational norms)
- Civic virtue (e.g., staying informed about matters affecting the organization)
- Courtesy (e.g., seeking input from others before taking action)
- Sportsmanship (e.g., refraining from complaining about trivial issues)

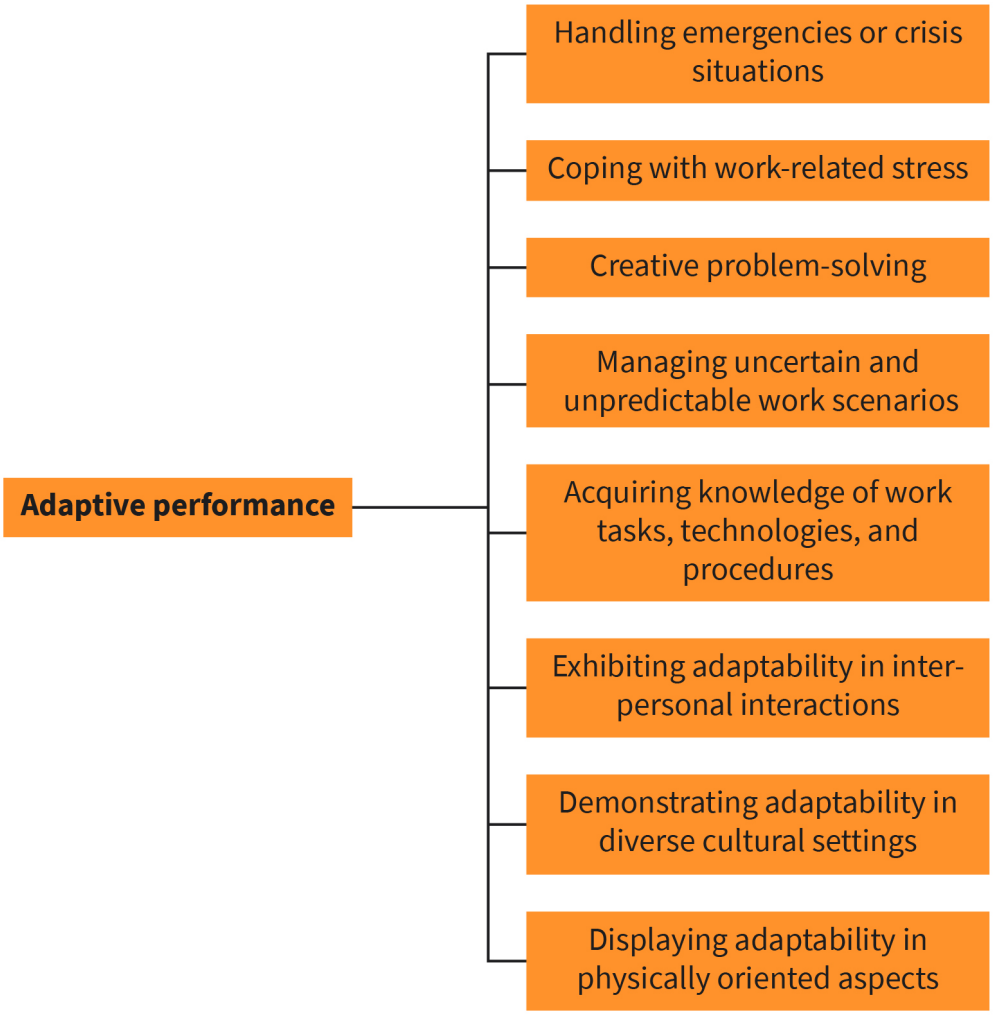
The more 'proactive' perspective on contextual performance includes concepts like personal initiative, taking charge, and proactive behavior (Barling & Cooper, 2008). Personal initiative is characterized by a self-starting and proactive approach to work, encompassing

actions that go beyond formal requirements. Consequently, employees exhibit personal initiative when their behaviors align with the organization's mission, have long-term goals, and involve finding solutions for challenging situations. Similarly, taking charge involves employees undertaking voluntary and constructive efforts that lead to organizationally beneficial changes. Proactive behavior denotes the demonstration of self-initiated, forward-looking actions aimed at challenging the status quo and enhancing the current situation (Parker et al., 2006). In summary, contextual performance is not a single uniform set of behaviors but rather a multidimensional concept (Van Dyne & LePine, 1998).

Adaptive performance (counterproductivity)

The growing significance of adaptable employees in evolving and dynamic work settings has led to the recognition of adaptive performance (Pulakos et al., 2000). Various authors have referred to adaptability using different terms. Pulakos et al. (2000) conducted an extensive review of the literature and factor analyses, resulting in an eight-dimensional taxonomy of adaptive performance.

Figure 2: Taxonomy of Adaptive Performance



Source: Tusharika Mukherjee (2023) based on Pulakos et al. (2000).

These dimensions of adaptive performance have been identified across a wide range of job types (Pulakos et al., 2000). Like task and contextual performance, adaptive performance also appears to be a multidimensional concept. However, further research is needed to specify factors like the determinants and outcomes of adaptive performance, as well as the applicability of the adaptive performance framework proposed by Pulakos and colleagues (2000). Chernyshenko and Stark (2005) describe the third dimension of job performance as counterproductivity, which involves deliberate behaviors that are seen by the organization as detrimental to its interests. These counterproductive behaviors can vary from overtly damaging actions like theft and property destruction to less severe behaviors such as poor attendance, information misuse, or intentionally subpar work, all of which hinder overall organizational effectiveness.

Integration of task, contextual and adaptive performance

Distinguishing between task, contextual, and adaptive performance is a viable conceptual endeavor. Griffin et al. (2000) proposed a comprehensive model that aimed to amalgamate these primary performance concepts. Their argument stemmed from the recognition of two fundamental shifts, namely the increasing interdependence and uncertainty within work systems (due to technological changes, mergers, globalization), which necessitate a unified model encompassing various performance dimensions. They delineated three fundamental performance dimensions:

1. **Proficiency** – fulfilling formalized role requirements
2. **Adaptivity** – the capacity to adapt to workplace changes
3. **Proactivity** – self-directed actions necessary for adapting to changes

These performance dimensions can be categorized into three tiers, including individual, team, and organizational levels. Griffin et al., (2007) considered individual task proficiency equivalent to task performance, with adaptivity and proactivity being particularly crucial in situations characterized by uncertainty, especially relevant in the **VUCA** world. Furthermore, these distinct types of behavior are not mutually exclusive, but their significance should vary depending on the level of environmental uncertainty. In summary, performance should be perceived as a multi-faceted construct, with these dimensions being complex in themselves. While innovation is often regarded as a way forward, in the **BANI**world, innovation also faces unparalleled challenges (e.g., de Godoy, & Ribas Filho, 2021). The fragility of ideas and technologies necessitates continual reassessment, and increased anxiety emphasizes the crucial role of effective risk management. Nonetheless, each performance dimension correlates with various facets of organizational success, such as task performance contributing to the satisfaction of technical core requirements, making performance a complex phenomenon in modern organizational existence.

VUCA
an acronym for Volatility, Uncertainty, Complexity, and Ambiguity, is frequently employed in the realm of business and management to characterize the demanding and swiftly evolving operational landscape within which organizations function.

BANI
The **BANI** framework, as denoted by its acronym, captures the characteristics of our present-day world: Brittle, Anxious, Nonlinear, and Incomprehensible. It functions as a conceptual instrument crafted to elucidate the distinctive features of our contemporary environment, particularly in light of its complexities, uncertainties, and rapid changes.

1.3 Organizational Commitment

The scientific exploration of commitment was initially triggered by apprehensions regarding diminishing loyalty and rising turnover rates during the 1960s and 1970s (Mowday, Porter, & Steers, 1982). Employee commitment, often referred to as organizational commitment, was examined alongside job satisfaction as a possible factor influencing whether employees choose to remain with or depart from an organization. It is perhaps due to this association with job satisfaction that commitment emerged as a significant and notable work-related attitude (Gagne, 2014). However, some theorists contend that commitment goes beyond being just an attitude and possesses robust motivational characteristics (e.g., Meyer & Herscovitch, 2001).

Organizational commitment refers to an individual's psychological connection to an organization, encompassing their level of attachment to the organization and the extent to which they invest effort in supporting it (Judge & Kammeyer-Mueller, 2012). Geisinger

(2013, p. 681) defines organizational commitment as “the employees’ attachment to the organization and identification with its goals”. This commitment is rooted in the degree to which an individual identifies with their employer's values and goals.

Like many other organizational factors, commitment strongly correlates with factors such as absenteeism, employee continuity, work motivation, **counterproductive work behavior**, job satisfaction, job performance, and identification with the organization (Meyer, 2016).

Counterproductive work behavior pertains to deliberate actions or conduct carried out by employees intending to cause harm to their organization, coworkers, or both.

Figure 3: Correlates of Organizational Commitment

Source: Tusharika Mukherjee (2023) based on Meyer (2016).

Models of Organizational Commitment

A significant evolution in commitment theory during the 1980s and 1990s was the realization that employees can form commitments toward targets or foci other than the organization (Gagne, 2014). In many instances, alternative foci, such as occupation, union, or team, often added to the existing organizational commitment and altered the reference point to align with the specific target of interest. While some studies treated commitment as a single-dimensional concept (e.g., Bishop & Scott, 2000), others adopted a multidimensional framework like the Three-Component Model (TCM) (e.g., Meyer et al., 1993; Stinglhamber et al., 2002). Consequently, this shift in focus to different targets sparked significant interest in commitment research.

Three-component model

Meyer and Allen (1991, 1997; Allen & Meyer, 1990) developed the Three-Component Model (TCM) of organizational commitment in response to the observed commonalities and differences in existing one-dimensional conceptualizations of the concept (Gagne, 2014). All these models shared the belief that commitment forms a bond between an individual and an organization, reducing the likelihood of turnover. The key distinctions lie in the psychological state, or mindset, assumed to underlie commitment. These mindsets encompassed three distinct themes (Sutton, 2021):

1. **Affective commitment:** This reflects how much a person values the organization, their sense of attachment, and their feeling of inclusion. This represents the emotional attachment to the organization.
2. **Normative commitment:** It relates to the degree to which an employee feels obliged to stay with the organization and perceives leaving as undesirable behavior.
3. **Continuance commitment:** This component pertains to the extent to which an individual feels that there are associated costs with leaving the organization.

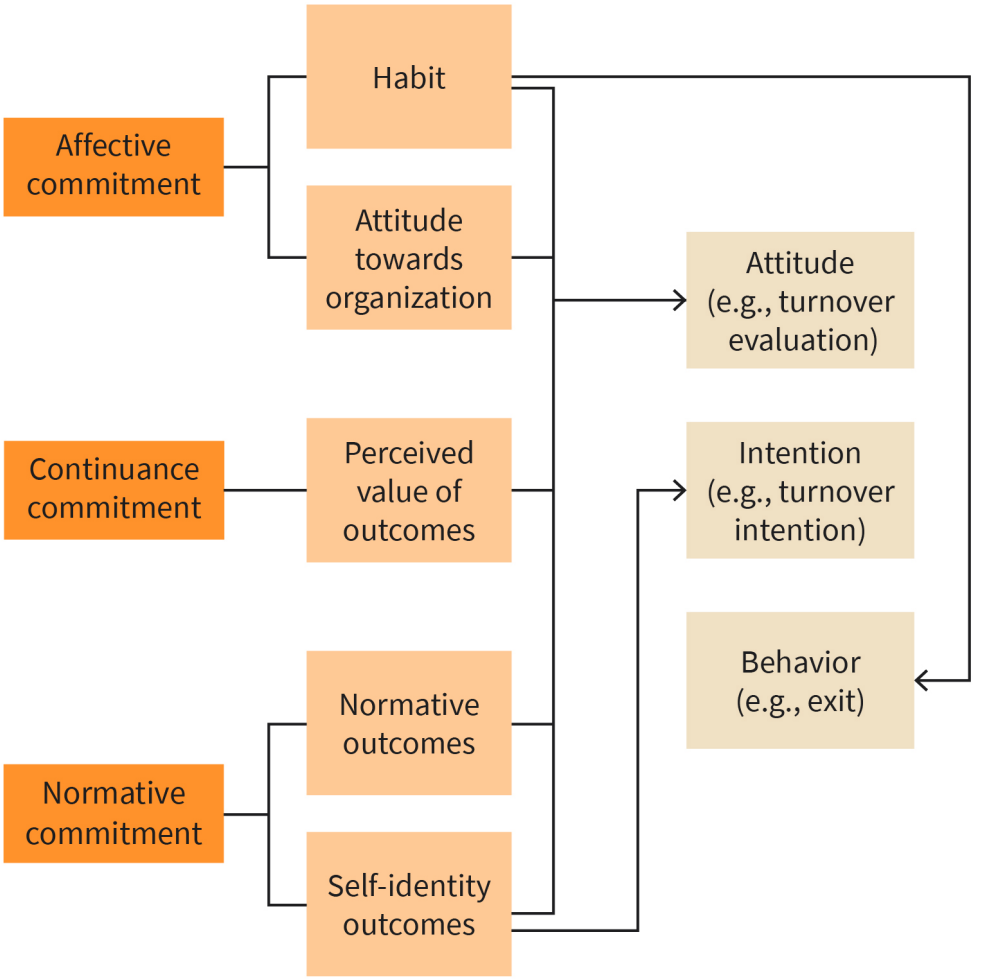
Meyer and Allen acknowledge that employees could experience all three to varying degrees. For instance, one employee might possess a strong desire to stay, feel a high sense of obligation to do so, and acknowledge only modest costs associated with leaving. In contrast, another employee might exhibit little inclination to remain, experience a moderate sense of obligation, but perceive the costs of leaving as substantial (e.g., reduced salary and significant disruptions associated with relocating). Gagne (2014) adds that emotional commitment is most strongly associated with positive correlations with job performance, organizational citizenship behavior, and attendance, followed by normative commitment. Continuance commitment, on the other hand, tends to have no significant or even negative relationships with these behaviors. While Meyer and Allen (1997) suggested that the true understanding of employee commitment and its effects is best achieved by considering all three components, however, how these components might interact and how individuals would experience these combinations, could have a differential impact on individual behavior.

Meyer and Allen (1991) contended that individuals could experience different levels of each of these mindsets, and the outcomes of commitment would differ based on the varying degrees of strength of all three. However, it is evident from these definitions that two

of the components (normative and continuance) are related to attitudes regarding behaviors (continuing and quitting), while only the affective component reflects an attitude toward the organization. Notably, affective commitment exhibits a strongest correlation with workplace behaviors like attendance, performance levels, and organizational citizenship behavior (Meyer et al., 2002).

Efforts to refine the concept of organizational commitment are ongoing, with Klein et al. (2009) proposing a reconceptualization of the original model, suggesting that organizational commitment represents a 'bond' between an individual and a target, rather than a mere attitude. Klein et al. (2022, p. 116) further add that, “employees form commitments to multiple targets, and the coordination of those multiple commitments has become a ubiquitous part of the contemporary workplace. However, commitments are still largely studied in isolation or in one-off combinations, and current commitment theory does not account for the dynamic interrelationships among multiple commitments”. The research does not align with the original three-component model, and contemporary thinking advocates the use of a more generalized attitude-behavior model such as the one developed by Eagly and Chaiken (1993).

Figure 4: Integrated Three-component Model With Attitude-behavior Model



Source: Tusharika Mukerjee (2023) based on Solinger et al. (2008).

Attitude-behavior model

Eagly and Chaiken's (1993) attitude-behavior model, illustrates that the three-component model amalgamates attitudinal phenomena that are fundamentally distinct. Instead, the model proposes that general organizational commitment should be primarily understood as solely affective commitment, representing a true attitude directed towards the organization itself. In contrast, normative and continuance commitment seem to reflect attitudes pertaining to particular behavioral choices (i.e., staying or leaving) that may or may not stem from the emotional connection with the organization (Solinger et al., 2008).

Despite the emergence of multidimensional models, understanding commitment as a unidimensional construct has also seen new developments. The most recent being the unidimensional perspective is that proposed by Klein et al. (2012).

The unidimensional model by Klein, Molloy, and Brinsfield

Klein et al. (2012, p. 137) describe commitment as "a volitional psychological bond reflecting dedication to and responsibility for a particular target". They redefined commitment with three primary objectives:

1. Conceptualizing commitment as a distinctive form of psychological attachment or connection to emphasize its uniqueness
2. Making this conceptualization universally applicable to all commitment targets
3. Refining the construct's boundaries to eliminate potential sources of confusion found in earlier definitions

According to their analysis, Klein et al. (2012, p. 137) concluded that commitment can be defined as 'a volitional psychological bond that reflects dedication to and responsibility for a specific target'. This definition of commitment as a specific type of bond is not merely a renaming or exclusion of certain aspects of the Traditional Commitment Model (TCM). The Klein et al. definition diverges from the core of commitment in the TCM in three salient ways. First, it characterizes commitment as a type of bond rather than a binding force (Klein et al., 2009). Second, it defines commitment as a particular type of bond, eliminating the need for auxiliary mindsets. Lastly, there is no mention of any course of action.

Klein et al.'s (2012) model introduces two immediate outcomes (continuation and motivation), while actions and their consequences (e.g., performance) represent more distant results. Briefly, individuals who are committed are less inclined to disengage from the object of their commitment. In terms of motivation, heightened commitment leads to individuals investing more effort and resources supporting the target, and they are more willing to make sacrifices in favor of the target when allocating limited resources like time and attention (Klein et al., 2012). Additionally, the model proposes that four perceptual assessments precede commitment – salience, positive affect, trust, and perceived control – which serve as the immediate determinants of commitment. A broad array of more remote antecedents, categorized by level (e.g., individual, target, interpersonal, organizational level), influence the development of commitment through the four immediate states (Klein et al., 2012).

Unlike previous models, this conceptualization views commitment as a dynamic psychological state that can change over time, emphasizing the significance of voluntary dedication and acceptance of responsibility. The focus is exclusively on volitional bonds. Klein et al. (2012) state that high commitment leads to positive motivational effects, driving individuals to allocate resources and make tradeoffs to support the target, such as dedicating time and energy to their jobs. However, the model does not recognize that commitment diminishes when individuals choose to relinquish responsibility for the target. There is a need for future investigations into the evolution of commitment to various targets over time (Gifford et al., 2022).

Commitment and Work Motivation

Considering the similarities in the outcomes of motivation and commitment, as well as their shared sensitivity to needs satisfaction, it becomes apparent that various forms of motivation can be associated with different commitment mindsets. This linkage has been consistently demonstrated. Intrinsic and identified motivation typically exhibit a positive relationship with affective commitment, whereas introjected regulation tends to show a positive association with normative commitment (Battistelli et al., 2013). The relationship with continuance commitment appears to vary depending on the specific subscales utilized. High sacrifice relates to both **introjected** and **external regulation**, while the lack of alternatives is only related to external regulation (Battistelli et al., 2013).

Introjected regulation pertains to carrying out an action because of a feeling of duty or responsibility, as opposed to an inherent inclination or for personal satisfaction. It falls within the category of extrinsic motivation.

External regulation involves motivation that is entirely reliant on external factors and is governed by adherence, conformity, and external incentives and penalties.

Although commitment and motivation share conceptual similarities (Meyer et al., 2004), they are distinguishable in that they are directed toward different targets: commitment is directed toward an entity (e.g., the organization), while motivation is directed toward a set of actions (e.g., work tasks) (Gagné et al., 2008). However, their temporal relationship has made differentiation challenging (Meyer, 2016). Some studies have assumed that work motivation acts as a mediator between need satisfaction and commitment or as a mediator between commitment and work-related outcomes, such as turnover intentions. These studies have often relied on cross-sectional data, leaving room for alternative directions of influence among these constructs.

Meyer et al. (2004) posited that affective commitment leads to the development of autonomous work motivation, normative commitment leads to the development of introjected regulation, and continuance commitment leads to the development of external regulation. However, Gagné et al. (2008) argued that work motivation would instead lead to the development of organizational commitment, emphasizing that employees become attached to their organization through the process of internalization. This process involves the incorporation of external regulations, which become autonomously regulated, particularly identified regulation (Ryan, 1995).

SUMMARY

Organizational Behavior (OB) is a specialized field of study that examines how individuals, groups, and the structure of an organization influence people's behavior within a company. The primary goal of OB is to use this knowledge to enhance an organization's effectiveness. Key areas of interest within OB include motivation, leadership behavior, interpersonal communication, group dynamics, attitude development, change management, conflict resolution, and work design. Leadership is a crucial element in the realm of business dynamics and the work environment, making it an ongoing interest in researching leadership within organizational behavior. Job performance, one of the core concepts in OB, measures the collective impact of employee behaviors that bring expected value to organizations, whether positive or negative. Behaviors

related to job performance can be categorized into three main classes: task performance, contextual performance, and adaptive performance (counterproductivity).

Another fundamental work attitude, organizational commitment, refers to an individual's psychological connection to an organization, including their attachment to the organization and the extent to which they invest effort in supporting it. It is rooted in the degree to which an individual identifies with their employer's values and goals. Commitment strongly correlates with factors such as absenteeism, employee turnover, work motivation, counterproductive work behavior, job satisfaction, job performance, and organizational identification. As reflected in the case study, committed employees exhibit improved performance. Enhanced job performance can, in turn, lead to heightened commitment. Organizations effectively address issues related to job performance and commitment by identifying influencing factors and implementing strategies to mitigate them.

UNIT 2

PSYCHOLOGICAL MECHANISMS

STUDY GOALS

On completion of this unit, you will be able to ...

- identify the individual characteristics that impact behavior at work.
- explain the processes that govern behavior of individuals in the organization.
- elucidate the psychological impact of group characteristics and processes on work behavior.
- understand the role of organizational conditions in causing behavior differentials.

2. PSYCHOLOGICAL MECHANISMS

Case Study

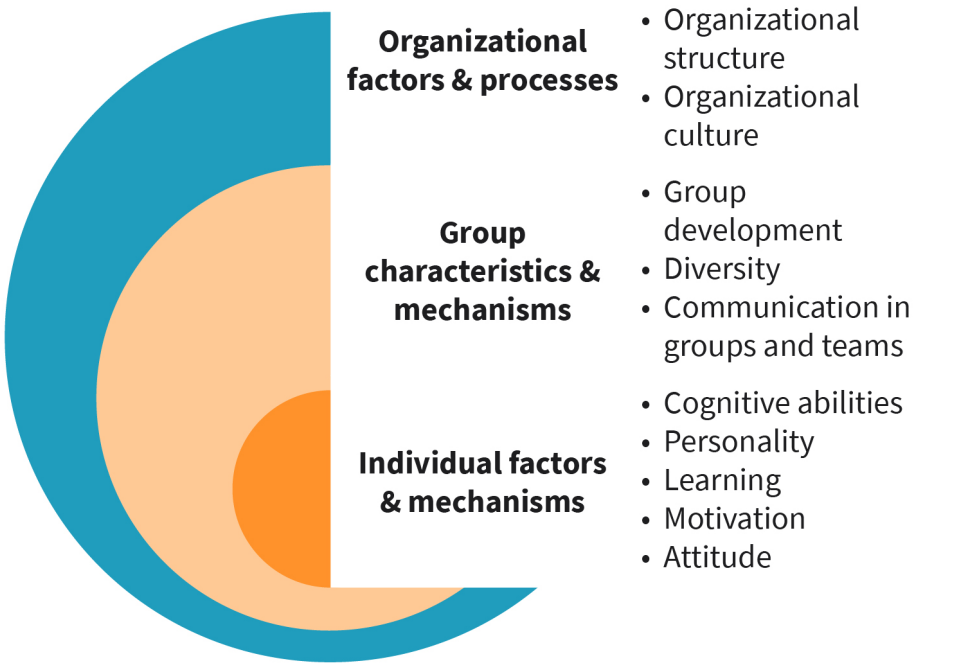
Jane Smith faced a significant dilemma when it came to supporting the equality rights of student participants in her course on sports leadership. Jane while designing the introductory course on sports leadership felt the need to assign a crucial 30% of the course grade to a group presentation and a related group paper. At the start of the semester, she employed a random assignment method for forming groups, believing it encouraged students to collaborate with peers from diverse backgrounds. Given the institution's diverse student population, this approach ensured that each group was a blend of various ethnicities, genders, sexual orientations, and cultures. Jane saw this as a valuable opportunity for students to practice skills related to diversity management and cross-cultural communication, both central to her course.

Jane was accustomed to guiding struggling groups and considered these experiences vital for illustrating key course concepts such as effective conflict resolution. However, in her recent group assignment, one group consisted of four women from different backgrounds and one man. While most of the women were in their late teens, one was a mature student in her 40s. The fifth member was a 23-year-old man from a very traditional household with patriarchal values, and he felt it was unlikely for him to gain any useful insights and obtain good grades by being in a group with women. Consequently, he requested to either be reassigned to a male-majority group or allowed to complete the presentation and project independently. Jane grappled with the challenge of accommodating the male student's request while also upholding gender equity for her female students, causing considerable disruptions until the course ended.

2.1 Individual Characteristics

The primary objective of a company is to attain performance levels that sustain and enhance its continuity. Performance is the outcome of optimal work conducted by individuals, groups, or the organizational entity itself. Amidst the challenges of heightened business competition and economic crises, companies face the task of preserving and elevating their performance. The company's ability to navigate these challenges hinges on its resources, encompassing financial, human, and technological aspects. It's crucial to perceive the resources not as standalone components but as a synergistic and formidable entity.

Figure 5: Interplay of Individual, Group, and Organizational Factors



Source: Tusharika Mukherjee (2023).

Human resources play a pivotal role in this scenario, given their set of emotions, desires, skills, knowledge, motivation, authority, and work capacity. Human resources are integral to a company as they oversee the management of financial resources and the operation of technological resources. The optimization of employees' capabilities aims to enhance their performance, ultimately contributing to the overall success of the company. On the other hand, the mismanagement of human resources can lead to impediments in achieving company goals, affecting both performance and profitability, and potentially jeopardizing the company's survival.

The attention given to human resources is essential due to the diverse characteristics of each employee. Effective management involves harnessing these differences as strengths to fulfill company objectives. Individual characteristics, such as abilities, values, behaviors, attitudes, and interests, vary among employees. Employees with high work abilities, coupled with positive behavior, attitude, and a strong interest in their work, are better positioned to perform optimally, thereby contributing significantly to overall company performance.

Cognitive Abilities – A Predictor of Work Performance

Cognitive ability measures consistently stand out as some of the most robust predictors of future work performance (Kuncel & Hezlett, 2010). The strength of cognitive ability as a predictor of work performance is most pronounced in highly complex jobs and weaker in less complex roles (Ones et al., 2005). According to Geisinger (2013), there are three primary explanations for this relationship:

1. Individuals with higher general cognitive ability tend to possess more knowledge and a broader skill set, which enables them to perform better in their roles.
2. General cognitive ability is linked to the capacity for effective learning. Those with higher general cognitive ability are better equipped to acquire job-specific knowledge, resulting in superior job performance.
3. There is a strong connection between general cognitive ability and the ability to swiftly and accurately process information. This enhanced information processing ability is linked to better job performance.

This pattern of relationships holds true across different nations (Salgado et al., 2003). Research by Judge et al. (2004) and Kuncel et al. (2004) reveal that the correlation between general cognitive ability measures extends beyond task performance and had a broader link with the various aspects of performance, including leadership behavior and creativity.

While cognitive ability is not the sole determinant of work performance, it has remained a significant predictor throughout decades of research (Geisinger, 2013). When combined with other measures, cognitive ability further enhances the prediction of job performance (Schmidt & Hunter, 1998).

Personality

The use of personality tests originated during World War I to efficiently and rapidly screen large populations. In World War II, Henry Murray led a team of personality researchers who developed innovative assessment methods, including objective tests, performance evaluations, and projective instruments, to assess qualities like leadership and resilience, which were deemed valuable for evaluating potential executives and managers in the business sector (Geisinger, 2013).

The evidence showing that personality traits and job success are related, has also facilitated the widespread use of personality tests in career counseling, recruitment, selection, and decisions regarding career advancement of aspirants and employees. Buchanan and Huczynski (2017) note that personality assessments serve various purposes, such as evaluating suitability for promotion, redeployment, training potential, team and leadership development, vocational guidance, and more. For example, research by Barrick and Mount (1991) demonstrated that conscientiousness, a dimension reliably measured by various personality tests, predicted various job performance criteria not only for professionals and managers but also for police officers and individuals in skilled and semiskilled positions. Extraversion and openness to experience also predicted success in training across different groups. Due to considerations of efficiency and practicality, personality tests are widely employed in organizational settings today. The accessibility of the Internet and the structured nature of objective personality tests have made it convenient to administer them over a distance, and many companies use this feature for initial applicant screening, particularly for roles that require interpersonal skills, such as sales positions (Geisinger, 2013).

Despite aiding informed decisions, personality assessments (psychometrics in general) face criticism for potential bias, especially in gender and cultural aspects, and for being weak predictors of job performance (Buchanan & Huczynski, 2017). There are resources available that assist in improving scores or attempting to cheat on assessments. Buchanan and Huczynski (2017) further note that personality assessments seldom serve as the sole basis for selection decisions. While they can provide additional valuable insights in conjunction with other selection methods, personality assessments are not always strong indicators of performance due to several reasons:

1. Individuals are adaptable and multifaceted, capable of developing new skills and behaviors over time, making personality assessments capture only a fraction of their overall complexity at a specific point.
2. Many jobs have diverse skill and knowledge requirements, and traits beneficial for one task may not necessarily enhance overall job performance.
3. Job performance is influenced by numerous factors unrelated to personality, such as luck, training, payment systems, physical facilities, supervisory style, organizational structure, company policies, and culture.
4. Jobs often evolve, rendering predictions based on current measures unreliable.
5. **Nomothetic approaches**, designed for large samples, are not intended for individual predictions, although they are frequently used in that manner.
6. While individuals tend to provide honest answers about their personality in clinical and research settings, these assessments are susceptible to manipulation when job-related stakes are involved (Buchanan & Huczynski, 2017).

Nomothetic approach
A nomothetic approach in research focuses on formulating general laws or principles applicable universally by studying groups of people or cases rather than examining individual instances.

2.2 Individual Mechanisms

Psychological theories systematically compile concepts designed to describe, elucidate, or predict human actions, thoughts, or emotions. Individual mechanisms that impact behavior at work can be categorized into five components (e.g., Champoux, 2010; Rousseau, 1997):

1. The specific behaviors, thoughts, or emotions relevant to an individual
2. Variations among individuals in the consistent demonstration of the behaviors, thoughts, or emotions under focus
3. Situational factors that could impact the occurrence or timing of the specified behaviors, thoughts, or emotions
4. The repercussions arising from the interplay between elements individual-difference variables and situational factors on the subsequent behaviors, thoughts, or emotions of an individual
5. Mechanisms through which the manifestation of particular behaviors, thoughts, or emotions may contribute to alterations in the differences between the individuals and situational factors

Arnold and colleagues (2020) cite the example of an employee arriving late for work and provide the series of individual mechanisms contributing to it. They argue that relevant individual characteristics may encompass aspects such as a person's job satisfaction and

inherent traits like organizational skills. Previous experiences of significance could involve facing consequences for tardiness. Situational factors might encompass variables such as the distance from one's residence to the workplace, the simplicity or intricacy of the commute, and the expectations set by colleagues. While these factors could individually impact an individual's tendency to arrive late for work, the interplay between the person and the situation is also crucial. For instance, an organized individual may adeptly handle complex travel arrangements, minimizing the impact on their punctuality. Conversely, a less organized person might struggle with intricate travel plans, significantly affecting their timeliness. This scenario illustrates an interaction effect, where the travel conditions affect lateness for some individuals but not others. In this instance, the interaction seems to occur between the individual and the environment.

Attitude

Attitudes reflect our level of positivity or negativity toward something. For instance, if we have a favorable attitude toward our job and the company we work for, it is likely that we will remain with the company and exhibit improved performance, creating a mutually beneficial situation. Although this idea seems intuitively plausible, research indicates that the connections among employee attitudes, retention, and performance are more intricate than a straightforward win-win scenario. While positive employee attitudes are desirable, they do not guarantee success for all parties involved. Also, our job attitude is influenced by factors beyond our salary.

An attitude is a relatively enduring psychological tendency expressed by evaluating a particular entity (object, person, or idea) with some degree of liking/ favor or disliking/ disfavor (Sutton, 2021; Hogg & Vaughan 2005). These evaluative judgments or attitudes are often formed automatically, without conscious effort or thought (Sutton, 2021). The target of an attitude can encompass various entities such as a boss, a colleague, one's job, the workplace, or the place of residence. Specifically, job attitudes refer to the evaluations individuals make about their jobs, encompassing their feelings, beliefs, and attachment to their work (Judge & Kammeyer-Mueller, 2012).

There are three fundamental components constituting an attitude, as outlined by Breckler (1984) and later popularized as the ABC model or tri-component model of attitude by Eagly and Chaiken (1993):

A. The affective component reflects how one feels about an entity; for example, expressing, "I don't like working with my colleagues."
B. The behavioral component involves actions driven by that attitude; for example, if one has a negative attitude toward their job, they might initiate a job search or complain about it to friends.
C. The cognitive component entails a statement of evaluation or a belief about an entity; for instance, stating, "My boss is authoritative."

Research indicates that attitudes do predict behavior to some extent, although the correlation is not always strong or consistent (Arnold, Coyne, Randall, & Patterson, 2020). Various factors can contribute to this variability. Social pressures, including laws, societal norms, and the opinions of others, may prevent individuals from consistently aligning

their behavior with their attitudes. Additionally, individual differences in skills, abilities, and confidence can influence the extent to which personal preferences or beliefs impact behavior. Sutton (2021), Ajzen (2001), and Glasman and Albarracin (2006) identified several factors moderate the extent to which attitudes influence behavior:

- **certainty:** The level of certainty one holds regarding their attitude influences the degree to which it affects behavior. Greater certainty enhances the impact of attitudes on behavior.
- **experience**: The more experience an individual has with a particular aspect, the more likely it is that their attitude will shape their behavior. This is closely tied to certainty, as increased experience fosters greater certainty in one's attitude.
- **specificity:** Attitudes that are more specific to the behavior in question have a stronger impact. For instance, in predicting job acceptance, asking about specific attitudes toward the organization or the job itself is more effective than inquiring about general attitudes toward work.
- **accessibility:** Attitudes that are frequently discussed and easily remembered are more likely to influence behavior. If someone consistently expresses dissatisfaction about their job, they are more inclined to act on that attitude, such as leaving the job, compared to someone who doesn't actively think about it.

The theory of planned behavior (TPB) incorporates the concept of perceived behavioral control, representing the individual's belief in their ability to perform required behaviors in a given situation. This belief can impact both intention and subsequent behavior. Within the TPB framework, attitude is defined as the combination of beliefs and personal values concerning the consequences of a specific behavior. Ajzen (1991) posited that intentions to engage in specific behaviors are predicted by a combination of attitudes toward the behavior, subjective norms, and perceived behavioral control.

However, Sutton (2021) argues that distinguishing between the cognitive and affective components of attitudes can be challenging, and they may even be in conflict with each other. Furthermore, although attitudes are significant predictors of our future behavior, the connection between them is complex. Various investigations and theoretical frameworks have been employed to understand and explore this relationship. For example, the cognitive dissonance theory, proposed by Festinger and Carlsmith (1959), posits that experiencing a conflict between our privately held attitudes and publicly displayed behavior, or between two conflicting attitudes, causes discomfort. In such cases, individuals are motivated to align their behavior with their internal attitudes to alleviate this discomfort.

The self-perception theory, introduced by Bem (1972) complements our understanding of cognitive dissonance by acknowledging the bidirectional influence between attitudes and behavior. This theory suggests that when questioned about our attitudes, we reflect on our behavior related to that topic and generate plausible reasons for our actions. To avoid feeling that our behavior contradicts our attitudes, we may consciously develop attitudes that align with our behavior. For instance, if asked about our commitment to an organization, we might review our recent actions, realize we have not applied for other jobs, and conclude that we must be quite committed. This theory indicates that inferring attitudes from behavior is particularly true when attitudes are ambiguous or when individuals have not deeply contemplated the object of their attitude before (Sutton, 2021).

Job Satisfaction

The significance of job satisfaction lies in its connection to positive outcomes such as productivity and pro-social behavior, as well as negative outcomes such as absenteeism, theft, and turnover. It is evident that there are substantial individual variations in job satisfaction, and individuals in the same job can experience different sources and levels of satisfaction. Moreover, individuals in quite distinct roles may experience similar levels of satisfaction. Job satisfaction not only plays a crucial role in understanding individual performance, but also significantly impacts organizational performance. Evidence shows that employee satisfaction at the business unit level correlates substantially with improved customer satisfaction, productivity, profit, reduced employee turnover, and fewer accidents. Additionally, job satisfaction is linked to organizational citizenship behaviors, which involve employees engaging in extra or discretionary work beyond their contractual obligations (Furnham, 2005).

One of the most asked questions regarding job satisfaction revolves around answering what causes it. Contrary to common belief, pay is not the most crucial element affecting job satisfaction. Employee satisfaction with both pay and overall job is largely unrelated to their actual earnings (Judge et al., 2010). Instead, satisfaction with pay is primarily determined by individuals' perceptions of how they are compensated compared to others within or outside their organization. Fair compensation relative to peers, as explained by equity theory, is a key factor for pay satisfaction. Interestingly, the facet most strongly associated with overall job satisfaction is the nature of the work itself, according to the job characteristics model (Hackman & Oldham, 1976). Recent research has further identified "high-quality work," involving extensive training, variety, and autonomy, as the aspect most strongly correlated with overall satisfaction (Barling et al., 2003).

A meta-analysis conducted at the beginning of the twenty-first century synthesized findings from over 300 studies on the satisfaction–performance relationship. The analysis concluded that job satisfaction does indeed have a moderately strong relationship with job performance (Judge et al., 2001). However, the direction of this relationship remains ambiguous: Does satisfaction with a job enhance job performance, or do individuals experience greater job satisfaction when performing well? For example, Barrick et al., (2001) identified two potential moderators to influence this relationship: (i) job complexity: the satisfaction–performance relationship is relatively more robust for individuals in complex jobs, where they have greater discretion over their performance and the extent to which their attitudes influence their work, and (ii) personality: the relationship is stronger for individuals who are less conscientious. Less conscientious individuals are more likely to be influenced by their attitudes, as opposed to those higher in conscientiousness who tend to work diligently regardless of their feelings toward the tasks (Furnham, 2005).

Thus, job satisfaction or dissatisfaction is determined by a combination of factors and mechanisms related to the individual, the job, and the organization. In this context, Judge et al. (2017) propose three distinct viewpoints regarding the causes of job satisfaction:

1. **Dispositional Approach:** Job satisfaction is considered a relatively stable disposition, either acquired through learned experiences or an attitude originating from a person's genetic inheritance
2. **Social Information Processing Approach:** This perspective suggests that job satisfaction is influenced by experiences and information provided by others in the workplace. According to this approach, job satisfaction is, in part, shaped by how colleagues interpret and evaluate workplace events. For instance, if coworkers demonstrate satisfaction at work, their opinions can influence an individual's own satisfaction levels.
3. **Cognitive Information-Processing Approach:** This viewpoint posits that job satisfaction results from the accumulation of cognitive information about the workplace and one's job. In essence, job satisfaction is most directly influenced by the characteristics of the job and the extent to which those characteristics align with the employee's preferences.

Global versus facet job satisfaction

Job satisfaction measures include widely utilized and extensively validated instruments such as the Job Descriptive Index (JDI) by Smith et al. (1969), the Job Satisfaction Scales developed by Warr et al. (1979), Spector's (1985) Job Satisfaction Survey, and so on. Some measures prompt respondents to express their thoughts and/or feelings about their job as a whole (referred to as global satisfaction), while others inquire about specific aspects of the job (referred to as facet-level).

Determinants of global job satisfaction, as outlined by the cognitive-information processing approach, often originate from the intrinsic characteristics of the work. These characteristics are commonly based on the core constructs proposed by Hackman and Oldham (1976), encompassing skill variety, task identity, task significance, autonomy, and feedback. Numerous studies have established connections between various aspects of work design and job satisfaction.

Research indicates that individuals with a high need for affect, defined as an inclination to approach emotionally charged situations, tend to have job satisfaction influenced more by their prevailing emotions than by their assessments of different features of their work environment (Schlett & Ziegler, 2014). High levels of extraversion are also linked to elevated job satisfaction (Avery et al., 2015), potentially because extraverts are more prone to experiencing positive moods. The enthusiasm facet of extraversion, characterized by friendliness, sociability, and a positive demeanor, appears to underpin this association between extraversion and job satisfaction (Harari et al., 2018). Mindful individuals may experience higher job satisfaction due to their ability to approach work experiences in a receptive, non-judgmental manner, observing stressful events objectively without attaching meaning or evaluation (Hülsheger et al., 2013). The development of mindfulness seems to alter the way people interpret their experiences, potentially impacting their mood and job satisfaction.

The interplay of disposition and situational factors jointly determines job satisfaction. Bowling et al. (2006) discovered that job satisfaction is relatively stable, suggesting the importance of disposition, but it does change when people switch jobs, indicating the

relevance of the situation. Importantly, individuals with a positive disposition tend to experience gains in job satisfaction when changing jobs, while those with a negative disposition often experience losses. Positive disposition may lead individuals to actively seek, be aware of, and remember positive experiences (Harari et al., 2018).

Core self-evaluations (CSEs) have also been identified as predictors of job satisfaction in various studies (e.g., Keller & Semmer, 2013). This relationship appears bidirectional, as high levels of job satisfaction have been found to predict positive CSEs in a longitudinal study of almost 6000 workers conducted by Wu and Griffin (2012). Prolonged periods of elevated job satisfaction could positively impact individuals' perceptions of their effectiveness, self-worth, and capability.

Correlates of job satisfaction

Shultz and Shultz (1998) conducted a review that identified several personal characteristics linked to job satisfaction:

- **age:** Job satisfaction tends to increase with age, possibly because aging brings about heightened confidence, competence, self-esteem, and responsibility. Ng and Feldman's (2010) meta analysis from over 800 articles in suggested that there are generally significant but weak to moderate associations between chronological age and positive (or less negative) attitudes towards work tasks, colleagues, supervisors, and organizations. Additionally, factors such as organizational tenure, race, gender, and education level play a role in influencing the connections between age and job attitudes.
- **gender:** Findings are inconsistent, but there may be an indication that men are more satisfied, possibly due to higher pay and increased opportunities for promotion. In this context, Andrade and colleagues (2019) contend that as societal roles evolve, leading to a more equal distribution of expectations between men and women, both genders are exhibiting similar levels of job satisfaction across numerous countries. Despite this overall similarity, variations exist in the factors influencing job satisfaction, suggesting that men and women still have distinct preferences regarding their work experiences. While certain behaviors influenced by job satisfaction may be similar for both genders, complete uniformity in treatment may not be warranted. Managers should be cognizant of gender-specific factors contributing to satisfaction, although these differences may diminish over time.
- **cognitive ability:** There is no consistent finding, as highly intelligent individuals may find themselves in insufficiently challenging or tedious jobs, while less able individuals may struggle with intellectual demands. Education is negatively correlated with satisfaction, possibly due to unfulfilled expectations. "High levels of ability and skill enable incumbents to perform more tasks, and the performance of these tasks is related to higher ratings of job performance" argue Morgeson et al. (2005, p. 404).
- **job experience:** Evidence suggests a trend where new workers tend to be most satisfied with the stimulation, challenge, and opportunities, which levels off and may even decline but picks up again in middle age. In a study on teachers, Klassen and Chiu (2010) revealed that in the initial phases of employee's careers self-efficacy tends to rise whereas they express declining self-efficacy in late career. Thus, tailoring professional development to cater to the diverse needs of employees at different career stages is more effective than adopting a one-size-fits-all approach. Senior workers may express a

preference for opportunities that provide autonomy in content, learning pace, and learning environment. Customized programs aligned with employees' career stages enhance skills and knowledge and contribute to bolstering their confidence in later career stages, reinforcing their belief in their capabilities to be effective.

- **use of skills:** People derive happiness from using their skills and abilities to perform high-quality work. The more they can do so, the happier they are. Skills encompass various crucial elements, including professional knowledge, advanced capabilities, critical thinking, teamwork, effective communication, and an ongoing commitment to learning, also known as continuous learning. The application of these skills is closely tied to job satisfaction, aligning with existing literature that elucidates the connection between job satisfaction and the hindrance posed by overqualification (Fernández-Salinero et al., 2020).
- **job congruence:** The better the match between an individual's temperament, abilities, and the demands of the job, the higher their satisfaction will tend to be. Goris (2007) asserts that job congruence impacts both job performance and satisfaction, which to a large extent is moderated by how well employees can communicate their job demands.
- **personality:** Individuals with traits such as stability (vs neuroticism), internal (vs external) locus of control, and commitment (vs alienation) express higher job satisfaction. In a study revealing the relationship between job satisfaction and big five personality factors, Judge et al. (2000) indicated that those high on neuroticism tend to experience more negative life events. Their predisposition to negative affect may lead to lower job satisfaction. Positive emotionality in extraverted individuals is likely to contribute to higher job satisfaction. Similarly, extraverts' social facility may make interpersonal interactions at work more rewarding. Openness to experience is linked to creativity and divergent thinking. However, its influence on job satisfaction is unclear, as it predisposes individuals to feel both positive and negative emotions deeply. Agreeable individuals, motivated for interpersonal intimacy, are expected to have higher well-being. This communal motivation is likely to extend to job satisfaction, emphasizing pleasant and satisfying relationships with colleagues. Conscientiousness is expected to be positively related to job satisfaction. It represents a work-involvement tendency, increasing the likelihood of obtaining satisfying work rewards, both formal and informal. The subjective well-being literature indirectly supports a positive relationship between conscientiousness and job satisfaction.

There are distinct positive and negative outcomes associated with satisfaction and dissatisfaction. While job performance is presumably a clear correlate of satisfaction, the causative relationship is still debated. Moreover, dissatisfaction correlates with negative outcomes, including absenteeism, turnover, and theft.

The critical question in job satisfaction is whether personality (along with other individual differences) plays a central role or interacts with the job to influence job satisfaction. This leads to the formulation of the following potential equation, as proposed by Furnham (2005):

$$JS = f(\mathrm{P\ X\ J\ X\ PJE\ X\ E})$$

where JS represents job satisfaction, P denotes personality, J represents job characteristics, PJF signifies person–job fit, and E denotes error. Thus, according to Furnham (2005) two possible main effects are considered: personality and job.

- If it can be demonstrated that certain personality types are consistently more satisfied (or dissatisfied) regardless of the nature of the job, the main effect of personality likely explains a substantial portion of the variance.
- If it can be demonstrated that certain jobs consistently lead their incumbents to be more satisfied (or dissatisfied) regardless of the personality (skills, abilities, etc.) of the incumbents, the main effect of the job probably accounts for a significant portion of the variance.
- If it can be shown that a particular fit (or misfit) between an individual (personality) and the job (demands) results in specific sources of satisfaction or dissatisfaction, the interaction between the person and the job are presumed to be the major source of the variance.

However, the equation is further complicated by the fact that job satisfaction is multidimensional. Depending on the theory or measures adopted, there may be many interconnected dimensions of job satisfaction, such as working conditions, coworkers, and reward structure. Dobrow et al. (2018) conducted an analysis of data from a comprehensive longitudinal study, revealing that an increase in tenure is associated with a decrease in job satisfaction, and this effect remains independent of age. This decline in satisfaction may be attributed to the link between tenure and workplace boredom or the heightened awareness of organizational shortcomings, leading to a subsequent sense of disillusionment. Their research also indicated that job satisfaction receives a boost when individuals change jobs. However, it's important to note that some of these increases in satisfaction observed when transitioning to a different occupation with a new employer might be temporary, resembling a honeymoon hangover (Georgellis et al., 2012). Zhou et al. (2017) discovered that, after such a change, satisfaction with the work itself declined over time, especially compared to those who changed employers but not occupations. The decline could be due to the potential damage and disruption of crucial sources of job satisfaction, such as social networks and one's professional identity, as well as the shattering of overly optimistic expectations about the new role. In addition, culture also plays a crucial role in job satisfaction differentials. Haar et al. (2014) discovered that the influence of work–life balance on job and life satisfaction is more pronounced in individualistic cultures compared to collectivist cultures. The disparity may stem from the fact that in individualistic cultures, the responsibility for attaining a satisfactory balance lies primarily with the individual worker, making it a crucial aspect of their life. Consequently, individuals who successfully achieve a good balance are more likely to derive satisfaction from this accomplishment (Arnold et al., 2020).

Learning

In an economy characterized by knowledge work and rapid, unpredictable changes, the capacity to acquire and sustain learning is paramount for both individuals and organizations. In the contemporary world of work, we are witnessing technological advancements at an unprecedented pace, which renders skills and knowledge that are valuable today become obsolete tomorrow. Individual learning proficiency holds significant implications

for employment, job performance, security, and career progression. Organizations must not only recruit individuals with relevant skills and knowledge but also ensure that these competencies remain relevant at that specific time. Thus, individual learning theories and mechanisms extends its influence across various aspects of management practices, including the onboarding of new hires, the development and delivery of job training, the structuring of payment systems, performance evaluation by supervisors, methods for behavior modification, the establishment of a learning-oriented organizational culture, and the design and operation of knowledge management systems (Buchanan & Huczynski, 2017).

Although learning is a fundamental topic in psychology, it is divided between behaviorist and cognitive theories. With the increasing popularity of lifelong learning, organizations are integrating structures and policies to foster learning, leading to advantages for both the individual and the company. In fact, some larger corporations recognize the critical importance of learning and have even established their own corporate universities, such as the Deloitte University, General Motors Institute, Apple University, and Pixar University (Guthrie, 2013).

Behaviorism

In 1913, John B. Watson, an American psychologist, introduced the term behaviorism and advocated for objective, scientific approaches to understanding human behavior, emphasizing observable stimuli and responses. This shift toward studying relationships between visible stimuli and responses led to behaviorist psychology being referred to as 'stimulus-response psychology.' Behaviorism posits that the mechanism between stimulus and response, yet to be fully understood in terms of biochemistry and neurophysiology, governs behavior (Buchanan & Huczynski, 2017).

The oldest learning theory suggests that associated actions result from shared experiences (e.g., touching a flame causes pain), and knowledge of past outcomes influences future behavior. Both behaviorists and cognitive psychologists agree that experience shapes behavior, but differs in their understanding of the process. Feedback, whether rewarding or punishing, plays a crucial role in learning. The 'law of effect' asserts that behaviors leading to favorable consequences are likely to be repeated, while those resulting in neutral or undesirable outcomes are avoided. Behaviorism distinguishes between positive reinforcement (desired behaviors leading to positive consequences), negative reinforcement (undesirable outcomes persist until the desired behavior occurs), and punishment (one-off response to undesirable behavior). Behavior without discernible outcomes can become extinct as it is perceived as unimportant.

Associations between stimuli and responses develop through Pavlovian conditioning and Skinnerian conditioning. Pavlovian conditioning, also known as classical or respondent conditioning, was named after Ivan P. Pavlov (1927) and involves learning about event sequences in the environment, where a neutral stimulus becomes a conditioned stimulus that elicits a conditioned response due to its association with an unconditioned stimulus. The other influential learning theory was presented by BF Skinner (1935, 1937). Skinnerian

conditioning is also recognized as instrumental or operant conditioning. In instrumental conditioning, new behaviors or responses are established through their association with specific stimuli.

If the outcome of a behavior is favorable to the individual, the likelihood of that behavior occurring again increases. The arrangement and timing of rewards for desired behavior are referred to as the schedule of reinforcement. According to Skinner, the theory of operant conditioning can elucidate the development of intricate behavior patterns. This theory highlights how our environment, experiences, and the selective application of rewards and punishments shape our behavior. Skinner argued that processes like thinking, problem-solving, and language acquisition are reliant on these fundamental conditioning mechanisms.

Behaviorism paved the way for the development of behavior modification techniques, now widely employed in various organizational settings, for example in organizational behavior modification. Luthans (Luthans et al., 1998) formulated five steps in organizational behavior modification that employs reinforcement to discourage undesired behaviors and promote desired ones:

1. Identification of the critical, observable, and measurable behaviors to be promoted
2. Measurement of the current frequency of these behaviors to establish a baseline for improvement
3. Determination of the triggers or antecedents for these behaviors and establish the consequences—positive, neutral, and negative—that result from them
4. Development of a strategy to reinforce desired behaviors and diminish dysfunctional behaviors through positive reinforcement (e.g., monetary rewards, recognition) and feedback; in some cases, punishment may be necessary to inhibit unsafe conduct
5. Systematic evaluation of the effectiveness of the approach in altering behavior and enhancing performance compared to the initial baseline measurement

Managers find behavior modification appealing as it allows them to influence the reinforcement of employee behaviors (e.g., Kazdin, 2012). The method centers on observable behavior rather than internal mental states and processes. Examples of desirable behaviors include polite communication with customers, participating in training, assisting team members, and so on (e.g., Gremler & Gwinner, 2008). Conversely, undesirable behaviors encompass lateness, poor performance, and engaging in conflict with the customers (e.g., Zhong & Robinson, 2021).

Social learning

A more recent advancement in learning theories is the introduction of social learning by Bandura (1977). Social learning theory shares foundational elements with operant conditioning. Similar to Skinner, Bandura contends that behavior is, to some extent, influenced by environmental cues and consequences, and he employs observable behavior (rather than attitudes or feelings) as the primary analytical unit. However, in contrast to operant conditioning, social learning theory asserts that cognitive or mental processes play a role in shaping our responses to environmental cues.

A key element of this theory is the concept of vicarious learning. Myers (2021, p.926) notes that “Team members’ vicarious learning from other members’ knowledge and experience is a critical component of learning and performance in interdependent team work contexts”. Vicarious learning occurs through the imitation of role models, where we observe and analyze the actions and subsequent consequences of others. Consequently, we gain knowledge without directly experiencing the phenomenon ourselves. For instance, witnessing a colleague being disciplined or terminated for disruptive behavior in the workplace might lead us to learn not to engage in disruptive behavior. Argote and Gino (2009, p. 343) contend that “for group learning to occur, group members must have access to others’ knowledge – either because it has been shared with them by the relevant individuals or because they know that they can access the knowledge by consulting the individuals”.

Learning at work

Very few individuals enter a job with complete training. Training becomes imperative when introducing new systems, equipment, or concepts within a company. Moreover, due to the technological changes, promotions to higher managerial positions, shifts to other positions and tasks, as well as self-development, almost everyone must consistently acquire new skills, assimilate fresh information, and comprehend diverse processes (Furnham, 2005). Organizations that value employee development, invest in the education and training of their staff to elevate their performance. This can be achieved by imparting new and relevant knowledge, teaching new skills, or instigating changes in attitudes, values, and motivations.

The primary objectives of training are to enhance individual skills and knowledge, thereby improving productivity and satisfaction. Effective training serves as a focal point for aligning the workforce with the company's strategy, ensuring that skill levels meet national or industry standards. It acts as a potent motivator for individual growth and a catalyst for organizational change. Additionally, training creates a connection between the individual and the company's values. However, training extends beyond acquiring knowledge and skills; it encompasses general learning that can lead to cognitive, affective, and behavioral changes. Therefore, multiple outcomes of training exist, each requiring understanding and assessment.

According to Furnham (2005), training and learning aims to develop and enhance three key aspects: a) Knowledge: Technical information essential for competent job performance, b) Skills: Psychological and motor processes necessary for job execution, and c) Abilities: Cognitive factors representing inherent capabilities. In this context, Noe and Colquitt (2002) contend that the effectiveness of training is influenced by a complex interplay of various factors, including three key individual factors that play a crucial role: age, personality traits (such as anxiety, conscientiousness, and goal orientation), and job-related attitudes. Training motivation is influenced by these factors. At the same time, perceived relevance (valence) of the training is also determined by individual level factors.

Furnham (2005) argues that individual level factors – cognitive abilities, personality and values, and job-related attitudes determine an individual’s trainability. Trainability can be divided into three vital components:

1. **Readiness for training:** This encompasses the ability to comprehend the material, recognize the relevance of the training, and be free from anxieties (such as fears about the training).
2. **Motivation to learn:** This is influenced by prior success in motivational programs and affects attendance, effort, and the application of skills after the program.
3. **Mastery orientation:** This pertains to the trainee's inclination to learn, acquire skills and knowledge, tolerate mistakes, and so forth.

Motivation

Motivation is a theoretical construct that refers to a range of internal processes leading to various observable behaviors. In the realm of psychology, motivation is defined as the combined impact of individual motives that trigger, uphold, and govern particular behaviors in an individual. A motive is characterized as a behavior instigated by conscious or unconscious emotions or shaped by one's personality with the objective of attaining a specific goal. Motives can be socially acquired through one's experience, be biological in nature, or emerge from cognitive needs like curiosity, self-understanding, competency, and sense-making (Buchanan & Huczynski, 2017). The forces that drive behavior refer to motives, and the observed behavior is understood by inferring the motive behind it (Strombach et al., 2016). Motivation encompasses the conditions that influence the trajectory, intensity, and characteristics of developing patterns in human behavior and actions (Fuchs, 2008). Furnham (2005, p. 277) describes motivation "as a hypothetical construct that refers to a set of multiple internal processes with multiple consequential behaviors. It is goal-directed. Motivational processes result from certain things about the individual: ability (job knowledge), dispositions (stable traits), beliefs and values, and affective mood state". According to Latham and Sue-Chan (2014, p. 66), "motivation in the workplace is the set of energetic forces that arise from either within or external to an individual to direct the intensity, direction and persistence of work-related behavior". Locke and Latham (2004, p. 388) contend that "motivation refers to internal factors that drive action and external factors that can serve as incentives for action". Accordingly, motivation encompasses the elements that either push or pull us towards specific behaviors. Specifically, it comprises three key components:

- **direction:** This relates to what a person is striving to accomplish (often referred to as choice).
- **effort:** It pertains to how intensely a person is applying themselves (also termed intensity).
- **persistence:** This involves how long an individual continues their endeavor (also termed duration).

Motivation is purpose-driven (van Tuin et al., 2020) and results from individual attributes like ability, job knowledge, stable traits, beliefs, values, and emotional states (e.g., Barrick et al., 2013). However, motivation is also closely linked to the context of the job (e.g., Wright, 2004), which includes the nature of the task, the physical environment, implicit and explicit rewards (reinforcements), social norms, and the broader organizational culture (e.g., Latham & Sue-Chan, 2014). These contextual factors also impact how easy or challenging it is to perform the job. Consequently, a combination of individual factors and the job context collectively shapes the motivational processes affecting a person's effort,

determination, focus, and task approach. These motivational processes eventually lead to intentions, which, in turn, translate into behavior. Importantly, these processes are dynamic and evolve over time. From Frederic W. Taylor's early contributions at the start of the 20th century (Taylor, 1914), a prevailing paradigm that has been widely embraced in organizational contexts is the one centered around the effectiveness of compensation as an incentive. This paradigm views compensation as a potent motivator in the workplace and has garnered support through human resource management policies in both corporate and certain public administration settings. Shaped by predominant theories in management, economics, and organizational psychology, this motivation-through-incentive paradigm has gradually gained prominence, asserting the overarching hypothesis that linking compensation to performance encourages employees to give their best effort.

This paradigm finds its roots in the initial studies of motivation, dating back to the 1930s to 1950s, which delved into the connection between work motivation and individual performance, exemplified by research like Lewin's field theory (Burnes & Bargal, 2017), and Rotter's locus of control (Kamdron, 2015). Over time, a body of theoretical and empirical research emerged, seeking factors that could influence motivation, ultimately impacting work performance. Works that contributed immensely to this line of thought include the following:

- Maslow's hierarchy of needs (Maslow, 1943): human needs are arranged in a hierarchy of importance, i.e., physiological needs, safety needs, belongingness needs, esteem needs, self-actualization needs.
- Herzberg's two-factor theory (Herzberg et al., 1959): job dissatisfiers (hygiene factors) are related to job context and job satisfiers (motivators) are related to job content.
- Alderfer's ERG theory (Alderfer, 1969): individuals are motivated to satisfy one or more of the three core needs: existence (E), relatedness (R), growth (G). Within this context, investigations into the relationship between compensation and work motivation gained significant traction. This exploration of the processes that activate motivation led to the development of highly specialized theories elucidating the influential role of compensation in work motivation.

Arnold et al. (2020) recommend understanding the motivational concepts in the light of the following caveats:

- People are typically motivated to engage in some form of behavior. Even when a person exerts significant effort to avoid work, it's still considered motivated behavior. Therefore, we must always consider the component of "direction".
- It's a common misconception to assume that motivation is the sole crucial factor affecting work performance. Other factors, such as individual ability, the quality of equipment, and the coordination of team members, also significantly impact performance.
- Like many concepts in work psychology, motivation is an abstract concept that cannot be directly observed. Frequently, a person's work performance is utilized as an indirect measure of their motivation. However, various factors beyond motivation affect performance.

Greenberg and Baron (2003) noted that it's important to recognize that motivation and job performance are not synonymous terms, and motivation is a multifaceted concept, with financial incentives being just one element. These questions have captivated the interest of psychologists and managers across different perspectives for an extended period. In fact, there are so many approaches and theories in this domain that most reviewers have attempted to categorize or group them, such as into categories like needs satisfaction theories, reinforcement theories, expectancy-value theories.

Leadership plays a crucial role in influencing both job performance and an organization's capacity to adapt to new surroundings. “An effective leader is someone who has power to motivate followers to achieve satisfactory performance” assert Bastari and colleagues (2020, p. 2883). According to Bastari et al. (2020), a skilled leader can enhance the quality of employees' work by offering intellectual stimulation and attention, resulting in heightened commitment. This, in turn, significantly benefits the organization, as employees under competent leadership are more inclined to embrace feedback, follow directions, and implement improvements suggested by their leaders. Webb (2007, p. 53) found that leadership behavior stimulated “peak performance” among employees. Likewise, Kuoppala et al. (2008) observed that leadership impacted job performance by influencing job satisfaction and wellbeing of the employees.

2.3 Group Characteristics and Diversity

In contemporary organizations, employees are officially organized into various units such as sections, departments, and centers. Additionally, informal affiliation groups emerge during breaks and after-work activities based on shared interests. The social dynamics within these formal and informal groups significantly impact how people collaborate, influencing the quality and quantity of their work output. Essentially, a group comprises individuals who regularly communicate, share goals, and interact over time, forming affective or emotional bonds. Groups possess four defining characteristics: involving more than two people influencing each other, sharing common goals, having a relatively stable structure with enduring rules and roles, and openly recognizing themselves as a stable group. While all teams are groups, not all groups are teams, with various types such as command groups, task groups, interest groups, and friendship groups.

Groups serve as potent sources that need effective management due to their potential for both constructive and destructive impacts. Likert (1961) suggests that workgroups are crucial for individuals' social need satisfaction, contributing to increased productivity. Managers are tasked with creating effective workgroups by fostering supportive relationships, and an effective organizational structure involves democratic/participative workgroups linked to the organization through overlapping memberships.

While factors like employee skills, motivation, equipment quality, product appeal, corporate culture, and climate play roles alongside group dynamics in determining productivity, workgroups can either provide robust support or become sources of frustration for individual workers. Group membership also brings about an identity that can be both positive and negative. The effectiveness of a group, measured by factors like output, group con-

tinuity, and morale, is influenced by various elements. These include the primary task of the group, the composition and structure of the group, managerial support, and group dynamics analogous to group processes. Numerous issues confront new workgroups, requiring explicit and implicit resolutions over time. Key considerations include climate, participation, goal comprehension, communication, conflict-handling, decision-making, performance evaluation, division of labor, leadership, and process monitoring. Sundstrom et al. (1990) highlight three factors influencing the effectiveness of working groups or teams: organizational context, boundaries, and group development.

Group Characteristics

Fundamentally, a group comprises individuals (more than two, forming a dyad) who regularly communicate, share goals, and interact over time, establishing affective or emotional bonds. Groups exhibit four defining characteristics:

1. They consist of more than two people engaged in social interaction, capable of influencing each other's beliefs and behaviors.
2. They share common goals on specific issues, including agreed-upon objectives and targets. Goal-sharing is a fundamental achievement for any group.
3. They possess a relatively stable structure, defined by enduring rules and roles across various social situations.
4. They openly perceive and recognize themselves as a stable group.

Groups with subgroups tend to learn at a slower pace, make riskier decisions, demonstrate lower creativity, and experience elevated conflict levels. Trust among subgroups is often compromised. While the overall group's satisfaction tends to decrease when fault lines are present, satisfaction within individual subgroups remains relatively high.

Groups unleash potent forces that require effective management, given their potential for both constructive and destructive impacts. The essence of effective management involves performing tasks successfully with or through others. A diminishing sense of loyalty among employees to their organizations is evident in modern workplaces, notes Moreland and colleagues (2014). This diminishing loyalty adversely affects productivity, increases the likelihood of turnover, and likely plays a role in issues such as tardiness, absenteeism, theft, and other undesirable behaviors. Enhancements in organizational socialization could potentially address and mitigate some of these challenges, argue Moreland et al. (2014). Thus, based on the impact workgroup has on individuals can be summarized as follows:

- Workgroups are crucial sources for individuals' social need satisfaction (Moreland et al., 2014).
- Groups in organizations fulfilling this psychological function are more productive.
- Management's task is to create effective workgroups by fostering supportive relationships (Hoffman et al., 2011).
- An effective organizational structure comprises democratic/participative workgroups, each connected to the organization through overlapping memberships (Diefenbach, 2020).

- Coordination is achieved through individuals performing actions that can link each other.

However, managers occasionally overlook the necessity to acknowledge and leverage distinctions to maximize their employees' potential. Proficient diversity management enhances an organization's ability to tap into a broad spectrum of skills, capabilities, and ideas. Managers must also acknowledge that variations among individuals can result in communication breakdowns, misunderstandings, and conflicts (Robbins et al., 2017).

Robbins et al. (2017) identify five most prominent properties of groups that enable assessing and predicting the behavior of its members include:

Group roles

All members within a group function as actors, each assuming a specific role, which refers to expected patterns of behavior associated with a particular position in a social unit. The concept of role behavior would be significantly simplified if individuals consistently played a single role; however, the reality is that people are required to fulfill various roles both within and outside their professional roles.

Role perception, denoting our understanding of how we should behave in a given situation, is shaped by interpretations of societal expectations obtained from various stimuli, such as friends, literature, and media. For instance, apprenticeship programs in many trades and professions aim to allow beginners to observe and learn from experts to emulate expected behaviors. Role expectations, on the other hand, refer to how others believe an individual should behave in a specific situation.

Psychological contract
A psychological contract is an implicit, intangible agreement between employers and employees, often grounded in unspoken expectations.

In the workplace, the concept of role expectations is viewed through the lens of the **psychological contract**—an implicit agreement between employees and employers outlining mutual expectations. This contract delineates what management expects from employees, such as fair treatment, suitable working conditions, clear communication of expectations, and feedback on performance. In return, employees are expected to exhibit a positive attitude, follow instructions, and demonstrate loyalty to the organization.

Role conflict arises when individuals face conflicting role expectations, leading to a situation where compliance with one role requirement may hinder compliance with another. In extreme cases, role conflict involves situations where two or more role expectations are mutually contradictory.

Group norms

Norms, collectively shared by group members, serve as guidelines dictating what individuals should or should not do in specific circumstances. These norms outline the expectations for individuals in particular situations and, when agreed upon and embraced by the group, function as a mechanism to influence behavior with minimal external controls. While norms vary across different groups, communities, and societies, they are universally present.

Norms can encompass virtually any aspect of group behavior, with performance norms being one of the most prevalent. Work groups, for instance, often provide explicit guidance to members regarding the intensity of effort, task completion methods, expected output levels, punctuality standards, and similar aspects. These norms wield significant influence over an individual employee's performance, capable of substantially altering performance predictions solely based on the employee's ability and personal motivation. Performance norms, while crucial, represent only one category; others include appearance norms (e.g., dress codes, unspoken rules about appearing busy), social arrangement norms (e.g., lunch companionship, forming friendships on and off the job), and resource allocation norms (e.g., task assignments, distribution of resources like pay or equipment). As individuals seek acceptance within a group, the desire for social approval makes them susceptible to showing **conformity** to the group's norms. Extensive evidence indicates that groups exert substantial pressure on individual members, compelling them to adjust their attitudes and behaviors to align with the group's established standards.

Conformity involves adjusting your behaviors to align with or follow the actions of those in your social environment.

Group Status

Status, defined as the socially assigned position or rank given to groups or individuals by others, is a pervasive aspect of every society. Even within the smallest groups, roles, rights, and rituals emerge to distinguish members, highlighting the significance of status in understanding human behavior. It serves as a notable motivator and yields significant behavioral consequences when individuals perceive a dissonance between their perceived status and how others perceive it.

According to status characteristics theory (Webster & Hysom, 1998), status typically originates from one of three sources:

1. **Power:** Individuals who wield influence over a group's outcomes, often due to controlling its resources, are perceived as high status.

2. **Contributions to group goals:** Those whose contributions are crucial to the success of the group tend to hold high status.

3. **Personal characteristics:** Individuals with personal attributes positively valued by the group, such as good looks, intelligence, wealth, or a friendly personality, generally enjoy higher status than those with fewer valued attributes.

Status exerts intriguing effects on the influence of norms and pressures to conform. High-status group members often have more leeway to deviate from norms and are better equipped to resist conformity pressures compared to their lower-status counterparts. A highly valued individual in a group, less reliant on social rewards provided by the group, can pay minimal attention to conformity norms.

The dynamics within groups are shaped by status, with high-status individuals tending to be more assertive, speaking out frequently, offering criticisms, giving commands, and interrupting others. However, status differences can hinder diversity of ideas and creativity

within groups, as lower-status members may be less active participants in discussions. In situations where lower-status members possess valuable expertise and insights, these may not be fully utilized, ultimately diminishing the overall performance of the group.

Group Size

Group size is a crucial determinant of group characteristics, with smaller groups exhibiting faster task completion and better individual performance compared to larger ones. For problem-solving endeavors, larger groups tend to receive higher ratings than smaller groups, especially those with a dozen or more members, which are effective for gaining diverse input. Conversely, smaller groups, typically around seven members, excel at translating diverse input into productive actions.

A notable phenomenon associated with group size is social loafing, where individuals contribute less effort when working collectively than when working individually. This challenges the expectation that group productivity should at least equal the sum of individual efforts. Social loafing can be driven by perceptions that others in the group are not contributing adequately, leading individuals to reduce their effort to restore perceived equity. To be considered a free rider, an individual must be perceived as acting exploitatively, benefiting at the expense of other team members.

Another explanation for social loafing is the dispersion of responsibility, where the group's results cannot be attributed to a single person, creating a clouded relationship between individual input and group output. In such situations, individuals may be inclined to become 'free riders' and rely on the group's efforts. This phenomenon has significant implications for organizational behavior in work groups. When managers aim to enhance morale and teamwork through collective work situations, they need to establish means to identify individual efforts. Failure to do so requires management to weigh potential productivity losses against any gains in worker satisfaction from using groups. Motivation theories serve as the foundation for researchers exploring social loafing, revealing a diverse array of potential precursors. These include a failure to recognize individual contributions to the group, a lack of challenge and distinctiveness in individual contributions, diminished intrinsic involvement, an individualistic mindset, reduced group cohesiveness, and a dearth of peer appraisals (Liden et al., 2004; Druskat & Wolff, 1999; Karau & Williams, 1997).

To demonstrate if social loafing was relevant in contexts with a leader, Ferrante et al. (2006) explored methods utilized by group leaders to reduce social loafing. They concentrated on two factors, organizational justice, and procedural justice, previously studied in relation to social loafing. The researchers contrasted the performance of teams led by leaders who received incentives, indicating reduced social loafing, with the performance of teams without a designated leader. Their results indicated that teams with a formally designated and incentivized leader demonstrated superior performance and experienced less frequent occurrences of social loafing compared to those lacking formal leaders (Ferrante et al., 2006; Simms & Nichols, 2014).

Group Cohesiveness

Groups vary in their cohesiveness, reflecting the extent to which members are drawn to one another and are motivated to remain part of the group. This cohesiveness can arise from factors such as extensive time spent together, a small group size encouraging high interaction, or external threats that foster closeness among members. The significance of cohesiveness lies in its correlation with group productivity.

Research consistently indicates that the cohesiveness-productivity relationship (Stogdill, 1972) is contingent on the performance-related norms established by the group (Dyaram & Kamalanabhan, 2005) In instances where performance-related norms are high—such as emphasizing high output, quality work, and collaboration with individuals outside the group—a cohesive group tends to be more productive than a less cohesive one. Conversely, when cohesiveness is high, but performance norms are low, productivity is diminished. In situations where cohesiveness is low, and performance norms are high, productivity increases but to a lesser extent than in high-cohesiveness/high-norms scenarios. In cases where both cohesiveness and performance-related norms are low, productivity typically falls within the low-to-moderate range.

Group Diversity

The last characteristic of groups is the diversity in their membership, indicating the extent to which members are similar to or different from one another. Ongoing research investigates how diversity impacts group performance, considering factors such as cultural, racial, gender, and other differences. Teams with members holding diverse values or opinions often encounter increased conflict. However, effective leaders who guide the group's focus toward the task and foster a culture of group learning can mitigate conflicts and improve discussions on group matters. It appears that diversity might negatively impact performance, even in creative teams, but these issues can be alleviated with appropriate organizational support and leadership.

In the last decades, extensive discussions have centered around diversity concerning age, race, gender, ethnicity, religion, and disability status, experts acknowledge that these demographic attributes merely scratch the surface. Fernandez and Polzer (2015, p. 1) assert that “diversity has the potential to either disrupt group functioning or, conversely, be the source of collective creativity and insight”. Primarily, demographics indicate surface-level diversity, failing to encapsulate thoughts and emotions, potentially prompting employees to perceive each other through stereotypes and preconceptions. Nevertheless, research has indicated that as individuals become more acquainted, concerns about demographic distinctions diminish when they identify shared fundamental traits like personality and values, embodying deep-level diversity (Robbins et al., 2017).

According to the social categorization paradigm, the connections among team members from diverse identity groups essentially represented interpersonal expressions of broader intergroup relations. In brief, team members engaged in comparisons, leading to the formation of in-group and out-group distinctions, ultimately resulting in subgroup categorizations. These concepts found empirical support, as numerous studies demonstrated that group members generally exhibited favoritism and increased cooperation with those clas-

sified as in-group members (Fernandez & Polzer, 2015). Conversely, they tended to show disdain and mistrust towards out-group members. These biases correlated with intergroup conflict, impaired communication, and diminished cohesion, contributing to reduced team morale and performance. This perspective aligns with research on the similarity–attraction paradigm and homophily biases, which posit that individuals tend to prefer collaboration with those who share similarities, fostering a heightened sense of identification and social integration.

Nevertheless, the question that decision makers in organizations often encounter is: why is diversity important? Rock and Grant (2016) point out that increasing workplace diversity is not just a slogan, it's a strategic business decision supported by compelling evidence. Companies with greater ethnic, racial, and gender diversity in leadership outperform industry averages in financial returns (Rock & Grant, 2016). Moreover, studies reveal nuanced benefits, demonstrating that nonhomogeneous teams are inherently smarter. Diverse teams exhibit enhanced fact-focused thinking, process information more carefully, and tend to be more innovative. They challenge conventional perspectives, reduce biases, and encourage constant reexamination of facts. In essence, fostering workplace diversity contributes to heightened collective intellectual potential, which is crucial for organizational success and innovation.

Similarly, Stahl (2021) argues that the three most crucial advantages include the following:

- Diverse teams boost creativity and innovation, as people from different backgrounds bring varied perspectives. In addition, diversity helps cater to different stakeholders and customers more effectively, as companies can then be more culturally sensitive and aware of diverse needs.
- Diversity creates greater opportunities for professional growth as team members enrich each other with various skills and approaches to work. Additionally, ethnically diverse group members' learning about each other's cultures aids in improved decision-making and organizational citizenship behavior.
- Diverse groups make better decisions, as it is easier for heterogeneous groups to deal with the biases by putting forward diverse voices. In other words, diversity helps take the group from its autopilot mode to an actively thinking and engaging entity.

Culturally and demographically diverse groups may exhibit improved long-term performance, provided they overcome initial conflicts (Richard et al., 2007). A potential drawback in diverse teams, particularly those diverse in surface-level characteristics, is the emergence of fault lines—perceived divisions that split groups based on individual differences like sex, race, age, work experience, and education. Research on fault lines indicates that such splits generally hinder group functioning and performance (Harrison et al., 2002). Subgroups formed along these fault lines may compete, diverting attention from core tasks and diminishing overall group performance.

2.4 Group Mechanisms

Within every organization, there are various types of groups; while all teams are groups, not all groups qualify as teams. Groups can function independently, but teams are interdependent. Diverse types of groups, such as command groups, task groups, interest groups, and friendship groups, share some of the mentioned characteristics. According to Cordery (2002), work teams can be categorized into several types:

1. **Work teams:** aiming to accomplish specific tasks
2. **Project teams:** formed for a particular purpose over a defined period
3. **Management teams:** responsible for running the business

Whether in a leadership role or as a team member, it is crucial to identify the specific nature of the group one is engaged with. Individuals often participate in multiple teams or projects simultaneously, and each team possesses unique characteristics demanding a tailored leadership approach for optimal success.

Work groups display diversity in types, sizes, contexts, functions, internal processes, and external connections. Nevertheless, their identification is anchored in several key features (Kozlowski & Bell, 2003; Arrow et al., 2000); namely:

a) Work groups consist of two or more individuals.
b) Work groups exist to carry out tasks relevant to the organization .
c) Group members share one or more common goals.
d) Group members, especially when working as a team, demonstrate task interdependencies encompassing workflow, goals, knowledge, and outcomes.
e) Work group members engage in social interaction, whether face-to-face or increasingly in virtual settings.
f) Group members establish and manage boundaries.
g) Work groups operate within an organizational context that defines boundaries, limits group actions, and shapes interactions with other units in the broader entity.

One of the ways of viewing work groups is through the lens of organizational systems, wherein teams are integrated into an expansive yet confined system with multiple nested levels. This overarching system imposes limitations on team operations from the top-down. On the contrary, viewing the responses of teams as intricate bottom-up occurrences enables understanding group mechanisms as processes evolving gradually from individual cognitive processes, emotions, behavior, and interactions among team members within the team's specific context (Kozlowski & Klein, 2000).

Group Development

Team effectiveness receives a boost when a team is dedicated to introspection and continual assessment. Beyond appraising achievements concerning specific objectives, a team's high performance requires a comprehensive comprehension of its evolution. Teams undergo distinct stages of development, and Bruce W. Tuckman's framework, devised in the mid-1960s, is widely utilized to delineate these stages. Tuckman (1965) proposed a

widely accepted stage-wise sequence that groups typically go through before reaching a mature and effective stage. This model is popular for its ability to help group participants comprehend the developmental process their group undergoes and predict its evolution.

Figure 6: Group Development Stages

Source: Tusharika Mukherjee (2023) based on Tuckman (1965).

1. **Forming:** In this initial stage, members focus on defining goals and establishing procedures for task performance. The development involves acquainting themselves, understanding leadership and member roles (Bonebright, 2010). During this stage, individual members may:
   - Keep feelings to themselves until the situation is clear.
   - Act more confidently than they feel about the team's functions.
   - Experience confusion and uncertainty about expectations.
   - Be reserved and polite, avoiding hostility.
   - Evaluate personal benefits and costs of group involvement.
2. **Storming:** Conflicts arise over task behaviors, goal priorities, responsibilities, and leadership roles. Competition for leadership and conflicts over goals dominate this stage. Some members may withdraw or isolate themselves from emotional tension. Suppressing conflict may lead to bitterness, while withdrawal by key members can hasten group failure.

3. **Norming**: Task-oriented behaviors evolve into information sharing, acceptance of diverse opinions, and positive attempts to reach mutually agreeable decisions (Bonebright, 2010). The group establishes operating rules, and emotions focus on empathy and positive expressions, fostering cohesion and cooperation. Different groups under similar circumstances may develop different behavioral norms.
4. **Performing:** In the fourth stage, the group demonstrates effectiveness and efficiency in task performance. Interdependence and problem-solving characterize this stage. Individual roles are understood, and members know when to work independently or collaboratively. Groups may continue learning and developing or, if hindered by inefficient norms, may only perform at a minimal level for survival.
5. **Adjourning:** The adjourning stage involves terminating task behaviors and disengaging from relations-oriented behaviors. Some groups have a well-defined adjournment point, while others may experience feelings of sadness and nostalgia. This stage is also known as the mourning stage.

Each developmental stage is characterized by distinct emotions and behaviors, providing a valuable framework for recognizing behavioral patterns within a team. It is crucial to perceive these stages as a foundation for team discussions rather than a rigid diagnostic categorization. Like human development, team progression isn't always a straightforward trajectory (Bonebright, 2010). Having a method to identify and comprehend the reasons behind shifts in team behavior can assist in optimizing the team's processes and productivity.

Despite the popularity and wide application of the five-stage conceptualization, Crosta and McConnell (2010) argue that Tuckman's model operates in a hierarchical manner, where progress to the next stage relies on the successful completion of the previous one. The authors assert that this linearity underscores the dynamic and developmental nature of groups; especially discounting that groups undergo a constant evolution in social processes and contextual dynamics. Secondly, McConnell (2006) and Waltonen-Moore et al. (2006) contend that the developmental stages of online groups significantly diverge from those in traditional face-to-face settings, advocating for new theories to conceptualize group development in virtual learning environments (Crosta & McConnell, 2010).

In addition to Tuckman’s stages, Hackman (1987) suggested a four-stage process to establish functional work teams:

1. **Pre-work:** Consider the group's goals, needed authority, and whether it needs to exist.
2. Create performance conditions: Provide necessary equipment, materials, and personnel.
3. **Form and build the team:** Clearly define group membership, expected behavior, tasks, and roles.
4. **Provide continuing assistance:** Eliminate group problems, replenish materials, and replace members if needed.

A trainer who grasps the developmental stage defining a team's functioning can create more customized and efficient team-building programs. Employing this tool, a team leader can engage in discussions with team members regarding actions that can enhance

or maintain robust processes and a positive team environment. From an organizational standpoint, the tool can signal training requirements applicable to multiple teams within the organization. Furthermore, distinguishing between the task and interpersonal aspects of team development stages streamlines effective interventions. Team leaders and organizations keen on enhancing team effectiveness should allocate resources to the development of their teams (Peralta et al., 2018).

Communication

Whether an individual, group, or organization, no entity can exist or function without communication—a process of transferring meaning among its members. Communication goes beyond mere transmission; it requires comprehension as well. Effective communication involves both the conveyance and understanding of meaning and is the cornerstone of effective group dynamics.

Communication serves four primary functions within a group or organization: control, motivation, emotional expression, and information.

- Control is exerted through formal structures, authority hierarchies, and established guidelines (Mechanic, 2016). For instance, when employees communicate job-related grievances to their immediate boss or adhere to company policies, communication functions as a control mechanism. Informal communication, “a crucial exchange among co-workers" (Koch & Denner, 2022, p. 494), plays a controlling role in a group. It can range from situations where work groups tease or harass a member affecting their group dynamics, to group members perceiving being informed (Mechanic, 2016)
- Motivation is fostered by communication that clarifies tasks, performance evaluations, and improvement strategies for employees. This aligns with goal setting and reinforcement theories, where communication about specific goals, progress feedback, and rewarding desired behavior enhance motivation (Ramadanty & Martinus, 2016).
- Communication is a fundamental mechanism for social interaction within work groups, serving as an outlet for expressing frustrations and feelings of satisfaction. It enables emotional expression and fulfills social needs among group members (Milanovic & Njegic, 2019).
- The fourth function of communication is its role in facilitating decision-making. By providing necessary information, communication allows individuals and groups to identify and evaluate alternatives, contributing to effective decision-making processes (Politi & Street, 2011).

Therefore, for groups to function effectively, communication is essential to maintain control over members, stimulate performance, provide an outlet for emotional expression, and facilitate decision-making.

In many cultures, conversation is a societal expectation, discouraging silences. Typically, the essence of conversation lies in the exchange of information, where one person poses a question, and the other provides the requested information. However, the communication process is intricate and complex. Perceptual filters add complexity to the communication process, influencing what is said, heard, and how it is perceived (Price & Moncrieff, 2021). For instance, when asking for the time, did one pick up on the frustration or friendliness in

the response, or was the focus solely on the information? The sender of a message brings personal motives, objectives, personality traits, values, biases, and prejudices, which shape the content and expression of communication. While individuals decide what information to disclose or withhold consciously, filtering is not always deliberate. At the receiving end, filtering affects what is heard, decoded, not decoded, and the interpretation of the message (Rumar, 1985).

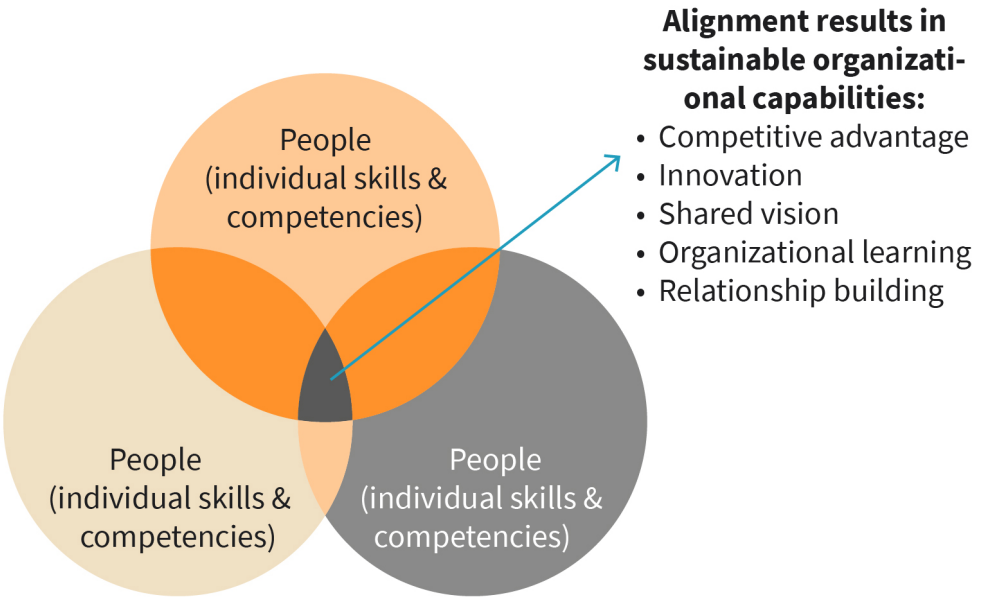
Physical, social, and cultural contexts further impact communication. The style and content of conversations often hinge on relationships, and status differences influence communication dynamics. Certain discussions may be reserved for colleagues rather than being disclosed to a superior. Noise, encompassing more than auditory disruptions, includes coding and decoding challenges, perceptual filters, and any factors compromising the integrity of the chosen communication channel. Personal motives, emotions, health, anxiety, pressure, stress, enthusiasm, and excitement can all contribute to noise in communication.

Communication plays a crucial role in organizational effectiveness, and this holds practical implications. The assumption is that organizations function optimally when communication is open, relationships are built on mutual understanding and trust, interactions are cooperative, teamwork is emphasized, and decision-making is participative. However, these features are not universally applicable and may not be present in all countries or cultures.

2.5 Organizational Mechanisms

Organizational mechanism are the higher-level mechanisms that offers an explanation for orchestrating desired behavior or activity in the more micro-level combination of component parts – individual and groups – and the specific activation of the mechanism and the production of the outcome in them (Pajunen, 2008). Organizational mechanisms, as determined by the organizational structure and culture, align people, groups, and organization as a whole. Like Ouchi (1979, p. 833) argued, “the problem of organization is the problem of obtaining cooperation among a collection of individuals or units who share only partially congruent objectives”.

Figure 7: Interdependencies of Individual, Group, and Organizational Components Leading to Organizational Capacity Building



Source: Tusharika Mukherjee (2023) based on Amui et al. (2017).

Organizational mechanisms are conceptual components that provide theoretical insight into the cause-and-effect relationships between phenomena. They also function at macro to micro levels, as seen in organizational culture impacting individual behavior, or micro to macro levels, explaining how individuals with special cognitive abilities can be collectively integrated into an innovative team (Anderson et al., 2006). In this context, two components of the organizational mechanisms are noteworthy: (i) organizational structure, and (ii) organizational culture.

Organizational Structure

Organizations are described as social structures designed to achieve controlled performance in the pursuit of collective objectives. A crucial aspect of these structures involves the establishment of an organizational framework. Organizational structure refers to the arrangement of individuals to achieve tasks within a business. It defines the connections between managers and employees, authorizing them to fulfill their duties (Johnson, n.d.). Firms employ organizational structure as a control mechanism to influence the outcomes of employee work, ensuring effective and efficient task performance, and aiding in the achievement of organizational goals and objectives (Al-Qatawneh, 2014).

The structure of an organization serves as the blueprint for the competency, leadership, talent, functional connections, and arrangement within a business (Wolf, 2002). Tran and Tian (2013, p. 1) contend that, “To achieve these [organizational] goals organizations create inner order and relations among organizational parts that can be described as organizational structure. All organizational parts together with relations and mechanisms of their coordination are important for proper functioning of any organization”.

There are two primary goals of organizational structure (Buchanan & Huczynski, 2017):

- To break down organizational activities and assign them to sub-units.
- To coordinate and oversee these activities to ensure they align with the organization's objectives.

According to Sablynski (2012), organizational structure reduces employee ambiguity and provides clarity, aiding in the understanding and prediction of behavior. However, since organizational structure is an abstract concept, Buchanan and Huczynski (2017) state that it is best identified based on its seven elements. Senior management's decisions regarding each of these elements significantly influence employee processes and attitudes like job satisfaction and organizational performance, either positively or negatively. Similarly, organizational structure influences group mechanisms by determining the mode of communication, decision-making, leadership, conflict resolution, so on and so forth. A common thread in these decisions is delegation, which involves managers granting decision-making authority to employees at lower hierarchical levels.

1. **Work specialization**: Determining the extent to which work tasks in an organization should be subdivided into separate jobs. This involves considering whether there should be high specialization or if workers should perform various tasks (low specialization), and the implications for time, training costs, and employee motivation (Buchanan & Huczynski, 2017).
2. **Hierarchy:** Deciding on the number of layers or levels of management within the organization (tall hierarchy or flat hierarchy) and considering the implications for communication, employee motivation, and staff costs.
3. **Span of control:** Determining how many subordinates a single manager or supervisor should be responsible for—whether many (wide span of control) or few (narrow span of control).
4. **Chain of command:** Defining to whom a specific individual or group should report concerning their work (e.g., Crumpton, 2013).
5. **Departmentalization:** Choosing whether jobs should be grouped within departments based on common expertise (functional), or according to the product or service offered, geographical area of operation, type of customer served, or another basis (Buchanan & Huczynski, 2017)
6. **Formalization:** Deciding whether written rules, records, and procedures should be extensively used to coordinate and control the activities of different individuals and groups (high formalization), or whether these should be kept to a minimum (low formalization).
7. **Centralization:** Determining whether decisions should be made at the top of the company by senior managers (centralized), or if decision-making authority should be delegated to junior staff lower in the organizational hierarchy (decentralized). Tran and Tian (2013) add that the level of certainty in the environment often influences the organizational structure of a firm. In environments characterized by high certainty, organizations tend to adopt a more centralized hierarchy with well-established rules and procedures. Conversely, in environments with high uncertainty, decision-making may be decentralized, relying on formal rules and policies, and hierarchies may be flattened.

Johnson (n.d.) states that out of the various fundamental configurations of organizational structures, a business proprietor selects one based on its anticipated impact on work activities. The way people are grouped influences and regulates individual and group behaviors. Therefore, understanding how each structure influences employee conduct assists the business owner in selecting the structure that fosters an optimal work culture for achieving strategic goals.

Johnson further adds that an organization's structure can appear so ingrained that it seems permanent, yet it undergoes transformations alongside company developments. These changes are often gradual, involving incremental adjustments like introducing a new position. However, there are instances when a company opts for a complete overhaul of its organizational structure. Although such a transformation may modify a company's core operational features, it can be justified by a fresh strategic vision or as a resolution to widespread organizational issues. To determine if the investment of effort and cost in such a change is justified, a small-business owner must understand how to assess organizational structure.

Organizational structures have undergone significant changes since the 1800s. During the Industrial Revolution, individuals were organized to contribute specific parts to the production process on assembly lines. Frederick Taylor's scientific management theory further optimized task performance by ensuring workers specialized in the most efficient way for a single task. In the 20th century, General Motors introduced an innovative organizational design, where each major division independently manufactured its own cars.

Robbins et al. (2017) list three organizational designs (structures) as the most commonly employed structures, which are the simple structure, bureaucracy, and matrix structure.

Simple structure

The simple structure is characterized more by what it lacks than what it possesses. It is uncomplicated, with low departmentalization, wide spans of control, centralized authority in one person, and minimal formalization. Often termed a 'flat' organization, it typically has only a few vertical levels, a loosely connected workforce, and decision-making authority concentrated in a single individual. While well-suited for small businesses, the simplicity of this structure becomes a drawback as organizations grow. The lack of formalization and high centralization can lead to information overload at the top, resulting in slow decision-making. Additionally, the structure's risk lies in its dependency on one person, making the organization vulnerable to disruption if that individual leaves (Robbins et al., 2017).

Bureaucracy

The bureaucracy emphasizes standardization as its core concept. It involves highly routine tasks achieved through specialization, formalized rules, functional departmental grouping of tasks, centralized authority, narrow spans of control, and decision-making following a strict chain of command. Despite the negative connotations associated with bureaucracy, it offers efficiency in performing standardized activities. Grouping similar specialties in functional departments promotes economies of scale and minimizes redundancy. How-

ever, bureaucratic specialization may lead to conflicts where functional goals override organizational objectives. A notable weakness is an obsessive adherence to rules, lacking flexibility when cases don't precisely fit established guidelines (Robbins et al., 2017).

Matrix structure

The matrix structure, employed in diverse sectors such as advertising, aerospace, research, and healthcare, combines functional and product departmentalization. Functional grouping brings specialists together, minimizing their number and allowing resource sharing. Product departmentalization provides clear responsibility for product-related activities, but incurs duplication of efforts and costs. The matrix aims to leverage the strengths of both approaches while mitigating their weaknesses. Notably, it breaks the unity-of-command concept, with employees reporting to both functional and product managers. The matrix's strength lies in facilitating coordination in complex, interdependent activities, reducing bureaucracy-related issues, achieving economies of scale, and efficiently deploying specialists. However, it introduces confusion, power struggles, and stress due to its dual chain of command, potentially leading to ambiguity and conflict (Robbins et al., 2017).

In the contemporary landscape, organizational structures are rapidly evolving, ranging from virtual organizations to other flexible frameworks. As companies continually evolve and expand globally, future organizational models may embrace fluid structures, emphasize member ownership, and foster an entrepreneurial approach among all members. According to SHRM (2023), organizational structures in modern times have transformed from inflexible, vertically integrated, hierarchical, and autocratic models to more flexible, empowered, and networked configurations, aimed at swiftly addressing customer requirements with tailored products and services. Organizations now typically adopt vertical structures, vertical and horizontal structures, or structures with open boundaries. Specific structures within these categories include:

Vertical structures

There are two primary forms of vertical structure: functional and divisional. The functional structure organizes work and staff based on specialization, adopting a hierarchical and typically vertically integrated framework. This structure underscores the importance of standardization in both organization and processes, specifically catering to specialized employees in narrowly defined roles.

In functional structures, employees directly report to managers within their functional domains, and these managers, in turn, report to the chief officer of the organization. Coordination of specialized departments is primarily centralized, with management overseeing from the top down.

This structure is most effective for organizations that maintain a centralized approach, where the majority of decision-making occurs at higher organizational levels. This is because there are minimal shared concerns or objectives among functional areas such as

marketing, production, purchasing, and IT. The centralized decision-making allows the organization to capitalize on economies of scale, particularly in functions like centralized purchasing.

On the other hand, a divisional structure typically organizes work and staff based on output, although it could also be segmented by other variables like market or region. A vertical structure has several benefits, which include:

1. It enhances focus and flexibility on the core competencies of each division.
2. Divisions can concentrate on producing specialized products while leveraging knowledge gained from related divisions.
3. There is a higher level of coordination compared to the functional structure.
4. Decision-making authority delegated to lower organizational levels facilitates quicker, customized decision-making.

However, a vertical structure may lead to inefficiency and redundant efforts, as each division needs to acquire the same resources. Each division often maintains its own research and development, marketing, and other units, which could be more collaborative. Also, employees following similar technical career paths may have reduced interaction. Further, divisions may end up competing for the same customer base, and they may independently purchase similar supplies in smaller quantities, potentially incurring higher costs per item.

SUMMARY

Organizations vary in several aspects, such as work performance, individual and group dynamics, job satisfaction, and organizational mechanisms. Cognitive abilities and personality traits predict work performance and job success, which is why cognitive and personality tests are commonly used in recruitment and career decisions. Motivation is a purpose-driven force influenced by individual attributes and the job context. Researchers have developed job satisfaction models to understand the factors that contribute to satisfaction, and it is now known that the nature of the work is the most significant contributor. In modern knowledge-centric economies, continuous learning has become a crucial asset for individuals and organizations alike. Groups and group dynamics play a pivotal role in organizations, influencing collaboration and work output significantly. Different types of groups, such as work teams, project teams, and management teams, require unique leadership approaches.

Organizational culture and leadership determine the diversity within workgroups, their identification, and their functioning within the broader organizational context, as reflected in the introductory case. The stages of group development offer insights into the evolving dynamics of groups over time. Effective communication is a fundamental aspect of successful group dynamics, facilitating the conveyance and

comprehension of meaning. Lastly, organizational mechanisms illustrate how organizational structures and cultures align individuals, groups, and the entire organization to achieve shared objectives.

UNIT 3

MOTIVATION CONCEPTS

STUDY GOALS

On completion of this unit, you will be able to ...

- describe motivation as a primary condition for work.
- explain the major approaches to work motivation.
- evaluate the role of self-determination in work motivation.
- identify the factors that reinforce work behavior and build expectancies.
- understand the applicability of the motivational concepts and theories.

3. MOTIVATION CONCEPTS

Case Study

This case study delves into the persistent issue of low employee engagement and motivation at UPStream Technologies, a mid-sized IT solutions company. UPStream Technologies experienced declining employee engagement levels, leading to a noticeable reduction in productivity, increased absenteeism, and higher turnover rates. The situation called for immediate action, as it was affecting the company's growth and reputation. The leadership recognized the need to transform the work environment and boost employee engagement and motivation. The company initiated anonymous employee engagement surveys to collect feedback on their experiences, expectations, and concerns. The survey revealed that employees felt disconnected from the organization, had limited opportunities for professional growth, and lacked recognition for their contributions. To gain a more in-depth understanding of employee perspectives, HR conducted focus group sessions with various teams and departments. These discussions unearthed critical issues, including poor communication, insufficient feedback, and a lack of challenging tasks.

One of the issues that stood out in those surveys was employees feeling disempowered and lacking autonomy in their roles. It became evident that many employees felt frustrated by the lack of control over their work processes, leading to disengagement. A comprehensive review of the organization's existing policies and procedures revealed bureaucratic bottlenecks that hindered employee autonomy. Decisions were primarily made at the top, leaving employees with limited input. The company’s leadership identified the need to address this challenge to improve overall employee motivation, satisfaction, productivity, and reduce attrition. They introduced a more decentralized decision-making process, giving employees at various levels the authority to make choices relevant to their roles. Managers were encouraged to involve their teams in decisions that affected them. On the other side, UPStream revamped its internal communication strategy, ensuring transparency, timely updates, and an open-door policy for sharing concerns and suggestions. Regular town hall meetings were introduced to keep employees informed and involved in organizational decisions.

Within six months of implementing these strategies, the company experienced a noticeable improvement in employee engagement. The next employee survey showed a 25% increase in overall engagement scores. Employees reported feeling more motivated, driven by the opportunities for career growth and the recognition they received. This translated into improved performance across teams. Employee motivation and engagement had a direct impact on productivity. The company saw a 20% increase in project completion rates and a reduction in errors and delays. With motivated and engaged employees, UPStream Technologies delivered better results to its clients, enhancing its reputation, and attracting new talent.

3.1 Self-Determination Theory

One of the most longstanding and challenging topics in psychology pertains to the fundamental question of why people do what they do. In other words, why are people driven to act and, if they do act, why do they choose one course of action over another? Leaders and researchers often refer to factors like goals, incentives, needs, reinforcers, and rewards when discussing motivation, and it's evident that there are various definitional complexities involved (Furnham, 2005).

The central query in work motivation revolves around the reasons behind an individual's decision to undertake a particular action, how much effort they invest in it, and their persistence in pursuing it. Conte and Landy (2018, p. 310) assert that “motivation concerns the conditions responsible for variations in intensity, persistence, quality, and direction of ongoing behavior”. Essentially, the issue of work motivation encompasses two core aspects (Furnham, 2005):

1. The nature of the motivating force (its origin and characteristics)
2. The guidance and sustenance of this drive (its impact on an individual's behavior, primarily work behavior)

Self-determination theory (SDT) serves as a comprehensive structure for comprehending the underlying reasons for our actions and the factors that determine how a human life prospers (Ryan & Vansteenkiste, 2023). Self-determination theory is an expansive theory of human motivation that has evolved over the past four decades, emerging as a significant framework in various branches of psychology, including organizational psychology (Gagné & Deci, 2005). Initially formulated by Deci and Ryan in 1985, it has gained widespread adoption among researchers and practitioners globally. SDT is instrumental in shaping work environments that promote employee engagement, performance, and well-being. Grounded in organismic principles pertaining to human nature, SDT considers individuals as active entities and relies on human experiences as valuable data to comprehend motivation and identify obstacles to engagement (Gagne et al., 2018). It employs a set of concepts and assumptions that align with philosophical, experiential, empirical, mechanistic, and historical perspectives (Ryan & Vansteenkiste, 2023). Moreover, it is designed to be a pragmatic theory, offering direct and meaningful implications for family, education, work, healthcare, and clinical settings.

SDT's analysis primarily centers on the psychological aspect, distinguishing various types of motivation on a spectrum from controlled to autonomous (Ryan & Deci, 2017). The theory places particular emphasis on how social and contextual factors either facilitate or hinder individuals in flourishing by fulfilling their fundamental psychological needs for competence, relatedness, and autonomy. Ryan and Deci (2017) contend that employees experience autonomy when they have choices and the ability to self-determine various aspects of their work. They feel competence when they achieve mastery over tasks, and relatedness when they perceive challenges and have opportunities to connect interpersonally with colleagues and other stakeholders. This sense of relatedness includes demonstrating care for others and feeling reciprocated care from others.

Tasks at work that fulfill one or more of these three psychological needs are typically seen as enjoyable, which, in turn, amplifies intrinsic motivation. Intrinsic motivation is defined as the desire to exert effort driven by a genuine interest in and enjoyment of the work itself, distinct from external motivations like financial incentives or status. Intrinsic motivation is further boosted when individuals perceive their choices and behaviors as self-determined, meaning they act according to their own preferences rather than having behavioral choices imposed on them.

While the theory has a psychological foundation, research has also explored the biological roots of these psychological processes, situating them within an evolutionary context, making it relevant in practical domains like education, healthcare, employment, psychotherapy, sports, and virtual environments, as well as an examination of the impact of social, political, and cultural factors on motivations and the fulfillment of basic needs (Ryan & Deci, 2017).

Types and Sources of Motivation

The fundamental concept outlined in SDT is autonomy, which involves the desire to independently regulate one's experiences and actions. Autonomy in this context is linked to a mode of functioning characterized by a sense of volition, congruence, and integration. Acting autonomously involves wholehearted engagement in behaviors, while undertaking actions contrary to one's volition leads to feelings of incongruence and conflict. According to SDT, only certain intentional actions are genuinely self-regulated or autonomous, with others being regulated by external forces or less integrated aspects of one's personality. Consequently, individuals may engage in behavior without a sense of volition or self-endorsement of their actions.

The autonomy–control continuum is a key dimension in SDT for distinguishing between types of motivation. Different types of motivation can be classified based on the degree to which they reflect autonomous or controlled regulations. Autonomous motivation occurs when individuals feel a sense of volition, willingly consenting to and fully embracing the behaviors. In autonomous motivation, behaviors are perceived as originating from and expressing one's true self. In contrast, controlled behaviors, as defined in SDT, occur when individuals feel pressured or compelled, either externally or internally, to act. For instance, a person is considered controlled when their motivations to act are influenced by external forces or internal pressures, leading them to engage in behaviors that are incongruent or alien to their sense of self (Deci & Ryan, 2012).

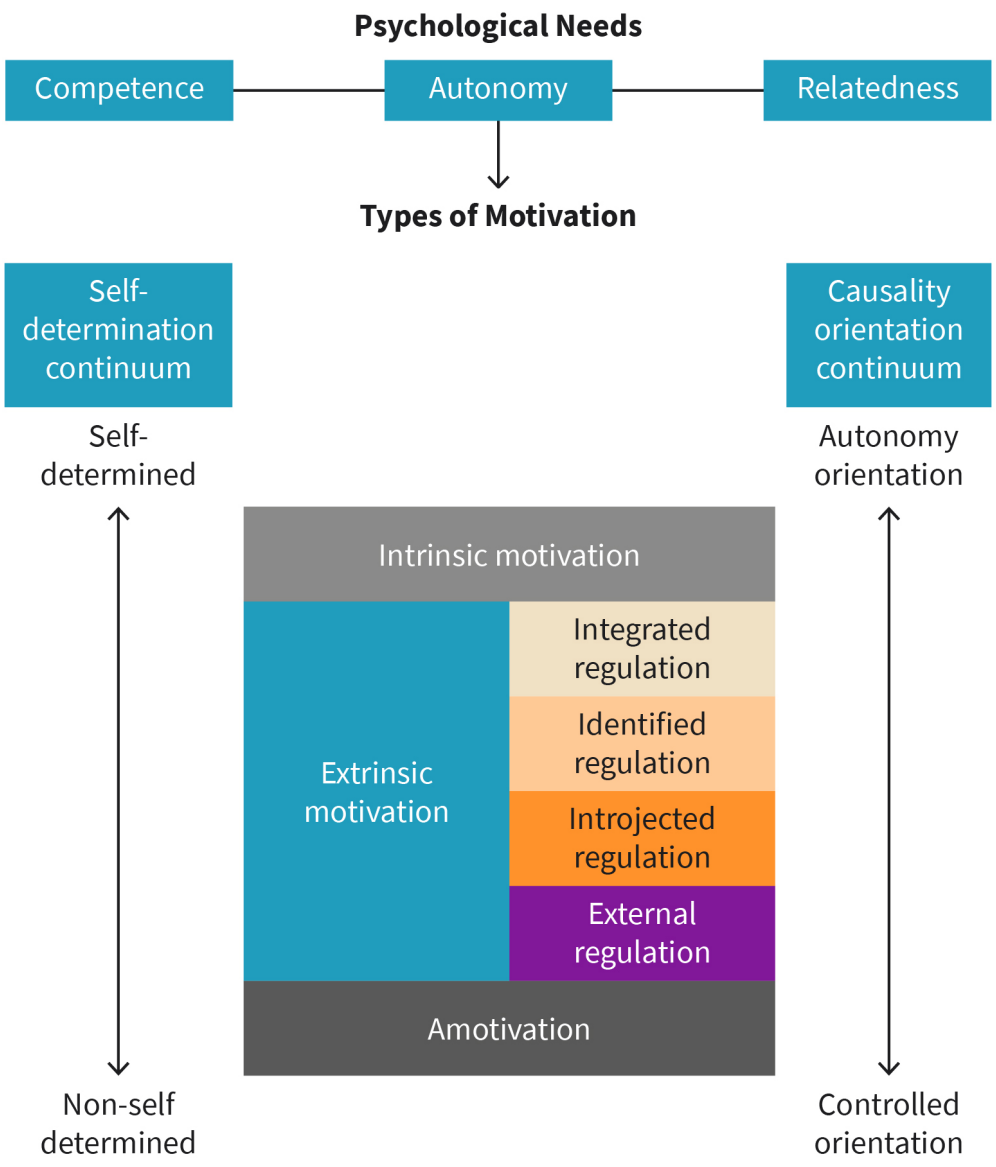
Interestingly, it has been suggested that one of the factors undermining intrinsic motivation is the use of extrinsic motivators, such as monetary compensation, bonuses, and benefits. In this context, a significant contribution of SDT is its breakdown of extrinsic motivation into several forms:

- **external regulation:** This occurs when an individual engages in a behavior solely to meet an external demand, which may be material (e.g., the need for a paycheck) or social (e.g., the need to please others). It is perceived as externally controlled and not driven by personal choice.

- **introjected regulation:** In this form, individuals have internalized external demands to the extent that these demands affect their self-esteem. They may experience feelings of pride, shame, or guilt based on whether they engage or abstain from the behavior.
- **identified regulation:** Here, individuals accept external demands or rewards as personally significant and, as a result, engage in self-regulation to perform the required behaviors, often aligning with their personal values.
- **integrated regulation:** Like identified regulation, individuals not only acknowledge the significance of external rewards or requirements but also see them as an expression of their authentic selves.

Derived from the self-determination continuum, Grolnick and Ryan (1989) devised a method for computing the "relative autonomy index (RAI)," a singular score that considers various types of motivation to gauge the level of self-determination in individuals.

Figure 8: Types of Motivation According to Self-determination Theory



Source: Tusharika Mukherjee (2023).

SDT research prompted the differentiation of motivation into various types, which includes diverse forms of amotivation. The concept of amotivation is employed to characterize individuals' lack of intentionality and motivation, signifying their passivity, ineffectiveness, or absence of purpose concerning potential actions. Within SDT, amotivation manifests in three forms (Vansteenkiste et al., 2005):

1. The first form involves individuals not acting due to a perceived inability to effectively attain outcomes. This amotivation type arises from a sense of universal helplessness or a personal belief in the inability to perform required actions competently. The basis for this form of amotivation lies in a perceived lack of competence.
2. The second form of amotivation is unrelated to competence or control concerns but stems from a lack of interest, relevance, or value. Individuals remain amotivated when behaviors lack meaning or interest, particularly when they fail to connect with the fulfillment of needs. This type of amotivation may persist even when individuals possess the competence to act.
3. The third form of amotivation involves defiance or resistance to influence, where apparent amotivation for a specific act is a motivated nonaction or oppositional behavior aimed at defying demands that hinder basic needs for autonomy or relatedness. Each type of amotivation may have different manifestations and implications (Ryan & Deci, 2017).

Causality orientation

The concept of causality orientations represents one of the six mini-theory originating from SDT. This extension shifts the examination of the motivational impacts of autonomy and control, initially explored through cognitive evaluation theory in a social psychological context, to a framework of individual differences in how people orient themselves toward environments and regulate behavior. Causality orientations, considered characteristic adaptations, provide insights into the extent to which individuals respond to motivational cues in their surroundings. This mini-theory identifies three primary categories of behavior and motivationally relevant psychological processes (Deci & Ryan, 1985; Ryan & Deci, 2017):

1. Autonomy orientation
2. Controlled orientation
3. Impersonal orientation

Autonomy orientation signifies the extent to which behaviors are initiated and regulated by choices rooted in an awareness of one's needs and integrated goals. Individuals with a high autonomy orientation actively seek choice and perceive their behavior as self-initiated. On the other hand, controlled orientation denotes the degree to which behaviors are driven and regulated by external controls, such as reward structures, or internal controlling imperatives dictating how one 'should' or 'must' behave. Those with a high control orientation tend to actively seek out controls and interpret their environment as controlling. Impersonal orientation describes a general tendency to lack intentionality, initiative, or a sense of control. Individuals with an impersonal orientation believe they cannot control their behavior and, consequently, cannot achieve desired outcomes; their behavior is often characterized as amotivated or helpless. People with a high impersonal orientation may feel overwhelmed by their environment, inner drives, and emotions (Koestner & Levine, 2023). For example, Souesme and colleagues (2020) observed that the inclination towards autonomy among participants, when linked with perceiving a supportive environment, demonstrates positive associations with need satisfaction, autonomous motivation for health-oriented physical activity, and elevated scores in positive affective states. In contrast, participants with an impersonal orientation, when positively linked to perceiving

a controlled environment, showed associations with undermine need satisfaction, controlled motivation for health-oriented physical activity, and amotivation. Additionally, they exhibit high scores in both negative affective states and boredom.

Causality Orientation Theory posits that these motivational orientations represent overarching individual difference factors present to varying degrees in everyone that influence how individuals experience and engage with the world from a motivational standpoint (Koestner & Levine, 2023). The theory does not suggest that individuals are exclusively one orientation or another but emphasizes that each orientation exists on a continuum, and individuals are guided by a combination of these three motivational orientations.

The ideas of varied kinds of motivation – autonomous motivation, controlled motivation, and amotivation – and casualty orientation are proposed to act as intermediaries in the relationship between social environments and outcomes, including effective performance and well-being. When social contexts contribute to the fulfillment of all three psychological needs, they also enhance autonomous functioning, leading to improved performance and increased well-being. Conversely, in social contexts that neglect or obstruct these fundamental psychological needs, there is a tendency to foster controlled motivation or amotivation, resulting in poorer performance and reduced well-being.

Employee engagement and growth

In a meta-analysis conducted by Van den Broeck and colleagues in 2016, which encompassed 99 studies examining SDT in work settings, it was confirmed that when these needs are fulfilled, individuals undergo psychological growth, internalization, and experience an overall sense of well-being. According to SDT, psychological growth entails a curiosity-driven and exploratory engagement with tasks that employees find interesting and enjoyable, without the need for external reinforcement. Internalization, as per the theory, is the process by which individuals convert external motivations for certain behaviors into intrinsic and integrated motivations. Well-being, in this context, encompasses increased positive emotions, reduced negative emotions, higher life satisfaction, and enhanced physical and mental health.

Employees with high levels of autonomous motivation willingly undertake tasks and responsibilities that align with their personal values and importance (Van den Broeck et al., 2013). When employees derive joy from their work and find it engaging and exciting, they channel their motivational energy toward the intrinsic satisfaction of the work itself (Ryan and Deci, 2017). Additionally, intrinsic motivation is associated with heightened creativity (Finley & Csikszentmihalyi, 2018), problem-solving abilities (Song & Grabowski, 2006), self-regulation (Niemiec & Spence, 2016), and the willingness to take on responsibility and initiative (Grant et al., 2011). When motivated in a controlled manner, employees feel compelled by external pressures or internal demands to fulfill their job responsibilities (van Tuin et al., 2020). Managers who enforce tight deadlines, emphasize meeting **key performance indicators**, demand extensive reporting, or engage in micromanagement are perceived as exerting control (Tuin et al., 2020). Additionally, contingent performance evaluations, rigid processes, procedures, and monetary incentives can also be perceived as controlling (Gagné & Deci, 2005). Elevated levels of controlling regulations in relation to

low autonomous motivation are linked to decreased well-being, increased work-related strain and burnout (Van den Broeck et al., 2013), procrastination (Vansteenkiste et al., 2009), and reduced work engagement (Howard, Gagné, Morin, & Van den Broeck, 2016).

Key performance indicators (KPIs)
KPIs are vital benchmarks guiding progress toward desired outcomes, driving strategic and operational improvements, informing decision-making, and focusing attention on critical aspects.

In this context, Edwin Locke's goal-setting theory is noteworthy. First proposed in 1968, goal-setting theory serves as a motivational technique (Locke & Latham, 2019). The theory consists of four well-supported propositions derived from research (Buchanan & Huczynski, 2017):

1. Performance is positively influenced by challenging goals, often termed 'stretch' goals, as they stimulate improvement.
2. Specific goals surpass vague ones, like 'do your best.' SMART goals (specific, measurable, attainable, realistic, and time-related) are more effective (Buchanan & Huczynski, 2017).
3. Participation in goal-setting can enhance performance by fostering commitment. However, manager-assigned goals with proper explanation and justification can also lead to high performance.
4. Effective goal achievement requires knowledge of past performance results. Feedback, serving as information and motivation, plays a crucial role.

While extensively tested in situations with clear and quantifiable short-term targets, the theory's applicability to longer-term goals or those challenging to measure, such as in professional work, remains uncertain. Additionally, the theory predominantly emphasizes individual goals and performance rather than teamwork.

3.2 Reinforcement Theories

Reinforcement theory, which takes a behavioristic approach, posits that behavior is shaped by external reinforcement. Reinforcement theorists perceive behavior as a product of environmental influences, emphasizing that one need not concern themselves with internal cognitive processes. They argue that what governs behavior are reinforcers, which are any consequences that, when immediately following a response, enhance the likelihood of that behavior being repeated. Thus, reinforcement theory offers a potent method for analyzing the factors that control behavior, which is why it is frequently discussed in the context of motivation.

The reinforcement theory, originally put forth by BF Skinner (1937), regarded as the father of operant conditioning, held that an individual's behavior is shaped by its outcomes. It suggests that behavior accompanied by favorable consequences tends to be repeated, while behavior associated with unfavorable consequences tends not to be repeated. Skinner asserts that the external environment within an organization should be carefully structured in a positive manner to inspire employee motivation.

Skinner (1937) also devised a method of automated training with intermittent reinforcement and reinforcement schedules (Staddon & Cerutti, 2006), which later became popular methods managers employed for managing employee behavior. Those included the following:

- **positive reinforcement:** This involves offering a positive response when an individual displays desirable behavior. For example, praising an employee immediately for arriving early to work, which increases the likelihood of them repeating this positive behavior. Rewards serve as positive reinforcement, but only when they lead to improved employee behavior. The more promptly the reward is given, the stronger its reinforcing effect. Balliet et al. (2011) highlight that rewards tend to be more impactful when they entail higher operating costs.
- **negative reinforcement:** This entails rewarding an employee by eliminating negative or undesirable consequences. Both positive and negative reinforcement can be utilized to promote desirable behavior.
- **punishment:** Punishment involves the removal of positive consequences to decrease the likelihood of an individual repeating undesirable behavior. In other words, it means applying an unfavorable consequence for undesirable behavior, such as suspending an employee for violating organizational rules. Punishment can be counterbalanced by positive reinforcement from an alternative source.
- **extinction:** Extinction means the absence of reinforcement, effectively reducing the likelihood of undesirable behavior by eliminating rewards for that behavior. For instance, if an employee no longer receives recognition and praise for their good work, they may feel that their behavior is yielding no fruitful results. Extinction may inadvertently reduce desirable behavior.

While it's evident that so-called reinforcers like monetary compensation can motivate people, the process is considerably more intricate for individuals. In its purest form, reinforcement theory overlooks aspects such as emotions, attitudes, expectations, and other cognitive factors that are acknowledged to influence behavior. In other words, the theory disregards the inner state of an individual and focuses exclusively on the consequences that follow an action. In fact, some researchers examine the same experiments used by reinforcement theorists to support their stance and interpret the results from a cognitive perspective.

Behavior Modification Through Reinforcement

Behavior modification, the central theme of reinforcement theories, entails employing fundamental learning methods like conditioning, biofeedback, assertiveness training, positive or negative reinforcement, with the aim of altering undesired behavior in individuals or groups (Kolakowsky-Hayner, 2011). The application of behavioral modification principles in a work setting offers a tool for shaping and changing human performance. There are two major theoretical positions connecting reinforcement with work motivation:

1. **Reinforcement contingency:** Central to behavior modification is the idea of reinforcement contingency, which means that the rate of performance will increase when desirable outcomes (reinforcers) are tied to that performance. The theory doesn't

consider the individual's needs, expectations, values, or desires, although these factors can affect the strength and impact of each reward (or punishment). What's essential is establishing the reinforcement contingency to bring about a behavioral change. Different people may find different things reinforcing. The argument is that individuals engage in work-related behaviors that are subject to reinforcement (or punishment and extinction) contingencies. People work with varying levels of effectiveness, and when a specific behavior results in a reward (like payment for improved work efficiency), performance improves. Learning theorists argue that all behavior is molded and sustained through contingent reinforcement, and work-related behaviors are just specific instances of this broader phenomenon. Behavior modification, however, may limit a worker's freedom of choice or autonomy; a proposition that forms the core of self-determination theory.

2. **Social learning:** Social learning theory emphasizes the interplay between the individual (with unique traits, cognitions, perceptions, attitudes, and emotions) and the environment (which provides reinforcement). Albert Bandura's social learning theory, outlined in 1977, aligns with classical conditioning and operant conditioning, which are fundamental behaviorist learning theories. However, Bandura (1977) introduces two significant concepts:
   i) Mediating processes take place between stimuli and responses.
   ii) Behavior is acquired from the surrounding environment through the mechanism of observational learning (McLeod, 2011).

Consequently, it's not sufficient to say that a person works only because of reinforcement; one must also consider the person's cognitions, attitudes, or emotions. For instance, people learn work performance by observing and imitating the behavior of others due to the reinforcers they perceive those others are obtaining, rather than relying solely on a series of trial-and-error experiences. Because cognitive processes seem to mediate behavior, the way individuals experience and perceive reinforcers is influenced by their feelings, mental images, and thoughts, which also impact their performance.

The theory provides a detailed explanation of how individuals learn behavior. Managers aiming to motivate their employees should not reward all employees simultaneously. Instead, they should inform employees about their shortcomings and guide them on how to achieve positive reinforcement.

3.3 Expectancy Theories

Expectancy theory, which is a cognitive theory applied to pay and motivation, acknowledges that individuals may have different goals or needs and can perceive various connections between their actions and goal attainment. People evaluate alternatives, weigh costs and benefits, and then choose an action that maximizes utility. Their decision to engage in a task and invest effort depends on their estimation of the probability of accomplishing the task and the valence of the outcomes. Expectancy theories are built around the idea of valence, i.e., an individual's motivation is influenced by their belief in the likelihood of certain outcomes resulting from their actions and the desirability of these outcomes (Wilson, 2018).

Outcomes can be extrinsic rewards provided by external agents like employers, or they can be intrinsic rewards such as personal fulfillment and self-esteem, which are essentially self-mediated.

Vroom's VIE model

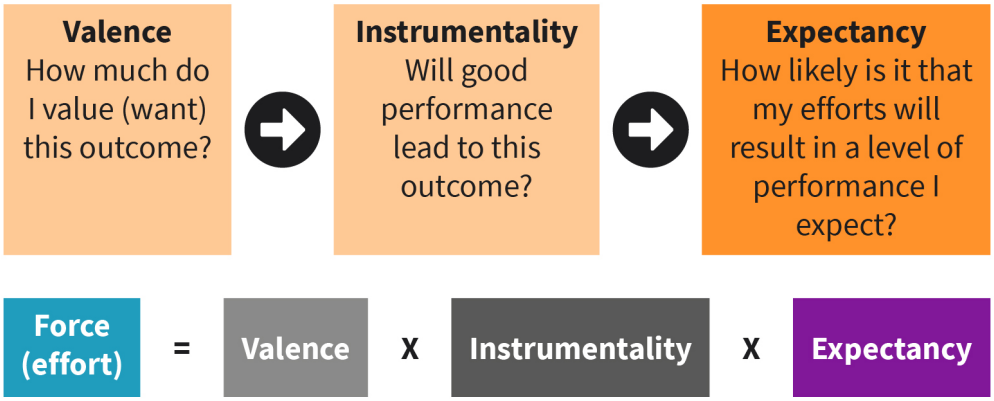
Expectancy theory suggests that predicting motivation and work-related behavior is possible by understanding the individual's desire for various outcomes and the perceived probability of achieving them. Wilson (2018) identifies three salient aspects of expectancy theories:

- It assumes that individuals believe that effort is positively linked to performance (expectancy). For instance, experienced employees who think their efforts can increase their performance have high effort-performance expectancy, while less experienced employees with low expectations for improvement have low effort-performance expectancy; which can directly impact their work motivation.
- Individuals may assume that good performance will be instrumental in achieving the outcome (instrumentality). It asserts that a person's expectations of rewards are tied to their performance (performance-outcome expectancy).
- Work motivation is a function of how much an individual values a reward (valence). Valence can take on a positive form, such as a strong desire for an end-of-year bonus, or it can be negative, like having a strong aversion to the additional responsibilities that lead to a promotion (Sutton, 2021). Rewards like salaries, bonuses, promotion, and recognition generally have high valence, but this can vary from one individual to another. Employers can boost employee effort by strengthening the link between effort and performance, enhancing the perceived connection between results and rewards, and ensuring that employees value the rewards for high performance.

In 1957, Georgopolous et al. outlined the mechanics of expectancy theory within their path-goal theory, and seven years later, Vroom (1964) introduced his own expectancy theory of work motivation. Vroom's theory elucidates the mechanism by which individuals make choices among different behavioral options. The driving motivation behind a specific behavior, action, or task hinges on three separate perceptions: expectancy, instrumentality, and valence. The motivational force is what propels individuals toward specific behavioral choices when they are deliberating among various behavior options (Chiang & Jang, 2008).

Arnold et al. (2020) argue that these three factors of valence, instrumentality, and expectancy, are the antecedents of intentions. People evaluate alternatives, weigh costs and benefits, and then choose an action that maximizes utility. Their decision to engage in a task and invest effort depends on their estimation of the probability of accomplishing the task and the valence of the outcomes. However, expectancy theory has become more intricate due to additional factors affecting its core components.

Figure 9: Vroom's Instrumentality Model of Motivation



Source: Tusharika Mukherjee (2023).

Porter and Lawler (1968) modified and expanded upon the expectancy theory. According to their model, job performance is the result of a complex interplay among abilities and skills, effort, and role perceptions. The model posits that when individuals possess a clear understanding of their role, have the requisite skills and abilities, and are motivated to exert sufficient effort, they are likely to perform well. Abilities and skills encompass both physical and psychological attributes, including manual dexterity, cognitive capabilities, and expertise gained through experience or training.

Role perceptions, on the other hand, relate to the clarity of job descriptions and whether individuals know how to direct their efforts effectively in task completion. Those with clear role perceptions focus their efforts where they will have the most impact and engage in the correct behaviors. Conversely, individuals with inaccurate role perceptions tend to invest a significant amount of time in unproductive endeavors that do not contribute to effective job performance.

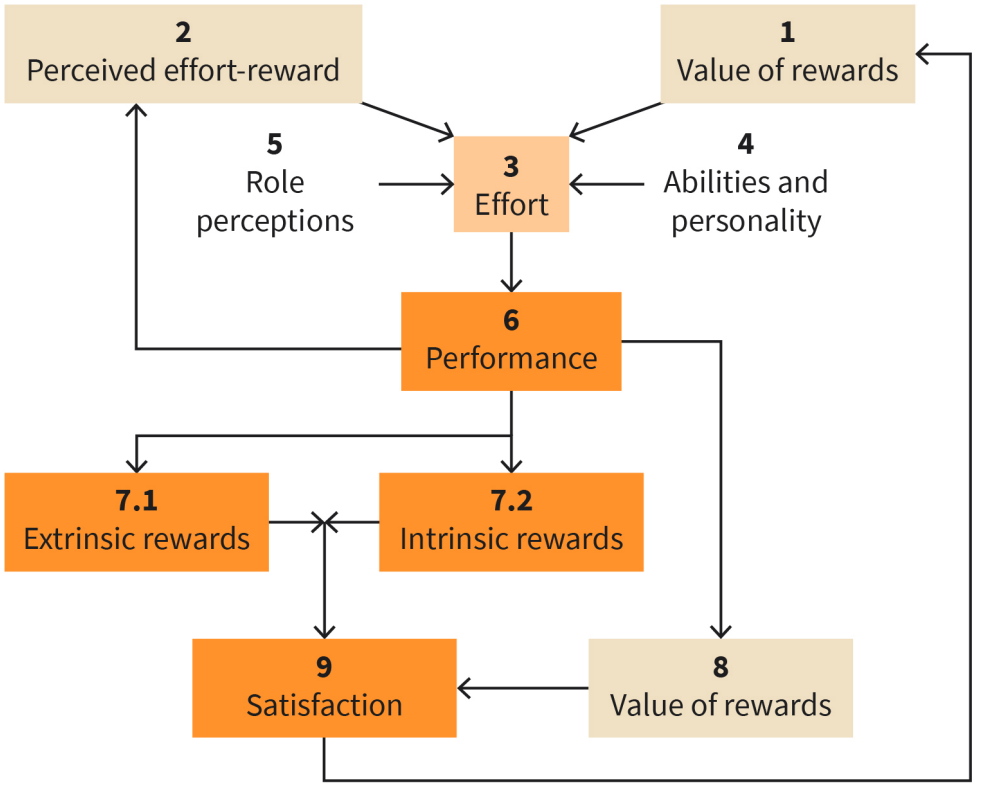
The model suggests that job performance yields both extrinsic and intrinsic outcomes. The connection between performance and rewards is not straightforward, but the link between performance and intrinsic rewards is typically more direct than with extrinsic rewards. Whether job performance leads to intrinsic outcomes is chiefly determined by job design and the worker's values. In contrast, the relationship between extrinsic outcomes and satisfaction hinges on the employee's perception of fairness and equity.

The components of the Porter-Lawler theory are as follows (Miner, 2005):

1. **Value of rewards:** This refers to how attractive or desirable an outcome is (valence).
2. **Perceived effort–reward probability:** It involves the perception of whether differential rewards are based on differential effort. This breaks down into effort–performance (expectancy) and performance–reward (instrumentality) components.
3. **Effort:** This represents the energy expended to perform a task (force).
4. **Abilities and personality:** These are the long-term characteristics of a person.
5. **Role perceptions:** This refers to the types of effort a person considers necessary for effective job performance.

6. **Performance:** This is a person's accomplishment on tasks that comprise the job.
7. **Intrinsic/extrinsic rewards**: These are desirable states of affairs received from either one's own thinking or the actions of others (intrinsic and extrinsic outcomes).
8. **Value of rewards:** This is the quantity of rewards a person considers fair.
9. **Satisfaction:** This measures the extent to which rewards received meet or exceed the perceived equitable level (dissatisfaction results from under-reward inequity only; Miner, 2005).

Figure 10: Porter & Lawler's Contingency Model of Motivation



Source: Tusharika Mukherjee (2023) based on Porter & Lawler (1968).

The sequence of this model in Figure 'Porter & Lawler's Contingency Model of Motivation' indicates that exerted effort (Box 3) depends on the value of the reward (Box 1) and the perceived probability of effort-reward (Box 2). Effort results in performance (Box 6), influenced by individual abilities and traits (Box 4) and role perceptions (Box 5). Performance (Box 6) subsequently impacts actual rewards—extrinsic (Box 7.1) or intrinsic (Box 7.2)—as well as the perceived fairness of rewards (Box 8), while also exerting a lasting influence (feedback) on perceived effort-reward probability. The rewards (Boxes 7.1 & 7.2) and their perceived fairness (Box 8) then affect satisfaction (Box 9), which, in turn, has a prolonged impact (feedback) on the value of the reward (Box 1). Lawler (1968) introduced two variables influencing effort-performance expectancy: ability and confidence in problem-solving abilities. Additionally, Lawler highlights satisfaction as a measure of the alignment of job

rewards with individual needs and desires, as another crucial factor in work motivation. Thus, expectancy theories provide a new direction in understanding job behavior and work motivation.

Despite its contribution in understanding the process of work motivation, critics contend that expectancy theory is not universally applicable and is most effective when individuals have a clear perception of the connections between effort and performance, as well as between performance and rewards (Robbins et al., 2017). This theory is often viewed as idealistic because only a few individuals possess such distinct perceptions. The argument posits that if organizations truly rewarded individuals based on performance, rather than factors such as seniority, effort, skill level, and job difficulty, expectancy theory could be more valid. However, Robbins et al. (2017) posit that instead of invalidating the theory, this critique explains why a significant portion of the workforce might demonstrate low effort on the job.

3.4 Motivational Concepts Applied

Motivation is a theoretical concept that encompasses a range of internal mechanisms leading to various observable actions. It is driven by goals and influenced by specific personal attributes such as knowledge, enduring traits, convictions, values, and emotional states, which are also interconnected with an individual's competencies (Furnham, 2005). Nevertheless, motivation is also closely interconnected with the job's circumstances, including the task's nature, the physical work environment, both implicit and explicit incentives, societal standards, and the broader corporate culture. These elements also affect the level of simplicity or difficulty associated with job performance. Consequently, the interplay of personal characteristics and the work environment jointly shapes the motivational procedures that impact an individual's effort, persistence, focus, and task approach. These motivational procedures subsequently lead to intentions that culminate in actions, though they remain highly dynamic and subject to change over time (Mitchell & Daniels, 2003).

In Viteles's (1953) groundbreaking work on workplace motivation, motivation is equated with productivity. Viteles (1953) viewed motivation as the means by which an employer stimulated the cooperation of individual workers. Since then, industrial-organizational (I-O) psychologists have largely maintained their acceptance of the interrelationship among motivation, performance, and productivity. For instance, Pritchard (1995) developed a sophisticated system for measuring performance and productivity called ProMES (Productivity Measurement and Enhancement System). This system is based on the premise that increasing an individual's motivation for a task by increasing the amount of time and effort they invest in it, leads to higher personal performance and enhanced organizational productivity.

Conte and Landy (2018) put forward a fundamental model for understanding the role of motivation in performance can be expressed as follows:

$$\text{Performance} = \text{Motivation} \times \text{Ability} \times \text{Situational Constraints}$$

It's crucial to emphasize the multiplication sign in this formula. It signifies that when motivation equals zero, ability becomes irrelevant because anything multiplied by zero equals zero. Conversely, even modest improvements in ability can be greatly amplified by motivation. Factors like cognitive abilities (e.g., intelligence), performance (e.g., performance on routine versus highly complex technical tasks), and situational constraints (e.g., work stress or varying organizational conditions) are the crucial determinants of work motivation. A recent area of interest for I-O psychologists is the impact of positive work environments (HAshkanasy, et al., 2005). Organizations like Google, Southwest Airlines, and Zappos serve as excellent examples of entities with positive work environments that foster motivated and contented employees.. However, motivation is not exclusively linked to productivity; it can also drive behaviors like absenteeism, turnover, and sabotage.

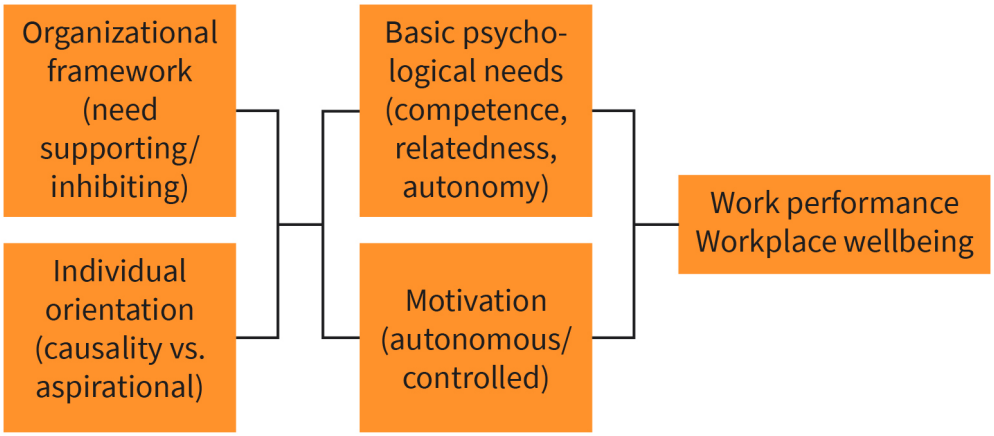
Self-Determination – A Model for Motivation at the Workplace

For many years, self-determination theory (SDT) has examined the connections between motivation and the two fundamental concerns within organizations: performance and well-being. It has concentrated on identifying the factors that encourage sustained and high-quality motivation, as well as those that elicit voluntary engagement among employees and customers. SDT proposes that creating a work environment where employees sense autonomy support is not only a worthy goal in itself but will also result in increased employee contentment and flourishing, alongside additional advantages for the organization's effectiveness (Deci et al., 2017). By outlining various factors, including managerial approaches and compensation structures, that foster employee autonomy and competence in the workplace, as identifies in SDT; organizations can enable employees to become more engaged, leading to their personal as well as organizational progress and thriving.

The model commences with two primary sets of independent variables: those related to the social context and individual differences. The principal social context variables pertain to the organizational factors that either support or hinder employees' fundamental psychological needs for (i) competence, (ii) relatedness, and (iii) autonomy. These factors are strongly influenced by **managerial styles** and organizational leadership. Typically, support for all three psychological needs is often treated as a collective measure, although many studies have specifically examined autonomy support. Notably, when there is both organizational and leader support for autonomy, employees tend to experience support and satisfaction across all three of their basic psychological needs at a general level. This alignment occurs for two main reasons: firstly, authorities who promote autonomy tend to be attuned to and supportive of the other needs, and secondly, when employees have a sense of autonomy, they proactively find ways to fulfill their other (organizational or extra-organizational needs). Consequently, when employees perceive autonomy support, they generally feel more connected to the organization and experience a heightened sense of effectiveness.

Managerial styles refers to an individual's approaches in overseeing individuals, meetings, projects, groups, or organizations, encompassing task organization, decision-making, strategizing, and authority utilization.

Figure 11: Linking Self-Determination with Work Performance and Workplace Wellbeing



Source: Tusharika Mukherjee (2023).

Deci et al. (2017) posit that autonomous motivation stands as a pivotal variable within the framework of SDT for forecasting outcomes in the workplace. It encompasses employees' self-reports of both intrinsic motivation and well-internalized extrinsic motivation. The theory posits that when individuals can genuinely connect with the significance and worth of their work, they tend to exhibit higher levels of work motivation. For instance, in a study involving over 500 college employees, it was observed that autonomous work motivation was linked to reduced burnout (Fernet et al., 2010). Utilizing a diary-based approach, tracking 153 secondary school teachers over five consecutive workdays, Vujcic and colleagues (2016) observed that on days when teachers encountered a greater number of challenges, they also reported experiencing more positive emotions and higher engagement in their work on that very day due to their elevated autonomous work motivation during that specific day. In contrast, on days when teachers faced more hindrance demands, they reported a decrease in positive emotions and reduced work engagement, and this pattern was attributed to their diminished autonomous work motivation on those particular days. Further, heightened work satisfaction is connected to decreased intentions to leave jobs, while increased emotional exhaustion is associated with a greater likelihood of intending to leave. The level of turnover intentions is a predictor of subsequent employee departures (Mustafa & Ali, 2019).

Autonomous motivation has a positive influence on knowledge sharing, which, in turn, impacts performance. In contrast, external or controlled regulation is negatively linked to knowledge sharing and has no discernible connection with receiving knowledge (Foss et al., 2009). Trépanier et al. (2013) found that employees with high levels of autonomous motivation experienced lower stress levels in the presence of high job demands compared to those with low autonomous motivation. This highlights the positive impact of needs satisfaction on work motivation and performance, as projected in SDT.

Studies involving the three variables within needs satisfaction – competence, relatedness, and autonomy – have revealed that the satisfaction of these three needs resulted in reduced exhaustion (Van den Broeck et al., 2008) and a decrease in counterproductive behavior by employees. Likewise, when employees experienced satisfaction of their basic

psychological needs at work, they not only found more enjoyment in their work but were also less driven, or less compelled, by internal and external controls, and are less likely to be impacted by workaholism (Andreassen et al., 2010). Workplace studies that simultaneously examined both the satisfaction of basic needs and autonomous motivation revealed, consistent with SDT predictions, that employees who felt a greater degree of need satisfaction in their job also exhibited higher levels of autonomous motivation and increased effort in their tasks (De Cooman et al., 2013).

A substantial amount of research in the field of organizational behavior has concentrated on cognitive evaluation theory within the framework of self-determination theory. This theory posits that when individuals are rewarded extrinsically for their efforts, it diminishes their intrinsic interest in a task. Essentially, when people are compensated for their work, it transforms their perception from something they genuinely desire to do into something they feel obligated to do. Additionally, self-determination theory suggests that, in addition to the need for autonomy, individuals also strive for competence and positive social connections (Robbins et al., 2017). Numerous studies have provided substantial support for the concepts within self-determination theory. One of the primary implications of this theory pertains to the use of extrinsic rewards by organizations as incentives for outstanding performance. In such cases, employees may attribute their success more to external factors, like meeting the organization's expectations, rather than their own internal desire to excel. Removing extrinsic rewards can also alter an individual's reasoning for why they engage in a particular task, shifting it from an external explanation to an internal one (Robbins et al., 2017).

One of the criticisms levelled against SDT is that it's often perceived as directed towards individualistic cultures due to its emphasis on autonomy. Critics, particularly cultural relativists, argue that this emphasis on autonomy may be differentially applicable to diverse socio-cultural contexts. However, Deci et al. (2017) argue that this critique primarily hinges on a specific definition of autonomy, one that underscores qualities like independence, detachment, and individualism, rather than considering autonomy as involving volition, choice, and agreement. Consequently, research conducted in South Korea, Russia, Turkey, and the United States, revealed that in all these diverse cultural contexts, when individuals exhibited greater autonomy in their actions – characterized by volition – whether these actions aligned with their own culture's values or those of other cultures, they enjoyed better psychological well-being. This underscores that the satisfaction of the need for autonomy can be essential for enhancing personal well-being, (Deci et al., 2017).

Reinforcement Theory - Behavioral Contingency

The application of reinforcement theory can bring numerous advantages to both your organization and its employees. These benefits include elevating motivation and involvement, enhancing performance and efficiency, diminishing turnover and absenteeism rates, promoting learning and professional growth, and strengthening employee loyalty. By recognizing and rewarding employees for their accomplishments and hard work, motivating them to embrace desired behaviors and skills, mitigating or eradicating adverse consequences, supplying feedback and avenues for advancement, and demonstrating gratitude and respect for their contributions, you can establish a constructive workplace atmosphere conducive to achieving positive outcomes.

Reinforcement theories have given rise to what is known as behavioral contingency management, as outlined by Luthans and Kreitner in 1974 (Furnham, 2005). This approach is delineated as follows:

1. **Identify performance-related events:** The initial step involves pinpointing the specific behaviors that contribute to effective performance. These behaviors must be observable and quantifiable. For example, in the case of a performance issue related to project completion, the behavioral events could revolve around the number of tasks accomplished specified within the project (Furnham, 2005).
2. **Measure the frequency of responses:** Prior to attempting any behavioral change, it is essential to establish a baseline measurement of the behavior's frequency. Sometimes, behavior initially perceived as problematic may reveal a low frequency, leading the manager to conclude that it may not be a real issue. When gauging the frequency of a response, if responses are infrequent, such as in the case of absenteeism and tardiness, all responses can be counted. However, if the responses are frequent, sampling behavior, such as counting the number of correct data entry keystrokes during a five-minute interval every two hours, suffices (Furnham, 2005).
3. **Identify existing contingencies through a functional analysis:** A functional analysis involves a detailed examination of the factors that precede and follow a specific behavior. Antecedents encompass environmental conditions surrounding the behavior and actions occurring immediately before the behavior. Consequences encompass all outcomes related to the behavior, whether positive or negative. Due to the complexity of human behavior, identifying all antecedents and consequences can be exceedingly challenging.
4. **Intervention strategies:** The first three steps provide a foundation for modifying behaviors by altering reinforcement contingencies. The success of organizational behavior modification hinges on the selection and implementation of a suitable intervention strategy. As previously described, these basic strategies include reinforcement, punishment, escape, avoidance, and extinction contingencies, either individually or in combination. The objective of the intervention is to alter the frequency of the identified behavior. After implementing the strategy, the results are monitored and recorded (Furnham, 2005).
5. **Evaluate:** The final stage of behavioral contingency management entails assessing whether the behavior changes have led to improved performance and contributed to favorable organizational outcomes. Behavioral contingency management is intended to enhance performance and yield positive results for the organization. Several instances of successful applications of organizational behavior modification have been reported across various sectors, including industry, government, and the military.

In practical terms, it is clear what actions managers should take to motivate their staff if they adhere to the principles of learning theory. When applied with sensitivity, subtlety, and discretion, it can be effective, although advanced workforces may occasionally have reservations about it.

Furnham (2005) identifies six general principles of reinforcement that are universally applied by managers to maneuver employee work behavior:

1. **Customize rewards:** Managers should not treat all individuals the same when it comes to rewards such as pay, praise, and responsibilities. These reinforcements should be allocated fairly to employees based on relevant and objective performance criteria, not factors like gender or marital status. Rewards should be directly linked to an individual's contributions.
2. **Recognize the impact of non-response:** Failing to respond, which can involve both ignoring performance or not providing reinforcement, can influence behavior. Withdrawing reinforcement or not applying it in the first place can lead to the cessation of certain behaviors.
3. **Clearly communicate expectations:** Employees should be informed of the specific actions they need to take to receive reinforcement. Whether they should focus on quality, quantity, or other aspects of their performance should be made explicit.
4. **Provide feedback on performance and seek understanding:** Organizations should establish performance evaluation systems that include regular and comprehensive feedback. This feedback helps individuals understand what they are doing wrong and why it is happening, facilitating behavioral change.
5. **Maintain privacy in discipline:** When implementing punishment, it's advisable to minimize the negative secondary consequences associated with it. This can be achieved by keeping punishment private and not humiliating individuals in front of their peers, reducing the potential for them to react in ways detrimental to the organization's goals.
6. **Ensure appropriate consequences:** The consequences, whether they are reinforcements like praise, bonuses, promotions, or demotions, should be congruent with the behavior being reinforced.

Furnham (2005) adds that there has been an ongoing debate regarding the effectiveness of punishment as a strategy. For example, Raihani and Bshary (2019, p. 1) observe that "punishment often prompts retaliation and punishment decisions frequently stem from competitive, rather than deterrent motives". The use of punishment by a manager can lead to issues such as resentment and sabotage. It's also important to bear in mind that punishment can lead to (Furnham, 2005)

- **suppressed behavior:** Punishment may temporarily suppress a behavior, but it might not permanently eliminate it. For example, an employee reprimanded for taking unauthorized breaks may comply only when the supervisor is present. As soon as the threat of punishment is removed, the behavior might resurface.
- **negative perceptions of the punisher:** Managers who frequently employ punishment may create a negative perception within the work unit, even when not actively administering punishment, due to their association with punitive actions.
- **counterbalancing with peer support:** A worker may receive peer support and positive reinforcement simultaneously with punishment from the manager. In some cases, the positive value of peer support might outweigh the impact of punishment, leading the individual to tolerate the punishment and continue with undesirable behavior.

Expectancy in Work Motivation

Expectancy theory proposes that motivation is the result of a multiplicative interaction among its three components. This implies that higher motivation levels occur when valence, instrumentality, and expectancy are all high, rather than when they are all low. According to the theory's multiplicative premise (Furnham, 2005), if any of the components is zero, the overall motivation level will also be zero. Therefore, even if an employee believes that their effort will lead to performance, which will, in turn, result in a reward, motivation can be nonexistent if the anticipated reward's valence is zero. Smit et al. (2014, p. 30) state that “negative valences call for refraining from an action to prevent their realization. In contrast, positive valences call for activities that promise to realize them.

Expectancy theory does not equate motivation with job performance, as it acknowledges that various determinants play a role. Specifically, the theory recognizes that personality, skills, and abilities also contribute to an individual's job performance. Some individuals are better suited for their roles due to their unique attributes and specific skills or abilities.

Expectancy theory also acknowledges the importance of individuals' perceptions of their roles, which can influence job performance. Poor performance may not necessarily result from low motivation, but rather from misunderstandings regarding the expected role within the organization.

Furthermore, expectancy theory considers the significance of having opportunities to carry out one's job. Even highly motivated employees may perform at suboptimal levels if their opportunities are limited. For instance, even the most motivated salesperson may perform poorly if opportunities are restricted, such as when inventory is extremely low (as is occasionally the case with popular cars) or when customers cannot afford the product (as can happen when a salesperson's territory has a high population of unemployed individuals) (Furnham, 2005).

Integrating Motivational Concepts into a Model

Research on motivation increasingly explores approaches that connect motivational concepts to changes in the structuring of work. Job design research indicates that the organization of job elements can impact effort positively or negatively, and identifies these elements. One of the popular work arrangements that has been explored by integrating the concepts of motivation propounded in various theories is the Job Characteristics Model (JCM).

Developed by Hackman and Oldham (1980), the JCM posits that any job can be characterized by five core dimensions (Robbins et al., 2017):

1. **Skill variety:** The extent to which a job requires various activities, allowing the worker to utilize different skills.
2. **Task identity:** The degree to which a job entails completing a whole and identifiable piece of work. A cabinetmaker who designs, selects materials, builds, and finishes a piece of furniture exemplifies high task identity. In contrast, a worker in a furniture factory operating a lathe to make table legs has low task identity (Robbins et al., 2017).
3. **Task significance:** The degree to which a job significantly impacts the lives or work of others.
4. **Autonomy:** The extent to which a job provides substantial freedom, independence, and discretion to the individual in scheduling and determining procedures. A software engineer scheduling their own work and deciding on approaches to various projects without supervision reflects high autonomy. Conversely, a software engineer following a standardized script with set leads has low autonomy.
5. **Feedback:** The degree to which work activities provide direct and clear information about the effectiveness of performance. A factory worker assembling and testing mobile phones exhibits high feedback, while a worker passing the assembled mobile phone to a quality-control inspector for testing and adjustments has the provision of low feedback.

According to the JCM, emphasizing how skill variety, task identity, and task significance combine to create meaningful work. Jobs with high autonomy provide incumbents with a sense of personal responsibility, and those with feedback allow individuals to assess their performance effectively.

From a motivational standpoint, the JCM posits that individuals receive internal rewards when they learn (knowledge of results) that they personally (experienced responsibility) have performed well on a task they care about (experienced meaningfulness). The presence of these three psychological states leads to greater motivation, performance, satisfaction, lower absenteeism, and reduced likelihood of leaving the organization. The relationship between job dimensions and outcomes is moderated by the individual's growth need, reflecting the desire for self-esteem and **self-actualization**. Individuals with high **growth needs** are more likely to experience psychological states positively when their jobs are enriched, responding more positively than those with a low growth need. The motivating potential score (MPS) combines the core dimensions into a predictive index. Hackman and Oldham (1980) suggested that the motivating potential of a job is not merely the sum of its five dimensions, but instead operates as a multiplication function:

Self-actualization situated at the apex of Maslow's hierarchy of needs, motivates human behavior by driving individuals to realize their potential, develop their capabilities comprehensively, and deeply appreciate life.

Growth needs According to Maslow's hierarchy of needs, growth needs are psychological and are linked to the realization of an individual's complete potential and the urge to achieve 'self-actualization.' Unlike deficiency needs, growth needs arise from a personal aspiration to develop.

$$\begin{aligned}&\text{The motivating} \\ &\text{potential score (MPS)}\end{aligned} = \frac{(\text{skill variety} + \text{task identity} + \text{task significance})}{3} \times \text{autonomy} \times \text{feedback}$$

When the essential job dimensions are positively present, they influence the crucial psychological states, resulting in favorable outcomes such as increased motivation, higher-quality performance, job satisfaction, and reduced absenteeism and turnover. The strength of these relationships is contingent on the individual's growth need. A job with a high Motivating Potential Score (MPS) is expected to possess greater motivating potential compared to a job with a lower score. Jobs with high motivating potential predict positive effects on motivation, performance, satisfaction, and reduced absenteeism and turnover (Robbins et al., 2017).

SUMMARY

Motivation poses a challenge for organizational behavior, prompting the development of various theories and explanations. Certain assertions within motivation theories, like the role of autonomy, reinforcing environment, and the perceived value of rewards, provide unique perspectives for describing and applying work motivation. Nonetheless, there is no one universally dependable theory or coherent set of principles concerning motivation that can serve as a definitive solution for managers grappling with the issue of motivation.

The self-determination theory of motivation is a psychological framework that explores the factors influencing individuals' motivation in the workplace. It posits that people have three innate psychological needs: autonomy, competence, and relatedness. According to this theory, fulfillment of these needs leads to enhanced well-being and intrinsic motivation. The theory suggests that individuals can be intrinsically motivated when they engage in activities aligned with their values and interests. SDT emphasizes the importance of creating work environments that support employees' autonomy, encourage skill development, and foster positive social connections to promote optimal motivation and performance, as is reflected in UPStream's scenario in the introductory case study.

Reinforcement theory of work motivation is based on the idea that behavior is influenced by its consequences. It posits that people are motivated to repeat behaviors that are followed by positive outcomes and to avoid behaviors with negative consequences. The theory emphasizes the role of reinforcement, which can be positive (reward) or negative (punishment), in shaping and sustaining work-related behaviors. Reinforcement theory suggests that the likelihood of a behavior occurring in the future is determined by the consequences that follow that behavior. By understanding and manipulating reinforcement contingencies, organizations can influence employee behavior and enhance motivation and performance.

Finally, the expectancy theory of work motivation posits that individuals are motivated to act in a certain way based on the expectation that their actions will lead to desired outcomes. It involves three key components: expectancy, instrumentality, and valence. Accordingly, individuals will be motivated to exert effort when they believe that effort will lead to successful performance, successful performance will result in desired outcomes, and the outcomes are personally valued. The theory is widely used in organizational psychology to understand and improve employee motivation and performance.

UNIT 4

ORGANIZATIONAL JUSTICE

STUDY GOALS

On completion of this unit, you will be able to ...

- describe organizational justice.
- explain equity as a prerequisite for perceived justice.
- elucidate the difference between distributive and procedural justice.
- analyze the role of instructional justice in establishing organizational justice.
- discover how cultural justice can transform institutions.

4. ORGANIZATIONAL JUSTICE

Case Study

In the bustling world of globalized business, Sigma, a leading player in the tech industry, finds itself at a crossroads. A recent organizational change, involving layoffs and restructuring, has triggered a cascade of perceptions regarding justice among its employees. Sigma decided to implement a significant downsizing strategy to enhance operational efficiency. The restructuring was aimed at aligning the company with emerging market trends. Unfortunately, the process left several employees feeling vulnerable and uncertain about their future with the organization. As the restructuring unfolded, employees assessed the fairness of the outcomes. The distribution of layoffs and the allocation of resources became pivotal factors in shaping their perceptions. Those who felt unfairly treated, believing that certain individuals were disproportionately affected, began harboring negative sentiments. Employees who perceived fairness were more likely to maintain a positive attitude, contributing actively to team projects and going beyond their prescribed roles. Individual perceptions of how well justice was distributed among employees influenced how employees viewed leadership decisions. Fairness in resource distribution enhanced respect, while perceived inequities eroded trust and admiration for leaders.

The process by which the restructuring was carried out became a critical element in shaping employees' perceptions of procedural justice. Were employees provided with a voice during the changes? Did the communication regarding the reorganization procedures seem transparent and inclusive? Employees who felt they had a voice in the process perceived a greater sense of control and commitment. On the other hand, those who perceived procedural injustice were contemplating leaving the job to seek more secure and fair environments. A lack of procedural justice heightened the likelihood of disgruntled employees considering legal measures for addressing the perceived unfairness. The interpersonal aspects of the restructuring process, including the communication style of supervisors, played a pivotal role in shaping perceptions of interactional justice. Employees who experienced respectful and supportive communication during the organizational changes were more likely to sustain high job performance. Conversely, those subjected to cold and impersonal interactions showed a decline in their work output. For Sigma, the fairness of procedures and the quality of supervisor-subordinate interactions significantly impacted employees' perception of being an organizational citizen and enhanced the respect for leaders. This significantly influenced their intention to leave the job, inclination to initiate lawsuits, and job performance. It underscores the importance for organizations to prioritize justice in their operations to foster a positive and productive work environment.

4.1 Equity Theory

Justice, in common parlance, represents not just what is perceived as the truth, due process, and righteousness, but it also embodies what is perceived as "fair" (Colquitt, 2012, p. 526). For the same reason, justice has gained a significant value for both the organization

and its employees (Swalhi et al., 2017). Justice encompasses the perceived adherence to moral and ethical fairness, equity, or legal principles in behavior, actions, and decisions (Pekurinen et al., 2017). Thus, in the eyes of the employees, organizational justice is the degree of fairness they perceive and are subjected to within their organization (Greenberg, 1990; Pan et al., 2018; Asadullah et al., 2017).

French (1964) introduced the concept of organizational justice as the perception of fairness among the members of the organization. From the conceptual standpoint, Colquitt and Zipay (2014, p. 75) contend that "justice reflects the perceived adherence to rules that represent appropriateness in decision contexts (e.g., equity, consistency, respect, truthfulness). Fairness reflects a more global perception of appropriateness that lies downstream of justice". From the theoretical standpoint, conceptualizations based on the equity theory (Adams, 1963; 1965) and the social exchange theory (Blau, 1964) form the bases for organizational justice. In equity theory, Adams propounded that individuals evaluate the proportions of their perceived performance outcomes to their inputs as compared to their colleagues. This evaluation influences organizational participation, where inputs involve time and effort, and outputs include rewards like promotions, pay, recognition, or job-related resources (Ghosh et al., 2017). Equitable feelings arise when ratios are equal, but inequitable ratios may lead to feelings of injustice, prompting employees to seek a new balance by adjusting their performance-outcome ratios (Shkoler & Tziner, 2017). In this context, Blau's social exchange theory views work relationships as successive exchanges involving the transaction of resources based on a relation of reciprocity (Cropanzano et al., 2017).

Employee perception of fairness is crucial in determining the quality of exchange interaction employees are subjected to within the organization (Swalhi et al., 2017). Relationships founded on fairness create a sense of obligation in employees, encouraging positive actions as a subsequent action (Ghosh et al., 2017).

Organizational justice impacts

- **employee attitudes:** job satisfaction, commitment, engagement, turnover intentions (O'Connor & Crowley-Henry, 2019; Özbek et al., 2016; Rai, 2013).
- **employee behavior:** work performance, problem-solving, innovative work behavior (Akram et al., 2020).
- **organizational citizenship behavior** (Daniel, 2016; Karriker & Williams, 2009).
- **psychological empowerment** (Tastan & Davoudi, 2013).

Fair treatment enhances employees' willingness to contribute more and facilitates performance by enhancing innovative work behavior of employees. Conversely, perception of lack of organizational justice can result in reduced sense of gratification and unproductive attitudes and behaviors like inadequate employee-customer relationship, lack of teamwork and team commitment, and burnout. Perceiving unfairness also harbors counterproductive employee behavior like theft, sabotage, withdrawal, and harassment (Pekurinen et al., 2017; Shkoler & Tziner, 2017). Cohen and Diamant (2017, p. 4) add that counterproductive behavior can occur "as reactions to perceived injustice, when an employee changes his/her input to restore equity. When employees perceive distributive injustice, they may damage the organization to make the outcome/input ratio less negative from

their perspective". For example, in a study conducted on 322 blue-collar workers in Italy revealed that distributive injustice led to psychological distress including emotional exhaustion and burnout (Piccoli & De Witte, 2015).

Organizational Justice Theory

Within the organizational justice theory, there are three primary models (Colquitt, 2001):

1. **Two-factor model**, integrating distributive and procedural justice (Greenberg, 1990)
2. **Three-factor model**, which includes distributive, procedural, and interactional justice
3. **The four-factor model**, incorporating distributive, procedural, interpersonal, and informational justice (Greenberg, 1993)

Despite the development of three-factor and four-factor models, the differences between the various forms of justice lacks clarity owing to their intercorrelations (Cohen-Charash & Spector, 2001; Colquitt et al., 2001). Consequently, there exists uncertainty regarding three-factor model or four-factor model being the most appropriate description of organizational justice. It is noteworthy, however, that researchers have unanimously agreed on separating distributive and procedural justice (Tessema et al., 2014). Nevertheless, extant research shows that two-factor model remains the prevailing framework for analyzing justice in the workplace (Karriker & Williams, 2009; Strom et al., 2014; Ghosh et al., 2017) and forms the basis for subsequent three- and four-factor models.

Organizational Justice - Taxonomy

Greenberg (1987) introduced taxonomy to categorize organizational justice theories based on two distinct components: (i) reactive-proactive component and (ii) process-content dimension. The two components are theoretically distinct and have a wide range of applied value for organizational processes.

Reactive-proactive dimension

The reactive-proactive dimension distinguishes between addressing injustice and actively seeking justice. This dimension was introduced by Van Avermaet and colleagues (1978) and later applied by Greenberg (1982) as integral to equity. Reactive theories focus on individual efforts to seek liberation from perceived injustice, while examining the repercussions. The reactive theories stand in contrast to the proactive theories which concentrate on promoting fairness, while exploring actions designed to facilitate fair contexts.

Reactive content theories include the theory of distributive justice by Homans (1961), inequity in social justice by Adams (1965), equity conceptualizations by Walster et al. (1973), and relative deprivation theory by Crosby (1984) which focus on the degree to which individuals recognize unfair allocation of resources and rewards and the aftermath (reactions) of those unfair actions towards them. These theories posit that perceived injustice leads to distress, resentment, and emotional disruption. It may also generate a strong need and drive for retribution or indemnity. Long and Christian (2015, p. 1409) assert that injustice leads to "ruminative thoughts and negative emotions that link injustice to retaliation".

Negative affect ranges from feeling deprived, angry, and dissatisfied for being underpaid, to experiencing guilt for being overpaid. This in turn motivates behavioral and attitudinal changes. From a sociological perspective, injustice is often met with social comparisons. For instance, Berger et al.'s (1972) status value version of equity theory proposed that negative affect results from referential comparison rather than local comparison. They define referential comparison as a contrast weighed against a reference group, like one's work group. Local comparison refers to comparisons made to distinct individuals.

Negative affect refers to the inner emotional condition or affect that arises when an individual experiences failure, threat, or dissatisfaction with the current situation.

Experiencing a sense of deprivation may motivate engagement in collective actions, but this is contingent upon the individual feeling underprivileged in comparison to a significant reference group. Likewise, this feeling of inequivalence is expected to determine individual behavior, such as engaging in additional work (moonlighting) for extra income, theft, or drug abuse (Smith et al., 2012). Injustice may seldom drive individuals to engage in further learning, self-advancement, and bringing about a positive change in the social context. However, the apparent positive changes are often embedded in feelings of deprivation and distress.

Relative deprivation and perceived injustice can trigger diverse behavior. The primary distinction can be observed between individual and collective behaviors, where actions are aimed at improving one's personal situation versus those intended to enhance the situation for a larger reference group. Another significant differentiation lies between normative behaviors, aligning with societal standards, and negative or nonnormative behaviors, which deviate from established social rules. In response to perceived injustice, individuals may immediately seek verification or social support. Collective responses to rule-breaking may manifest through formal or informal means (Tyler et al., 1997). The range of attitude and behavior includes the following:

- negative affect and stress (Smith et al., 2012)
- altered attitude and behavior towards self, including lowered self-worth or self-concept, and guilt (Smith & Pettigrew, 2014); increased gap between ideal self and real self (Gonzalez & Tyler, 2007)
- altered attitudes and behavior toward the reference, including anger, resentment, or retribution
- altered social relations and personal value system (Gonzalez & Tyler, 2007)
- heightened emotionality, passive, or overt aggression against society
- altered cognition of the significant institutions and system
- action against injustice including inaction, normative behavior like seeking social approval and support, non-normative behavior like rule breaking or vandalism, collective normative behavior like protests, or collective nonnormative behavior like riots and lynching (Tyler et al., 1997)

Process-content dimension

The process-content component finds its origin in law, particularly in the nature and process involved in the creation of legal rules and judgements (Owolabi, 2012). The point of focus here is – justice process and justice. A process approach describes the use of fair procedures in reaching decisions regarding employee achievement of work-based results

including remuneration, appreciation, and advancement. While content approaches incorporate 'what' makes an organizational process fair and the subsequent reaction, process approaches specify 'how' fairness in organizational processes is achieved.

In the late 20th century, Leventhal (1980) argued that individuals are innately motivated to establish fair allocation of rewards, aligning with proportional contributions because this approach benefits everyone is a sustainable way. While equitable division of resources between recipients had gained considerable support, research also indicated instances where allocators violated the equity norm, equal allocation of benefits or allocation based on perceived needs of the recipient was also common. Leventhal proposed a justice judgement model, suggesting that individuals apply various allocation rules based on the situations they confront, claiming that rules of equity may not apply under all conditions. Citing Leventhal, Chan (2000) proposes that a justice process is required to be

- reliable,
- free from bias,
- precise and objective,
- amendable,
- serving all concerned stakeholders, and
- in agreement with ethical and moral principles.

In contrast, the justice motive theory by Lerner (1977) takes an ethics-oriented approach, viewing justice as a primary human concern. Lerner identified four commonly followed principles in allocation practices: competition, parity, equity, and Marxian justice. According to this theory, fairness in reward allocation is determined by the interpersonal interaction patterns between the employer and the employees. For instance, individuals may emphasize the needs of the individuals when allocating to close friends and follow the parity norm in distant relationships. Thus, justice is driven by relationship dynamics, as proposed in the justice motive theory.

In identifying the proactive ways of seeking justice, Leventhal et al. (1980) argued that seven vital steps needed to be considered:

1. Identifying the sources of decision (those who will make the decision)
2. Creating the fundamental guidelines for allocating rewards
3. Discovering the appropriate reward recipient
4. Annotation of the process of decision-making
5. Instituting regulations that prevent violation of rules by both the reward allocator and recipient
6. Systematization of procedures for the dissatisfied individuals for reparation
7. Formulation of rules to amend current procedures of unfair allocation (Chan, 2000)

4.2 Distributive Justice

Distributive justice, also described as equity allocation, considers equitable distribution in which individuals are compensated based on how much they can benefit the organization (Li et al., 2015). The focal point of distributive justice is whether employees perceive what they receive as compensation as justified or fair. According to Adams's equity theory, individuals assess equity by comparing two ratios:

I. Their own outcomes to inputs
II. A referent's outcomes to inputs

$$\frac{\text{Self effort}}{\text{Reward}} > \frac{\text{Referent's effort/}}{\text{Reward}} \rightarrow \text{Inequity}$$
$$\frac{\text{Self effort/}}{\text{Reward}} < \frac{\text{Referent's effort/}}{\text{Reward}} \rightarrow \text{Inequity}$$
$$\frac{\text{Self effort/}}{\text{Reward}} = \frac{\text{Referent's effort/}}{\text{Reward}} \rightarrow \text{Equity}$$

Equity exists when the two ratios are found to be equal. A notable aspect of equity conceptualization is its counterintuitive prediction that individuals are concerned about both over-reward and under-reward. In conditions where a person perceives his or her ratio of efforts versus reward surpasses the ration of a referent, indicating greater outcomes for the given inputs, the individual tends to establish equity in two ways: (i) increasing one's efforts (in fixed-incentive situations); (ii) decreasing one's efforts (in piece-rate scenarios).

Equality allocations means every person receives equal rewards, irrespective of how much their effort is. When establishing uniformity in the group is the priority, decision makers frequently prefer allocations based on equality. Colby and colleagues (2015, p. 1084) note, "Decisions about allocation of scarce resources, [...] often entail a trade-off between efficiency (maximize total benefit) and fairness (divide resources equally) whereas equity allocations are more prevalent when the goal is to optimize productivity. Close-knit, highly cohesive, and conjoint communities work well with equality. Moreover, in situations involving undesirable allocations, such as pay cuts, equality may be preferred by decision makers. In situations where individuals must collectively endure hardship, there seems to be a preference for equal suffering. Notably, equality may have an advantage in information processing, serving as a straightforward allocation rule that demands less cognitive effort than others. Researchers have identified an **equality heuristic** (Messick, 1993), wherein individuals tend to divide resources evenly, particularly if they are inexperienced with the relatively intricate norm of equity (Roch et al., 2000).

Equality heuristic refers to the cognitive processes individuals undergo when making decisions about the allocation of resources or costs.

Allocation may be also done by categorizing recipients in terms of their needs, i.e., providing rewards based on perceived deficits. Evidence shows that even in high revenue yielding companies, family benefits may be provided to employees with specific needs, such as childcare or elder care (Cropanzano & Molina, 2015).

In practice, when individuals make allocation decisions, they often blend these rules together, employing a combination rather than adhering strictly to one form (Cugueró-Escofet & Rosanas, 2013). Lawler emphasized the significant impact of outcomes such as

salary, promotions, hierarchical position, appraisal, and length of employment on job satisfaction, quality of work life, organizational effectiveness, and **organizational citizenship behavior**(Bala Subramanian et al. 2022; Alexander & Ruderman, 1987). The equity theory, guided by Adams, introduces the concept of distributive justice, suggesting that individuals appraise how fair is the reward distribution than estimating the true values of the allocation (Tessema et al., 2014; Colquitt et al., 2001).

Organizational citizenship behavior is voluntary, positive workplace conduct that enhances organizational functioning but isn't explicitly recognized in formal incentives.

Numerous studies highlight the impact of distributive justice. For example, Fields and colleagues (2000) found that distributive justice directly impacts satisfaction with both compensation and the job. The authors further observed that distributive justice has a positive effect on employees' intent to stay. Ghosh et al. (2017) discovered that distributive justice is a consistent precursor of **organizational embeddedness**, where the perceive justice drives individuals to sacrifice for a greater cause. The significance of job embeddedness lies in its positive correlation with job satisfaction, affective organizational commitment low job stress, low turnover intention, and high job performance (Fasbender et al., 2015). Organizational embeddedness buffers against turnover intentions and job search behavior (Rubenstein et al., 2019), thereby enhancing the impact of distributive justice.

Organizational embeddedness relates to employees' level of connection to their organizations, encompassing their ties, alignment, and commitment that keep them within the organization.

Scope of Distributive Justice

Distributive principles exhibit variations across multiple dimensions, encompassing considerations such as factors significant for justified allocation (e.g., pay, incentives, advancement), the recipients' nature (individuals, groups), and the basis for distribution (equality, maximization, individual characteristics). Distributive justice focuses on principles.

Addressing the allocation of rewards or strain among individuals in each setup has been the central objective of the concept of distributive justice (Lamont & Favor, 2017). Historically, economic positions were perceived as rigid, but the realization that government actions could impact the allocations made distributive justice a prominent topic. Governments continuously shape laws and policies affecting distribution, presenting societies with choices to maintain or modify existing structures. Moreover, distributive justice theory serves as an ethical compass for making decisions that impact an organization and society at large.

Proponents of distributive justice principles have been inclined to depict ideal societies based on these principles, leading to a fallacy that distributive justice is equivalent to being ideal. On the contrary, justice in allocation is not simply about guiding decisions about ideal societies but to offer moral guidance for the current choices faced by societies. Criticisms and disagreements are inherent, and even claims of lack of consensus reveal that distribution of resources is an ongoing debate. Stating the need for distributive justice theorizations, Lamont and Favor (2017) contend that positive economics, while important for understanding economic causes and effects, cannot recommend policies without normative principles. On the other hand, distributive justice theories aim to supply the normative guidance needed for evaluating economic policies, structures, and institutions.

4.3 Procedural Justice

Procedural justice is defined as the perception of fairness in the resource allocation procedures and the regulatory practices established within a particular social system (Leventhal, 1980). The focus is on fair implementation of methods, mechanisms, and processes leading to final outcomes (Swalhi et al., 2017). When procedures align with normatively accepted principles, meeting criteria such as bias suppression, consistent allocations, reliance on accurate information, correctability, representation of all recipients' concerns, and adherence to prevailing moral and ethical standards, organizations and decision makers can claim of instituting procedural justice (Leventhal, 1980).

Thibaut and Walker (1975) introduced the theory of procedure, focusing on the procedures employed in making outcome distributions. Typically, in understanding procedural justice, individuals are questioned on the degree to which they agree with mechanisms used to determine their rewards as justified. Procedural fairness judgments are then made based on their cognition of how the system or procedures should function (Karriker & Williams, 2009). In work contexts, procedural justice forms the basis of social exchange (Swalhi et al., 2017) and significantly impacts employees' attitude, emotions, and actions (Cohen-Charash & Spector, 2001).

Employees' perception of justice builds trust in the management and leader. This in turn fosters commitment towards the job and company, say Cropanzano and colleagues (2002). According to Kim and Park (2017, p. 1), "organizational procedural justice is positively related with employee work engagement, knowledge sharing, and innovative work behavior". Procedural justice also enables acceptance of changes in what the company stands, in terms of mission and vision, according to its workforce. This acceptance promotes adaptability in the face of change initiated by external agents, and enables sustainability (Lee, et al., 2017).

Procedural Versus Distributive Justice

In organizational research, the widely accepted proposition is that procedural justice strongly influences global attitudes, while fair allocation of resources has a significant impact on attitudes regarding specific outcomes. Lind and Tyler (1988) in their two-factor model, proposed that procedural justice primarily affects attitudes toward institutions or authorities rather than specific outcomes. Empirical analysis reveals that distributive justice bears a strong association with specific attitudes like gratification with compensation and the work itself, while procedural justice is more linked to global attitudes such as organizational commitment (Ambrose & Arnaud, 2013).

Cohen-Charash and Spector (2001) suggest that the differential effects of distributive justice and procedural justice extend beyond attitudes to behavioral reactions, although the research on behavioral reactions is less clear. While justice research on withdrawal (e.g., absenteeism, turnover, neglect) has not consistently shown differential effects, studies on job performance indicate a closer link to procedural justice than distributive justice.

Regarding organizational citizenship behavior (OCB), research has predominantly focused on procedural justice, with evidence suggesting a stronger relationship between justice in procedures and OCB (Ehrhart, 2004). Despite some variations in research findings, overall, there is support for the idea that distributive justice and procedural justice differentially affect outcomes in theoretically predictable ways, particularly concerning attitudes (Greenberg & Colquitt, 2005).

When examining antecedents, distributive justice is influenced by various organizational outcomes, including pay, benefits, job complexity, and supervision. From an equity theory perspective, these outcomes must be assessed in conjunction with individuals' inputs and compared to a referent other. Contrarily, perception of procedural justice is shaped by factors such as the opportunity for individuals to provide information (voice) during decision-making processes and adherence to Leventhal's principles of fairness, including consistency, bias suppression, and ethicality (Ambrose & Arnaud, 2013). It is reasonable to estimate that procedural justice and distributive justice are differentially predicted by antecedents, establishing their distinctiveness. Nevertheless, it is vital to note that meta-analyses have identified a significant relationship between them, with correlations ranging between .57 and .77 (Cohen-Charash & Spector, 2001; Colquitt et al., 2001). This strong connection, often overlooked in both theoretical and empirical studies, prompted researchers to explore theoretical explanations for the observed correlations. Two main theoretical perspectives have emerged:

1. Functionally the same perspective:
    - This perspective posits that distributive justice and procedural justice are essentially about outcomes and can be seen as functionally similar (Cropanzano & Ambrose, 2001).
    - The instrumental view, rooted in the self-interest model, suggests that individuals, motivated by self-interest, prefer fair procedures as they anticipate favorable economic outcomes in the long run. Procedural justice, in this model, acts as a means to secure positive economic results.
    - The relational model, in contrast, contends that fair procedures signal to individuals their value within the group, offering positive socioemotional outcomes. In this model, procedural justice is associated with socioemotional well-being.
    - Cropanzano and Ambrose (2001) argue that by recognizing the focus on outcome variability, the conceptual similarity shared by distributive and procedural fairness becomes apparent. For example, the multiple event-based adaptation of Colquitt's (2001) measure identifies supervisor-focused questions for both distributive and procedural fairness used for decision-making on pay, rewards, and promotion. For procedural justice one of the items inquires, "To what extent are those procedures free of bias?". For distributive justice a corresponding item inquires "To what extent are those outcomes justified, given your performance?" (Colquitt & Rodell, 2015, p. 189).
2. Substitutable perspective:
    - Another way to interpret the high correlation is that fair procedures may act as a surrogate for distributive justice. In this view, both constructs tap into the same perceptions, explaining their strong relationship.

- Moreover, "fair" organizations are likely to distribute fair economic outcomes as well as fair socioemotional outcomes, contributing to the common motivation underlying both assessments.

In summary, while distributive justice is discernible as distinct from procedural justice, the functional similarity perspective suggests that they share a commonality in focusing on outcomes, whether economic or socioemotional. This perspective provides a theoretical basis for the observed high correlation between fair procedures and fair distribution. The prevailing approach in justice research involves investigating the distinct contribution made by each form of justice. Historically, this methodology has been valuable in highlighting the significance of examining various justice types. When procedural justice was initially introduced, researchers sought to determine its independent impact on outcomes, showcasing its importance by demonstrating that it accounted for a substantial portion of variance not explained by distributive justice. Evaluating unique variance also enables researchers to gauge the relative significance of one justice type compared to another. This assessment is crucial for understanding how different types of justice influence diverse outcomes, potentially shaping organizational policies and resource allocation strategies (Ambrose, & Arnaud, 2013).

Effect of Procedural Justice

In psychology, the capacity to challenge a procedure or its outcomes is termed ‘voice’ (Folger & Cropanzano, 1998). Voice is the ability to influence a process or outcome, with a crucial aspect being the employees’ belief that they can voice objections (Maynes & Podsakoff, 2013). While organizations may offer various channels for expressing objections regarding policies or events, their effectiveness in fostering feelings of justice and fairness depends on employees being aware of these channels, knowing how to utilize them, and believing that their objections will be genuinely considered (Conte & Landy, 2018). Schminke et al. (2000) proposed that high levels of centralization (i.e., strict adherence to rules across divisions or departments, centralized human resource management) have a higher propensity of being expected to be unfair in procedures compared to their counterparts with flatter, less hierarchical, structures.

Kernan and Hanges (2002) investigated the impact of justice ideations among workers of a company that underwent reorganization. Their focus was on employees who survived the restructuring, excluding those who were terminated. Surprisingly, they discovered that the procedural fairness perceived during the layoffs significantly influenced survivors' overall level of gratification, commitment to the company, turnover intentions, and a sense of reliance and entrustment. Notably, the primary determinant of procedural justice perceptions was the opportunity for employees to provide input into the reorganization procedures, or ‘voice’. This finding challenged the conventional belief that survivors, having retained their jobs, would predominantly feel relief. Instead, the study highlighted that survivors also experienced negative effects when procedural justice principles were violated during downsizing and reorganization.

While exploring the association of procedural justice with work-life interface, Siegel, and others (2005) observed that when employees perceived fair implementation of procedures, even unrelated to work–life balance issues, the stress due to conflict between work

and non-work entities lowered. Notably, this positive impact on employee well-being occurred without objectively reducing the conflict. The study emphasized the compelling argument for promoting procedural fairness, suggesting that it could serve as an effective remedy for challenging working conditions. Moreover, the study highlighted the cost-effectiveness of building the trust among employees of fairness, emphasizing that positive interpersonal interaction and empathy were more economical than dealing with consequences like employee turnover, absenteeism, or underproductivity.

Research also delves into the relationship between perceived procedural fairness and self-esteem, a crucial aspect in various work motivation theories. Schroth and Shah (2000) examined fair versus unfair procedures and found that when interpersonal communication was seen as procedurally fair, it resulted in enhanced self-esteem. Conversely, in cases of procedurally fair procedures with negative outcomes, esteem was reduced. Interestingly, unfair procedures seemed to protect individuals from questioning their qualifications or performance in the event of an undesirable outcome. This phenomenon was compared to the tendency of sports fans to attribute their team's losses to unfairness while dismissing opposing fans' complaints when their team wins. Similarly, job applicants may attribute failures to unfairness as a way of safeguarding self-esteem.

4.4 Interactional Justice

Procedural justice researchers, until the mid-1980s, primarily concentrated on the formal constitutional aspects of fairness procedures, with limited focus on the interactional dimensions of these processes. Early signs of reconning interaction as a crucial element in justice emerged in works comparing conflict-generating and question-generating justice procedures by Thibaut and Walker (1975). Further, Leventhal's (1980) acknowledged the significance of acquiesce in situations where appeal or solicitation is turned down or withheld. However, much later, with Bies and Moag's (1986) examination of interpersonal communication fairness, scholars started to consider interactional justice as a valid component. The subsequent rise of interactional justice unfolded much later, sparking debates on its conceptual standing as a distinct form of justice.

Bies, prompted by his experiences as a graduate student, delved into issues of interpersonal treatment. Common complaints among PhD students about unfair treatment by faculty members, such as rudeness or misleading descriptions of project terms, led Bies to recognize that these shared stories, despite being process-focused, did not relate to formal procedures. Drawing from this insight, Bies and Moag (1986) posited interpersonal treatment as a conceptually separate entity from procedural justice, illustrating this distinction as procedure – interaction outcome. Interactional justice, rooted in the interaction phase of this conceptual framework, was formally introduced through this passage. According to Bies and Moag (1986, p. 44), “concerns about the fairness of interpersonal communication are representative of a set of issues dealing with what we refer to as interactional justice. By interactional justice we mean that people are sensitive to the quality of interpersonal treatment they receive during the enactment of organizational procedures”. Conte and Landy (2018, p. 440) remark that informational justice “is the fairness of com-

munication systems and channels, particularly regarding the person charged with communication responsibilities". They add that informational justice can include the following concerns:

- Was there openness and honesty in the communication?
- Were the procedures explained comprehensively?
- Was the communication of details timely?

A significant body of research has delved into interactional justice, emphasizing respectful and socially sensitive treatment. Scholars have recognized interactional justice as a crucial factor influencing various organizational aspects. It has been linked to organizational citizenship behaviors, job performance, perceptions of systemic justice, trust in management, organizational commitment, supervisor legitimacy, union participation, feedback processes, organizational change, workplace reconfigurations, job layoffs, occupational stress, conflict resolution, abusive bosses, workplace privacy concerns, revenge, incivility, sabotage, retaliatory behaviors, litigation behavior, customer service practices, consumer complaint behavior, consumer privacy concerns, marketing channel dynamics, and citizen encounters with the police and courts. Despite the growing empirical studies on interactional justice, a controversy has arisen regarding its distinctiveness and construct validity compared to procedural justice. The central question is whether interactional justice and procedural justice are fundamentally connected or discrete concepts.

Concept Clarification of Interactional Justice

If one acknowledges the distinctiveness of interactional justice from procedural justice, the question arises of how to encourage it (Colquitt et al., 2013). Bies and Moag (1986) sought antecedents for justified interaction and behavior by drawing on Bies's (1985) unpublished research, where job candidates voiced their views on recruiters' behavior towards job applicants. Four fundamental guidelines of communication emerged (Colquitt et al., 2013):

1. **Honesty and authenticity:** Communication needs to be open, honest, and candid during decision-making procedures, in addition to avoiding any form of deceit or trickery.
2. **Justification:** Adequate reasoning behind the decision should be communicated.
3. **Respect:** There should be sincerity and dignity in the conduct of the decision makers, while refraining from intentional rudeness or attacks.
4. **Propriety:** Making prejudicial comments or asking awkward questions and demanding unwarranted or inadmissible explanations related to one's background and personal choices, need to be checked.

Folger and Bies (1989) emphasized the significance of considering how procedures are implemented, and their analyses extended Bies and Moag's (1986) guidelines by adding further standards:

- honesty
- rationalization
- dignity

- feedback
- consideration of employee views
- reliability
- unbiasedness

Similarly, Greenberg et al. (1991) identified six criteria for managers aiming to project fairness, encompassing both structural factors (e.g., considering employees' viewpoints, maintaining neutrality, and consistent rule application) and interpersonal aspects (e.g., timely feedback, adequate explanations, and dignified treatment).

Interpersonal vs informational justice

In situations involving layoffs, the lack of certain characteristics often serves as the core reason for feelings of unfairness, leading to potential legal actions. For example, evidence shows that when the employer is judged by the employee to be sincere and honest, it increases the likelihood of the rationale for lay-off to be perceived as justified. It not only strengthens the perception of informational justice but buffers the intention for retribution from the laid-off employee (Skarlicki et al., 2008). Au and Leung (2015) assert that acceptance of a co-worker's viewpoint is primarily associated with informational justice, and this connection is largely driven by the perception of trustworthiness based on ability. On the other hand, satisfaction with a co-worker is predominantly linked to interpersonal justice, and this relationship is mainly influenced by the perception of trustworthiness based on benevolence.

Results from two studies indicated that offering comprehensive information about a layoff could reduce employee retaliation, but this effect was observed in situations where terminated employee assessed the employer as a person with high integrity before the layoff. Conversely, when employees believed their employer lacked integrity, providing explanations for layoffs alone did not suffice, and many expressed intentions of recompensating, such as engaging in false propaganda or taking a legal step (Conte & Landy, 2018).

Although the distinctions between interpersonal and informational justice may seem subtle, they carry significance, as sharing relevant information and updates is equated with grace and reverence (Schminke et al., 2000). Notwithstanding, the two concepts represent distinct forms of justice (Colquitt et al., 2001).

Cropanzano et al. (1999) proposed that interpersonal and informational forms of justice primarily differ in the context of formal and informal procedures. Procedural justice studies typically focus on company policies, while interactional justice studies delve into employee-supervisor communication, encompassing the style of supervisors' communication—whether it is apathetic/ unresponsive versus ardent/ sensitive (Conte & Landy, 2018).

4.5 Cultural Justice

In modern economies, organizations aim to leverage global labor markets and lower production costs by expanding in other nations. Organizations strive to raise their sales revenues by participating actively globally, often leading to situations where companies operate in countries beyond the location of their head office. Consequently, having a multicultural workforce or conducting business in diverse countries has become a common practice.

While critical heritage studies often invoke the concept of social justice, the discourse on cultural justice is still in its nascent stage. This gap is noteworthy as our cultural identities, norms, and communication is closely linked to our understanding and expression of justice. Cultural justice, akin to social justice, deals with issues of power and inequalities but provides a more focused perspective on the cultural dimensions of injustice. Fraser (1995) argues that cultural injustice is deeply embedded in our socialization process and acquired patterns of interpreting and representing our surroundings, often seen in the form of cultural subjugation, nonrecognition, and disrespect.

Cultural justice, therefore, encompasses processes and actions aimed at resisting, subverting, and challenging these injustices through both discursive and material practices (Cantillon et al., 2021). Ross (1998) emphasizes that seeking cultural justice is often intertwined with broader battles in opposition to unfairness, forming a more extensive fight for fairness. Striving for equality and justice, according to Ross, requires the acceptance of cultural variability, transforming neglect, economic subordination, and cultural denigration into dignity, empowerment, and equity. This pursuit of fairness forms the basis of contemporary societies (Cantillon et al., 2021).

The consideration of cross-cultural perspectives on organizational justice holds significance for leaders in multinational organizations and those overseeing culturally diverse workforces within a single country. It aids in comprehending how organizational policies and their implementation impact employees' perceptions of fairness, and it also helps managers anticipate and understand the consequences of these perceptions.

Cultural Justice Approach

Denning (2004) contends that the pursuit of cultural justice leads to culture-based politics, involving **affirmative action**, the politics of recognition, and efforts to reaffirm the dignity of marginalized cultural identities. In this pursuit activists and intellectuals organize themselves to establish organizations and institutions that work towards reinstating dignity. The struggle extends to reshape selective traditions determining the preservation, education inclusion, and access to cultural artifacts (Denning, 2004).

Affirmative action refers to proactive measures aimed at boosting the presence of socio-cultural groups which have been historically underrepresented.

The challenges to cultural justice in labor conditions involve the inadvertent replication of traditional hierarchies and exclusionary practices within organizations. Issues include extractive work environments, unsafe conditions, discrimination, and a homogeneous workforce. Failure to accommodate individuals with disabilities or caregiving responsibilities adds to potential injustice. The prevalence of volunteering, while providing rewards,

may perpetuate injustices by excluding certain individuals. Achieving cultural justice requires a focus on both project outcomes and labor practices, with a critical approach necessary to identify elements perpetuating injustices (Bake et al., 2021).

Current Trends in Organizational Justice Research

Motivated by early perspectives on justice organizational researchers devoted considerable efforts to examine propositions of equity. While equity theory underwent thorough reviews and critiques in the past, recent attention to it has diminished (Pan et al., 2018). However, it would be erroneous to interpret this decline as a waning interest among organizational scientists in matters of justice and fairness within organizations. On the contrary, concerns about fairness persist in various organizational domains, including the following:

- conflict resolution
- personnel selection
- labor disputes
- wage negotiation

Although research stemming from organizational justice has decelerated, new approaches to justice have emerged, proving equally valuable in elucidating behavior across diverse organizational contexts. Recognizing the proliferation of these newer approaches, two factors have gained salience in this context:

1. Organizational justice climate
2. Positive organizational behavior

Organizational justice climate

Perceptions of unfairness are not limited to individual experiences but also extend to the collective level within departments, forming a collective understanding known as justice climate. Research suggests that this shared perception is a distinct predictor of individual distress, including conditions like anxiety and depression (Herr et al., 2018). Such distress may, in turn, influence the perception and reporting of somatic symptoms.

Naumann and Bennett (2000) were the pioneers in introducing the concept of climate justice. They defined justice climate as the collective treatment of a group or unit cognition (such as a working group). Subsequent research by Ehrhart (2004) and Rupp and Cropanzano (2002) delved into understanding the impact of justice climate on employee behavior. Over time, researchers have expanded their examination of organizational phenomena beyond the individual level to include group and organizational levels, often by aggregating members' perceptions of justice (Spell & Arnold, 2007).

The transformation of an organizational justice from an individual variable to an organizational variable i.e., organizational justice climate, involves global and shared factors (Kozlowski & Klein, 2000). Global factors, such as group climate, norms, efficacy, and cohesion, exhibit objective and observable characteristics, with low intra-group variations. Measurement is based on individuals within units who share similar perceptions, cogni-

tions, attitudes, interests, and behaviors due to factors like interaction, socialization, experience-sharing, and exemplary leadership. Justice climate falls under the shared factors, representing the perception of employees about the fairness in work outcomes, procedures, and communication with the supervisors. This shared perception arises from the convergence of perceptions and cognitions of work unit members, facilitated by experience-sharing and information exchange (Purnomo, 2014).

According to Li and Cropanzano (2009), fairness perceptions are estimated using structural and functional approaches (Siswanti et al., 2020). The structural approach views shared factors as emerging from interpersonal communication within the unit. Individuals interpret events through information sharing, finding a shared meaning, and collective knowledge. The functional approach, on the other hand, highlights the impact of factors existing within the organizational system. The way perception of justice impacts individual behavior, justice climate serves as a potent predictor of individual and group attitudes and actions (Siswanti et al., 2020).

Effects of organizational justice climate

Perceived unfairness in the workplace is theorized to elicit heightened emotionality and somatic responses, impacting mental health (Herr et al., 2018). The uncertainty management theory suggests that fairness reduces uncertainty, which is linked to distress and anxiety. In the absence of fairness, heightened unpredictability and associated negative emotions may lead to increased mental and physical discomfort. The group value model proposes that justice signals social inclusion, fulfilling the basic human need for belongingness, while injustice implies exclusion, resulting in detrimental physiological responses.

The effects of organizational justice on symptom reporting may operate at individual and collective levels. Individual perceptions of injustice are often linked to negative outcomes like distress. Collective perceptions of justice, or justice climate, may independently influence well-being, impacting outcomes like job satisfaction and burnout.

Examining procedural and interactional justice separately is essential, as they differ in focus and potential consequences. Procedural justice, involving general procedures for all employees, is considered a group-level phenomenon, while interactional justice, focusing on interactions with supervisors, may evoke stronger emotional responses (Herr et al., 2018).

The justice climate also serves as a social context that has the potential to moderate the impact of individual perceptions of justice on the reporting of symptoms, either amplifying or attenuating the effect—a phenomenon known as contextual moderation. For instance, an employee situated in a department with a strong justice climate may respond differently to a personal experience of injustice compared to an individual facing a similar injustice but working in a department with a weak justice climate. While numerous studies have established the moderation effect of justice climate when interacting with predictors related to employees and leaders, only a limited number of studies have explored its interaction with individual justice perceptions (Herr et al., 2018).

SUMMARY

The degree to which employees identify fairness in how their organization treats them significantly shapes their emotional and behavioral responses on the job. Perceived justice plays a crucial role in influencing organizational citizenship, the level of respect for leaders, contemplation of leaving the job, inclination to initiate lawsuits, and job performance, as indicated in the introductory case study. The predominant focus in research and theory revolves around distributive, procedural, interactional, and cultural justice approaches. Organizational justice research posits that the impact of injustice outweighs that of justice. Attempts by employers to rectify the injustice through fair treatment afterward may not fully reverse the lack of trust caused by initial perceived injustice.

Defining, measuring, and applying principles of justice is vital for employee and organizational sustainability. By understanding distinct forms of justice, establishing measurement methodologies for each form, and discerning the relationships between each type and different work-related behaviors, is thus crucial for ensuring productivity, efficiency, and satisfaction of the workforce.

UNIT 5

MAKING AND IMPLEMENTING DECISIONS

STUDY GOALS

On completion of this unit, you will be able to ...

- describe individual perception and decision making.
- explain decision making using the rational model.
- elucidate the difference between rational decision making and intuition.
- analyze the biases and errors that reduce the efficacy of decisions.

5. MAKING AND IMPLEMENTING DECISIONS

Case Study

Solaris Corporation is a multinational company in the technology sector, known for its innovative products and a commitment to excellence. The company has a rigorous hiring process to ensure that it attracts and retains top talent. In 2020, Solaris was expanding its workforce to meet the demands of a new project. The Human Resources (HR) department was tasked with hiring several software engineers to join the development team. The company prided itself on a merit-based culture and aimed to hire candidates based on their skills, experience, and qualifications. However, during the selection process, a notable instance of the halo effect occurred, influencing the decision-making regarding a particular candidate, Allen.

Allen had an impressive resume, boasting a degree from a prestigious university and a solid track record of successful projects in their previous roles. The technical skills and experience on paper were indeed noteworthy. However, during the interview process, one of the interviewers became particularly impressed with Allen's communication skills, personal presentation, and overall confidence. Due to Allen's strong performance in these non-technical aspects, the interviewer unconsciously allowed a positive impression to influence her overall evaluation of the candidate. This bias led the interviewer to assume that because Allen excelled in certain areas, they must also excel in other areas, such as technical proficiency and problem-solving.

The Decision: In the final decision-making meeting, the interviewer advocated strongly for Allen, highlighting their communication skills, confidence, and overall positive demeanor. The other interviewers, trusting the interviewer's judgment and influenced by the bias, agreed to hire Allen without thoroughly assessing the candidate's technical skills. As an outcome, Allen was hired based on positive attributes. However, once onboarded, it became evident that their technical skills did not align with the demands of the role. This resulted in delayed project timelines, increased errors in the code, and additional training requirements for Allen.

While positive qualities in one aspect can create a positive overall impression, it is crucial for decision-makers to separate various competencies during the evaluation process. This incident prompted Solaris Corporation to implement additional training for interviewers on recognizing and mitigating cognitive biases in the hiring process, ensuring a more thorough and unbiased assessment of candidates in the future. The company reinforced its commitment to hiring based on merit and technical proficiency, avoiding the pitfalls of biases and errors in employee selection.

5.1 Perception and Individual Decision-Making

Decision-making encompasses cognitive, personality, and social aspects, intertwining various psychological dimensions. Research in this field addresses specific topics, such as information inference, the impact of personal preferences, and the overall decision-making process. Descriptive and prescriptive in nature, decision-making research aims to understand both actual behavior and optimal practices. In work psychology, decision-making plays a central role in areas like personnel selection, strategic planning, and performance assessment. Given the complexity and consequences of decisions, especially those made by senior managers, there is a constant pursuit of improving decision-making processes, often involving **group dynamics**.

Group dynamics examines interactions within small groups, encompassing power, leadership, decision-making, productivity, cohesion, conformity, cooperation, and conflict.

Research in this domain tends to be categorized into various segments (Furnham, 2005).

I. Extant literature explores decision making process and the role of selective perception, errors and biases, and specific situations in which decisions are made. An individual's ability, experience, and motivation significantly shape their perspective (Nottingham, 2023).
II. Research on cognitive dissonance illustrates individuals' innate need to maintain consistency in attitudes and behaviors as opposed to dissonance (Harmon-Jones & Harmon-Jones, 2012).
III. Studies indicate the selectivity of our memory when recalling events.
IV. Well-known contextual effects, including the contrast effect, the primacy-recency effect, and the horns and halos effect, suggest that the decision-making context profoundly influences outcomes. Cognitive psychologists often highlight the numerous errors and biases individuals make when they believe they are acting perfectly rationally.

Decision-making is the dynamic process that brings the human element to life, enabling individuals to shape the world around them and determine their personal destinies (Uzonwanne, 2016). From an organizational perspective, decision-making can be observed at several levels of functioning or hierarchy. High-ranking decision makers (leaders and top-level managers) determine their organization's objectives, product or service offerings, financing strategies, location of new facilities, and so on. Meanwhile, middle and lower-level managers handle tasks such as setting production schedules, hiring new personnel, and determining salary allocations. Organizations are increasingly empowering employees at non-managerial levels to make decisions that were traditionally retained by leaders, highlighting the significance of individual decision-making within the realm of organizational functioning.

Perception

Individual differences arise from the specificity of cognitive processes, with perception being a crucial component. Perception, as a cognitive process, shapes individuals' understanding of situations and behavior, directly impacting the study of organizational behavior. American Psychological Association defines perception as the process or outcome of

gaining awareness of objects, relationships, and events through sensory means involves activities like recognizing, observing, and discriminating. These actions allow people to structure and make sense of received stimuli, transforming them into meaningful knowledge and facilitating coordinated actions (APA, 2018a). For instance, the perception process provides insights into why employees in identical situations often exhibit diverse behaviors.

Among various cognitive processes like thinking and imagination, perception is crucial for decision-making. Perception is the cognitive process for selecting and attributing meaning to environmental stimuli (Pleger & Villringer, 2013). Importantly, individual behavior is rooted in perception, in discovering the reality from an individual's perspective rather than an objective reality. The significance of perception lies in the diversity of people and their distinct ways of acting, influenced by stereotypes, culture, knowledge, mood, and other factors. Understanding perception becomes especially crucial in real workplace situations, where employee decisions hinge on perceived information (Day et al., 2012), directly shaping both personal and organizational success.

While our senses provide real information, consciously experienced situations may be distorted by our perceptual apparatus, a phenomenon established through various experiments in human development. Thus, how people perceive and interact with others is primarily determined by social cognition or social information processing.

Social Cognitive Theory

Social Cognitive Theory (SCT) plays a crucial role in shaping the adoption, initiation, and maintenance of health behaviors. It outlines key constructs – perceived self-efficacy and outcome expectancies – while also incorporating elements like **goal setting** and socio-cultural impediments and facilitators (Bandura, 2001).

Goal setting refers to fixing clear and measurable objectives tied to specific time frames. It serves as a foundation for motivation to exert efforts necessary to achieve the target.

Agency Sense of agency involves perceiving control over actions and their outcomes. In voluntary actions, there's a distinct absence of feeling actions happen to us; rather, there's a prevailing sense of actively controlling or directing them.

Self-efficacy is a broad confidence in coping across diverse challenging situations in different domains.

SCT posits that behavioral change is facilitated by an individual's sense of control, where the belief in one's ability to take effective action fosters commitment to the decision. Perceived self-efficacy, a central concept in SCT, pertains to personal action control or **agency** (Moore, 2016). Those who believe in their capacity to influence events are more likely to lead active and self-determined lives, reflecting a 'can do' cognition indicative of control over the environment. **Self-efficacy** significantly impacts how individuals feel, think, and act, with low self-efficacy linked to depression, anxiety, and helplessness, while a strong sense correlates with better social integration, improved cognitive processes, and enhanced performance in various domains (Luszczynska & Schwarzer, 2005).

According to SCT, human motivation and action are guided by forethought, involving expectations regarding the outcomes of specific actions. Core constructs include

- perceived self-efficacy and
- outcome expectancies.

Perceived self-efficacy focuses on individuals' beliefs in their capability to control challenging demands and their own functioning. It plays a crucial role in initiating, sustaining efforts, and preparing for action, influencing motivation levels. Self-efficacy is strength-

ened by personal accomplishment, vicarious learning, persuasion, with personal mastery being the strongest source. Additionally, optimistic self-beliefs create positive affective states, influencing emotional well-being and cognitive processes during goal pursuit (Bandura, 1997).

In contrast, outcome expectancies represent what one anticipates as an outcome of one's actions, including physical, social, and self-evaluative outcomes. Agency or personal action control is vital for perceived self-efficacy, anticipation is vital for outcome expectancies.

Outcome expectancies are subdivided into three structural components:

1. Outcome content
2. Outcome-based emotions: positive versus negative
3. Outcome-based temporality: short term versus long term (Wójcicki et al., 2009)

Areas of consequences encompass physical outcomes, such as discomfort or disease symptoms, social outcomes involving anticipated responses from others, and self-evaluative outcomes related to internal standards (Luszczynska & Schwarzer, 2005).

Expectations about the outcomes and self-belief provide individuals serve as powerful tools to manage mental and physical wellbeing, as well as cope with despair. Optimism bolsters expectancy in the form of “confidence that the goal can be attained” (Carver et al., 2010, p. 879), acts as a buffer in distress-causing situations. Although the empirical confirmation of the distinction between them can be challenging, as they often operate together, individuals typically combine personal agency with appropriate means when making judgments about high consequence objectives. Perceived self-efficacy may encompass outcome expectancies, as individuals believe they can work towards attaining the set objectives (Luszczynska & Schwarzer, 2005). Conversely, individual expectations and self-beliefs may not coincide in certain situations, where individuals expect a positive outcome but are not assured adequately of their own competencies to achieve the goal.

Whether it is adoption of new behavior, termination of old habits, or sustaining what has been acquired, relies on self-belief and expectancies. Self-efficacy is also crucial for bridging the intention-behavior gap and facilitating self-regulation (Conneret & Norman, 2022).

Perceptual Processes in Decision-Making

A deeper comprehension of the perceptual process enables employees to navigate workplace challenges effectively. The perceptual process involves several stages, starting with attention, which filters external information and is crucial for decision-making. Perception and individual decision-making are thus two vital cognitive processes intricately intertwined, where sorting through perceived information is a prerequisite for making informed choices. Individuals engage in decision-making by selecting from various alternatives. Cultural norms often serve as internal frames of reference during the understanding of people.

Decision-making is triggered by the identification of a problem, indicating a disparity between the current situation and a desired state (often perceived as a state of disequilibrium), necessitating consideration of alternative courses of action. Problems, however, are not always clearly defined, with one person's issue being another's satisfactory condition. The recognition of a problem and the determination of whether a decision is required are perceptual matters.

Furthermore, every decision-making process involves the interpretation and evaluation of information. Individuals must sift through data from multiple sources, determining relevance based on their perceptions. Identifying relevant information and developing alternatives depends on the decision maker's perceptual process. Assessing the strengths and weaknesses of alternatives is also subjective, as alternatives lack explicit markers for their attributes. Throughout the decision-making process, perceptual distortions may arise, introducing biases that impact the analysis and conclusions.

Choices are an inherent part of decision-making, and in a world abundant with options, individuals consistently face decisions ranging from mundane choices like what to wear or have for dinner to more significant decisions affecting national economic progress. Decision-making styles are “the learned habitual response pattern exhibited by an individual when confronted with a decision situation. It is not a personality trait, but a habit-based propensity to react in a certain way in a specific decision context (Scott & Bruce, 1995, p. 820).

Scott and Bruce (1995) proposed five distinct types of decision-making models:

1. **Rational:** represents “search for and logical evaluation of alternatives” (Bavolar & Orosova, 2015, p. 115)
2. **Intuitive**: refers to “attention to detail and a tendency to rely on feeling” (Bavolar & Orosova, 2015, p. 115)
3. **Dependent:** characterized by “search for and reliance on the advice of others” (Bavolar & Orosova, 2015, p. 115)
4. **Avoidant:** represents “the tendency to avoid decisions whenever possible” (Bavolar & Orosova, 2015, p. 115)
5. **Spontaneous:** characterized by “a sense of immediacy and desire to complete the decision-making process as soon as possible” (Bavolar & Orosova, 2015, p. 115)

Factors of Perception

Perception, as a fundamental factor influencing decision-making, is influenced by our needs, values, education, and personal history. Awareness of the perceptual process holds significance for employees and leaders alike within organizations. For individuals in leadership or managerial roles, familiarity with the perceptual process can enhance comprehension of how messages may be perceived and enable more effective communication. Moreover, this knowledge aids in comprehending why individuals may perceive the same event or person differently.

In this context, several factors of perception may come into play, which include the following.

Attribution

Theory of attribution proposes that our observation of other's actions is followed by understanding whether their actions were caused, either fully or partially, by factors or agents internal or external to them. When perceived as internal, the behavior is regarded as within the person's control, while if viewed as external, it is seen as a consequence of the situation. Attribution involves several considerations, as actions are assessed within a context (Wilson, 2018). For instance, judgments are made whether an individual's behavior is atypical for a specific individual. If an individual is typically punctual at work and is absent on a particular occasion, the behavior might be deemed unusual, leading to an external attribution, leading the observer to attribute this behavior to factors beyond the individual's control. On the other hand, if absenteeism aligns with the individual's typical behavior, an internal attribution is made indicating that it is within the person's control.

Consistency of the behavior also contributes to attributions; if an individual's actions demonstrate consistency, there is a higher likelihood of attributing the behavior to internal factors. Additionally, inferences about other's behaviors are drawn based on consensus – estimating if many others in comparable situations would likely react in the same manner. Moreover, perception of individual abilities, degree of effort, chance factor, and complexity of task are some other commonly used criteria for attribution of success or failure (Weiner et al., 1971).

Conformity

Our desire to conform with a group or the individual in our proximity significantly impacts our perception. Asch (1951) vividly demonstrated this through an experiment which revealed how individuals would contradict their own evidence if it conflicted with the judgments of others. The participants in those studies tended to align with the majority even when the majority was seemingly incorrect, and this form of behavior results from group influence. Even when participants were not coerced into conforming, and there was no persuasion or threats from fellow group members, individuals were found to exhibit conforming behavior. This sheds light on the dynamics of conformity in organizational settings, even in the absence of explicit coercion. Likewise, the Milgram experiments (Milgram, 1963) demonstrated how actions deemed morally and socially unacceptable can become acceptable (Russell & Gregory, 2005). An individual's perception of what is morally or socially permissible can be manipulated, and there can be situations in organizations where individuals might be urged to obey orders, even if those orders involve acting in undesirable ways.

Implicit personality theory

This is crucial for comprehending organizational behavior, particularly in the context of **person perception**. Everyone possesses an 'implicit personality theory,' encompassing a collection of concepts and presumptions employed to depict, contrast, and grasp others. These theories entail notions about the interrelated personality traits. For instance, an observer may have a conceptualization of what a workplace bully or harasser might be

Person perception refers to the cognitive process of categorizing and drawing inferences about others' behaviors.

like. However, this conceptual profile may not be equally based on other traits of the individual and pose challenges in articulating the person's specific characteristics (Wilson, 2018).

Logical error

Logical error
refers to rating attributes logically based on the association between those attributes.

Implicit personality theory often leads us to make assumptions about which traits coexist in a person, a phenomenon known as **logical error**. In situations where information is incomplete, we tend to form a more comprehensive and consistent view. Asch's (1946) and Kelley's (1950) experiments demonstrated how specific cues or labels can significantly alter our impressions and lead to further attributions. For instance, Asch found that including core qualities like 'warm' in a list of adjectives transformed the entire impression of a person. This warm person was subsequently described as 'sociable', 'popular', 'good-natured', 'generous', and 'humorous'. Peripheral qualities, however, did not produce such strong effects (Wilson, 2018).

Kelley (1950) observed that those with a favorable impression tended to interact more with the person. Additionally, positive dispositional attributions, such as believing someone is attractive or likable, are associated with a tendency to believe that the person is telling the truth. Haire and Grunes (1950) showed the impact of specific characteristics on respondents' perceptions. In one scenario, the word 'intelligent' caused difficulty for participants in forming a coherent picture of a factory worker. Some denied its existence in the list, while others explained away the conflict by associating intelligence with other traits or altering the worker's role. In contrast, when 'intelligent' was not included, descriptions of the factory worker were more uniform, reflecting a clear and well-organized stereotype of a 'working man.' Overall, this highlights how our implicit personality theories influence the formation of judgments and perceptions.

Stereotypes

Stereotypes represent specific types of knowledge or cognitive patterns associating group membership with certain characteristics. Allport (1954) proposed that stereotypes serve the purpose of efficiently managing information due to the brain's limited processing capacity. The human brain simplifies experiences by focusing on select features, forming categories, concepts, and generalizations to handle vast amounts of information. A stereotype is the inclination to categorize individuals based on easily identifiable characteristics, such as age, gender, ethnicity, nationality, or occupation, and attributing qualities believed to be typical of that category. In organizational settings, comments often echo stereotypes related to age, gender, race and ethnicity, faith, or physical attributes. Studies indicate that stereotypes frequently operate beneath the threshold of conscious awareness, posing challenges in terms of questioning and altering them (Robbins et al., 2017).

Stereotypes can influence performance positively, as seen in situations where group members are consistently exposed to messages promoting superiority (Kahalon et al., 2018). However, they can also lead to poor performance when individuals or groups internalize negative expectations. Poor performance often may be influenced by a negative stereotype, impeding success (Haslam et al., 2008). Negative stereotypes, such as the belief that specific groups underperform in certain domains, can impact performance in areas like

math tests, negotiation, or career advancement (Bergeron et al., 2006). However, it's important to note that stereotypes are not exclusively negative; positive stereotypes also exist, like the idea that certain communities are hardworking and disciplined. However, individuals might object to positive generalizations if they feel these stereotypes don't accurately represent the diversity within their group and may perpetuate limiting assumptions (Wilson, 2018).

Prejudice

Prejudice is a typically negative attitude directed either towards an entire group or an individual member of that group, characterized by emotional components (Allport, 1954). Unlike stereotypes, which may distort perceptions, prejudice has the potential to generate actions like intergroup hostility and violence. Individuals can possess cognitive representations of cultural stereotypes without personally supporting these beliefs, without harboring prejudiced feelings, and without recognizing that these stereotypes may influence one's judgment and actions (Vescio & Weaver, 2013). Hostility and negative stereotypes could arise between groups if they were made negatively interdependent, where one group's gain means the other's loss (e.g., Schmuck et al., 2017; Czopp, & Monteith, 2006). Conversely, positive interdependence, where groups needed each other for success, improved intergroup relations.

Prejudicial attitudes often reinforce a belief in a superiority–inferiority system, placing the object of prejudice in a disadvantaged position (Chow et al., 2008). Prejudice operates closely with the usage of cultural stereotypes (Fiske, 2017). For example, cross-cultural patterns involving sexism and ageism are characterized by a blend of difference in social positioning and interdependence. In stereotypes related to gender and age, for instance, marginalized groups like women and elders are attributed with stereotypic warmth due to their collaborative interdependence but are perceived as lacking in competence due to their lower social positioning. Conversely, men are believed to exhibit the opposite attributes, and are stereotypically perceived as more competent than warm (Fiske, 2017). Varied perceptions of anger among men and women exist in organizations, where men may gain social status by displaying anger, while angry women may be perceived as incompetent (Brescoll & Uhlmann, 2008). Yun et al. (2020, p. 1238) observe, “anger is a gendered emotion, and [...] female leaders who show masculine characteristics such as being assertive, aggressive, and competitive face social sanctions such as being less liked or seen less capable”.

Changing perceptions and reducing prejudice can be achieved by encouraging empathy, such as ‘putting oneself in another person's shoes’ (Galinsky & Moskowitz, 2000). Studies focusing on this technique show that temporarily adopting another's perspective decreases the use of stereotypes and reduces discriminatory behavior. Being aware of our judgments can contribute to decreasing discrimination, fostering more fairness, justice, and equality in organizations. A longitudinal experiment by Lindsey et al. (2015) showed that taking the perspective of others can have a lasting positive effect on diversity-related outcomes, particularly for those low in dispositional empathy.

In addition to the abovementioned factors influencing our perception, we also rely on various shortcuts in our judgments of others, which can be helpful for making rapid and accurate perceptions but are not foolproof and can lead to distortions (Robbins et al., 2017).

Selective perception

Selective perception occurs where characteristics that stand out are more likely to be noticed. This process is influenced by the observers' interests, knowledge, attitudes, and experiences. While selective perception enables swift cognition of others, it raises the probability of drawing imprecise conclusions, as we might be drawn to noticing what we want to notice and misinterpret ambiguous situations.

Halo effect

This mental shortcut involves forming a general impression about an individual's abilities and skills, based on a single attribute like mannerisms or intellect. For example, a CEO in a company is initially praised for her positive qualities but, after being fired, receives harsh criticisms for perceived negative traits. This phenomenon indicates that our perception may be based on a single trait, which significantly impacts the overall judgment of a person or a situation.

Contrast effects

This occurs when evaluation of a person is influenced by the difference from other individuals who the observer might have encountered recently. In job interviews, for example, an applicant's evaluation may be affected by their position in the interview call list. If preceded by mediocre candidates, the applicant has a higher likelihood of being evaluated favorably; contrarily, being preceded by better performing candidates may result in a less favorable assessment.

Decision-Making

Decision-making involves choosing a particular course of action from various options, and has been a subject of interest in both economics and psychology. Early models of the decision-making process were predominantly mathematical, depicting it as a calculation-based procedure incorporating elements like outcome probabilities and monetary values to identify the optimal course of action (Chick et al., 2012). Numerous contemporary decision-making models have evolved from these initial mathematical frameworks. Current perspectives on decision-making highlight psychological aspects, with a focus on factors such as individual differences—characteristics that remain relatively stable within individuals.

Despite the extensive impact of the decisions revealed in numerous studies, not all decisions carry significant consequences or demand extensive contemplation. For instance, in daily routines like preparing to go to the workplace, individuals make simple and habitual choices such as selecting an outfit, deciding on meals, and choosing the route between

home and workplace. These uncomplicated decisions are categorized as programmed decisions, occurring frequently enough for individuals to develop automated responses, known as decision rules.

Conversely, decisions that are unique and hold substantial importance necessitate conscious thought, information gathering, and thorough consideration of alternatives, and these are termed nonprogrammed decisions. In crisis situations, companies also encounter nonprogrammed decisions. Decision-making can further be categorized based on its occurrence at different organizational levels:

- **strategic decisions**, which determine the organization's course
- **tactical decisions**, focused on how tasks are executed
- **operational decisions**, the day-to-day choices made by employees to manage the organization

Individual versus group decision-making

Many decisions are collectively made in groups, teams, panels, or committees, which is generally viewed as advantageous for decision quality and acceptance. Group decision-making is believed to bring a broader range of knowledge, generate better ideas, and enhance problem comprehension. It allows for the pooling of resources and specialization of labor, improving the potential quality of the group's efforts. Additionally, decisions made in groups are more likely to be accepted by individuals involved in the decision-making process, fostering better understanding and commitment. Bonner et al. (2002) note that groups consist of individuals with diverse personalities, demographics, and expertise, collaborating to address problems that necessitate the integration of their contributions to reach a collective decision or product. The process of **group coordination** encompasses the way members combine their diverse resources to effectively accomplish the given task. Consequently, group coordination is closely tied to group performance.

Group coordination is the process through which group members organize their individual input to achieve the group's objectives.

However, using decision-making groups comes with challenges. **Conformity** pressures and dominance by powerful individuals may arise (Briley et al., 2005). Groups may consume more time, and disagreements can lead to ill-will and conflict (Kendal et al., 2004). While constructive disagreement can enhance group outcomes, persistent disagreement can strain relationships among group members. Ineffectiveness may result from intimidation by group leaders or a prevalence of yes-persons discouraging open and honest discussion. Group decisions may also lead to risky recommendations.

Conformity is a social process, integral to social influence, in which individuals modify their beliefs, attitudes, actions, or perceptions to align more closely with those of groups to which they are part of, aspire to join, or seek approval from.

Determining whether individuals or groups make better decisions depends on the context (Furnham, 2005). In general, groups tend to perform better on all tasks when compared to individuals (Kozlowski & Ilgen, 2006), but nominal groups (groups in name only) often outperform real groups. The nature of the task and the competence of individuals are crucial factors. Well-structured tasks with clear right or wrong answers typically benefit from group decision-making, even though it may take longer. However, loosely structured tasks that require creative solutions often see more productivity from individuals working alone. The effectiveness of group decision-making also depends on the knowledge and skills of group members, emphasizing the importance of pooling valuable resources.

Research indicates that groups tend to be more accurate but slower on well-structured tasks, while individuals can be more productive on creative problems. This is primarily because creative-problem solving facilitates defining and redefining problems, leading to the generation of insights and solutions (Proctor, 2020). The decision-makers' ability plays a crucial role, with high-ability individuals performing better when working together but low-ability individuals not benefiting from collaboration. The overall efficiency and effectiveness of individual versus group decision-making depend on the nature of the problem, task complexity, and the creative or logical demands involved. For logically structured problems, capable individuals working in groups are preferable, while less well-structured problems may benefit from creative individuals working alone, with their output pooled.

Brainstorming is a collaborative problem-solving method where group members contribute ideas spontaneously, fostering creativity and generating diverse solutions.

In group **brainstorming**, a method of collective idea generation introduced by Osborn (1957), groups are encouraged to generate numerous ideas without criticism, aiming to enhance and build upon each other's contributions. Despite the common belief that such brainstorming groups outperform non-interacting individuals, extensive research over several decades has shown that nominal groups, where individuals work independently and then pool their ideas, often surpass brainstorming groups. One contributing factor to this phenomenon is identified as production blocking, where the limitation of one person speaking at a time disrupts the flow of productive thinking. The negative impact of production blocking goes beyond simple interference with memory or speaking turns, instead hindering the initiation and continuity of productive thought processes. In addition to production blocking, other processes contributing to process loss in brainstorming groups include an unwillingness to contribute ideas due to evaluation apprehension and convergence on a relatively low standard for performance through social comparison in face-to-face groups (Furnham, 2005).

5.2 The Rational Model, Bounded Rationality, and Intuition

For various reasons, individuals often engage in automatic thinking processes that lead to suboptimal judgments (Hastie & Dawes, 2009; Furnham, 2005). Essentially, people frequently deviate from rationality. According to Hastie and Dawes (2009), a rational choice can be characterized by four criteria:

1. It is grounded in the decision-maker's current assets, encompassing not only financial resources but also physiological state, psychological capacities, social relationships, and emotions.
2. It takes into account the potential consequences of the decision.
3. When these consequences are uncertain, their probabilities are assessed following the fundamental principles of probability theory.
4. It represents a choice that is adaptive within the constraints of these probabilities and the values or satisfactions associated with each potential consequence of the decision.

A descriptive approach to decision-making models examines the actual processes individuals or groups undergo when making decisions, taking into account various influencing factors. These factors encompass individual personality traits, group dynamics, organizational power structures, political behaviors, external environmental influences, organizational strategic considerations, and the availability of information. The primary objective of these models is to analyze the significance of these factors and explore their interconnections leading up to a decision.

One of the earliest and most impactful descriptive models is the behavioral theory of decision-making, formulated by Richard Cyert, James March, and Herbert Simon (Simon, 1960; Cyert & March, 1963). This model is termed 'behavioral' because it regards decision-making as a facet of individual behavior. For instance, conducting interviews with stock market brokers to identify the factors influencing their decisions exemplifies a descriptive approach to decision-making. Alternatively known as the 'administrative model', it recognizes the practical constraints individuals face in their decision processes. According to the behavioral theory, decisions are made within the bounds of bounded rationality, acknowledging the limitations individuals encounter in real-world decision-making scenarios.

The Rational Model

The classical or rational model is prescriptive in nature, outlining the ideal approach to decision-making situations. It serves as a foundation for quantitative disciplines like econometrics and statistics. The model assumes that decision-makers aim for a choice yielding maximum benefits and simplistically assumes that the decision-maker is fully aware of all alternatives and their potential consequences, particularly in the short term.

This rational model is most applicable in situations with specific characteristics, including the following:

- There is a singular decision-maker.
- There is a singular goal for the decision-maker.
- The goal can be quantitatively described.
- There is a limited number of known solutions.
- The best alternative can be weighed.

While some variations of the rational model allow for multiple decision-makers and goals, the fundamental assumptions include known goals, unlimited information availability, absence of cognitive limitations, and quantifiable alternatives. Decision-making is viewed as a logical process where decision-makers systematically attempt to maximize their objectives through a series of steps. The rational model prescribes a logical order of steps and recommends quantifying opportunities and results whenever feasible (Goodwin & Wright, 2001).

Alternative models, developed based on actual behavior of decision-makers in organizations, provide different perspectives. Research indicates that real-world decision-makers often deviate from the rational model's recommendations, challenging the model's

assumptions about the situation's realism. If behaviors deviating from calculated rationality are intelligent, then models of calculated rationality may be considered deficient both as descriptions of decision-making processes and as prescriptions for decision-making.

Nevertheless, rational-analytic models contribute valuable insights to strategic decision-making by offering precise and quantitative input through forecasting models and decision-analysis solutions for more limited subproblems. Anticipated advances in decision analysis include increased use of expert systems to describe decision-making and computerized intelligent decision systems to provide normative aids for enhancing decision-making on a broader scale in the near future.

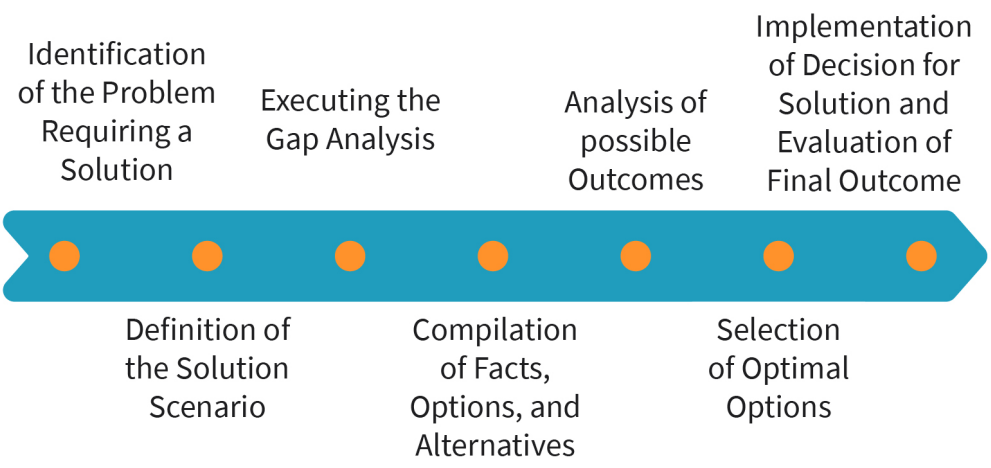
Rational decision-making

Decisions in routine situations rely largely on intuition, instinct, or predisposition. For instance, when deciding on the daily commute route in a bustling city or selecting a dish from a menu, intuition often handles these situations without requiring rigorous reasoning or logic. The rational model of decision-making represents a more sophisticated approach. When decisions are grounded in meticulous investigation and careful analysis, they are referred to as rational decision-making (Scott & Bruce, 1995).

Accurate interpretation of available information and a convincing evaluation involves employing logic and rationality in decision-making. Rationality is a higher cognitive process of making decisions that are backed by the normative principles of reason rather than emotions (APA, 2018b). Rational decision-making is particularly applicable in situations that require higher cognitive processing, such as those faced by managers and leaders in performing their roles and problem solving. To highlight the significance of rationality in decision making, Oliveira (2007) appraises the process of making a rational choice as more significant than the choice itself.

Rational decision-making encompasses diverse processes, and while the specific steps may vary, the commonalities in these processes generally lead to effective solutions. According to Uzonwanne (2016) the model outlines the following seven steps of rational decision-making:

Figure 12: Rational Decision-Making



Source: Tusharika Mukherjee (2023).

1. **Establishing problem:** In any challenging circumstance, it is crucial to precisely articulate the nature of the issue that demands a specific decision-making process for resolution. Inadequate comprehension of the problem may lead the decision-maker to either overreact or underact in addressing the issue. Failure to precisely define or recognize the problem's nature and source puts the manager at risk of applying solutions to a well-functioning situation or making insufficient efforts to address the actual problem.
2. **Defining the solution:** Equally critical in the rational decision-making process is outlining what the end of the process's solution scenario will resemble. What characteristics will signify the discovery of a solution? In essence, what does success entail? What identifiers will be evident to denote success? Determinants of success often include indices and marginal qualifiers. If the observed numbers deviate beyond predetermined benchmarks or qualifiers, a problem is identified. Success is then measured by the profit levels surpassing preset benchmarks and qualifiers by a predefined minimum ratio. Understanding the visual representation of success is indispensable for conducting an accurate gap analysis.
3. **Analyzing the gap:** Finding out the gap involves cognizing the problem-solution discrepancy. It requires discerning the necessary steps to transition from the acknowledged question to the envisioned answer. After accurately defining the problem and establishing a clear picture of success, the subsequent step involves determining the actions required to bridge the gap. This facet of rational decision-making often involves collaborative thinking, with think tanks contributing to the identification of potential steps. If project management is deemed necessary for the solution, the intermediary movement in filling the gap becomes a milestone in reaching the envisioned solution.
4. **Compilation of information to work on alternatives:** This stage is about gathering data and devising plausible alternatives to the stepwise solutions in the gap analysis. Being well-informed is pivotal for adequate reasoning. The information collected facilitates considerations on how the envisaged steps might impact stakeholders posi-

tively or negatively. It is conceivable that someone may have conducted research on or undertaken similar steps, and the factual outcomes from these experiences can significantly inform the decision-making process.

5. **Analysis of possible outcomes:** Equipped with gathered facts, the consequences or outcomes of the various identified options need thorough analysis to screen the most optimal alternative. Sufficient time and effort is needed to identify the potential outcomes of plausible options, with a focus on assessing their impact on involved stakeholders. Situations may arise where certain outcomes favor some stakeholders while disadvantaging others. In such instances, the involvement of a think tank team can be valuable. The objective is to accurately predict the outcomes of each option, enabling the selection of a final option.
6. **Selection of the optimal option:** Following the analysis, decision-makers choose the most favorable options based on established criteria. This selection is guided by a careful evaluation of each option's merits and its alignment with the desired solution scenario.
7. **Implementation of decision for solution and evaluation of the final outcome:** Once the optimal option is chosen, its accurate implementation is crucial for an effective and functional solution. Although this phase may seem repetitive, it remains an integral part of reason backed decisions. A smooth implementation of the chosen decision ensures the successful conclusion of the process. After implementation, it is equally essential to assess the efficacy of outcome against the envisioned solution estimated in the second step. The moot question here remains: is this effective? If the outcome does not align with success, a revisit to the gap analysis phase is necessary to reassess the chosen steps undertaken for reaching the solution.

The rational decision-making thus entails a systematic approach that begins with problem identification, progresses through a thorough analysis of options, and concludes with the implementation and evaluation of the chosen solution. The model emphasizes the importance of a clear understanding of the problem, envisioning success, conducting gap analysis, and making informed decisions based on gathered facts and analyzed options. In this process, business managers typically follow the sequence of reviewing available information, observing, and estimating plausibility of intended solutions before initiating a course of action. Reason backed decision making incorporates weighing each option by their plausibility. They then determine the expected outcome for each option, ultimately choosing the one with the best-predicted consequence and the highest prospects of success.

Critics of rational choice theory argue that it is flawed due to unrealistic and oversimplified assumptions. According to Saylor.org (2020) the model doesn't account for the limited availability of complete information, as individuals may face barriers in accessing, obtaining, or analyzing information. More sophisticated models incorporate probability to describe outcomes, acknowledging the uncertainty inherent in decision-making. Additionally, individual rationality is constrained by the complexity of decisions, making it challenging to make entirely rational choices. Furthermore, people often opt for acceptable choices instead of optimizing benefits and minimizing costs, especially when precise measurement and assessment of selection criteria are difficult (Saylor.org, 2020).

Bounded Rationality

The behavioral sciences, particularly economics, have traditionally employed principles of rationality to model human behavior. Rationality, however, is typically viewed as a normative concept, prescribing certain actions, or dictating how one should act. Consequently, it's not surprising that these rational principles are not universally adhered to in everyday decision-making. Recognizing instances of choices that deviate from rationality, an increasing number of behavioral scientists advocate for adjustments to the underlying principles of rationality itself. This line of research is commonly referred to today as 'bounded rationality.'

The term 'bounded rationality' likely first appeared in Models of Man (Simon 1957). Presently, the term is utilized in various disciplines, notably economics, psychology, and AI (Grüne-Yanoff, 2007). However, the conceptual usage of the term often varies even within the same discipline. At least four distinct usages of 'bounded rationality' can be identified:

I. Critiquing standard theory
II. Enhancing behavioral models and conceptualizations
III. Offering optimal rational advice
IV. Elucidating rationality as a concept

Intuition

Deliberation and conscious reasoning represent only the visible part of decision-making, with fast and emotion-laden intuitions playing a substantial role in shaping behavior. Expert performance in various fields often relies on domain-specific intuition cultivated through extensive practice and experience. While intuition is recognized as a valid construct within organizational sciences, it is not a one-size-fits-all solution (Robbins et al., 2017). Relying excessively on intuition can lead to errors, highlighting the importance of understanding when intuition is likely to be accurate or misleading.

Intuition is a cognitive thinking process wherein the input is predominantly derived from information stored in long-term memory, primarily acquired through associative learning. This input undergoes automatic processing without conscious awareness. The outcome of this process manifests itself as a feeling that can form the foundation for subsequent judgments and decisions (Salas et al., 2010). Compelling evidence indicates the presence of two separate information processing systems in the human brain: one that is conscious and deliberate, and another that is unconscious and intuitive. Intuition is linked to this intuitive processing system, along with various related phenomena like implicit attitudes and goals (Hassin et al., 2005). The result of this intuitive processing is the subjective experience of intuition, characterized by a sense of knowing without explicit awareness of the underlying reasons (Salas et al., 2009).

Intuitive decision-making involves an orientation toward feelings and relies on internally arranging information to form hunches (Russ et al., 1996). **Intuitive decisions** are typically made swiftly and with limited information, often subject to revision if initial intuitions prove inaccurate (Russ et al., 1996). This contrasts with the rational model which according to Russ and colleagues is deliberate, analytical, and logical, wherein decision-makers

Intuitive decisions are the choices made naturally without relying on formal tools and procedures.

consider the long-term implications of their choices and prioritize fact-based analysis in decision-making (Uzonwanne, 2016). Rotter (1966) suggested a connection between the rational style and the inclination toward structuring and internal control. Additionally, Kholi (1989) proposed that both a propensity for structuring and a stronger internal control orientation might correlate with enhanced performance.

Intuitive decision-makers could be more error-prone and inconsistent, potentially leading to uncertainty and undermining the confidence of both superiors and subordinates. This decision-making approach might carry significant risks, especially in high-stakes environments where errors could lead to substantial financial consequences.

Rational decision-making tends to prevail in scenarios where the stakes, whether financial or life-related, are high. Intuitive decisions, on the other hand, are more prevalent when information is scarce, immediate solutions are necessary, or the decisions at hand are particularly challenging. Rational decision-making involves a meticulous process, wherein the gathering and evaluation of information consider its availability, value, precision, and reliability. The aim is often to reach a fail-proof solution, as a well-analyzed, fact-based decision typically yields positive and effective outcomes. However, a significant limitation of this approach lies in human limitations to gather sufficient information, sometimes leading decision-makers to either retreat or settle for the available information.

The initial utilization of intuition is labeled as immature intuition and comes before the establishment of general rule-based proficiency. It doesn't rely on substantial domain-specific knowledge. As the decision-maker acquires abstract, rule-based knowledge in a domain, the presence of intuition diminishes (Salas et al, 2009). However, in the later phases of experience, intuitions resurface, driven by the decision maker's accumulated expertise. This form of intuition, distinct from the earlier immature or novice intuition, taps into domain-specific knowledge and is sometimes termed expert-based intuition (Hogarth, 2001). Thus, expertise-based intuition refers to the intuitions that manifest in these advanced stages of development, where the decision maker has cultivated a profound and comprehensive knowledge base through extensive domain experience.

Expertise-based intuition

Expertise-based intuition in organizational settings plays a pivotal role in effective decision-making within complex contexts. There are two core issues involved here: understanding how experts utilize intuition in decision-making processes and how experts develop their intuitive capacity. The review aims to achieve four specific goals: defining expertise-based intuition, differentiating it from other types of intuition, elucidating its organizational value, synthesizing qualitative literature on expertise-based intuition, exploring performance and developmental mechanisms, examining team-level dynamics, and outlining implications for future research.

Though accuracy of intuition has been debated, evidence largely leans towards the notion that intuition can be highly accurate under specific conditions (Salas et al., 2009). Despite this, it is crucial to acknowledge that intuition is not an infallible source of omniscient decision-making and is subject to limitations and errors. Recognizing the circumstances in which intuition is likely to be precise or erroneous becomes especially vital when the out-

comes of deliberative and intuitive decision-making diverge. In situations where both deliberation and intuition lead to the same conclusions, the reliance on either may not matter. However, when a person's experiential insights suggest an alternative option than what a context-free rule dictates, errors in either system can have tangible consequences.

Salas and colleagues (2009) suggest that various conditions influence the accuracy of intuition, encompassing attributes of (i) the decision maker, (ii) the decision task, and (iii) the decision environment. Two crucial factors tied to decision-making effectiveness are expertise and individual differences in processing styles. The subsequent sections delve into these aspects.

1. **The decision maker**
   - Expertise: Intuition is most effective when the decision maker possesses knowledge and experience within a specific domain. Rooted in **implicit learning** and automaticity, intuition benefits from extensive experience in processing patterns within the environment. The effectiveness of intuition is heightened when implicit knowledge complements explicit and rule-based learning inadequacies.
   - Individual Differences in Processing Styles: Adopting the **dual processing** perspective, decision makers can choose between intuitive and deliberative modes or strategies. While these systems often interact, individual differences manifest in the preference for one cognitive system over the other. Some individuals lean towards intuitive and affect-based decision-making, while others prefer analytical and deliberative approaches.
2. **Decision task**

   Two fundamental aspects of a task have been associated with the effectiveness of decision making and the inclination of a decision maker to adopt an intuitive decision-making style: task structure or type and the availability of feedback.
   - Task structure: Intuitive processing involves putting together inessential cues without much structure or alignment. Dane and Pratt (2007) propose that the intuitions work better for judgmental tasks opposed to intellective ones. Moreover, complex, and uncertain situations are better handled with intuitive decision making primarily because intuitive processing does not run the risk of being overpowered by a plethora of information commonly observed during reason-based deliberation.

     Simple tasks call for simple logic, and as the complexity increases the dependence on reason rises, where intuition may not work. Complexity of tasks increases with the number of plausible alternatives and contextual unpredictability (Dane & Pratt, 2007).
   - Availability of feedback: Intuition's foundation is deeply rooted in implicit (or associative) memory. Feedback facilitates implicit learning and in turn enables the development of intuition (Hogarth, 2001). Feedback also impacts the organization of acquired knowledge and learning which promotes decision making.
3. **Decision environment**

   The context in which the task unfolds is pivotal to the utilization and efficacy of intuition, particularly if the context is anxiety-provoking (Hammond, 2000). Time constraints raise the probability of using intuition, primarily due to lack of time for exhaustive search strategies inherent in purely rational models of decision-making (Lipshitz et al., 2001).

Implicit learning refers to a form of enduring human memory that involves the subconscious acquisition of knowledge or expertise essential for performing specific tasks, such as phonological processing, literacy skills, or operating a vehicle.

Dual-processing theories explain the interaction between intuitive and deliberate thinking. Intuition, being faster, forms the basis for initial responses that can be adjusted through subsequent deliberation.

Managers are tasked with handling an intricate array of information, relying on knowledge structures to represent and process information for decision-making. Experts, exemplified by CEOs, exhibit swift categorization of ill-structured problems due to well-developed knowledge structures, distinguishing them from novices. Novices tend to have more schema categories but with fewer informational units, highlighting the impact of experience on information processing (Salas et al., 2009). Some of the core processes underlying expert decision-making include:

4. **Pattern recognition**, a key process in expert decision-making, involves comparing the current situation with past experiences, enabling the retrieval of successful past actions (Klein, 2008). Experts identify environmental cues as patterns, allowing for rapid perception and effective pattern matching.
5. **Sense making**, introduced by Weick (1995), is a crucial cognitive function in natural settings, involving efforts to understand and create order in unusual situations (Klein et al., 2007).
6. **Situation assessment and problem representation** aid experts in judging the familiarity of a situation. Experts engage in pattern recognition, mental simulation, and sense making to evaluate unfamiliar situations and identify appropriate responses.
7. **Automaticity**, developed through practice, enables individuals to perform tasks without conscious effort, preserving cognitive resources for understanding novel aspects of a situation.

Working memory, integral to complex decision-making, benefits from automaticity, preventing common errors like functional fixedness. Mental simulation, a conscious and deliberate process, evaluates potential courses of action in a situation and is mediated by mental models based on schema and expert knowledge (Klein, 2008).

Organizational Decision-Making

Decisions within organizations can be categorized into different types, each with its own set of phases. Operational decisions, typically routine with short-term impacts, contrast with tactical decisions that involve non-routine, medium-term considerations without altering organizational goals. On the other hand, strategic decisions, influencing long-term goals, hold significant importance (Furnham, 2005).

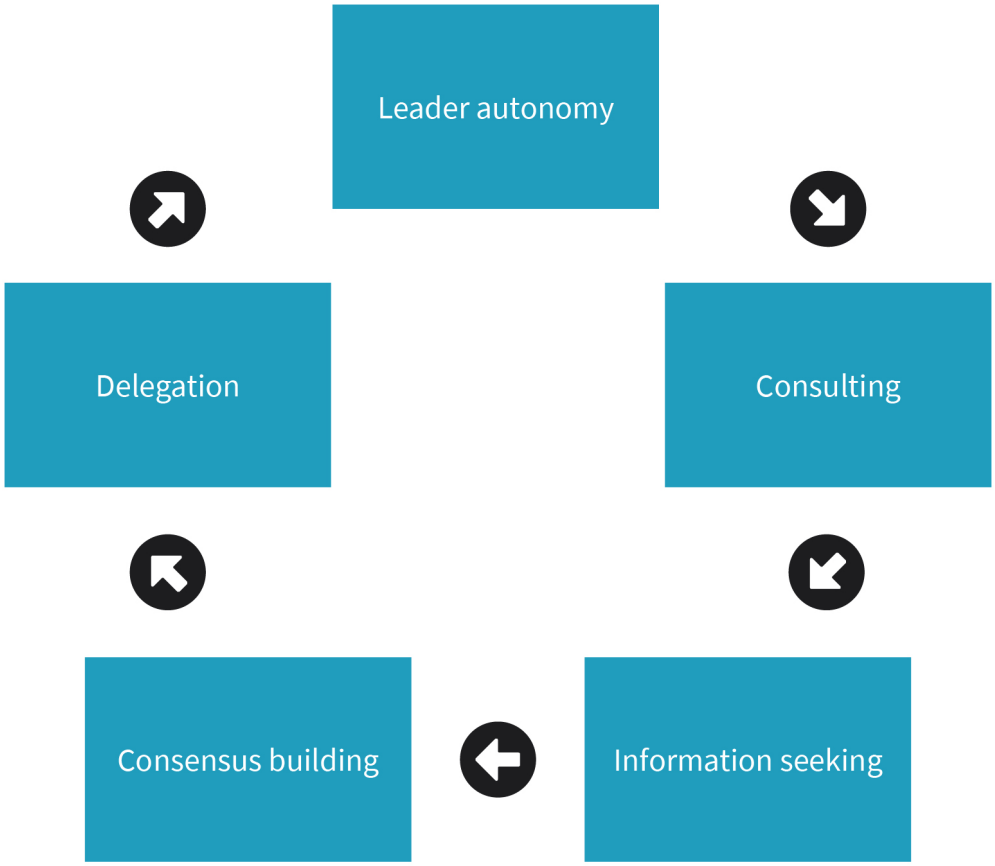
In organizations, intricate decisions typically involve strategic considerations on a broad scale. Questions such as which products or services to develop, the markets the company should operate in, and whether to focus on achieving the lowest costs or providing top-quality and optimal service come into play. These decisions, often termed strategic decisions, fall under the purview of top management. They commit significant company resources, have far-reaching implications for profitability into the future, require coordination across various businesses or functional areas, and involve external factors (Koopman et al., 2013). It is however noteworthy that executives dedicate a substantial portion of their time, approximately 40 percent on average, to decision-making. However, they perceive much of this time as being inefficiently utilized, reveals McKinsey research (2023). The challenges associated with decision-making are so pronounced that individuals can experience fatigue, commonly known as decision fatigue, due to the strain of making numerous decisions.

Strategic decisions give rise to other considerations regarding the most suitable organizational structure, technology, management style, and organizational culture, which are in most cases reflective of future actions and planning for the organization (Radford, 2012). The quality and acceptance of these decisions are crucial for a company's functioning and, often, determine its survival. Consequently, complex decision-making has been a long-standing focus in management literature. While classical literature often adopts a normative and rational approach to decision-making, more recent studies take a descriptive, empiricist perspective (Koopman et al., 2013). The authors posit that rationality has become a central theme in the evolving literature, prompting questions about the relationship between thinking and action, the interplay between facts and intuition, the role of information, the appropriateness of rational planning systems, and the reconciliation of political contrasts. For example, Secchi (2010, p. 33) asserts, “Rationality is brought into the decision-making discourse by the process of rationalization, and it has always been a study of how good the decision (or the underlying process) has been or should be. While rationalization defines thinking activity in general, rationality defines its contents (both goals and procedures). These inquiries underscore the nuanced nature of complex decision-making processes”. Thus, rationality is linked to decision-making via the following four stages:

1. Opting for choices
2. Employing a framework of values (such as weights or decision influencers)
3. Enabling individuals to render decisions
4. Facilitating assessments of potential and realized outcomes of behavior or actions

Organizational decision-making, according to Amanchukwu and colleagues (2015) can be divided into five distinct levels, each characterized by increasing time commitment and involvement in the decision-making process.

Figure 13: Levels of Organizational Decision-Making



Source: Tusharika Mukherjee (2023).

Level I: Leader Autonomy – The leader autonomously makes and announces the decision. This level demands minimal time and excludes staff participation, making it particularly advantageous in urgent situations requiring immediate action.

Level II: Consulting – The leader seeks input from individuals before making the decision. This involves gathering perspectives to address blind spots and deepen the understanding of the issue. Consulting key individuals is considered responsible, especially when they possess crucial information.

Level III: Information seeking – The leader involves the team in decision-making by gathering input from the entire team. A team meeting is held where the leader listens to the team's ideas before deciding based on the provided information.

Level IV: Consensus Building – In this level, the leader becomes an integral part of the team and has an equal vote/voice. The group collectively considers all available options, reaching compromises until a consensus or unanimous agreement is achieved.

Level V: Delegation of Decision-Making - Consensus and delegation with criteria/ constraints. The leader delegates decision-making authority to the team without participating in discussions. Clear communication of criteria and constraints is crucial. Failure to meet these conditions may necessitate reconsideration of the decision by the team or the leader, resorting to a default option or utilizing a different level of decision-making from the hierarchical structure of the team or organization.

Robbins et al. (2017) contend that people in organizations engage in constant judgment, with managers assessing employee performance, coworkers evaluating each other's efforts, and team members forming initial impressions of newcomers. These judgments significantly impact the organization, particularly in various applications.

- **Employment interview:** The employment interview plays a crucial role in hiring decisions within organizations. However, research indicates that interviewers often make inaccurate perceptual judgments. Early impressions formed within a tenth of a second tend to be deeply rooted. Recent studies suggest that individual intuition about a job candidate is unreliable, but collecting input from multiple evaluators can enhance predictability. Interviewers' decisions tend to stabilize within the first few minutes, with early information carrying more weight (Robbins et al., 2017).
- **Performance expectations:** People seek to validate their perceptions, leading to the self-fulfilling prophecy or Pygmalion effect, where individuals' behavior aligns with others' expectations. If a manager anticipates high performance, individuals are likely to meet those expectations, while low expectations may result in minimal performance. For example, Duan et al. (2017) contend that transformational leadership enhances employees' personal connection with the leader, thereby acting as a moderator to amplify the Pygmalion effect.
- **Performance evaluation:** Performance evaluations are closely tied to the perceptual process. These evaluations influence an employee's future, affecting promotions, salary increases, and job continuity. While some appraisals can be objective, many jobs involve subjective evaluations. Employee's perception of job security influences performance evaluation in situations when employers may show a lack of interest in evaluating how employees perceive the fairness of assessments (Komendat & Didona, 2016). Subjective assessments are prone to errors such as selective perception, contrast effects, and halo effects. Paradoxically, performance ratings may reveal as much about the evaluator as they do about the employee.

Streamlining organizational decision-making

McKinsey's (2023) research indicates that adopting an **agile approach** is crucial for organizations seeking to enhance their decision-making processes. Agile organizations tend to allocate decision-making responsibilities effectively, respond rapidly to changes in the business environment, and attract top talent drawn to empowerment and streamlined management structures.

Agile approach
The agile approach divides projects into stages, emphasizing ongoing collaboration and improvement in project management. Teams follow a cycle of planning, execution, and assessment.

To enhance decision-making efficiency swiftly, organizations aspiring to become more agile can categorize decisions based on type and adjust their approach accordingly (e.g., Kock & Gemünden, 2016). This categorization involves three decision types, each optimized for improved processes. Despite the abundance of sophisticated data available to

business leaders, decision-making remains challenging due to organizational complexities, unclear roles, consensus overreliance, and cumbersome committee processes (Kurtz & Snowden, 2003). Increased data can overwhelm decision-makers and hinder effective delegation, leading to decreased productivity.

Leaders express growing frustration with broken decision-making processes, slow deliberations, and inconsistent outcomes. However, decision-making can be streamlined by categorizing decision types and implementing tailored processes for each. According to McKinsey research, specific practices for each category can significantly enhance effectiveness (McKinsey, 2023):

- **High-stakes decisions:** These infrequent, high-risk decisions (e.g., acquisitions) are typically made by top leaders and the board. Engaging in productive debate, including arguments for and against, can improve decision-making outcomes.
- **Cross-cutting decisions**: Frequent and high-risk decisions (e.g., pricing) are usually made by business unit heads through a collaborative, cross-functional process. Refining the decision-making process, with a focus on clarifying objectives, measures, and targets, can enhance these decisions.
- **Delegated decisions:** Frequent but low-risk decisions are handled by individuals or working teams, with some input from others. Improving delegated decision-making involves firmly placing responsibility in the hands of those closest to the work, promoting engagement and accountability.

Additionally, business leaders can sustain rapid decision-making by focusing on game-changing decisions, minimizing unnecessary meetings, clarifying roles, and pushing decision-making authority to the frontline while embracing a tolerance for mistakes.

Delegating decision-making and employee empowerment

Delegated decisions, given their frequency, can significantly influence organizational culture. The key to enhancing delegated decision-making lies in empowering employees, providing them with the authority and confidence to act. This involves more than just delineating which decisions employees can or cannot make; it requires equipping them with the necessary tools for high-quality decision-making and offering appropriate guidance.

According to McKinsey's research (2023), supporting delegation and employee empowerment involves the following strategies:

- **Establish a clear, universally understood strategy:** A well-defined organizational strategy facilitates empowerment by aligning teams in a common direction.
- **Define roles and responsibilities:** Empowerment efforts rely on a precise delineation of who holds responsibility for specific tasks, including those with input and those without.
- **Invest in upfront capability building and coaching:** Organizations should invest in developing both managerial leadership skills and the capabilities of employees. This facilitates meaningful coaching interactions.

- **Cultivate an empowerment-oriented culture:** Leaders should exemplify mindsets that encourage empowerment, and managers should develop coaching skills. Embracing failure as a steppingstone to success becomes crucial for both managers and employees.
- **Determine when to intervene:** Managers should invest upfront effort in deciding which aspects merit focused attention. Recognizing when to provide close guidance and when to refrain is essential for effective delegation.

5.3 Common Biases and Errors in Decision-Making

Various factors can heighten the probability of inaccurate problem recognition and formulation, thereby impacting decision-making. These factors, enlisted by Furnham (2005), encompass

- **external definition of the problem:** When individuals are tasked with solving a problem framed by someone else, they often accept the given problem statement without questioning it, particularly if the problem-giver holds authority. It is crucial for problems to be carefully defined and owned by those involved.
- **urgency for a quick solution:** The need for a prompt decision may lead to a shortened time for formulating or reformulating a problem. While efficiency is essential, excessive haste can result in errors.
- **acceptance of a low-quality solution:** Problems are assigned varying levels of priority, and when a lower priority is attached to a problem, less time is typically invested in problem formulation and resolution. The precision and resilience of the solution may not be explicitly stated.
- **perceived familiarity with the problem:** If a problem seems akin to a recent experience, individuals are inclined to apply a pre-existing solution rather than critically assessing the genuine needs. This can result in expedited problem-solving or quick fixes.
- **elevated emotions:** High-stress or emotional situations may lead to a rushed search for a satisfactory problem statement. Emotional states like anger and anxiety can cloud sound judgment.
- **lack of experience in challenging problem definitions:** Effectively challenging or reformulating a problem statement requires training and practice. Managers unaccustomed to such practices are unlikely to do so effectively.
- **complexity of the problem:** Situations involving numerous variables, especially when these variables are challenging to identify or measure, make problem formulation and resolution more intricate

Cognitive bias is a prevalent phenomenon that affects decision-making, whether it involves selecting suitable employee or deciding on a significant business move like acquiring another company. Recognizing and addressing cognitive biases is crucial for making sound decisions. Cognitive biases are broadly characterized as systematic, perva-

sive tendencies, inclinations, or predispositions in human decision-making that expose it to the risk of producing inaccurate, suboptimal, or incorrect outcomes (e.g., Kahneman, 2011; Korteling & Toet, 2022).

Familiar instances of biases include hindsight bias (the tendency to believe we knew an outcome all along once it's known), tunnel vision (overfocusing on a goal under pressure, disregarding other factors), and confirmation bias (favoring information that aligns with existing ideas). Individuals often prioritize self-interest over community welfare (Tragedy of the commons), place higher value on possessions (Endowment effect), and persist in actions despite negative outcomes (Sunk-cost fallacy). Biased decision-making feels intuitive and self-evident, making individuals often oblivious to their own biases (Pronin et al., 2002), leading to a lack of recognition of how biases shape decision-making (Korteling et al., 2023).

Some common cognitive biases and sources of errors include the following:

- **Confirmation bias:** This refers to the inclination to seek information during the interview phase that validates pre-existing beliefs. For instance, if a manager has already formed an implicit judgment about a candidate being the ideal choice based on their resume or appearance, they may be prone to concentrating on interview information that supports this belief. Similarly, if one harbor certain beliefs regarding the superiority of a specific nationality, gender, ethnic group, or university, they are likely to actively seek out information that aligns with these beliefs, potentially influencing your judgment. This bias occurs when individuals seek out information that supports their existing beliefs, ignoring or downplaying evidence to the contrary. To counter confirmation bias, it's important to impartially consider all available evidence and avoid selectively overweighting supportive information (McKinsey, 2023).
- **Personal similarity bias:** Individuals tend to show preference to individuals who share similarities with us, and this is an inherent bias that exists universally. We attribute positive personality traits to those we can relate to. Therefore, if an interviewee resembles you or exhibits behaviors reminiscent of someone you like or yourself, there is a higher likelihood of being inclined towards hiring them. When there are shared characteristics, such as hometown, alma mater, or background, you may favor a candidate with these similarities over one lacking them, regardless of their suitability for the job. This bias, sometimes referred to as affinity bias, often manifests in organizations emphasizing the importance of hiring individuals who align with the established organizational culture.
- **Herd mentality/sheep behavior:** People tend to adopt the beliefs or actions of a group due to the perceived safety of conformity (McKinsey, 2023). This is like another phenomenon studied in social psychology and group influence called **groupthink**, which is frequently observed in groups engaging in problem-solving and creative endeavors. Groupthink arises in a collective setting when individual thought or creativity is suppressed in favor of aligning with the group consensus. The innate ability of individuals to make sound decisions and engage in problem-solving is overshadowed by the group's desire for unanimity. Regardless of one's logical thinking or high level of education, succumbing to groupthink is a possibility. In various instances, individuals may refrain from raising concerns or highlighting flaws simply because the team has invested significant time in forming a particular idea, and they wish to avoid being perceived as disruptors within the team. To counteract herd mentality, engaging in inde-

Groupthink occurs in small, closely-knit groups where members adopt a perceived consensus, disregarding personal beliefs in validity or correctness, thus hindering collaborative problem-solving.

pendent thinking and idea generation, and asking questions can help teams explore different scenarios and viewpoints, ensuring a more informed decision-making process (Kets de Vries, 2022).

- **Sunk-cost fallacy:** This bias involves holding onto underperforming projects or business units due to emotional attachment or the belief that hard work can turn things around. In other words, individuals persist in a behavior or undertaking due to the resources (time, money, or effort) they have invested previously. This fallacy, associated with loss aversion and status quo bias, can be seen as a bias stemming from a continuous commitment that reduces the capacity for cognitive reflection (Ronayne et al., 2021). This error is frequently associated with resistance to change, irrationality, and fear of failing. Changing the burden of proof for retaining assets and categorizing investments based on growth, maintenance, or disposal can help overcome the sunk-cost fallacy. By prioritizing innovation and embracing a willingness to adjust strategies in alignment with long-term business objectives, acknowledging unwise investments becomes more feasible. In business, possessing flexibility and adaptability are valuable attributes. Opting not to be swayed by sunk costs can enhance the agility of your business practices and enhance your capacity to identify favorable solutions.
- **Ignoring unpleasant information:** Also known as the "ostrich effect," this bias involves avoiding information that might create difficulties. Karlsson and colleagues (2009, p. 96) call it a “model of selective attention in which individuals receive preliminary but incomplete information and then decide whether to acquire and attend to definitive information”. According to Shatz (n.d.) people commonly avoid information through various strategies – (i) physical avoidance (actively steering clear of information sources that may bring discomfort, such as avoiding specific media, ratings, or conversations); (ii) inattention (choosing not to pay proper attention to available information even if it is readily accessible); (iii) biased interpretation (information can be selectively interpreted to downplay or ignore its unpleasant implications, allowing individuals to avoid discomfort); and (iv) forgetting (unpleasant information may be intentionally forgotten after being processed, serving as a way to avoid its impact). Each of these approaches provides individuals with ways to evade information that may be unpleasant. Implementing a readout process, where discussions are summarized as they happen, can help ensure that everyone acknowledges and understands crucial information.
- **Halo effect:** The halo effect, first coined by psychologist Edward Thorndike in 1920, influences decisions based on general impressions rather than a comprehensive evaluation of specific indicators. As described in an earlier section, it primarily denotes the inclination to draw specific conclusions from a general impression, and it can also be categorized as a stereotype, exemplified by the "what is beautiful is good" stereotype (Bicer, 2022). Grcic (2008) argues that the halo effect and **cognitive dissonance** are interconnected, as individuals strive to align positive impressions with subsequent perceptions. This inclination results in an overall favorable assessment of a person based on an initial positive impression. This connection also highlights the relationship between the halo effect and the "primacy effect," where the human tendency to vividly recall initial information influences subsequent judgments. Grcic (2008) adds that evidence indicates that people tend to make blanket judgments, either positive or negative, supporting the halo effect. In that way, the halo effect may involve hasty generalization, particularly in black and white thinking or bifurcation, where the dominant side is positive. Conversely, the reverse halo effect (also called the horn effect) involves

Cognitive dissonance is the discomfort from conflicting beliefs, values, or attitudes. To ease it, individuals are driven to align their behaviors with their beliefs, values, or attitudes.

forming a general negative opinion based on a negative trait, representing the 'black' side in a bifurcation. Structured interviews that measure candidates against specific criteria can help reduce the impact of the halo effect in hiring decisions.

- **Leniency effect:** The leniency bias arises when candidates are evaluated too generously due to the interviewer's personal context. For example, Thorndike (1949) and Glickman (1955) observed that interviewers may rate a candidate leniently to avoid reflecting negatively on themselves or impacting their relationship with the individual being assessed. The leniency bias contrasts with strictness or stringency bias, where an interviewer might rate a specific candidate too unfavorably based on their own context or negative perceptions of certain personality traits. Similar to the Central Tendency Effect, where a panel hesitates to give distinctly high or low ratings to candidates to prevent bias toward any specific gender or ethnic group, the leniency bias results in everyone being rated in the middle, regardless of their suitability for the job.

Additionally, Vickberg (2015) and Hammond et al. (1998) elucidate the trap of overconfidence, where people tend to believe their estimates and predictions are more accurate than they truly are, influencing their decision-making. This is particularly common in project planning, where teams often overestimate the smooth progression of tasks and underestimate challenges, time requirements, and costs. Secondly, the prudence trap leads decision makers to make cautious adjustments to their estimates but fail to communicate these adjustments to others. This can create a cascade effect, as each person incorporates these modified estimates into their decisions, potentially exacerbating the problem. For instance, an individual might lower their sales estimate for the next quarter to ensure meeting expectations, and this adjustment may compound as it moves up the managerial hierarchy, affecting production planning and leading to insufficient product output. Furthermore, the confirming-evidence trap is noteworthy, as it prompts us to focus on information that aligns with our existing beliefs while overlooking contradictory evidence. In a scenario where a market research team evaluates focus group transcripts, they might emphasize quotes supporting their positive view of a product, inadvertently neglecting quotes indicating potential product failure.

Common shortcomings in individual decision-making are well-acknowledged. Greenberg and Baron (2003) identify three framing effects:

1. **Risky choice framing effect:** This involves the inclination to avoid risks when situations highlight potential gains, but to take risks when situations emphasize potential losses.
2. **Attribute framing effect:** This refers to the tendency to assess a characteristic more positively when presented in positive terms rather than negative terms.
3. **Goal framing effect:** This describes the inclination to be more strongly influenced by information framed in negative terms than in positive terms.

They also highlight several other prevalent biases:

- **Implicit favorites:** This bias entails a preference for a particular option before considering all available choices.
- **Hindsight:** This bias is the tendency to perceive outcomes as more inevitable after they occur rather than before.

- **Person sensitivity:** This bias involves giving too little credit to others when things are going poorly and too much credit when things are going well.
- **Escalation of commitment:** This bias is the tendency to persist in supporting previously unsuccessful courses of action.

In the context of behavioral economics, financial decisions, and investing, Hilton (1998) outlines eight biases in decision-making that leaders must be cautious of (Furnham, 2005):

1. **Confirmation bias**: Seeking information and news that favor your ideas, often coupled with false consensus bias.
2. **Optimism bias**: Believing that you are above average, and misfortune is more likely to befall others.
3. **Illusion of control:** Overestimating the control over economic affairs.
4. **Overconfidence in prediction**: Believing that your predictions of the future are superior.
5. **Risk and regret aversion:** Being either too cautious to invest or too risky to exit, driven by a fear of losses.
6. **Mental rigidity**: Over- or under-reacting in financial markets.
7. **Groupthink:** Conforming to pressure to think like others.
8. **Memory distortion:** Selective forgetting and distortion of past experiences in the financial world.

Furnham (2005) identifies several systematic errors, prevalent in various rating scenarios, such as selectors evaluating candidates, and managers appraising performances, which make these ratings particularly sensitive:

- **Central tendency:** assigning a rating around the midpoint or average for all qualities, often as an easy rationalization to avoid making a valid appraisal
- **Similarity error:** rating someone higher than they deserve based on similarities in qualities or characteristics between the ratee and the rater
- **Differential error:** rating someone lower than one's abilities primarily because the person's qualities are different from that of the assessor
- **First impression:** relying on first impressions for ratings and avoiding behavioral consistencies while evaluating an individual
- **Most recent behavior:** allowing the most recent behavior to disproportionately influence ratings, without including the consistent behavioral facets
- **Facet sequencing error:** rating multiple facets similarly when they follow each other and describe similar qualities, influenced by their proximity in the performance instrument
- **Spillover:** disregarding current performance in the shadow of previous evaluations
- **Status effect:** overrating individuals in high positions while underrating those in lower positions
- **Strictness:** assigning below-average ratings and displaying a tendency to be overly harsh in rating performance qualities

Unconscious bias has the potential to influence workplaces and organizations, leading to inadvertent discrimination and compromised decision-making. For example, unconscious biases may adversely affect various aspects, including recruitment, mentoring, and promotions, thereby impeding equal opportunities for women in terms of both selection and advancement to high-level management and leadership positions. Its presence can pose significant challenges to establishing a genuinely diverse and inclusive workplace. It is challenging to completely eliminate unconscious bias, yet it is crucial for organizational staff to undergo comprehensive bias training and remain vigilant about biases that may impact recruitment processes. Organizational processes like decision-making can be structured to mitigate these biases, and it is essential to adopt decision-making strategies that actively broaden the pool of ideas to ensure effectiveness of the organization.

SUMMARY

Decision-making involves the selection of alternative courses of action, which may include choosing not to act. Decisions come in various types, spanning from automatic, programmed choices to more intricate nonprogrammed decisions. Structured decision-making processes encompass rational decision-making, bounded rationality, intuitive, and creative decision-making. The suitability of each approach depends on the specific circumstances and the nature of the problem that requires resolution. The perceptual process plays a crucial role in decision-making, as individuals navigate through stages such as attention, organization, recall, and ultimately make choices based on perceived information. Decision-making is influenced by various factors, and managers at different levels handle tasks ranging from setting objectives to day-to-day operations. Perceptual distortions and biases may affect the analysis and conclusions in the decision-making process. Decision-making styles, including rational, intuitive, dependent, and avoidant, contribute to individuals' approaches in choosing alternatives.

Understanding cognition is essential for perceiving factors like attribution, conformity, implicit personality theory, logical errors, stereotypes, and prejudice, which impact how information is processed and judgments are formed. Changing perceptions and reducing prejudice can be achieved through empathy and awareness. In addition to these factors, individuals rely on shortcuts like selective perception, halo effect, and contrast effects in making judgments, which can lead to distortions. Decision-making involves choosing courses of action, with programmed decisions based on routine and nonprogrammed decisions requiring conscious thought and consideration of alternatives. In decision-making, various factors can contribute to inaccurate problem recognition and formulation. Factors such as urgency for a quick solution, acceptance of low-quality solutions, perceived familiarity with the problem,

elevated emotions, lack of experience in challenging problem definitions, highlight the importance of careful problem definition and consideration of various influences on decision-making.

Cognitive biases play a significant role in decision-making, impacting processes like employee selection. Biases include confirmation bias, personal similarity bias, herd mentality, sunk-cost fallacy, ignoring unpleasant information, halo effect, leniency effect, overconfidence, prudence trap, and confirming-evidence trap. Recognizing and addressing these cognitive biases is crucial for making sound decisions, especially in processes like employee selection where unbiased evaluations are essential, as observed in the case of Solaris Corporation. Strategies such as impartially considering all evidence, engaging in independent thinking, and avoiding the influence of prior investments can help mitigate the impact of these biases in decision-making.

UNIT 6

POWER AND POLITICS

STUDY GOALS

On completion of this unit, you will be able to ...

- describe leadership from diverse approaches.
- identify the traits and behavioral repertoire of a leader.
- evaluate the contextual factors on which leadership is contingent.
- elucidate the exchange between a leader and other members.
- understand power and influence mechanisms used in leadership.

6. POWER AND POLITICS

Case Study

Skyline Corporation, a leading player in the tech industry, has recently undergone a change in leadership. The new CEO, Emelia Jacobs, brings a charismatic personality, emphasizing vision, inspiration, and a personal connection with employees. The previous leadership, under Imelda Rhodes, was characterized by a transactional approach, focusing on clear structures, performance incentives, and well-defined roles. Emelia initiated a series of changes aimed at creating a vision-driven culture within the organization. She engaged employees through inspirational speeches, town hall meetings, and interactive sessions to foster a sense of shared purpose and enthusiasm. In contrast, Imelda's transactional leadership was marked by a results-oriented approach, emphasizing rewards for meeting performance targets and adherence to established procedures.

Initial responses to the leadership transition varied among employees. The new leadership style resonated well with those seeking a more inspirational and purpose-driven work environment. However, some employees accustomed to the structured transactional approach expressed concerns about a potential lack of clarity in expectations and performance evaluation. Under Emelia, employees reported higher levels of motivation stemming from a sense of belonging, shared values, and a compelling vision for the future. The older approach, on the other hand, was seen to be contributing to motivation through well-defined rewards and recognition for achieving specific goals. Job satisfaction surveys revealed a preference among employees for the new leadership style, citing a more positive work environment and a sense of fulfillment.

Comparing key performance indicators (KPIs) before and after the leadership transition, Skyline Corporation experienced a notable increase in innovation, creativity, and collaborative efforts under the new leadership. While transactional leadership had previously ensured efficiency and goal attainment, the new approach facilitated a cultural shift that enhanced adaptability and responsiveness to market changes. Despite this success, challenges emerged in maintaining consistency and ensuring all employees aligned with the new vision. A hybrid leadership model incorporating transactional elements for operational efficiency while retaining the inspiring aspects of new leadership could provide a balanced approach.

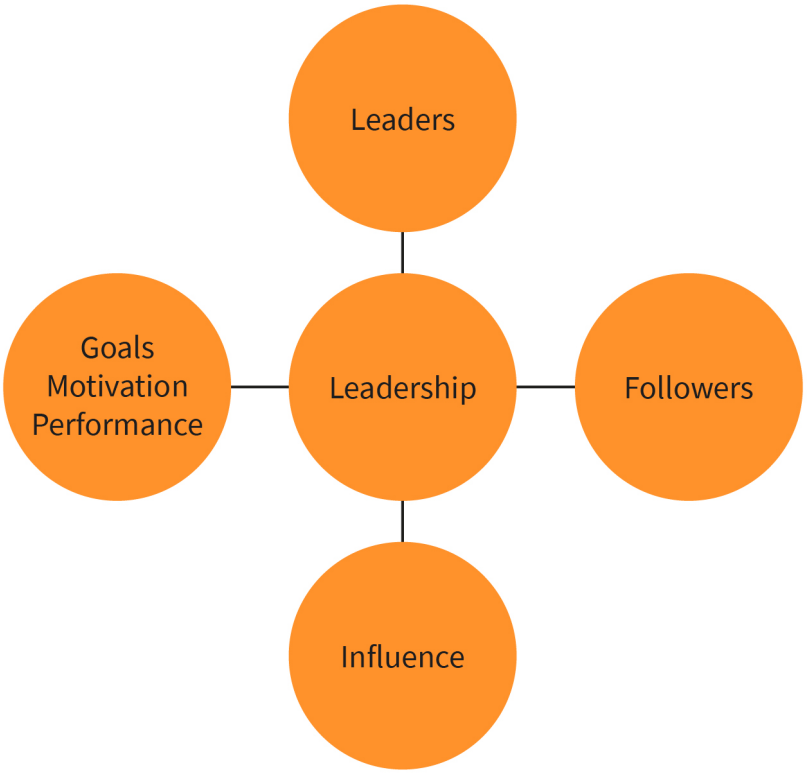
6.1 Trait Theories of Leadership

Leadership holds significance in various domains such as business, politics, the military, sports, education, and religion. However, the qualities and strategies essential for successful leadership or achieving effective leadership can differ significantly across these contexts. To express it more technically, the specific domain acts as a boundary condition for research findings aiming to enhance comprehension and practical value in advancing leadership within a specific context (Day, 2012). Hagemann (2023) says leadership is a

ubiquitous phenomenon. When considering the phrase 'leading one's life' in purely linguistic terms, it underscores that leadership, in its broadest interpretation, can be viewed as a fundamental aspect of human existence.

Leadership is a goal-influence process that connects a leader and a follower, groups of followers, or institutions that engage in a goal-directed behavior towards a shared objective (Antonakis & Day, 2017). In the leadership process, leaders and followers play central roles, and the reciprocal influence they exert on each other holds significant implications for group objectives. However, a predominant focus in leadership research has been on leaders, often regarding them as the primary drivers of organizational success or failure. This emphasis on leaders has yielded a substantial body of work exploring how leaders' dispositional characteristics and behaviors impact followers, the interaction between leaders and subordinates, as well as the overall dynamics of group goals, motivations, and performance. For this reason, a significant amount of attention is given to the trait a leader possesses. Though one must be aware of the potential marginalization of the other three components of leadership (Yukl, 2011) – follower, influence, and goals – it cannot be denied that for understanding leadership has been dependent on the description of leader traits and skills.

Figure 14: Four Fundamental Components of Leadership



Source: Tusharika Mukherjee (2023).

Identifying Leadership Traits Versus Processes

Psychologists and management scientists have extensively explored various aspects of leaders, such as their emergence, traits, styles, abilities, and weaknesses. However, the diversity of theories arises from differing focuses on leaders from various domains, including business, politics, and the military. Defining leadership proves challenging, with different proposed definitions emphasizing influence over group activities or alignment with group norms and values. Leadership is viewed as a process of influencing individuals or groups toward achieving organizational goals. French & Raven's power distinctions, considering coercive, reward, legitimate, expert, and referent power, highlight the types of power leaders may wield. Leadership styles, categorized as directive democrat, permission democrat, directive autocrat, and permissive autocrat, align with different power types. Additionally, a distinction is made between moral and immoral leadership, emphasizing pro-social qualities in moral leaders and dominance and manipulation in immoral leaders. Leadership is acknowledged as situation-specific and influenced by followers, with continuity and consistency being crucial (Furnham, 2005).

The majority of leadership theories have traditionally concentrated on the qualities of successful leaders, with work psychologists aiming to articulate these traits for selection and training purposes. Another perspective shifts the focus to the followers, exploring the concept of "followership." According to Furnham (2005) social psychologists have explored the influence process, delving into various methods like coercion, manipulation, authority, and persuasion. Recent research has shifted attention to the contextual or situational factors influencing leadership, attempting to categorize relevant situational elements. Some areas of interest include the characteristics that contribute to an individual becoming a leader and the behaviors of effective leaders.

Hosking and Morley (1991) argue that the literature on leadership within social science is notably divided, with one camp concentrating on the individual leader and the other on the process or context of leadership. Focusing on the leader often overlooks the intricate ways in which organizational or contextual factors either facilitate or hinder the development and expression of specific personalities. They stress the need for reciprocal influence between the leader's style and the organization's culture. On the other hand, an emphasis on the organizational context tends to adopt a manager-oriented perspective, emphasizing roles, structures, and goals while neglecting the cognitive and political uniqueness of the individuals in those roles. The study of leadership, according to Hosking and Morley (1991), often reduces behaviors or activities to mere inputs made by a leader to a given context.

Trait Theory

Throughout history, notable leaders such as Caesar, Napoleon, Mao, Lincoln, Gandhi, Mandela, or Mother Teresa have often been characterized based on their distinctive qualities. The concept of trait theories of leadership revolves around differentiating leaders from non-leaders by emphasizing personal attributes and characteristics. Prominent contemporary leaders like Jacinda Ardern, Bill Gates, Ugur Sahin, Brian Chesky, Reed Hastings, Jeff Bezos, Alicia Garza, Malala Yousafzai, and Greta Thunberg have shown charismatic traits in fields like politics, technology, healthcare, hospitality, entertainment, retail, civil

rights, social impact, and sustainability, respectively. Due to the impact such leaders have on the global stage, there has been an ongoing pursuit of ascertaining their abilities, personalities, and choices. Understanding what distinguishes leaders from non-leaders has paved the way for leadership research for decades (Robbins et al., 2017).

Benmira and Agboola (2021) asserts that the fundamental premise of the Great Man theory asserts that leaders are inherently born with their leadership abilities rather than being developed or trained. Essentially, only a select few, exceptionally rare individuals possess the distinct qualities necessary to be effective leaders, believed to be bestowed upon them by divine design. Illustrative examples were often drawn from prominent historical figures such as Julius Caesar, Mahatma Gandhi, Abraham Lincoln, and Napoleon Bonaparte, perceived as natural-born leaders with inherent leadership characteristics that allowed them to shape historical events. Over time, the Great Man theory transformed into trait theories. Trait theories posit that leaders may either have innate qualities or acquire them through training. In essence, successful leadership traits can be either inherited or cultivated through practice and education. The focus of these theories was to pinpoint the ideal combination of characteristics that constitute an effective leader, involving an examination of mental, social, and physical traits. However, the pursuit failed to yield a consistent set of traits, leading to its abandonment around 1950. Presently, psychometric tools exemplify trait theory principles in practical use, particularly in staff recruitment, highlighting key personality traits for personal performance and team development assessments.

Initial endeavors to pinpoint leadership traits encountered challenges, with diverse studies in the late 1960s revealing almost 80 traits, yet only five were common across multiple investigations. By the 1990s, despite numerous studies, the understanding remained vague, suggesting that "leaders are not like other people," with specific traits varying significantly from one review to another. Progress emerged when researchers aligned traits with the Big Five personality framework, consolidating numerous traits under its categories. Extroversion, a key aspect of the Big Five, emerged as the most predictive trait for effective leadership, with ambition and energy being encompassed within it.

Examining the leadership literature through the lens of the Big Five highlighted that extroversion contributes significantly to **leader emergence** than leader effectiveness. While extraversion correlates positively with leader emergence due to the assertive nature of extroverts, an excessively assertive approach can diminish effectiveness. Conscientiousness and openness to experience also exhibit consistent relationships with leadership, though slightly less pronounced than extroversion. Conversely, agreeableness and emotional stability demonstrate weaker correlations with leadership. Overall, the trait approach suggests that leaders who are extroverted, conscientious, and open tend to have advantages in leadership.

Leader emergence is the process through which a person is acknowledged, whether formally or informally, based on perception or behavior, either implicitly or explicitly, as the leader of a group that previously lacked a designated leader.

Table 1: Leader Traits Identified in Leadership Research over the Decades

Leadership Traits (Shonk, 2023)	Stogdill's (1948) 8 Traits (Northouse, 2021)	Stogdill's (1974) 10 Traits (Northouse, 2021)

Dispositional trait: • motivation • high energy • integrity • creativity • charisma • dominance Malleable traits: • interpersonal skills • communication • managerial skills • decision-making	• intelligence • alertness • insight • responsibility • initiative • persistence • self-confidence • sociability	• accountability and task completion • enthusiasm and persistence in achieving objectives • taking risks and creativity in addressing problems • initiative in social settings and active engagement • confidence and strong personal identity • readiness to handle the outcomes of decisions • preparedness to handle interpersonal stress • willingness to endure frustration and delays • influencing skills • social competence in interaction

Recent studies indicate that emotional intelligence may be another trait indicative of effective leadership. Proponents of EI argue that exceptional training, analytical prowess, a compelling vision, and innovative ideas alone may not suffice for great leadership without emotional intelligence. EI's critical component, empathy, enables leaders to understand others' needs, actively listen, and interpret reactions. Leaders demonstrating effective emotional expression and management find it easier to influence followers' emotions, fostering enthusiasm for good performance and expressing discontent when necessary.

The connection between EI and leadership effectiveness is gaining attention (Palmer, et al., 2001) with research showing that individuals high in EI are more likely to emerge as leaders. In conclusion, recent findings challenge earlier beliefs, asserting that traits can predict leadership, but they excel more in foreseeing leader emergence than differentiating between effective and ineffective leaders. The possession of the right traits and being perceived as a leader does not guarantee success in achieving group goals.

Source: Tusharika Mukherjee (2023) based on Shonk (2023b).

6.2 Behavioral Theories

Trait leadership researchers, from the late 1940s to the 1960s, questioned whether effective leaders exhibited unique behaviors. Trait research laid the foundation for selecting individuals with the right qualities for leadership roles. In contrast, behavioral theories suggested that people could be trained to become leaders.

The Ohio State Studies in the late 1940s aimed to identify independent dimensions of leader behavior (Van Quaquebeke & Vogt, 2022). Initially exploring over a thousand dimensions, the studies identified two crucial dimensions: initiating structure and consideration. Initiating structure reflects a leader's tendency to define and structure roles, organize work, and set goals. A leader high in initiating structure emphasizes task organization, such as assigning tasks and meeting deadlines. Consideration pertains to the qual-

ity of job relationships, involving trust, admiration of ideas, and cognition of others' feelings. Consideration assists in handling personal issues, are approachable, treat all employees equally, and express appreciation and support.

Leadership studies at the Michigan University, led by organizational psychologist Dr. Rensis Likert (1961), identified two behavioral types: (i) employee-oriented and (ii) production-oriented. While the employee-oriented leader focuses on interpersonal relationships, and production-oriented leaders prioritize technical or task aspects (Blanchard et al., 2001). These dimensions align closely with the two categories identified by the Ohio studies, with employee-oriented leadership mirroring consideration and production-oriented leadership resembling the second factor - initiating structure. This development led to the introduction of a novel leadership concept: **participative leadership**.

Participative leadership involves team members in decisions, enhancing task ownership, decision quality, and goal alignment within an organization.

Although behavioral theory results initially lacked integration (Derue et al., 2011), evidence shows that followers of high consideration leaders reveal higher job satisfaction, increased motivation, and appreciation for the leader. On the other hand, initiating structures elevated group and organizational productivity and improved performance.

Research from the GLOBE study (House et al., 2004) indicates differential choices for initiating structure and consideration among leaders from different socio-cultural backgrounds. Cultural values influence leadership expectations, with preferences for team-oriented, participative, and humane leaders in Brazil, task-oriented leaders in France, and a balance of consideration and initiating structure in Chinese culture.

Thus, leaders with specific traits and who exhibit consideration and structuring behaviors tend to be more effective. However, the link between traits and behaviors remains uncertain, requiring further research. While traits and behaviors are crucial in identifying leaders, success is not guaranteed, as contextual factors also play a role, leading to the emergence of contingency theories, which will be discussed next.

Table 2: Behavioral Comparison of Task-Oriented versus People-Oriented Leader

Tasko-oriented Leader	People-oriented Leader
• focus on organizational structure • concerned with operating procedures • maintain control • staff motivation not a primary concern • behaviors align with initiating, organizing, clarifying, and information gathering	• focus on satisfying the inner needs of individuals • seek to motivate staff through human relations • balance task and results focus but employ different means • behaviors align with encouraging, observing, listening, coaching, and mentoring

Source: Tusharika Mukherjee (2023).

Four Leadership Styles Emerging from the GLOBE Study

Rather than emphasizing inherent leadership qualities, behavioral leadership theory views leadership as a trainable skill, asserting that anyone can acquire the ability to lead. The theory identifies four behavioral leadership styles: directive leadership, supportive leadership, participative leadership, and achievement-oriented leadership. Each style

comes with its advantages and disadvantages. Leaders have the flexibility to incorporate elements of each style to address the diverse needs of their team members and inspire optimal performance.

1. **Directive Leadership:** Directive leaders prioritize providing clarity and organizing work, explicitly instructing team members on expectations. They guide their team by specifying what tasks to perform, how to execute them, and when they should be completed. This leadership style is particularly effective in situations where employees may be uncertain about their responsibilities or during periods of ambiguity. Although once prevalent, directive leadership has experienced a decline in popularity in recent years. While certain scenarios may warrant the application of aspects from this leadership style, issues can arise if the directive leader lacks expertise or perceives their employees merely as interchangeable components. In this leadership model, the predominant authority resides with the leader. Directive leaders tend to favor issuing directives and may be resistant to considering suggestions from their teams, resulting in employees feeling sidelined and undervalued. This approach excludes the crucial factor of feedback, negatively impacting creativity, innovation, and collaboration. Additionally, the strict control associated with this style often gives rise to micromanagement, leading to employee discontent in their roles.
2. **Supportive Leadership**: This style of leadership involves enhancing the employee experience by ensuring a positive work environment. Supportive leaders exhibit approachability, empathy, friendliness, and maintain an open-door policy to encourage effective communication and a culture of feedback. Supportive leaders genuinely care about their employees' well-being and aim for their success, fostering a supportive culture that emphasizes the value of each team member. The approach involves demonstrating care and concern, building trust, and treating employees with respect, making it a favorable style for employee engagement. Under supportive leadership, employees feel valued, cared for, and listened to, making it particularly effective during challenging times when strong leadership is crucial for navigating uncertainty. It is also well-suited for jobs that involve demanding physical or mental tasks. While this leadership style is beneficial for maintaining a caring culture and a welcoming work environment, some may find it leads to ambiguity in processes and expectations. This ambiguity could hinder employees' ability to meet goals or excel in their work. Additionally, leading in a supportive manner can be time-consuming, demanding considerable emotional intelligence and patience. This style may not be suitable for those unwilling to accept setbacks and mistakes as integral parts of the growth process.
3. **Participative Leadership**: It is also referred to as democratic leadership, involves engaging employees in the decision-making process. Leaders adopting a participative style actively encourage employee involvement and support professional development. They delegate responsibilities, consult their teams, seek feedback, and leverage this information to guide decision-making and implement new policies, procedures, and processes.

   Maintaining transparency is a priority for participative leaders, ensuring that all team members understand how their roles contribute to the organization's broader goals and the impact of their work. This leadership style is particularly effective when leading a team of engaged, experienced, and highly skilled workers who are dedicated to their roles and motivated to excel. It caters to employees' need for purposeful and impactful work, fostering a healthy feedback system beneficial for both employees

and employers. However, the participative approach can lead to slower decision-making, as leaders strive to involve each team member in the course of decision-making process, potentially creating complex contexts for finding a solution. While the intention is to promote inclusivity, some employees may prefer not to be part of the decision-making process, increasing the likelihood of conflicts in this leadership style.

4. **Achievement-Oriented Leadership:** This style of leadership emphasizes fostering growth by establishing challenging goals for employees and encouraging them to adopt a mindset of continuous improvement. Leaders employing this style prioritize results and top performance, equipping their employees with the necessary tools to meet challenging objectives. They set high standards, offer clarity on goals, assist employees in finding ways to enhance their performance, and make goals more attainable. This leadership approach is ideal for leaders overseeing highly engaged and motivated teams that thrive on autonomy and possess outstanding problem-solving skills. However, this style may inadvertently create a work environment where leaders focus more on tasks and team accomplishments than on individual team members. Some employees might perceive themselves as easily replaceable, leading to disengagement. Additionally, this leadership style has the potential to impede innovation, contribute to burnout, and increase turnover.

Exploration in this field led to the identification and categorization of various behavior patterns, termed as styles. This approach gained prominence in management training, with examples such as the well-known Blake and Mouton's (1978) Managerial Grid. It categorizes various management and leadership styles on a 9x9 grid using two key criteria:

1. **People orientation (vertical axis):** This involves a focus on team members' interests, development, social needs, and participation.
2. **Task orientation (horizontal axis):** This involves a focus on organizational objectives, efficiency, and productivity.

The grid delineates five distinct leadership and management styles that span the spectrum, finding a balance between the two orientations of people and tasks. Presently, this theory is evident in numerous leadership training programs, emphasizing the cultivation of leadership skills and behaviors, reinforcing the idea that leadership is predominantly acquired through learning.

1. **Impoverished style:** This style is marked by a low level of concern for both tasks and people. It is a typical sign of managers who are disinterested or in the process of disengaging from their roles. The guiding principle is to maintain the existing state—reflecting a laissez-faire approach. Those adopting this style exhibit minimal initiative and effort, actively avoiding responsibility and commitment. Their actions are generally limited to doing the bare minimum to avoid dismissal.
2. **Country club style:** This approach places a higher emphasis on preserving relationships and is less concerned with achieving results and productivity. At one extreme, individuals adopting this style can be seen as "people pleasers." The primary focus is on fostering a positive work environment, creating a friendly atmosphere, and maintaining a relaxed pace, even if it comes at the expense of performance. This style is frequently associated with low turnover rates.

3. **Compromise, middle-of-the-road style:** This style aims to find a middle ground between addressing both people and tasks but tends to be less effective in either aspect. It is frequently associated with mediocrity, adopting a "Don't rock the boat" approach reminiscent of the organizational man. The primary focus is on preserving harmony and progressing, with a tendency to avoid confrontation. Individuals employing this style may face accusations of opportunism and be labeled as "weasels." The effectiveness of this style is often compromised by shifting priorities, a lack of focus, and a lack of strong conviction.
4. **Authoritarian, dictatorial style:** This leadership approach is characterized by individuals who act as taskmasters, placing a strong emphasis on achieving results and tasks while showing little concern for building relationships. In this perspective, people are viewed as mere resources and commodities utilized to accomplish deliverables. The primary focus is on efficiency and obtaining results, even if it comes at a considerable human cost. The guiding principle is "Produce or perish," highlighting the paramount importance of productivity. Power and control take precedence over all other considerations, and the human element is often regarded as a liability. This style frequently faces challenges such as a high turnover rate.
5. **Integrative style:** This approach demonstrates a considerable focus on both people and results, often described as "democratic" in nature. Leaders adopting this style are adept at effectively managing both aspects and navigating the inherent tension by steering teams towards shared goals and results. It is characterized by robust leadership that delivers tangible outcomes and fosters the development of individuals. This style strikes a commendable balance, promoting long-term trust and facilitating the growth of team members.

6.3 Contingency Theories

The leadership contingency theory, originating from various scholars in the 1960s, is based on the premise that preceding management theories overlooked the impact of situational elements, or contingencies, on organizational dynamics. Contingencies encompass factors like economic conditions, the presence of skilled labor, organizational culture, governmental regulations, climate change implications, and other relevant aspects (Shonk, 2023a). Contingency theories elucidate how various elements of the leadership context can modify leaders's impact on their subordinates or the work group(s) they might be leading (Yukl, 2011). In a 1995 publication Ayman et al. assert that two primary factors play a pivotal role in achieving effective leadership. Typically, the key factors explored in most contingency theories are these:

1. Leadership behaviors, serving as independent variables, while the measured outcome of leadership effectiveness (such as subordinate satisfaction, performance, or team performance) constitutes the dependent variable.
2. Situational variables, beyond a leader's immediate control, encompass aspects like work structure and interdependencies in roles; employee values and demands; leader attributes including skills and resilience; and the nature of the leadership position which include the authority or power the position holds and the leader authority and its allied protocols.

Several other distinguishing contributors and predictors are also highlighted by the contingency theories, which posit leader behavior and leadership situations as variables impacting employee and group outcomes. These mediators often pertain to individual performance, such as transparency in role expectations and skills required to achieve them, sense of self belief, and goal setting; while group-level characteristics may include a shared sense of belief (collective efficacy), cooperation, coordination of activities, and resource allocation.

In leadership studies, situational variables are categorized into three types: substitutes, enhancers, and direct influencers of leader behavior (Bryman et al., 2011).

1. **Substitutes**: These variables directly impact an outcome like employee performance or job satisfaction, or even an intermediary factor influencing the outcome. When a substitute strongly affects these variables, it can diminish the direct influence of the leader. For instance, prior training provided by an organization can act as a substitute, reducing the plausible effect of leader behaviors; for example, providing coaching to improve employee performance.
2. **Enhancers:** Enhancers elevate the association between leader behavior and the outcome, without creating a discernible directly mark on the outcome itself. Employee coaching, for instance, can be more effective in situations that involve a competent leader. A leader's competence here acts as a facilitating factor improving the quality of coaching, also increases the propensity of subordinates to adhere to the advice they obtain from the leader who they perceive as a competent guide.
3. **Direct influencers of leader behavior:** Situational variables may directly influence a leader's behavior without direcly affecting the dependent variable. Organizational values, code of conduct, protocols, and role demands, can act as "demands" or "constraints" on the behavior of the leader. These factors shape how a leader acts and may have both positive and negative indirect effects on dependent variables. For instance, organizational policies and union contracts may dictate how leaders handle pay increases, influencing the extrinsic motivation of subordinates.

The contingency theory of leadership makes a key distinction between leaders who prioritize tasks and those who prioritize relationships. Task-oriented leaders concentrate on ensuring the efficient and timely completion of tasks essential for specific goals. Typically adopting an autocratic, authoritarian, or directive leadership style, they excel in project management but may hinder creativity and leave employees uninspired. In contrast, relationship-oriented leaders focus on building enduring connections with their employees and emphasize fostering a positive work culture. While these leaders often lead to highly motivated and engaged teams, their emphasis on relationships might result in tasks running behind schedule and exceeding budget constraints (Shonk, 2023a).

Rather than favoring one leadership style over the other, the contingency theory asserts that leaders with different styles will succeed based on their level of control over the situation, known as situational control. Lorsch (1979) contends that a leader must align with the requirements of the organizational context. He suggests that a key advantage of a contemporary contingency theory would be to provide insight for both individual leaders and

those responsible for their selection, clarifying the specific qualities leaders require thriving in various circumstances.Ayman and colleagues (1995) identify three components of situational control:

1. **Leader-member relations:** This refers to the cohesiveness within the work team and the team's support for the leader. Ayman and colleagues emphasize its paramount importance, stating that lacking group support diverts energy toward controlling the group rather than planning, problem-solving, and productivity.
2. **Task structure:** This involves clarity and certainty in tasks, goals, and procedures that allow leaders to confidently guide group activities. The greater the predictability and certainty of a task, the stronger the leader's sense of situational control.
3. **Position power:** This denotes the administrative authority granted to a leader by the organization. Similar to task structure, position power contributes to a leader's perceived situational control.

According to Ayman and colleagues, task-oriented leaders are more likely to succeed in situations with high or low control, whereas relationship-oriented leaders are more likely to succeed in situations characterized by moderate control.

The Need for Contingency Theories

Conjectures on what constitutes leadership behavior may encompass both global and situational (contingency) factors, indicating that leadership needs to be understood beyond this strict dichotomy. Even theories initially proposed as universal, concentrating on broadly defined leader behaviors, can benefit from recognizing situational aspects that determine the extent of leader influence and the specific leader behaviors most pertinent to the dependent variables (Yukl, 2011). Transformational leadership serves as an example, as initially posited by Bass (1985, 1997) to enhance leadership effectiveness universally. However, subsequent research has revealed facilitating conditions influencing the efficacy of transformational leadership or specifying the transformational characteristics and actions that might be significant in certain contexts (e.g., Masood et al., 2006). Conversely, contingency theories might constitute propositions regarding leadership attributes and competencies that are universal. For instance, the notion that leadership efficacy, irrespective of the context, is a combination of task-based and relational behaviors, holds true.

In this context, Lorsch (1979) identifies various contingencies that influence the ideal type of leader for an organization:

1. **Followers' expectations**: This includes factors such as the extent to which leaders are anticipated to engage in decision-making and provide guidance, the followers' level of technical or professional competence, and the degree of connection established with followers.
2. **Organizational complexity**: This encompasses the size of the organization, impacting aspects such as the levers of power and influence available to leaders, as well as the relative difficulty of conveying one's message, competence, and charisma.

3. **International differences**: Operating in a single location makes it simpler for leaders to be recognized by their followers and project their competence, compared to operating in multiple, widely dispersed locations. Some leaders may excel at cross-cultural communication, while others may find it challenging.
4. **The organization's tasks**: The nature of organizational work spans from routine and repetitive tasks, such as manufacturing established products, to innovative and novel activities, like launching untested products. In situations where tasks are certain and straightforward, a more directive leadership style proves more effective, whereas in uncertain situations, a more participative leadership style is deemed more suitable.

In essence, the contingency theory of leadership underscores the importance of achieving the right fit between leaders, employees, and the organization as a whole. Rather than assuming that leaders can universally adapt their skills and tendencies to any situation, the theory emphasizes tailoring leadership approaches based on specific contextual factors.

Contingency Leadership Behavior

The majority of contingency theories regarding effective leadership rely on categorization of behavior, initially ascertained via early leadership research (e.g., leadership climate and behavior by Fleishman, 1953; leadership styles by Likert, 1961; behavioral leadership theory by Yukl, 1971). Bryman and colleagues (2011) identify these overarching meta-categories as the ones encompassing

- task-oriented behavior,
- relations-oriented behavior,
- participative leadership, and
- contingent reward.

1. **Task-oriented behavior:** revolves around efficiently and reliably accomplishing tasks. This meta-category is often labeled as initiating structure or **instrumental leadership** (Antonakis & House, 2014). Leader actions within this category include planning organizational activities, assigning tasks, specifying role demands, clarifying behavioral guidelines, assessing performance, coordination, and managing task-oriented issues and disruptions. Theories like the path-goal theory and situational leadership theory incorporate a broadly defined task-oriented behavior (Bryman et al., 2011).
2. **Relations-oriented behavior:** focuses on fostering mutual trust, cooperation, job satisfaction, cohesiveness, and organizational commitment. Common labels for this meta-category include consideration, **supportive leadership**, and employee-oriented leadership (Rafferty & Griffin, 2006). The behavioral repertoire of leaders within this category vary based on the theory and measurement used, encompassing actions such as showing concern for subordinates' needs, demonstrating trust and acceptance, offering support and encouragement during emotional challenges, apprise others about the noteworthy variations, assisting and coaching as per requirement, often in the form of mentoring and guidance, acknowledging and appreciating accomplishments, and advocating for subordinates' well-being.

Instrumental leadership prioritizes strategic problem-solving by creating social influence that can change the structure of the organization.

Supportive leadership is a form of leadership where leaders show consideration for the needs and preferences of followers while making decisions.

3. **Participative leadership:** A participative leader is one who engages others within their formal authority and responsibility while taking actions or making decisions. Decision procedures within this framework can be scattered over a continuum of empowerment, ranging from autocratic, consultatory, shared decision-making, and delegation. Decision-making procedures that are highly empowering are termed as democratic or participative. Low empowerment decision-making procedures are labelled autocratic or directive. Aspects of participative leadership are integrated into path-goal theory, cognitive resources theory, and the multiple-linkage model. Specific decision procedures are outlined in the normative decision model, the multiple-linkage model, and situational leadership theory.
4. **Contingent reward:** This entails utilization of explicit or implicit dividends to enhance the drive for performance and gratification. Explicit rewards for effective performance (such as higher remuneration, bonuses, and promotions), clarifying which behavior will lead to which incentive, and acknowledging achievements and significant inputs for team and organizational benefit. Synonymous behaviors include reward with acknowledgement and positive reinforcement. This behavioral repertoire of leaders is reflected in the multiple-linkage model, path-goal theory (House, 1996), and partially hints at transactional leadership (Bass, 1985).

Although these meta-categories of behavioral repertoire are independent, they may appear to coincide. For instance, high task-oriented behavior of directive leadership may coincide with low sharing of decision-making power of the subordinates. Similarly, relations-oriented behavior may coexist with participative decision-making, where the willingness of the leader to consult others while making decisions can lead to satisfying interpersonal relationships.

Typical relations-oriented actions may coincide to task-orientation as well. Coaching, for instance, may act as both immediate performance improvement (a task objective) and skill-building for professional self-growth or improved interpersonal interactions, which is a relations-oriented behavior. Contingent reward behavior often involves both rewarding accomplishments, which is a task-oriented behavior, and appreciating additional efforts, which is a supportive behavior. It depends on the leader's selection if the decision-making procedure will include task-orientation or relationship orientation. In other words, the leader can choose if he or she will target the improvement of decision quality or consensus-building and acceptance of the decision.

Contingency Leadership Models

Various contingency leadership models, all falling within the broader umbrella of contingency theory, exist. These encompass the following:

1. Path-goal theory
2. Normative decision model
3. LPC contingency model
4. Cognitive resources theory
5. Leadership substitutes theory
6. Situational leadership theory
7. Multiple-linkage model

Although these contingency leadership models share common ground, each presents its unique perspectives on leadership. In the majority of leadership theories, the central independent variable is leadership behavior, typically identified using distinct actions by the leader. Whereas the normative decision model and the multiple-linkage model provide a comprehensive account of the leader's behaviors. Among the several contingency theories, there is variation in how much they specify the quantity and nature of other contributory factors. The complexity and testing challenges of a theory increase when it involves numerous specific behaviors, mediating variables, and situational factors.

1. **Path-goal theory** explores how specific leader behaviors impact task performance and gratification of employees. In addition to the two behavioral meta-categories, instrumental and supportive leadership, the theory also proposes participative and **achievement-oriented leadership** (House & Mitchell, 1974), as behavioral forms within this theory. However, some overlap and complexity arise among these categories, for instance, as achievement-oriented behavior encompasses elements of both task-oriented and supportive behaviors.

   Achievement-oriented leadership focuses on achievement, setting ambitious objectives for the team, and motivating them to pursue excellence.

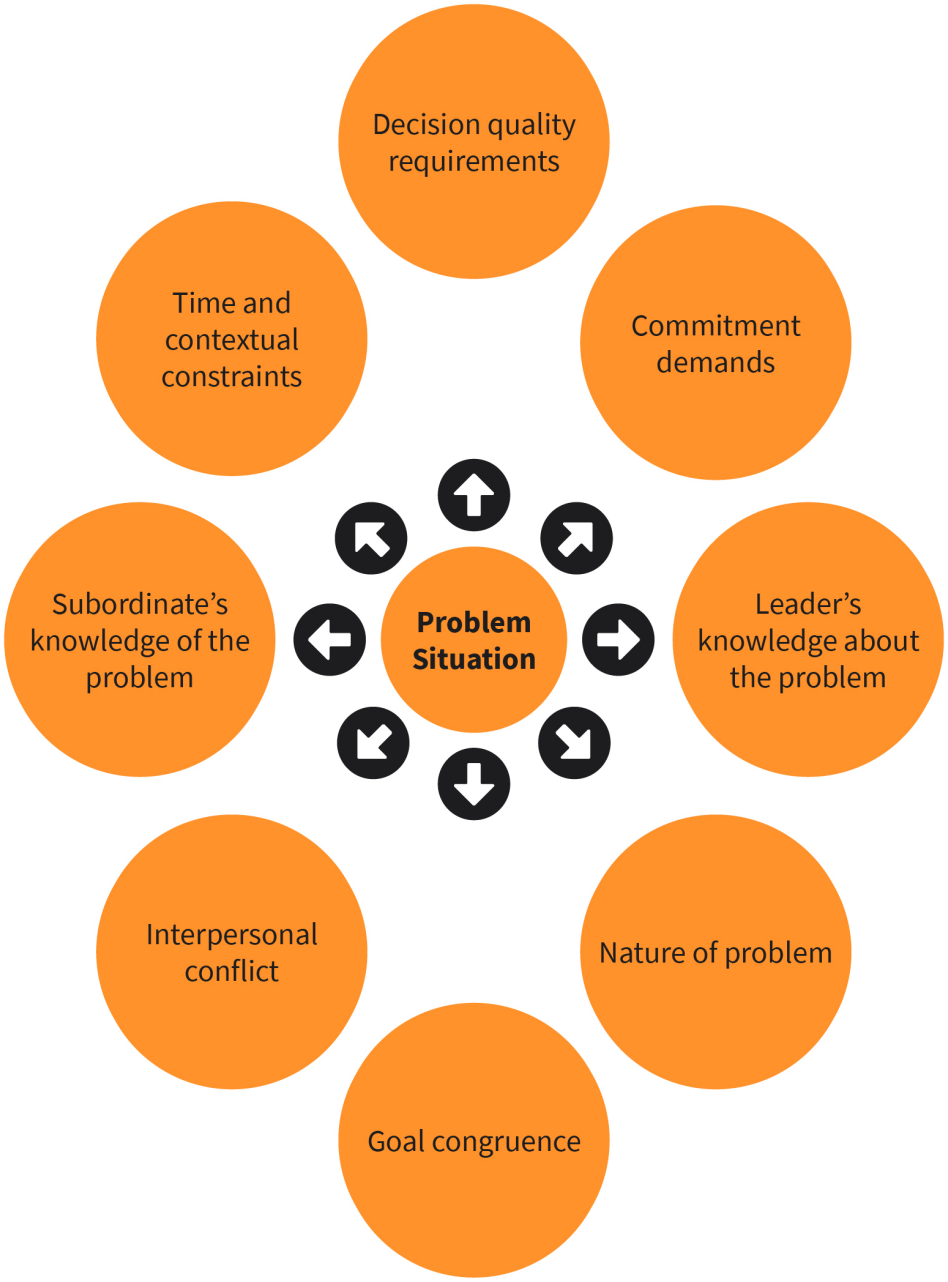
   The theory's modified version by House (1996) introduced more propositions and aimed to clarify key behaviors. The expectancy theory of motivation underlies the explanation of how leaders influence subordinate performance, with most mediating variables rooted in this motivational theory. Generally, leaders motivate subordinates by shaping their perceptions of the likely consequences of different effort levels.

   Situational variables in the theory involve job-related and follower-related factors that contribute to facilitating or inhibiting employee performance and subsequent sense of gratification. Notably, the theory proposes that a leader's directive and achievement-oriented behavior has a more substantial impact on role clarity, self-efficacy, effort, and performance when subordinates are inexperienced. Additionally, supportive leadership is posited to have a more significant effect on subordinate confidence, effort, and satisfaction in situations characterized by task demanding excess workload, risk, and mental and physical strain.
2. **Normative decision model** by Vroom and Yetton's (1973) was developed to assist managers in determining the effectiveness of various decision procedures in participative leadership. The model considers decision quality and decision acceptance on the part of the employees as working conjointly to bring out a decision that impacts subsequent actions of the team. Contextual factors play a crucial role in either facilitating or thwarting the decision procedure, which in turn will augment the quality and acceptance of a decision.

   Participative decision-making is of the major contributors to enhanced decision quality. This is achieved via (i) subordinate’s adequacy of information which may be even unavailable to the leader, and (ii) subordinates and leader share a high goal congruence. Similarly, decision acceptance is also facilitated through participative decision making as the ability and opportunity to voice concerns and preferences on an individual level reduced the possibilities of conflict among the group members as well as with the leader. Voice facilitates
   - clarity about the problem,
   - sense of autonomy,
   - perception of procedural justice, and
   - sense of ownership for the decision.

Despite the decision quality and decision acceptance being a function of the context, it should be noted that the leader's voice becomes less influencing in shorter tasks (like in trivial or mundane tasks) where decision quality and acceptance are not significantly relevant. In following years, Vroom and Jago (1988) added some salient features of the problem situation that leaders must consider (Figure 6.4).

Figure 15: Salient Aspects of Problem Situation that Leaders Need to Consider as per the Normative Decisions Model (Vroom & Jago, 1988)



Source: Tusharika Mukherjee (2023) based on Furnham (2005).

3. **Fiedler's LPC contingency model** proposes that effective leadership depends not only on the leader's style, but also on the control exerted over the situation. Success requires strong leader-member relations, clear communication of tasks with outlined goals and procedures, and the ability to administer both punishments and rewards. Fiedler's LPC Contingency Model, introduced in 1967, outlines how the situation influences the impact of leader characteristics. This is referred to as the least preferred co-worker (LPC) score on group performance. This theory is applicable only in situations where groups are closely supervised rather than team based. Additionally, it employs a Least Preferred Co-Worker (LPC) scale to identify the type of worker the leader least prefers working with. In this contingency model, the emphasis is on the leader's disposition as the primary trait defining their ability to lead.

   LPC score has undergone changes in its meaning in these years, which is why its precise meaning remains uncertain. One plausible interpretation suggests that leaders with low LPC scores prioritize task achievement over interpersonal relations, while those with high LPC scores prioritize interpersonal relations over task achievement (Rice, 1978). These value priorities are believed to manifest in the amount of task-oriented and relations-oriented behaviors exhibited by leaders.

   The correlation between a leader's LPC score and group performance is contingent on a complex situational variable termed situational favorability. This favorability is jointly determined by task structure, leader position power, and the quality of leader-member relations. According to the theory, low-LPC leaders are more effective in situations that are either extremely conducive or extremely challenging. High-LPC leaders, on the contrary, have a greater impact in contexts with moderate malleability. Despite this explanation, there is a lack of clear identification of contributory variables that can elucidate how group performance is impacted by the interplay of leader LPC and situational flexibility.
4. **Cognitive resources theory** elucidates how group performance is influenced by an interplay of three factors:
   i) Two leader traits: cognitive skills and experience
   ii) Directive leadership behavior
   iii) Two contextual aspects of leadership: interpersonal stress and subordinate knowledge

   The theory posits that stress between the leader and members can potentially dominate or reduce the value of leader competencies in molding group behavior. In routine and less challenging situations, the information processing and problem-solving processes are guided by the leader's competence; thereby enabling an autocratic leader to make decisions. On the contrary, anxiety provoking situations limit the application of leader's competencies, primarily due to heightened emotionality and compromised cognitive processing. Such stress inducing events demand more experience on the part of the leader in mitigating the stress rather than applying innovative solutions, which might be the probable course of action for an inexperienced leader. Similar to the normative decision model, the theory suggests that participative decisions are more effective than autocratic decisions when group members possess relevant knowledge and information not known to the leader. However, the theory does not distinctly clarify how interpersonal stress, leader intelligence, and leader experience impact the utilization of participative decision procedures.

5. **Leadership substitutes theory** (Kerr & Jermier, 1978) identifies contextual elements that render instrumental behaviors by a designated leader unnecessary and unprofitable. Subsequently, the theory expanded to encompass actions like contingent reward behavior (Howell et al., 1990; Podsakoff et al., 1993). According to Barner-Rasmussen and colleagues (2024) leadership substitute refers to individual, task, and organizational factors that function as substitutes for leadership, rendering the hierarchical superior's capacity to exert either positive or negative influence on subordinate attitudes and effectiveness neutralized.

   In discussing leadership dynamics, it is important to consider substitutes and neutralizers. Substitutes for instrumental leadership involve factors such as highly structured tasks, extensive rules, and prior training for subordinates. Cohesive teamwork and intrinsically satisfying tasks can work as substitutes for a leader's supportive behavior. On the flip side, neutralizers represent constraints that hinder a leader's ability to enhance employee outcomes. Restricted regard for accomplishments and coercive power, for instance, prevent leaders from providing tangible rewards or addressing underperforming subordinates. Similarly, restricted power to alter work procedures and job assignments impedes leaders from making changes that could lead to higher productivity.
6. **Situational leadership theory** outlines a contingency framework prescribing the suitable leadership behavior for each subordinate (Hersey & Blanchard, 1974). The behaviors are defined in terms of directive and supportive leadership, with a later version of the theory incorporating decision procedures. The key situational variable is subordinate maturity, encompassing both a person's ability and confidence to perform a task. The theory posits that the rise in subordinate maturity enables the leader to be less directive. Nevertheless, with the growing experience and learning, the relationship between subordinate's performance vis a vis the assistance they receive from the leader forms an inverted U-shaped curve.

   The theory suggests that leaders should tailor their leadership style based on subordinate maturity. For those with low maturity, a directive approach with autocratic decisions and limited support is recommended. Subordinates with moderate maturity benefit from a balanced mix of moderate directive and supportive behavior. High-maturity subordinates require a limited combination of both directive and supportive actions, emphasizing significant delegation. Although the model primarily focuses on short-term behavior, leaders can improve subordinate maturity through developmental interventions aimed at skill and confidence building over time.
7. **Multiple-linkage model** (Yukl, 1971, 1981, 1989) elucidates how elements of the situation play a moderating role in shaping the impact of the leader, like other contingency models. This model stands out as the most intricate, encompassing various leader behaviors, mediators, and situational factors. Mediating variables, serving as connecting factors for the leader contribution in enhancing group efficiency, include
   i) individual performance-related factors such as skills, clarity about the task in hand, and the drive to achieve the goal;
   ii) team-performance-related factors including organization of the task and roles, adequacy of resources, cohesiveness in teamwork, and trust based interpersonal relationships.

Leaders employ specific task-oriented and relations-oriented behaviors, participative leadership, and contingent reward behavior to influence these mediating variables. Situational variables operate in three distinct ways: they directly impact the connecting factors, serve as a contributory factor in the relationship between leader behavior and the mediators, and determine the choices the leader makes. The model shares similarities with other theories regarding the influence of situational moderator variables.

Contingency theory weaknesses

The early contingency theories exhibit several conceptual weaknesses that pose challenges for validation and restrict their practical applicability. Key weaknesses include an overemphasis on broadly defined behavior meta-categories, leading to limited utility in understanding how situational aspects moderate the impact of leader behavior. Additionally, there is an ambiguity in describing relationships, with most theories failing to indicate the variations brought about by situational factors in the linkage between a predictor and an outcome.

Furthermore, many contingency theories lack an adequate explanation of causal effects, often omitting mediating variables that could elucidate the reasons behind proposed relationships. Attention to behavior patterns is also insufficient, as complex interactions among independent variables are neglected, hindering a comprehensive understanding of leadership effectiveness. Moreover, these theories commonly overlook joint effects of situational variables, especially the interacting effects of **moderating** and **mediating** variables.

Moderating variables influence the direction and/or intensity of the connection between a predictor and an outcome.

Mediating elucidates the mechanism behind a connection between two other variables.

Another weakness lies in the failure to distinguish moderators from mediators, creating conceptual confusion about causal relationships. Lastly, early theories have overlooked the significance of leadership behaviors aimed at influencing major organizational changes, which is a crucial aspect of strategic leadership. The importance of change-oriented behavior has been recognized more explicitly in recent theories of charismatic, transformational leadership, and strategic leadership.

Thus, Bryman and colleagues (2011) claim that the waning popularity of early contingency theories can be attributed significantly to the absence of robust empirical backing. Despite numerous studies aimed at testing both global and contextual factors influencing leadership behaviors, more evidence supporting the claims is required to draw inferences. While some propositions in these theories did receive empirical support in specific cases, there has been a consistent absence of strong and across-the-board validation for all facets of the theories.

6.4 LMX Theories

Leader-member exchange (LMX) theory revolves around leadership as a process centered on interactions between leaders and followers, making the leader-member relationship crucial. While previous leadership theories focused on the leader's perspective or consid-

ered followers and context, LMX theory places emphasis on the dyadic relationship between leaders and followers. Before LMX theory, leadership was often perceived as a collective action by leaders toward followers, assuming a uniform leadership style. Erdogan and Bauer (2014) contend that while contemporary leadership theories, such as transformational, servant, or authentic leadership, focus on how leader behaviors impact employee attitudes, motivation, and team outcomes, LMX theory emphasizes the importance of the dyadic relationship quality between leaders and members in understanding the effects on members, teams, and organizations. According to the LMX approach, leaders establish closer, friendlier, more inclusive, and communicative relationships with certain members under their supervision. In essence, leaders cultivate high-quality relationships based on trust, affect, and respect with a subset of their team, while with other members, their interactions tend to be lower in quality and limited to the employee's job description and the leader's role.

Development of LMX Theory

According to Northouse (2022) early studies, initially called vertical dyad linkage (VDL) theory, examined the vertical linkages leaders formed with each follower within an organizational work unit. Followers were categorized into in-groups or out-groups based on their compatibility with the leader. In-group members, through negotiations and exchanges beyond formal job descriptions, received more attention and support from leaders, fostering a collaborative and communicative environment. Out-group members, while still competent in their job roles, maintained a more transactional relationship with the leader, primarily focusing on assigned tasks.

Following the initial set of investigations there was a shift in the emphasis of LMX theory. While the initial studies predominantly delved into the distinctions between in-groups and out-groups, subsequent research focused on the correlation between LMX theory and organizational effectiveness. These studies concentrated on how the quality of leader–member exchanges were associated with favorable outcomes for leaders, followers, groups, and the organization at large (Northouse, 2022). Researchers discovered that high-quality leader–member exchanges resulted in reduced employee turnover, more positive performance evaluations, increased frequency of promotions, heightened organizational commitment, more desirable work assignments, improved job attitudes, increased attention and support from leaders, greater participation, and accelerated career progress over a span of 25 years (Buch et al., 2014; Malik et al., 2015).

In a meta-analysis of 164 LMX studies, Gerstner and Day (1997) consistently found that leader–member exchange was correlated with member job performance, satisfaction (both overall and supervisory), commitment, role conflict and clarity, and turnover intentions. More recently, researchers have delved into the processual nature of leader–member exchange and how work relationships are constructed through communication. Hill et al. (2014) examined the impact of electronic communication on employee empowerment and work outcomes, revealing that increased electronic communication between leaders and followers led to more positive leader–member relationships. Omilion-Hodges and Baker (2017) scrutinized leader communication behaviors, developing scales to evaluate how these behaviors could influence the growth or stagnation of leader–member relationships. Similarly, a review of 130 studies of LMX research conducted since 2002 by Anand

and colleagues (2011) demonstrated that LMX is relevant in contemporary organizational research. Northouse (2022) claims that a significant majority of these studies, approximately seventy percent, explored the antecedents (e.g., Maslyn et al., 2017) and outcomes of leader–member exchange. The research trends indicate a thrust on situation-contingent LMX relationships, for instance aspects of group dynamics, the analysis of leader–member exchange at both individual and group levels, and the examination of leader–member exchange with racially diverse dyads (Randolph-Seng et al., 2016).

Theoretical Foundation of LMX Theory

The fundamental premise of LMX theory revolves around the idea that leaders establish distinct relationships with their employees. While it's theoretically plausible for leaders to extend equal trust and affection to all team members, the reality is that followers vary in their levels of competence, motivation, and willingness to invest effort in both their work and relationship-building. Creating high-quality relationships demands significant time and energy from leaders, leading to a natural tendency to differentiate, suggests Erdogan and Bauer (2014).

Differentiation is not necessarily an intentional phenomenon but rather a consequence of a "role-making" process. According to Graen and Uhl-Bien in 1995, LMX development involves the transition from being strangers to acquaintances and finally reaching maturity in relationships. This role-making process involves mutual testing during the initial stages of collaboration, with leaders evaluating members through delegated responsibilities and offers for higher-quality relationships. Trust-building becomes a central aspect of LMX development, where each party assesses the other's ability, benevolence, and integrity.

Early in the tenure of the employee-manager dyad, relationships of varying quality emerge, influenced by the mutual testing inherent in role theory. Social exchange theory, proposed by Blau in 1964, further supports LMX development, emphasizing that relationships initiate through favors, leading to reciprocal actions. As trust builds, relationships evolve from economic exchange to **social exchange**, where parties go beyond formal job expectations to protect and assist each other. This theory explains why leaders assign challenging tasks and provide resources to high-quality LMX members, who, in turn, exceed minimum expectations in their performance and engagement.

Social exchange theory holds that individuals weigh the pros and cons of their relationships. If drawbacks outweigh benefits, relationships are likely to end, aiming to maximize benefits and minimize costs.

Despite reciprocity being a key element in LMX theory, members reciprocate with resources such as information rather than mirroring the leader's actions. Wilson et al. (2010) proposed a model of resource exchange, suggesting that members reciprocate with comparable resources, like providing information for money or affiliation for status. Reciprocity in high-quality exchanges is characterized by generalized rather than immediate reciprocity, indicating that members and leaders are motivated to benefit each other without keeping a strict tally.

Consequences of Leader-Member Exchange

Most of the research on leader-member exchanges has primarily aimed to uncover the consequences of LMX quality on member attitudes and behaviors. In many of these studies, LMX quality and the relevant outcomes have been assessed concurrently using the same survey instrument. This raises the possibility that common method and common source biases may have influenced some of the observed relationships. Nevertheless, the findings consistently indicate that LMX quality significantly impacts employee attitudes and behaviors. Furthermore, it appears that the effects of LMX quality are not contingent on cultural differences, as numerous studies have investigated and confirmed its influence in both collectivistic, power-distant cultures, and individualistic, egalitarian cultures (e.g., Chen et al., 2008; Pellegrini & Scandura, 2006).

1. **Mutual influence:** The quality of leader-member exchanges (LMX) significantly influences the daily work atmosphere for employees. Research indicates that individuals with higher LMX quality have more frequent and distinct communication with their managers (Sin et al., 2009). High-quality LMX members engage in conversations with lower power distance and greater mutual influence compared to those with low-quality exchanges. Ethnographic studies have observed that leaders tend to use mutual influence and persuasion with high-quality LMX members, challenging and disagreeing with each other. In contrast, low-quality LMX relationships often involve leaders using direct authority, as a lack of trust may hinder attempts at influence through inspirational appeals (Sparrowe et al., 2006). High-quality LMX members are more likely to report using persuasion and less likely to resort to manipulation in their communications with leaders. The comfort level in high-quality LMX relationships predicts decision influence and is associated with higher psychological empowerment levels. This empowerment includes a sense of autonomy in one's work and impact on workplace dynamics, suggesting that high-quality LMX members perceive themselves as powerful and independent contributors in the workplace.
2. **Access to information:** High-quality leader-member exchange (LMX) members enjoy advantageous access to resources and information within their organizations. Their privileged position includes greater access to the leader's attention, a valuable and often scarce resource that can effectively address daily challenges. Tangible resources received by high-quality LMX members involve reduced complaints about information, training, supplies, and time. Satisfaction with organizational resources is positively associated with LMX quality. Additionally, high-quality LMX members are more likely to be well-informed about the organization and its upcoming changes. This enhanced access to both material and informational resources positions high-quality LMX members for success, enabling them to achieve their objectives and emerge as influential contributors within their work groups (Sparrowe & Liden, 2005).
3. **Conflict management:** The quality of leader-member exchange (LMX) is associated with how members approach and manage conflict in their relationships. Higher LMX quality is linked to a lower likelihood of experiencing conflict with leaders, attributed to leaders' positive interpretation of high-quality LMX members' behaviors and their tendency to make internal attributions for high performance. High-quality LMX members may resist influence attempts and negotiate without suffering negative consequences (Shapiro et al., 2011). Employees in high-quality LMX relationships tend to be more forgiving towards leaders, even when trust is violated. Furthermore, high-qual-

ity LMX members utilize different conflict management tactics. They are less likely to engage in conflict and more inclined to use cooperative strategies such as collaboration and compromise, avoiding dominance and avoidance. This contrasts with lower-quality LMX members, who may be more punitive when trust is violated and experience negative effects on work performance due to perceptions of unfairness. The quality of LMX influences not only the occurrence of conflict, but also the approaches used to manage and resolve conflicts within the leader-member relationship (Green, 2008).

4. **Job attitude:** Scholars have established positive relations between LMX quality and key job attitudes, particularly job satisfaction and organizational commitment (e.g., Ansari et al., 2007). High-quality LMX members view the organization more positively, perceiving a better work climate, lower organizational politics, and higher support for development of the worker skills and competencies (Kraimer et al., 2011). Furthermore, high-quality LMX members are less likely to report psychological contract violations (Dulac et al., 2008), express higher levels of trust in the organization, and exhibit positive evaluations of the organization. The assessment of LMX quality is crucial in shaping employees' perceptions of their exchange quality with the organization, as reflected in **perceived organizational support** (Andrews & Kacmar, 2001; Eisenberger et al., 1986). The correlation between LMX and perceived organizational support is stronger for leaders who hold more power in the organization or have a positive exchange with their own supervisors. Researchers have identified moderators influencing the relationship between LMX and job attitudes. Employees lacking skills in organizational politics or engaging in virtual work are more dependent on LMX quality for assessing job satisfaction and organizational commitment. Job characteristics, such as autonomy and challenge, also influence the strength of the relationship between LMX and work attitudes (Harris et al., 2009). Employees differ in their identification of the supervisor with the organization, impacting the extent to which LMX quality is related to organizational commitment. Overall, the strength of the LMX-work attitude relationship depends on factors like employee personality, working conditions, and the nature of tasks.

Perceived Organizational Support (POS) gauges employees' sense of value and care from their employer, crucial in the employee-employer relationship, driven by employee perceptions rather than the organization's stance.

5. **Job performance:** Job performance is a crucial aspect of leadership effectiveness, often studied in Leader-Member Exchange (LMX) research. The potential link between LMX quality and job performance is grounded in social exchange theory and the role-making perspective. High-quality LMX members are expected to be more motivated, tailor their roles for success, and benefit from the leader's help, resulting in better performance. However, empirical studies on the relationship between LMX and objective performance reveal a weak connection, which indicates that the mechanisms linking LMX quality to job performance need to be extensively explored (e.g., Stark & Poppler, 2009; Varma et al., 2005). Supervisor ratings of performance, while used in studies, may be influenced by overall leader affect and inclination to view employees positively. The strength of the LMX-performance link varies, with some studies indicating correlations exceeding .60 when LMX is measured from the supervisor's perspective (e.g., Schriesheim et al., 2000). Moderators influencing the LMX-performance link include task complexity, autonomy levels, empowerment, virtual work, job levels, and employee personality. For instance, LMX is more positively related to job performance when tasks are either basic or very complex. Autonomy levels, employee personality, and alternative means of accessing resources in a high-quality LMX relationship also play a role in moderating this relationship.

6. **Organizational citizenship behavior:** In summary, Organizational Citizenship Behaviors (OCBs) are actions that go beyond employees' core job requirements, benefiting the organization. High-quality Leader-Member Exchange (LMX) is associated with increased OCBs, as members tend to define their roles more broadly and take on additional tasks. Evidence suggests that the specific OCBs exhibited depend on the organizational context, with LMX leading to behaviors valued by managers (e.g., Nahrgang & Morgeson, 2007). Examples include expressing improvement ideas, adaptive and customer-oriented selling techniques, low resistance to change during organizational transitions, safety citizenship behaviors, and positive contributions to teams (Paparoidamis & Guenzi, 2009). While the nature of OCBs may vary with context, high-quality LMX members generally engage in prosocial actions that benefit their teams.
7. **Employee withdrawal:** Higher LMX quality is associated with a greater desire among members to remain in their organization for a more extended period. This is partly explained by the positive relationship between LMX quality and **job embeddedness**, indicating a bond with the manager who supports autonomy, growth, and effectiveness (Harris et al., 2011; Wheeler et al., 2010). High-quality LMX members believe in problem resolution within the organization and are less likely to manage their careers using external strategies.
8. **Wellbeing:** High-quality LMX has been associated with reduced experienced stress. Extant studies, often cross-sectional and reliant on self-reports, indicate that high-quality LMX members encounter less role stress, such as role ambiguity and conflict, and are less prone to burnout (Trodera et al., 2008). LMX is also linked to mitigating the aftermath of stressful conditions on employee performance and satisfaction. However, practitioners must consider that high-quality LMX may not make individuals entirely immune to stress (Harris & Kacmar, 2006). High-quality LMX provides individuals with opportunities to enhance their quality of work life and contributes to feelings of self-worth, essential elements of an individual's life satisfaction.

Job embeddedness assesses employees' integration into their jobs and social networks, positively correlating with job satisfaction and affective organizational commitment, involving identification, involvement, and emotional attachment to the organization.

The future of LMX theory presents several areas for consideration, such as understanding how LMX fits into the current organizational landscape, where employees often report to multiple leaders, often in a multicultural or global setting. Exploring the effects of an employee's relationships with different leaders and how these relationships interact, supplement, or substitute for each other could provide a more realistic understanding of organizational dynamics. This also includes understanding individual's relationships with coworkers and how LMX influences their interactions.

Additionally, examining the potential dark side of LMX especially in the context of the paradoxical nature of human relationships, is crucial. Wu (2018) argues that, according to the Relational Dialectics Theory, opposing yet interdependent forces exist in any relationship, creating a contingent and changeable relational system. The dynamic interplay of unified opposites, such as affiliation and independence, leads to tensions that partners manage to maintain a balanced relationship. This leads to three primary dialectical forces in interpersonal relationships: autonomy-connection, openness-closedness, and novelty-predictability. The autonomy-connection contradiction involves the challenge of balancing individual autonomy and connection to avoid relationship loss. The openness-closedness contradiction centers on the tension between revealing and concealing information, essential for building intimacy while managing risks and vulnerabilities. The novelty-predictability contradiction reflects the desire for both novelty and certainty in relationships,

as excessive predictability can lead to emotional deadening and boredom. These tensions are observed in various close relationships, including workplace relationships. The prevalence of specific tensions may vary across relationship types, with certain tensions being more common in specific contexts.

Furthermore, the benefits of LMX to leaders themselves have not received direct research attention. While existing studies have explored positive organizational behaviors resulting from high-quality LMX, there may be direct personal benefits for leaders, such as lower work stress, greater well-being, and increased effectiveness as perceived by the leaders. Investigating what leaders gain from high-quality exchanges with subordinates is deemed important for a comprehensive understanding of LMX dynamics.

6.5 Bases of Power

Simply put, power is the capacity of an individual to shape the actions of another person in accordance with his or her wishes. It's crucial to understand that power, while inherently present, may not be actively utilized; instead, it signifies a potential or capability. The central aspect of power revolves around its association with dependency. The more B relies on A, the more influential A's power becomes in the relationship. Dependency in this context is determined by the alternatives perceived by B and the importance assigned to the alternative(s) controlled by A (Robbins et al., 2016).

The exercise of power over an individual is contingent upon controlling something the individual desires. For instance, if securing a university degree depends on passing a course exclusively taught by a specific instructor, that instructor wields power over the student due to restricted alternatives and the importance attributed to achieving a passing grade. Likewise, an individual financially reliant on parents for university funding recognizes the power held by the parents. However, as the individual graduates, secures employment, and achieves a substantial income, the parents' power diminishes significantly. Situations where a wealthy relative can sway numerous family members through the implicit or explicit threat of exclusion from the inheritance are not uncommon.

How a leader interacts with an employee and the impact on their effectiveness can be influenced by the origin of their power. It's crucial to note that a leader's power doesn't necessarily derive from their official position or title. Social psychologists John French and Bertram Raven delved into this concept over fifty years ago. While their research may be dated, it remains valuable in comprehending why certain leaders exert influence, gauging our readiness to accept their power, and, for leaders, exploring ways to cultivate new power bases for optimizing team performance.

According to French and Raven (1959) legitimate power emanates from the perception that an individual holds the formal authority to issue demands and anticipate compliance and obedience. Reward power arises from an individual's capacity to compensate others in exchange for compliance. Expert power is rooted in a person's elevated levels of skill and knowledge. Referent power is the consequence of how others perceive a person's attractiveness, merit, and entitlement to respect. Coercive power is derived from the

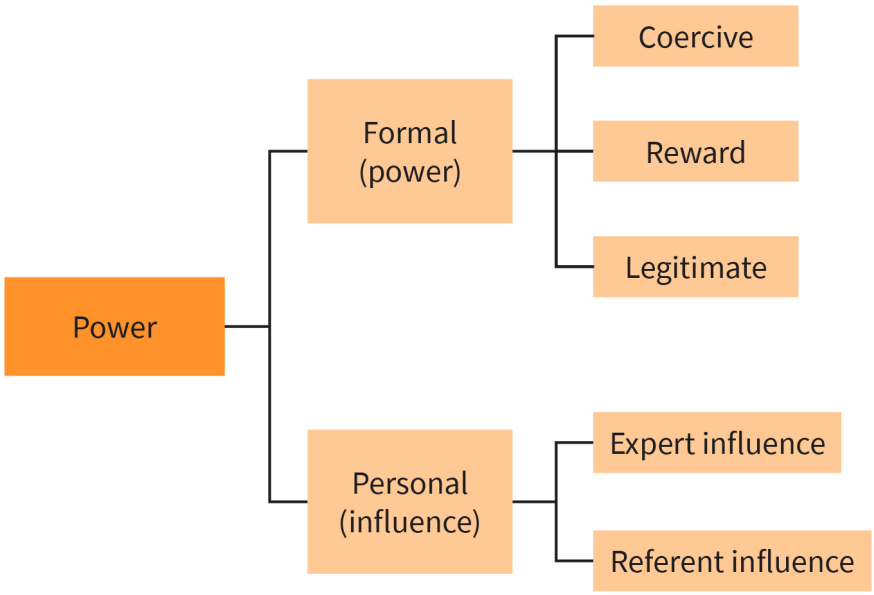
belief that an individual can administer punishment for noncompliance. Six years later, Raven introduced an additional power base – informational power arises from a person's ability to control the information necessary for others to achieve a goal. Thus, a comprehensive understanding of these diverse power forms enables individuals to effectively leverage positive ones while steering clear of negative power bases that managers might instinctively rely on.

Robbins et al. (2016) elaborate by asking two pertinent guiding questions:

- Where does power come from?
- What is it that gives an individual or a group influence over others?

These questions are answered by dividing the bases or sources of power into two general categories – formal and personal – and then breaking each of these down into more specific categories.

Figure 16: Sources of Power and Influence



Source: Tusharika Mukherjee (2023) based on Robbins et al. (2017).

Formal Power

Formal power is based on an individual's position in an organization. Formal power can come from the ability to coerce or reward, or it can come from formal authority. There are three forms of formal power:

1. Coercive power
2. Reward power
3. Legitimate power

Coercive power: The coercive power base is dependent on fear of the negative results from failing to comply. It rests on the application, or the threat of application, of physical sanctions such as the infliction of pain, the generation of frustration through restriction of movement, or the controlling by force of basic physiological or safety needs. At the organizational level, an individual has coercive power over another person when he or she can dismiss, suspend or demote the other, assuming that the other values his or her job. Similarly, if the individual can assign the other work activities that the other finds unpleasant or treat the other in a manner that the other finds embarrassing, the individual will be considered to possess coercive power over the other person. Coercive power can also come from withholding key information. People in an organization who have data or knowledge that others need can make those others dependent on them.

Reward power: The opposite of coercive power is reward power. People comply with the wishes or directives of another because doing so produces positive benefits; therefore, one who can distribute rewards that others view as valuable will have power over them. These rewards can be either

- **financial** – such as controlling pay rates, rises and bonuses – or
- **nonfinancial** – including recognition, promotions, interesting work assignments, friendly colleagues and preferred work shifts or sales territories.

Legitimate power: Legitimate power is a prevalent means of accessing power bases within formal groups and organizations, primarily rooted in one's structural position. This type of power, known as legitimate power, denotes the formal authority granted to control and utilize organizational resources. Positions of authority encompass coercive and reward powers, but legitimate power extends beyond the ability to coerce and reward. It specifically includes the acknowledgment by members within an organization of the authority vested in a particular position. The association of power with the hierarchical concept is so ingrained that even a simple act like extending lines in an organizational chart prompts people to assume that leaders are inherently powerful. Moreover, when describing a potent executive, individuals tend to position them at a higher level in an organizational chart.

In scenarios where figures of authority communicate directives within the scope of their designated positions, individuals typically listen and comply, recognizing the authority vested in those roles.

Personal Influence

Having power within an organization doesn't always require a formal position. For example, in a software company, numerous highly skilled chip designers may exhibit substantial power without holding managerial roles or possessing formal authority. Instead, their influence stems from personal power, derived from individual characteristics. This further percolate down to two aspects of personal power: expertise and the esteem and regard of others.

Expert influence

Influence that arises from proficiency, specialized skills, or knowledge. As job roles become more specialized, reliance on experts for goal attainment increases. Field experts like physicians, scientists, economists, and industrial psychologists, also wield power due to their specialized knowledge.

Referent influence

This form of power emerges from identification with someone possessing desirable resources or personal traits. When there's a sense of liking, respect, and admiration, individuals can exert power because others are inclined to please them. Such individuals of leaders, for example, can significantly influence behavioral choices of others, illustrating the impact of referent power. Additionally, individuals who hold charismatic qualities and emotional appeal, even without formal leadership positions, may exert influence due to their likability and the positive effects they have on others.

Among the three formal power bases (coercive, reward, legitimate) and the two personal power bases (expert, referent), the research strongly indicates that personal sources of power are the most impactful. Both expert and referent power show a positive correlation with employee satisfaction regarding supervision, organizational commitment, and performance. In contrast, reward and legitimate power exhibit no apparent connection to these outcomes. Additionally, one formal power source, coercive power, can have adverse effects, as it is negatively associated with employee satisfaction and commitment.

Power and Leadership

On a broader scale, conventional organizational theorists have sought to critically examine the connection between leadership and power. Dunlap and Goldman (1991) and Kreisberg (1992) have introduced the concepts of 'power through' and 'power with' as opposed to 'power over.' In a leadership context, these terms represent emancipative approaches akin to contemporary mainstream leadership theories, advocating leadership styles suitable for democratic work environments. However, despite addressing evolving power dynamics in organizations, these approaches overlook historically ingrained antecedents related to power within organizations and how these antecedents impact power dynamics.

Many organizational histories reflect traditional hierarchical structures, suggesting that even when organizations adopt new structures symbolizing 'power through' or 'power with,' historical antecedents related to hierarchical power structures may still influence organizational relationships and behavior. Without further exploration into the impact of antecedents on power relations, it remains uncertain whether 'power through' and 'power with' genuinely represent alternatives to 'power over.' These approaches might merely serve as disguises for the enduring effects of deeply ingrained power antecedents, reinforcing the 'power over' paradigm (Courpasson, 2000).

Haugaard (1997) contends that antecedents related to power often go unnoticed as power relations become ingrained through everyday behavior and practices, creating a taken-for-granted reality that is seldom questioned. The continuous reinforcement of the leader-follower relationship, both theoretically and practically, has established the superiority of the leader as an unquestionable reality. Despite the widespread adoption of organically and democratically oriented organizational forms and the resulting shifts in power relations in contemporary organizations, investigating the effects of power-related antecedents remains a promising area for future research.

When organizations attempt to empower their staff with leadership skills and responsibilities, questions may arise regarding the validity of such strategies. This scrutiny can lead to questioning the authority of senior managers and those in leadership positions. This tension between theory and practice in contemporary organizations suggests a paradox. Leaders must maintain a differential status to preserve their identity while simultaneously attempting to empower their followers. Neglecting social and organizational antecedents related to power raises questions about the viability of the notion of shared leadership in contemporary organizations. It might be more accurate to consider the normative orientation of the leadership literature as problematic.

Addressing the blurring of the differential identity between leaders and followers prompts further questions about the diminishing need for traditional leadership. While achieving equality and equity in social systems remains an ideal, personal, and charismatic power, among other bases of power, ensures ongoing differentials. This observation underscores the paradox faced by leaders in contemporary organizations. As individuals gain more power in their lives, the traditional leader-follower dualism is challenged, but organizational antecedents and meaning systems still reflect the principles and practices of traditional leadership. This paradox between surface structures (reflecting contemporary organizational forms) and historical antecedents offers rich opportunities for leadership research.

The Shifting Bases of Power

Theoretical approaches responding to changing power dynamics in contemporary organizations fall under the category of dispersed leadership, as categorized by Bryman et al. (1996). Early theories in this domain include ‘super leadership’, ‘real-teams’, Self-Leadership, Leadership as a Process, and Distributed Leadership. These theories signify a decentralization of leadership responsibilities and skills within an organization, moving away from traditional power structures.

These approaches advocate for power-sharing between leaders and followers, challenging the conventional distinction between the leader and the follower. They represent a departure from traditional leadership approaches, focusing on non-traditional orientations. However, critical examination reveals unanswered questions. If power is shared,

- does it lead to confusion regarding leadership roles?
- does it imply that leadership is not confined to extraordinary individuals but can be distributed among many?

The pertinent question in this context is: As power redistributes, how does this impact the leader-follower relationship? Despite promoting power redistribution, these approaches often lack a central analysis of power within their research frameworks. For instance, in super leadership, the emphasis is on empowering followers to lead themselves, but the explicit discussion of shared power is limited. While ethical considerations are acknowledged, the nuanced dynamics of power-sharing are not thoroughly addressed. The challenge remains to explore how the process of leadership unfolds in situations where power is distributed, and how this affects traditional leader-follower relationships.

6.6 The General Dependence Postulate

When one possesses something that others need and control exclusively, they establish a dependency, consequently gaining power over them. Dependency, in this context, operates inversely concerning alternative supply sources. Abundance diminishes the power associated with possession. In scenarios where everyone possesses a quality, such as intelligence among a highly intelligent population, that quality ceases to offer a distinct advantage. Nevertheless, such situations can also confer considerable power. Creating a monopoly over coveted resources fosters dependency. Conversely, expanding one's options lessens the power wielded by others. This explains why organizations often engage multiple suppliers instead of relying on a single source, and why many individuals aspire to financial independence, reducing external influence.

Factors Contributing to Dependency

1. **Importance:** The significance of the resource controlled is pivotal. For dependency to ensue, the controlled resource must be perceived as crucial. In organizational contexts, entities actively seek to mitigate uncertainty. Consequently, those capable of absorbing an organization's uncertainty are deemed possessors of a vital resource. For example, in industrial organizations, marketing departments are consistently rated as the most powerful, as the critical uncertainty faced by these firms revolves around product sales.
2. **Scarcity:** Scarce resources contribute to heightened dependency. If the controlled resource is rare, its scarcity enhances the level of dependency on the possessor. Abundance diminishes the power associated with possession. To induce dependency, a resource must be perceived as scarce. This sheds light on situations where lower-ranking members possessing critical, exclusive knowledge gain power over their higher-ranking counterparts. The possession of a scarce resource, such as vital knowledge, renders the higher-ranking member dependent on the lower-ranking one. This rationale helps make sense of seemingly illogical behaviors by lower-ranking members, like destroying procedure manuals, withholding job training, or maintaining secrecy to create an aura of complexity around their tasks.

3. **Scarcity-Dependency Dynamics:** The scarcity-dependency dynamic is also evident in occupational categories. Occupations with limited personnel relative to demand empower individuals to negotiate more attractive compensation and benefits packages. For instance, in fields where demand exceeds supply, bargaining power is higher compared to occupations with an abundant candidate pool.
4. **Nonsubstitutability:** The degree of power derived from controlling a resource increases with the scarcity of viable substitutes. Nonsubstitutability further amplifies dependency. When the resource cannot be easily replaced or replicated, the dependency on its possessor intensifies.

6.7 Influence Tactics

Robbins et al. (2016) assert that individuals employ diverse strategies to transform their power bases into specific actions, influencing superiors, colleagues, or subordinates. Leaders and employees are frequently interested in identifying what makes one strategy work better than the other. Evidence indicates at least nine distinct influence tactics that can make a strategy outperform the another (Robbins et al., 2017):

1. **Legitimacy:** Relying on one's position of authority or emphasizing that a request aligns with organizational policies or rules. Appeals based on legitimate or positional power, relying on compliance with rules, laws, and regulations. This tactic is not intended to motivate but rather to align individuals behind a specific direction, often used as a last resort. The effectiveness of these tactics can be influenced by factors such as the direction of influence, individual skill, and organizational culture.
2. **Rational persuasion:** Presenting logical arguments and factual evidence to showcase the reasonableness of a request. This tactic employs facts, data, and logical arguments to convince others of a preferred viewpoint. It is the most widely used tactic, with studies showing its positive correlation with work outcomes (Higgins et al., 2003).
3. **Inspirational appeals:** Cultivating emotional commitment by appealing to a target's values, needs, hopes, and aspirations. This tactic seeks to gain support by tapping into values, emotions, and beliefs. Authenticity, personalization, thinking big, and enthusiasm contribute to effective inspirational appeals.
4. **Consultation:** Garnering the target's support by involving them in deciding the approach to achieve a plan. Involves seeking help from others to directly influence or plan to influence another person or group. It is most effective in organizations valuing democratic decision-making.
5. **Exchange:** Rewarding the target with benefits or favors in return for complying with a request. Involves give-and-take, creating a sense of obligation through reciprocation. The rule of reciprocation suggests repaying what has been provided (Cialdini, 2000).
6. **Personal appeals:** Requesting compliance based on friendship or loyalty. Involves helping someone due to liking and friendship. This tactic is most effective with individuals who know and like the influencer.
7. **Ingratiation:** Employing flattery, praise, or amicable behavior before making a request. Aims to make others feel good about themselves through flattery, enhancing its effectiveness when honest, infrequent, and well-intended (Varma et al., 2006).

8. Pressure: Utilizing warnings, repeated demands, and threats. It involves exerting undue influence, often through threats and frequent interactions, and is most effective in crisis situations or when coming from someone with the target's best interests in mind (Yukl et al., 1996).
9. **Coalitions:** Seeking the assistance of other individuals to persuade the target to agree. A group of individuals collaborates to influence others toward a common goal. This tactic leverages peer pressure and unseen allies to build a compelling case.

Direction of Influence

Certain strategies prove more effective than others, with rational persuasion, inspirational appeals, and consultation emerging as particularly potent, especially when the audience is highly invested in decision outcomes. Conversely, pressure tactics often yield unfavorable results and rank as the least effective among the nine identified tactics. To enhance success, employing a combination of tactics simultaneously or sequentially, provided they are compatible, can be advantageous. Combining ingratiation and legitimacy, for instance, can mitigate negative reactions, but this is contingent on the audience's indifference toward the decision outcome or if the policy is routine. A salary hike, for instance, illustrates the practical application of these tactics. Persuasion involves thorough preparation, such as benchmarking pay against peers, obtaining a competing job offer, or presenting objective performance results. Influence tactics' adequacy may depend on the whom it is targeted towards, as rational persuasion stands out as the sole effective tactic across organizational levels. Inspirational appeals find success in downward influence attempts with subordinates, while pressure is typically effective in achieving downward influence. Personal appeals and coalitions prove most effective in lateral influence endeavors. Additionally, factors like the sequencing of tactics, individuals' skill in employing them, and organizational culture contribute to determining the efficacy of influence tactics (Anderson et al., 2008).

Influence strategies employed often depend on the target audience, varying between bosses, peers, and subordinates. Upward influence specifically pertains to the capacity to sway individuals in higher positions, such as one's boss. Techniques for upward influence may involve appealing to higher authorities, aligning with overarching organizational goals, or forming alliances with individuals of higher status. As organizational complexity increases, the necessity for upward influence grows, recognizing the impracticality of a single person at the top making all decisions swiftly. Employees across all levels need the ability to make and influence decisions. Supporting higher-ups in being more effective can empower employees and their units. Conversely, allowing oneself to be influenced by subordinates enhances leadership credibility, facilitating smoother unilateral decisions when necessary. Influence tactics also come into play during the hiring process. Extraverts tend to employ more self-promotion during interviews, and research indicates that they are more likely to use inspirational appeal and ingratiation. Additionally, research demonstrates a positive correlation between ingratiation and perceived organizational fit, influencing recruiters' hiring recommendations (Higgins & Judge, 2004).

Establishing Power in Relationships

To effectively navigate the inherent dependencies within their roles, adept managers employ strategies to create, enhance, or sustain four distinct forms of power over others. This grants managers the ability to influence those whom they rely on and safeguards them from potential harm.

Cultivating a sense of obligation

Successful managers often generate power within their relationships by fostering a sense of obligation in others. When these managers succeed, individuals feel justified in allowing the manager to exert influence within certain boundaries. Skillful managers proactively perform favors for individuals, anticipating reciprocity. This can involve seemingly minor gestures, as illustrated by a subordinate's description of a manager who effortlessly contributes thoughtful acts, creating a significant impact: "Most people here would go to great lengths if my boss asked them to. He excels at doing small things that hold great value for people." Establishing true friendships and entering into formal or informal agreements further reinforces these feelings of obligation.

Trust in managerial expertise

Another avenue through which successful managers acquire power is by cultivating a reputation as an expert in specific domains. Building confidence in the manager's expertise leads others to defer to their judgment in related matters. Managers typically establish this form of power through visible accomplishments, with greater achievements carrying more substantial influence. Concerns about professional reputation and track records are rooted in their impact on others' perceptions of expertise. In large organizational settings, where individuals often have limited firsthand information about others' competence, the significance of professional reputation becomes pronounced.

Managerial influence through identification

Another strategy employed by managers to acquire power is the cultivation of others' subconscious identification with either themselves or the principles they embody. This phenomenon, initially described by Sigmund Freud, is most evident in the admiration people hold for charismatic leaders. The extent to which an individual consciously and, more crucially, unconsciously perceives a manager as an ideal figure correlates with their willingness to defer to that manager.

Managers establish power through others' idealized perceptions in various ways. They consciously adopt behaviors and appearances that command respect. They proactively engage with their employees, delivering speeches that articulate organizational goals, values, and ideals. Furthermore, when making decisions related to hiring or promotions, managers often consider the potential for developing this form of power over candidates:

Shaping perceptions of resources

Another approach employed by effective managers to attain such power involves influencing others' perceptions of the manager's resources. In situations characterized by many individuals and limited continuous interaction between the manager and those on whom they depend, people often lack concrete information about the manager's direct or indirect control over relevant resources, future resource allocation, and the manager's readiness to employ those resources for assistance or hindrance. Consequently, individuals must form their own judgments.

Managers can wield more power than their actual resource reality might suggest by skillfully influencing these judgments. To achieve this, managers devote significant attention to the outward symbols of power, their personal reputations, and the images they project. This may involve meticulous choices in decorating and organizing their offices to convey signs of authority. Managers may strategically align themselves with powerful individuals or organizations and selectively encourage rumors about their own influence. Those adept at generating power through these means are often highly attuned to the potential impact of all their actions on others' perceptions.

Effective Generation and Utilization of Power

Kotter (1977) outlined that managers who excel in attaining and leveraging substantial power, thereby managing their dependence on others, typically share several key attributes:

- They possess an acute awareness of what others perceive as legitimate behavior in acquiring and wielding power. Acknowledging that each type of power comes with specific obligations regarding its acquisition and utilization, they understand the consequences of deviating from expected norms. For instance, an individual relying on perceived expertise is expected to genuinely excel in the relevant areas, as any revealed shortcomings may lead to a loss of power and other repercussions.
- They exhibit an intuitive understanding of various power types and influence methods, recognizing which types of power are most effective with different individuals. Sensing the specific conditions in a given situation, they adeptly select influence methods that align with those circumstances.
- They develop all types of power to some extent and utilize a range of influence methods. Unlike less effective managers who may consider only specific methods useful or moral, effective managers appreciate the situational appropriateness of various methods, understanding their potential contributions to organizational effectiveness and the associated risks.
- They establish career goals aligned with acquiring and using power effectively, seeking managerial roles that leverage their backgrounds and skills to address critical organizational challenges. Success in such roles enhances their perceived expertise and dependency of others.
- They leverage all available resources, formal authority, and existing power to further augment their influence. Similar to financial investments, they seek opportunities to invest their power strategically, aiming for a high positive return. While recognizing inherent risks, they assess them prudently, much like when investing capital.

- Effective managers exercise power-oriented behavior with maturity and self-control, avoiding impulsive or self-serving power utilization. Their approach is calculated, considering the potential impact on others and the organization.
- They acknowledge and accept that, through their power-oriented actions, they influence the behavior and lives of others. Unlike less effective managers, they are comfortable leveraging power as an integral and necessary aspect of successfully fulfilling their demanding managerial responsibilities.

In 2023, the landscape of power and influence necessitates ten vital functions of an effective leader (Center for Creative Leadership, 2023) that can also be used as strategies for leveraging power:

1. Prioritize relationships by investing time and energy, and repair damaged relationships to build **social capital**.
2. Avoid overplaying personal agendas to prevent being perceived as self-serving.
3. Expand communication networks to access unique information sources.
4. Share information generously, while maintaining integrity and avoiding the hoarding of information.
5. Maximize the use of their formal leadership position and communicate their authority subtly.
6. Develop their unique charisma by making small changes while staying authentic.
7. Emphasize expertise through credentials, relevant experience, and effective communication of your skills.
8. Tailor rewards to individual preferences, considering non-monetary incentives.
9. Provide positive feedback consistently and enforce standards while offering support.
10. Empower others by teaching them how to use the power available to them.

Social capital involves the worth of social networks, creating connections among like-minded individuals (bonding) and establishing links between diverse individuals (bridging), all within a framework of reciprocal norms.

Wilson (2018) highlights that social power dynamics often involve both parties acting within their usual behaviors. In other words, power is exercised not only via leader-follower relationship, but also through "micro-techniques of power" (Wilson, 2018, p. 335) exercised by managers like bureaucracy, surveillance, and employee appraisal system. Bureaucratic rule systems transition into disciplinary methods, wherein power infiltrates daily organizational life. Similarly, surveillance, encompassing personal, technological, bureaucratic, and legal aspects, aims to tightly regulate employee behavior and attitudes. Discipline serves as both a corrective mechanism and a knowledge system.

From a managerial perspective, this implies that managers possess the entitlement to manage; they hold the authority and prerogative to exert control. Managers possess a fundamental entitlement to manage, known as the managerial prerogative, which defines their rights and is strongly defended. Justification for this prerogative arises from managers' control over capital assets, backed by legal frameworks, implying they should have autonomy in decision-making. Legitimizing their authority helps managers secure voluntary compliance with their directives. From a worker perspective, workplace resistance focuses on power through resistance, especially within lower hierarchical levels.

SUMMARY

Leadership, a pervasive phenomenon in various domains, involves a goal-influence process connecting leaders and followers toward shared objectives. The emphasis on leaders in research has led to a substantial focus on leader traits, skills, and behaviors, with attention to the traits a leader possesses. Leadership theories have traditionally concentrated on successful leaders' qualities for selection and training, but there is a growing interest in followership and situational factors influencing leadership.

Trait theory, rooted in the Great Man theory, differentiates leaders from non-leaders based on personal attributes. The Big Five traits, particularly extroversion, conscientiousness, and openness, are linked to leadership emergence, with extroversion being the most predictive trait. Possessing the right traits and being perceived as a leader does not guarantee success in achieving group goals. Behavioral theories of leadership emerged in response to the limitations of early trait studies, questioning whether effective leaders exhibited unique behaviors. Behavioral leadership theory highlights the importance of leadership as a trainable skill and the need for flexibility in adopting distinctive styles based on contextual factors and team needs.

Contingency theories of leadership emphasize the impact of situational factors on organizational dynamics. These theories explore the relationship between leadership behaviors (task-oriented and relationship-oriented) and situational variables (such as task structure, role interdependence, and organizational culture) to understand leadership effectiveness. Leader-Member Exchange (LMX) theory focuses on the dynamic interactions between leaders and followers, highlighting the importance of the dyadic relationship. In contrast to earlier leadership theories, LMX theory emphasizes leaders cultivating high-quality relationships with specific team members, characterized by trust, affect, and respect.

The bases of power are categorized into formal (coercive, reward, legitimate) and personal (expert, referent) sources. Additionally, there are distinct strategies individuals use to transform their power into specific actions. These tactics range from legitimacy and rational persuasion to inspirational appeals, consultation, exchange, personal appeals, ingratiation, pressure, and coalitions. The effectiveness of these tactics depends on factors such as organizational culture, individual skills, and the specific direction of influence, as is witnessed in Emelia’s case. Effec-

tive leaders engage in efficient generation and utilization of power, and emphasize relationship-building, communication, expertise, and empowerment.

UNIT 7

CONFLICT

STUDY GOALS

On completion of this unit, you will be able to ...

- identify the sources of conflict at work.
- elucidate the difference between functional or dysfunctional approaches to conflict.
- analyze the process of conflict development and resolution.
- explain negotiation and its approaches.

7. CONFLICT

Case Study

Alisa recently joined a task force aimed at fostering collaboration and innovation within a large organization. The task force comprises diverse individuals with different professional backgrounds, experiences, and perspectives. Alisa's interest in the committee's mission is admittedly low, as her primary goal was to meet new people and network. However, as she began to actively participate, she found herself engaged in discussions and contributing ideas to achieve the task force's objectives.

During a crucial meeting, the task force faced a decision point where recommendations needed to be made to advance a new initiative. Alisa proposed a novel idea that, in her view, had the potential to significantly impact the organization positively. However, a fellow task force member strongly opposed her suggestion, stating that Alina was new to the group, and advocated for an alternative approach. This marked the onset of a conflict in which both of them held firmly to their positions. As the conflict unfolded, Alina found herself increasingly convinced that her recommendation was not only innovative but also more practical and aligned with the task force's objectives. Despite her initial disinterest in the task force's mission, her commitment to contributing valuable ideas became evident, and she firmly believed that her suggestion could lead to better outcomes. While the opposing task force member adopted a forcing style in the conflict resolution process and appeared unyielding in considering alternative solutions, Alina used a straightforward and assertive approach, emphasizing her own concerns and objectives over those of others.

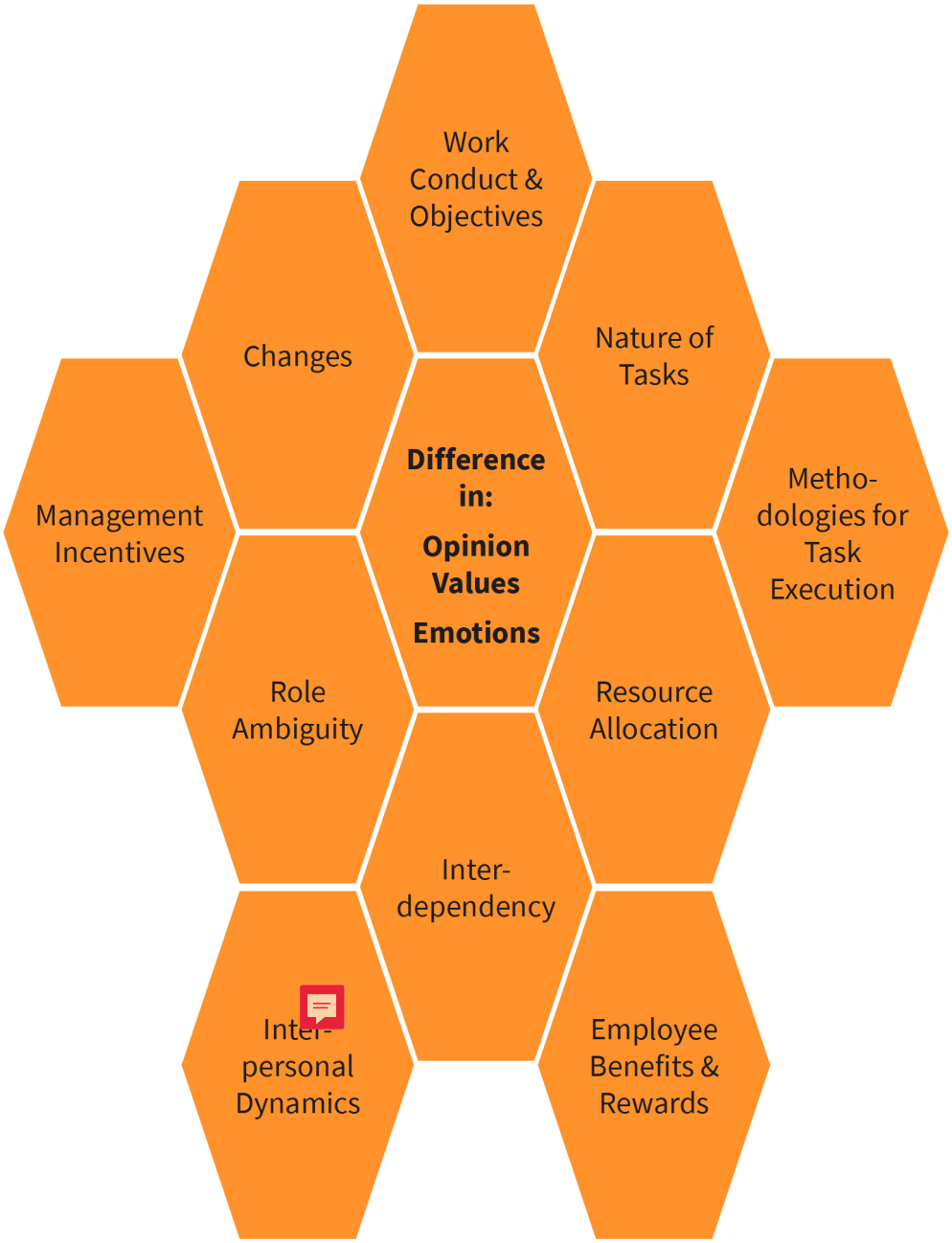
The conflict presented an opportunity for the task force to refine its decision-making process. By acknowledging the concerns raised by the opposing party, instead of allowing the conflict to escalate, the task force could transform this conflict into a catalyst for innovation, ensuring that the final decision reflects the collective wisdom of its diverse members.

7.1 The Conflict Process

Conflict serves as an inherent and essential factor influencing various facets of existence. In organizational settings, conflicts may arise among individuals, groups, and departments. Conflicts at work revolve around differences in opinions, values, and emotions (Buchanan & Huczynski, 2016). Lussier and Achua (2016) note that conflict can ensue when the **psychological contract** breaks down, for example when (i) people neglect clearly communicating their expectations and inquire about the expectations of the other parties involved; and (ii) people mistakenly assume that the other party shares the same expectations as them.

Psychological contract
A psychological contract is a reciprocal relationship based on mutual expectations, understandings, and perceptions between an employer and an employee.

Figure 17: Conflict Manifestations at Work



Source: Mukherjee, Tusharika (2024) based on Buchanan & Huczynski (2016).

Furnham (2005, p. 520) states, “the role of conflict between specialists, functional groups or teams within any organization can have a serious long-term effect on both morale and productivity. Many senior managers spend considerable amounts of time and effort attempting to reduce conflict, prejudice and destructive competition, while increasing cooperation”. Since conflict is a pervasive element in the daily operations of organizations,

it impacts all individuals engaged. The manner in which conflicts are handled significantly influences overall performance, thus making it pivotal for all other organizational processes (Lussier & Achua, 2016).

With the growing emphasis on teamwork, the importance of conflict resolution skills is on the rise. Managers, who dedicate approximately a quarter of their time to conflict resolution, underscore the significance of this ability. Consequently, one's capability to address conflicts directly correlates with their success in leadership.

Conflict – Concept Clarification

Conflict can manifest at various levels, including between individuals, among groups, and between institutions. Mortensen (1974, p. 93) defined conflict as "an expressed struggle over incompatible interests in the distribution of limited resources". According to Folger et al. (2005, p. 4), "conflict is the interaction of interdependent people who perceive incompatibility and the possibility of interference from others as a result of this incompatibility". Robbins et al. (2017, p. 398) define conflict as, "a process that begins when one party perceives that another party has negatively affected, or is about to negatively affect, something that the first party cares about". Himes (2008) refers to conflict as any scenario where there are opposing goals, thoughts, or emotions either among individuals or groups, resulting in antagonistic interactions. The definition identifies three fundamental forms of conflict:

1. **Goal conflict:** This occurs when desired end states or preferred outcomes seem incongruous.
2. **Cognitive conflict**: This occurs when an incongruence exists between ideas or thoughts.
3. **Affective conflict**: This arises when feelings or emotions are incompatible, leading individuals to become dissatisfied and disapproving of each other.

In the context of opposing parties involved in a conflicting scenario, Furnham (2005) identifies several situations that lead to conflict:

- Groups perceive mutually exclusive goals or values.
- Interaction involves behavior aimed at defeating, reducing, or suppressing the adversary, or achieving a shared goal.
- Groups interact by taking actions that are often opposed by the actions of other groups, leading to a cycle of counteractions.
- Each group seeks to establish a relatively favorable position with the other.
- Conflicts have persisted, and their impact has been long-lasting.

Diverse perspectives and numerous definitions of conflict exist, showcasing diverse interpretations of the term and the nature of conflict (Furnham, 2005). However, most definitions share common themes. First and foremost, conflict is contingent on the perception of the involved parties; its existence is a matter of perception (Robbins et al., 2017). If people are not aware of a conflict, it is usually considered that there is no conflict. Moreover, the definitions of conflict commonly involve two things: (1) opposition or disagreement and (2) some sort of interaction, which creates the circumstances that lead to the begin-

ning of the conflict. Robbins et al. (2017) distinguish between two major approaches to understanding conflict – the conventional-reductionist and the interactionist approach. Conventionally, conflict has been viewed as a detrimental outcome stemming from ineffective communication, distrust, and managerial inability to meet employees' needs. It has been linked with negative actions like violence, disruption, subjugation, and lack of rational thinking. However, this perception oversimplifies the issue, and it is now recognized that not all conflict is necessarily detrimental. In fact, by identifying and addressing the root causes of conflicts, group and organizational performance can be enhanced. Even though research studies have challenged this outdated perspective, many still rely on it to evaluate conflicts.

The interactionist view of conflict is different from the traditional view, as it believes that a group that is completely harmonious and cooperative can become unproductive. This occurs due to a lack of progress and slow uptake of creative or innovative ideas. Therefore, it encourages group leaders to maintain a minimum level of ongoing conflict to keep the group dynamic, self-critical, and inventive. However, not all conflicts are good, and the interactionist view differentiates between functional conflicts that support group goals and improve performance, and dysfunctional conflicts that hinder group performance and are damaging. The criteria to differentiate between functional and dysfunctional conflicts depend on where they originate and their nature. Furnham (2005) adds that conflict should not only be allowed but also promoted, as a peaceful and collaborative group runs the risk of becoming lethargic, indifferent, and unresponsive to new ideas.

Functional versus Dysfunctional Conflict

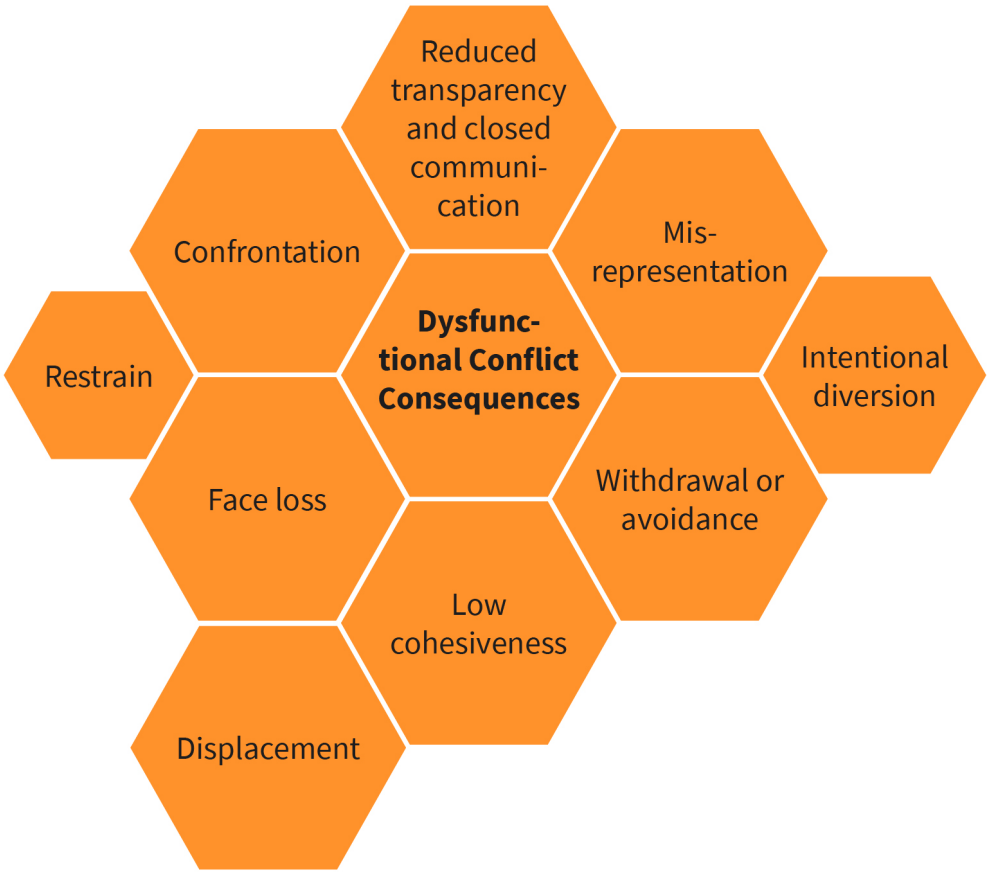
Distinguishing between the functional and dysfunctional conflict is crucial but not always precise. The way we differentiate between functional and dysfunctional conflict is based on the outcome it produces. If the conflict helps in achieving the goal(s) successfully, then it can be considered functional. Otherwise, it is considered dysfunctional. However, determining a priori whether a conflict will be beneficial is challenging. Lussier and Achua (2016) add that negative or dysfunctional conflict occurs when conflict hinders the attainment of organizational objectives. On the contrary, conflict is not only unavoidable but can also be beneficial. Functional conflict arises when disagreement and opposition contribute to change and the accomplishment of organizational goals. However, they argue that “the real question today is not whether conflict is dysfunctional or functional, but how to manage conflict to benefit the organization” (2016, p. 201). Buchanan and Huczynski (2016) identify several benefits of functional conflicts, which include

- providing motivational energy to address underlying problems.
- cultivating a sense of urgency.
- clarifying employees' comprehension of actual goals and interests.
- explicitly bringing underlying issues to the forefront.
- improving mutual understanding among distinct employee groups.
- deterring involvement in avoidance behaviors.
- forestalling premature and potentially hazardous resolution attempts.

Conflict has the potential to enhance group performance, not through open or violent aggression, but by contributing to low or moderate levels of conflict that could improve group effectiveness. When people constructively engage in conflict, it can lead to optimal decisions, higher learning and generation of novel ideas, increased interest and curiosity among group members, and can provide a way to air out problems and release tension. Additionally, it can create an environment where people are more likely to evaluate themselves and make positive changes (Furnham, 2005).

From the organizational behavior standpoint, as Furnham (2005) suggests, dysfunctional conflict can lead to a disturbance in the group's balance arising from various actions and reactions leading to communication obstacles and distortions, subsequently resulting in sustaining the conflict. Some of these behaviors tend to be more destructive than the conflict itself are listed below.

Figure 18: 9 Behavioral Consequences of Dysfunctional Conflict in Organization



Source: Tusharika Mukherjee (2024)

1. **Reduced transparency and closed communication:** A group member suggests having the solution to a group problem, but withholds the information. This may lead employees to incorrectly believe that crucial information affecting them is being concealed.
2. **Misrepresentation:** This refers to the act of intentionally altering facts to uphold a particular stance within a group. This can take various forms, including white lies, partial truths, and outright lies.
3. **Reduced cohesiveness:** Breaking into subgroups instead of resolving the conflict as a united group, providing different groups with varying information to prevent anyone from having a complete picture.
4. **Face loss:** Face loss can manifest through either verbal or physical aggression towards others, often as a means of maintaining group dynamics. Additionally, individuals may engage in self-deprecating behavior to gain sympathy or avoid opposition, which can be seen in the nicknames and labels used by groups to refer to themselves and others.
5. **Direct confrontation:** Verbal and economic win–lose conflicts that are challenging to resolve.
6. **Withdrawal or avoidance:** Running away or actual departure from the group, often manifested as sulking behavior and withdrawal.
7. **Intentional diversion by creating commotion:** Speaking merely to be heard rather than contributing meaningful content, filling silences without substance.
8. **Restrain:** Demanding logic and rationality instead of expressing emotional blockages, even though much of the blockage may be emotional.
9. **Displacement:** Shifting focus from one topic or person to another.

These tactics have numerous variations, and individuals tend to use the ones that have proven effective for them. Consequently, a person who has successfully employed the confrontational response in the past is likely to continue using it. These behaviors can be both an antecedent or outcome of a conflict.

Variances in conflict resolution approaches can be attributed to individual tendencies that may be deeply integrated into social contexts. Robbins et al. (2017) observe that while some prefer autonomy, others may prioritize relationship preservation (face-saving of opponents, particularly if they are superior in a hierarchy) and the well-being of the entire group. While some refrain from directly expressing conflicts and prefer indirect approaches to resolve differences in opinions. Similarly, Rahim and Katz (2020) note that the workplace utilization of conflict-management strategies is influenced by the gender of workers and evolves over time according to the generational category of the worker.

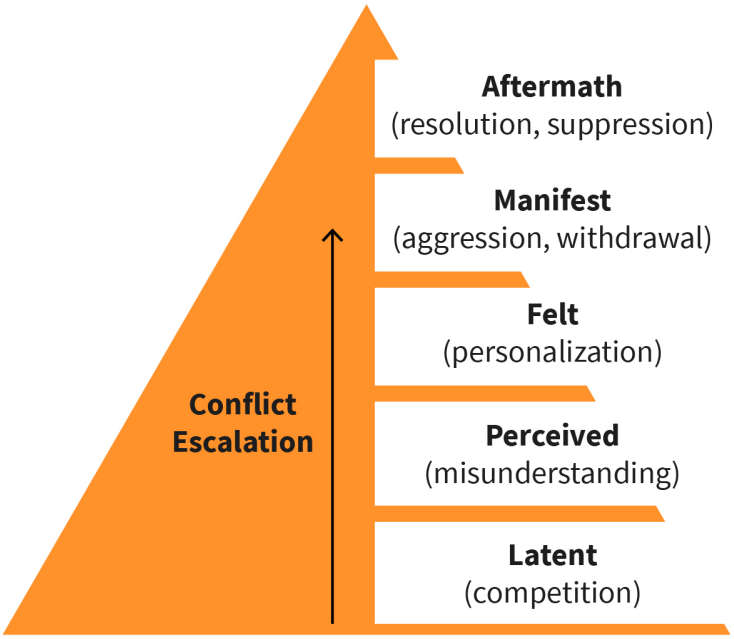
Conflict escalation

In addition to the approaches to understanding conflict, there are various forms in which conflicts manifest and display a consistent pattern of escalation (Robbins et al., 2017).

- **Latent conflict** occurs when conditions for conflict exist, such as competition for resources or divergent goals.
- **Perceived conflict** arises when group members intellectually recognize the existence of conflict, often due to misunderstandings.

- **Felt conflict** occurs when parties experience aggression or anxiety, personalizing the conflict.
- **Manifest conflict** involves observable behavior that frustrates another's goal pursuit, like open aggression or withdrawal of support.
- **Conflict aftermath** describes the resulting relationship between parties after conflict resolution or suppression.

Figure 19: Conflict Escalation Pattern



Source: Tusharika Mukherjee (2024).

Friedrich Glasl's model (1982), outlines nine distinct stages of conflict escalation. According to Glasl, it is crucial to address conflicts at an early stage or prevent them from reaching advanced levels by conceding before entrenchment occurs. This model gained attention for its non-linear escalation pattern. It unfolds in a step-by-step manner, with each stage showing a diminishing capacity for self-control. The initial stage, termed "Hardening," stems from typical tensions in daily life, indicating the possibility of conflict as viewpoints become entrenched. The following stages include debate, a shift to actions over words, formation of coalitions, loss of face, utilization of threat strategies, limited destruction strikes, fragmentation, and culminating in the extreme stage “Together into the Abyss" (Glasl, 2022) where both parties pursue victory at such a cost that self-destruction becomes inevitable, abandoning self-control and rationality.

The model is structured into three primary phases, providing various solutions and opportunities for damage control. Within each phase, there are three escalating levels. In the initial stage, conflict parties can still resolve issues on a factual level, fostering the potential for a win-win situation. However, by the second stage, a win-win scenario is no longer possible, and one party experiences a loss. The conflict has escalated to a point where the factual level is unreachable, yet some degree of self-control remains, preserving moral

considerations. In the third phase, self-control becomes highly limited, typically marked by severe ruptures and injuries. At this stage, these rifts are often irreparable, leading to losses for both conflicting parties—a lose-lose situation. The nine stages delineate a smooth transition between the three primary phases.

Conflict Process

The process of conflict has been described by varied theorists and scholars in diverse forms. Thomas (1976), for instance, argues that conflict originates with an individual or group perceiving frustration due to a disagreement. This is followed by the stage of conceptualization where the opposing parties recognize that incongruence exists and requires a solution. As the conflict escalates, it turns into an action ranging from confrontation to accommodation. At the final stage, the conflicting parties reach an outcome. Whether the outcome leads to satisfaction (complete or partial) or discontent, it can be the source of another episode of conflict (Westmaas, 2022).

Similarly, Furnham (2005) and Robbins et al. (2017) enumerate four vital stages in the conflict process:

Stage I: Emerging disagreement or incompatibilities

The initial phase in a conflict involves the emergence of a conflict context, which is a combination of events, ideas, or actions that elicit disagreements and incongruence between the concerned parties. While a conflict context is necessary, they are not sufficient on their own to guarantee conflict. Whether the opposing parties have had a history of conflict largely influences their future interactions. However, factors like communication styles, organizational culture, personal values, resource allocation, threats of redundancy, and takeover possibilities, have a significant influence on the emerging opposition. Some of these factors are briefly explained here:

- **Communication style:** Semantic difficulties, misunderstandings, and noise in communication channels can create various issues that can lead to conflicts. If objectives, goals, values, and ideologies are not communicated accurately, it can create differences that cause conflicts. Evidence suggests that poor communication hinders collaboration and contributes to misunderstandings, both of which can lead to inter and intra-organizational conflicts. Therefore, it is essential to prioritize effective communication to prevent any breakdown of communication and avoid misunderstandings and conflicts.
- **Organizational structure and culture**: Interrelationships within the organization are defined by its structure and culture. For instance, the size of the company, how specialized its units are, whether the actions are standardized, what is the level of diversity between its members, and how much they are dependent. Changes in leadership styles or organizational space and specialization can stimulate conflicts. Larger and more specialized groups are more likely to experience conflicts. Democratic decision-making may also trigger conflicts when leaders depend excessively on members' participation and expression of differences. Reward systems that benefit one member at the expense of another can lead to conflict. If groups are codependent, or in cases where one group's growth leads to the other group's disadvantage, it triggers rivalry and competition leading to conflict.

- **Personal attributes**: Evidence suggests that certain personal dispositions, such as individuals who are highly dictatorial, conservative, or have low self-belief, can serve as a precursor to conflict emergence. Additionally, conflicts may arise between individuals with differing value systems, such as those valuing equality over equity in reward distribution. It's essential to distinguish between individual conflict and group conflict, recognizing that while some individuals may be inclined to promote harmony or discord based on personality or ideological factors, individual conflict differs significantly from group conflict.

Stage II: Cognizance and internalization

If the emanating incompatibilities result in dissatisfaction, the probability of confrontation comes to fruition in the subsequent phase. While conflict emerges when conflicting entities become aware of it, however, perceiving a conflict is not equivalent to personalizing it. Individuals in some conflict contexts can be cognizant of a disagreement with a coworker without experiencing tension, anxiety, or an impact on their work behavior toward the coworker. Conflict becomes significant at the point where it is felt, involving emotional engagement and the experience of restlessness, uncertainty, and antipathy. Conflict manifestation lies in this emotional involvement, making conflict readily identifiable when it is linked to heightened emotionality.

Stage III: Response

As a response to conflict awareness, individuals take actions that thwart the objectives of the opposing entity. The response is intentional, indicating a deliberate effort to undermine another. Conflict becomes overt and observable, manifesting across a spectrum of behaviors, from subtle and indirect interference to direct, aggressive, violent, and uncontrolled struggles. Conflict behavior may persist for an extended period in small proportions or rapidly (sometimes abruptly) intensify.

This phase is also marked by selecting a conflict management behavior. For overt conflicts, parties usually develop methods for addressing the conflict to prevent further escalation. The conflict-handling behaviors initiated at this stage are used specifically when the conflict becomes discernible, and rarely used to safeguard the emergence of the conflict.

Thomas and Kilman (1974) introduced five conflict-handling modes based on two behavioral components. The two dimensions are as follows:

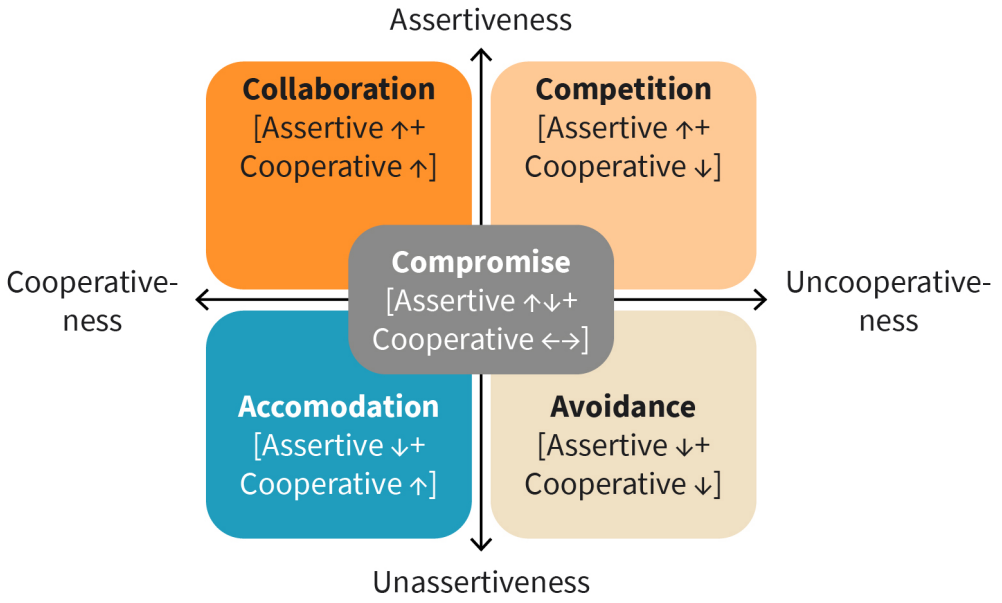
1. Cooperativeness (the primary agenda is to address other's concerns)
2. Assertiveness (the primary agenda is to satisfy their own needs)

Concern for others versus concern for self gives rise to the five conflict-handling orientations (Furnham, 2005):

1. Competition
2. Collaboration
3. Avoidance

4. Accommodation
5. Compromise

Figure 20: Conflict-Handling Modes Based on Cooperativeness Versus Assertiveness Approaches



Source: Tusharika Mukherjee (2023) based on Thomas and Kilman (1974).

Competition: In the context of conflict, one party engages in competition to reach specified targets, without considering the consequences of actions on the others involved. When opposing parties utilize their power bases to secure a victory in their favor, success depends upon the dictates of an entity recognized by the involved parties as the superior or dominant force. This approach may be highly contentious and endure for extended periods, though it can be costly for organizations, leading them to explore alternative actions such as acquiring their opponents.

Collaboration: Contexts where everyone involved in a conflict genuinely aims to sincerely address each other's concerns, cooperate, and seek a mutually beneficial resolution. The parties focus on problem-solving and clarifying incongruencies rather than merely synthesizing arguments of all entities. Participants typically explore a full range of alternatives, bringing both similarities and differences into sharper focus, and presenting the incongruencies in a more discernible way. Collaboration is perceived as a win–win approach to conflict resolution. However, there may be differential opinions.

Avoidance: Avoidance in a conflict entails one party recognizing the presence of the conflict but opting to handle it by either withdrawing or repressing it. This approach leads to a state of indifference or a tendency to avoid open expressions of disagreement. Parties involved might opt for physical separation, delineating distinct territories. If withdrawal isn't a viable or preferred option, parties may choose to deny the existence of their differences. When group members are compelled to interact due to task interdependence, sup-

pression is more probable than withdrawal. In certain instances, companies may decide to split as a strategy to steer clear of conflict. Hearn (2017) asserts that the adverse consequences of avoiding conflict often include high employee turnover, a dysfunctional work environment, strained communication, decreased productivity, and compromised teamwork. Additionally, your company's reputation may suffer, making it more challenging to attract top performers in the future.

Accommodation: Accommodation involves one party's willingness to prioritize the interests of their opponents over their own, aiming to appease them and maintain the relationship. Accommodating can manifest as acts of unselfish generosity or charity, complying with someone's directive even if you'd rather not, or conceding to another person's perspective (Thomas & Kilman, 2008). This self-sacrificing or accommodating behavior should not be viewed as a sign of weakness and requires careful interpretation.

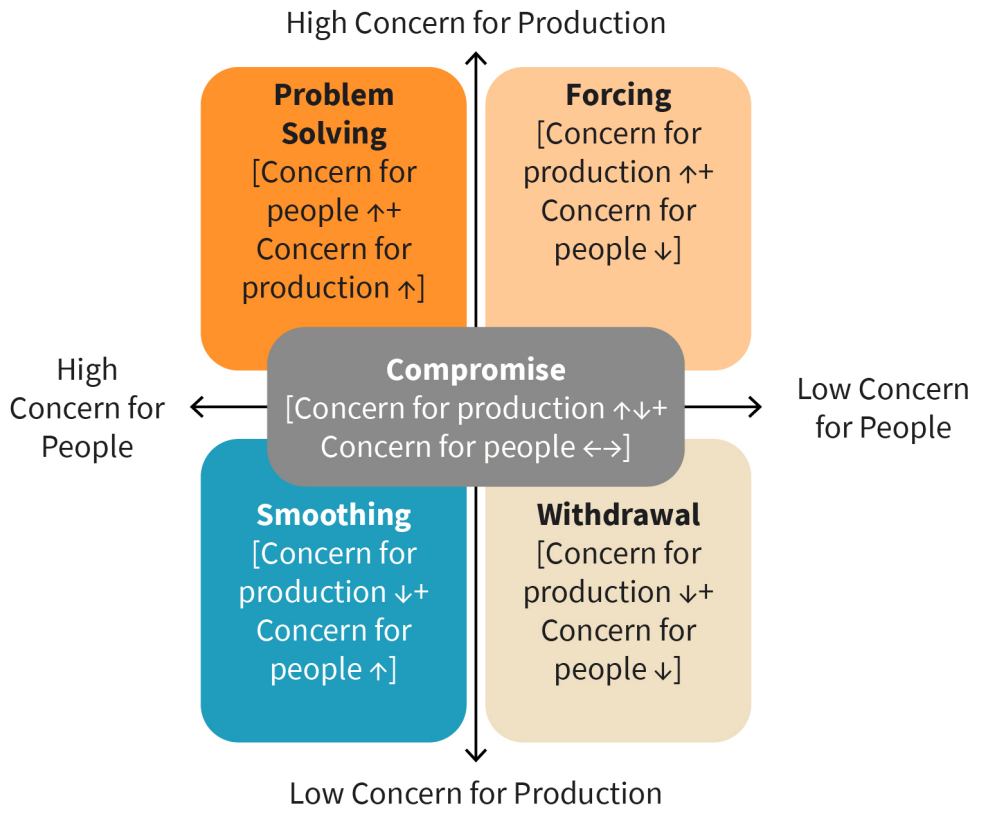
Compromise: Compromise occurs when conflicting parties make concessions, leading to a situation where there is no clear winner or loser. This may involve dividing the object of the conflict, or if it's indivisible, one party compensates the other by offering something of equivalent value. Compromise is frequently essential in negotiations to achieve a settlement and establish terms, as seen in scenarios like labor contract discussions.

Similarly, the dual concern model (more details later in this section) proposes that conflict response is influenced by a manager's level of (i) concern for production and (ii) concern for people.

By intersecting the two components, five distinct approaches to handling conflict emerge:

1. Withdrawal
2. Smoothing
3. Forcing
4. Problem-solving
5. Compromising

Figure 21: Conflict-Handling Approaches Based on Concern for Production Versus Concern for People.



Source: Tusharika Mukherjee (2023) based on Cai & Fink (2002).

Stage IV: Outcomes

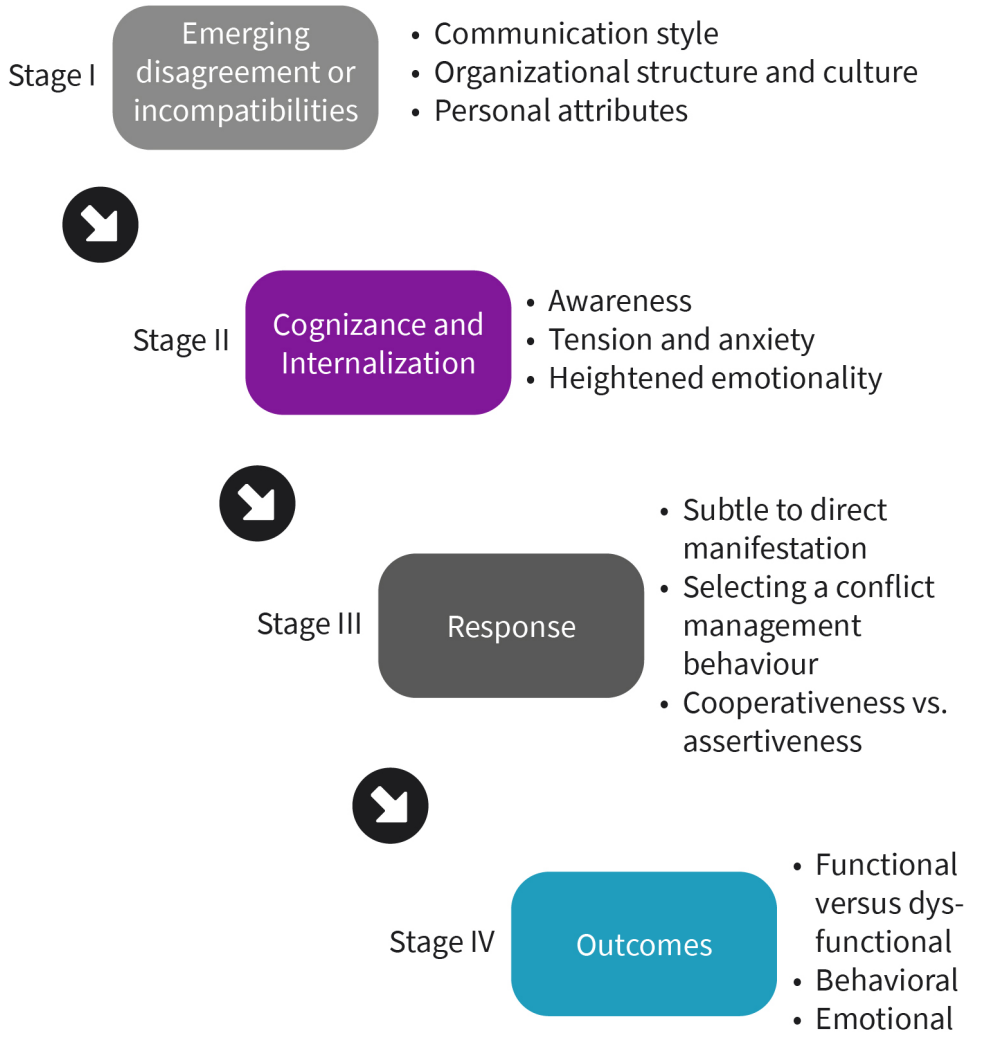
Observable conflict behavior and efforts to handle conflict effectively yield specific consequences. These consequences can be functional, leading to an enhancement in the group's performance, or dysfunctional, hindering group performance. When appropriately handled, fair levels of conflict prove advantageous for the organization. Moderate conflict, when functional, is likely to bring about the following benefits:

- identification of talented individuals by creating opportunities for conflicting individuals to put forward their perspectives
- satisfaction of specific individuals' needs by voicing the requirements of each parties
- innovation and change to address problems by producing ideas that might be orthogonal
- alleviation of boredom by introducing novel opinion and challenging the status quo
- discovery of new perspectives on issues by opposing set patterns and thoughts
- restoration of harmonious relations as communication resumes

Excessive or intense conflict (dysfunctional), however, is detrimental to the conflicting parties due to the following consequences:

- substantial waste of resources
- demonstrations of self-interest when people become more competitive
- emotional and physical harm to individuals as parties can target each other and initiate conversations beyond the task at hand
- diversion of efforts away from production goals especially when the focus is on winning the argument rather than finding a solution
- high financial and emotional costs (often resulting in fragmented teams or damaged interpersonal relations)
- excessive fatigue for individuals and groups (physical and mental exhaustion)

Figure 22: Stages in Conflict Process



Source: Tusharika Mukherjee (2024).

Given the dynamic and nonlinear nature of conflicts, the four-stage model may not sufficiently explain the conflict process in many contexts. For example, Aquino et al. (2019) contend that conflict is moderated and mediated by external and internal factors, including temporal variability. Moreover, the model might overlook cultural subtleties that influ-

ence approaches to conflict emergence, escalation, and resolution. Factors like power dynamics create power imbalances during conflicts, impacting the efficacy of the stages. Coleman and Marcus (2006, p. 877) point out "The cross-cultural universality of the linkage between such values and constructive conflict resolution is different from the culturally specific usefulness of certain prescribed processes (such as recommendations to "separate the people from the problem," to openly express one's needs, or to take an analytical approach to understanding the issues); these are likely to vary considerably across cultures, gender, class, and so on".

Conflict and decision-making in workgroups

Evidence suggests that conflict enhances the quality of decisions by considering opposing arguments and needs, including the ones that are unexpected or put forward by underrepresented groups. Conflict serves as a check on **groupthink**, preventing the group from unquestioningly endorsing decisions based on conformity. Conflict serves as a check against the status quo by encouraging members to come up with unique and novel ideas, reevaluate the group needs and processes, and an increased responsiveness to change. However, uncontrolled opposition leads to discontent, dissolves sharing, and can lead up to the group dismantling. In extreme cases, continued or intense opposition can stall group progress and risk group termination.

Groupthink
is a way of thinking in which individuals in cohesive groups are inclined to adopt a perspective based on consensus.

Many studies demonstrating the process and consequences of conflict have also emphasized the behavioral and emotional impact of conflicts. In a 2015 study conducted by the Chartered Institute of Personnel and Development (CIPD) regarding interpersonal conflict within organizations, the emphasis was on one-on-one conflicts stemming from interpersonal mismatches. Based on responses from 2,195 participants, the findings indicated that 34% experienced isolated disputes or ongoing challenging relationships, especially with line managers, team colleagues, or work associates. Key factors contributing to these conflicts included disparities in personality, working styles, individual competence, and the level of support or resources provided. Negative conflict behaviors, such as lack of respect, bullying, intimidation, and refusal to cooperate, were prevalent. The survey underscored that these conflicts resulted in a rise in employee stress (43%) and a decline in motivation and commitment (39%). Similarly, Gilin Oore et al. (2015, p. 302) suggest that successfully navigating the complexities of conflict relies on four overarching individual factors: "cognitive flexibility", maintaining a "balance between self and other focus", "emotional regulation", and aligning the person and their conflict approach with the context.Akin to behavioral consequences, any conflict is accompanied by a range of emotions, whether heightened or well-managed. In this regard, Bell and Song (2005) proposed the "typology of discreet conflict-relevant emotion constructs" (2005, p. 30) in which they posit that emotions in a conflict can be categorized based on two dimensions:

I. Self-concern versus other-concern
II. The motivation to approach or withdraw from the other party or conflict

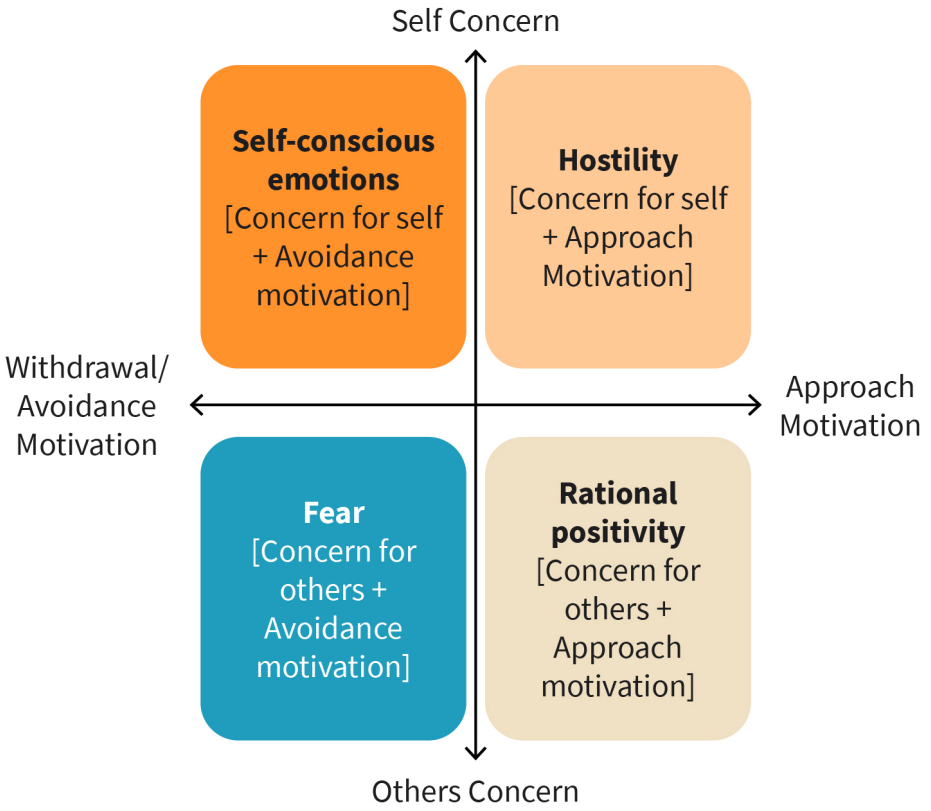
This classification leads to four emotion constructs:

1. Hostility (approach focused on self)
2. Self-conscious emotions (avoidance focused on self)

3. relational positivity (approach focused on others)
4. Fear (avoidance focused on others)

Cognitive antecedents, such as self- and other-blame, as well as self- and other-concern, also influence emotions and the choice of conflict resolution strategy.

Figure 23: Typology of Conflict-Relevant Emotions



Source: Tusharika Mukherjee (2024) based on Bell and Song (2005).

Models of conflict management and communication

Conflict management refers to "the understanding of conflict as a whole, its triggers, the conflict cycle, and the CMSs [conflict management styles] and behaviors, and the main objective of conflict management is not to eliminate conflict, but to find different ways to manage it properly by controlling the dysfunctional elements of the conflict while facilitating its productive aspects" (Caputo et al., 2018). Four models are extensively used in the study of communication and conflict:

1. Integrative and distributive negotiation
2. Mediation competency
3. The intergroup conflict model
4. The dual concern model

The integrative and distributive negotiation model is derived from Walton and McKersie's (1965) collective bargaining research. Distributive negotiation focuses on fixed-sum win-lose conflicts, emphasizing tactics like withholding information. In contrast, integrative negotiation views bargaining as variable-sum, encouraging win-win scenarios through strategies like information sharing and problem-solving. This foundational approach influenced communication studies in various conflict contexts, revealing the multifaceted roles of communication strategies and tactics. Researchers highlighted the complexity and interchangeability of these roles, leading to an examination of pre-negotiation plans and their modifications during negotiations (Putnam, 2006).

The mediation competency model proposes that mediation involving a third-party aiding disputant without making decisions, is a unique conflict resolution tactic. Mediators use communication skills to guide discussions, oversee the process, and motivate parties to reach a settlement. Early communication and mediation research compared competent mediators' strategies, tactics, and communication patterns. Initial studies delved into persuasion, emphasizing the mediator's role in framing issues and facilitating communication between parties. Jones (1989) developed a taxonomy of communication strategies in mediations, grouping them into (i) facilitation, (ii) substantive direction, and (iii) procedural control. Competency models were proposed based on the timing of mediator interventions, considering factors such as emotional intensity and conflict cycles (Putnam, 2006). The intergroup conflict model emerged from research on intractable and ethnopolitical conflicts that emphasize the significance of communication, especially in conflicts grounded in group identity. Intractable conflicts, characterized by power imbalances, threats to group identity, and social and political separation, often define a group's identity in opposition to another group. Communication plays a pivotal role in managing these disputes, influencing both micro- and macro-level interactions. Symbols and meaning in communication stem from the social and political circumstances that bind individuals to social systems. The focus is on conflict transformation, involving changes in both the content and relational aspects of messages. This approach aims to create an environment conducive to participants engaging in discussions about their perceptions through interactive problem-solving groups, dialogue groups, and reconciliation processes (Putnam, 2006).

The dual concern model, akin to studies on integrative and distributive negotiation, focuses on conflict management styles. Developed by Blake and Mouton (1964) and later modified by Kilmann and Thomas (1977), this model identifies several classic conflict management styles based on two dimensions: (i) aggressiveness or concern for self and (ii) affiliation or concern for others. It has significantly influenced research on interpersonal, organizational, and intercultural conflict. According to this model, conflict management involves three distinct methods: (1) avoidance refers to the act of sidestepping confrontation with the other party, (2) forcing involves advocating for one's needs even if it harms the other, and (3) problem-solving entails seeking a solution collaboratively, considering the interests of all involved parties (Caputo et al., 2018). The model has shaped the development of communication-oriented conflict style scales, which categorize conflict tactics into patterns such as integrative, distributive, and avoidance. Communication scholars have extended the model by incorporating emotional valence, covert and hidden tactics, and initial and follow-up strategies. In intercultural settings, the model has been

used to compare conflict orientations across cultures. Despite its widespread use as a strategy index, the model's limitations include that it does not delve into the actual ongoing interactions crucial for understanding conflicts (Putnam, 2006).

7.2 Negotiation in a Social Context

Negotiation represents a highly interconnected process where the decisions made by negotiating parties are intertwined through various interactions. This interdependence is evident in the structure of negotiation support systems, divided into the decision and communication components. Additionally, negotiation protocols play a role in organizing negotiations across the dimensions of decisions, language, and process. The complexity of negotiations arises not only from the interconnectedness of negotiators' decisions through communication processes but also from the involvement of various levels of communication. These levels encompass factual information about the negotiated issues, as well as explicit or implicit communication centered around relationships and emotions (Koeszegi & Vetschera, 2010).

In the 1960s and 1970s, social psychologists extensively investigated negotiation, concentrating on individual differences and situational characteristics. The study of individual differences, encompassing demographics and personality, proved insufficient in explaining negotiator behavior variance, as situational factors tended to overshadow their impact. Many researchers concluded that simple individual differences have limited predictive value for negotiation outcomes and are outside the negotiator's control. The exploration of situational/structural variables, defining the negotiation context, such as constituencies, incentives, power, deadlines, and third parties, revealed that these objective features are often beyond individual negotiators' control. Recent research has shifted its focus to how negotiators perceive and construct the negotiation problem, offering negotiators more control. The older social psychological approaches, while contributing to understanding negotiation, had limitations in enhancing scholarship or practice effectiveness due to their reliance on description without clear evaluative standards (Bazerman et al., 2000).

Approaches to Negotiation

There are two primary approaches to negotiation: distributive bargaining and integrative bargaining. Distributive bargaining, characterized by zero-sum conditions, involves negotiating over a fixed number of products and services where any gain for one party comes at the expense of the other. In distributive bargaining, each party has a target point representing its desired outcome and a resistance point, indicating the lowest acceptable outcome. The area between these points constitutes the aspiration range. A settlement range exists when there is overlap between the aspiration ranges of the parties. This approach is evident in scenarios like labor-management negotiations over wages, or new startups seeking investments from venture capitalists, where each party is determined to maximize its share (whether it is wage or equity), treating the other as an opponent (Robbins et al., 2017).

In this type of bargaining, making the first offer is advantageous, as it demonstrates power, and research indicates that individuals in power are more likely to initiate offers. The anchoring bias, the tendency to fixate on initial information, further supports the importance of setting the first offer as it influences subsequent adjustments. This strategic move creates an anchor that tends to favor the negotiator who establishes it.

Unlike distributive bargaining, integrative bargaining operates on the premise that potential settlements can lead to a win/win solution. In the realm of intraorganizational behavior, **integrative bargaining** is generally preferred over distributive bargaining because it fosters long-term relationships, cultivates rapport among negotiators, and enables them to perceive the outcome as mutually advantageous. In contrast, distributive bargaining often designates one party as the loser, potentially giving rise to resentments and exacerbating divisions, particularly when ongoing collaboration is required. Research suggests that across multiple bargaining episodes, when the party that perceives itself as losing, it views the negotiation outcome positively and is more likely to engage cooperatively in subsequent negotiations. This highlights the significant advantage of integrative negotiations: even in a scenario seen as a win, it is beneficial for the opposing party to have a positive perception of the negotiation outcome.

Integrative bargaining is a negotiation method where each party seeks to comprehend the interests of the other, anticipating that a more favorable outcome can be achieved by assisting the opponent in devising a solution aligned with its own concerns.

However, the prevalence of integrative bargaining in organizations is limited due to specific conditions necessary for its success. These conditions include open information sharing, candid expression of concerns, mutual sensitivity to each other's needs, trust between parties, and a willingness to maintain flexibility. Because these conditions are often lacking in organizational settings, negotiations tend to adopt a win-at-any-cost dynamic.

There are strategies to achieve more integrative outcomes. Engaging in negotiations as a team tends to lead to more integrative agreements because a greater number of people participating in the bargaining process generates more ideas. Another approach is to introduce additional negotiable issues into the discussion, creating opportunities for **logrolling** (Moran & Ritov, 2002), where issues are exchanged based on differences in preferences. Emphasizing underlying interests rather than specific issues can also enhance integrative outcomes. It is crucial to focus on understanding why each party desires a particular outcome rather than solely fixating on the outcome itself. Negotiations that prioritize learning and understanding the other side's perspective generally yield higher joint outcomes compared to those solely concentrated on individual bottom-line results.

Logrolling involves the initiator making concessions on less important issues while maintaining a firm stance on more significant matters, leading the recipient to perceive the offer as a mix of losses and gains.

Furthermore, compromise may hinder the achievement of a win/win agreement. Compromising reduces the pressure to engage in integrative bargaining since easy concessions may not require creative problem-solving. Therefore, settling for compromises might lead to outcomes that are less favorable than what could be obtained through thoughtful consideration of each party's interests, trade-offs, and creative solutions.

Negotiation Process

Negotiation consists of five sequential steps (Robbins et al., 2017). In the preparation and planning phase, it is essential to gather information about the nature of the conflict, its history, involved parties, and their perceptions. Clearly defining goals, putting them in

writing, and considering potential outcomes help maintain focus. Understanding the other party's goals, potential resistance, and hidden interests is crucial for strategic planning.

Figure 24: Stages of Negotiation Process

Source: Tusharika Mukherjee (2024).

Developing a strategy, akin to how expert chess players plan their moves, involves determining the Best Alternative to a Negotiated Agreement (BATNA) for both sides. A BATNA sets the minimum acceptable value for an agreement. Knowing the other party's BATNA and being prepared to present an offer more attractive than theirs increases negotiation success. Defining ground rules follows planning, addressing negotiation logistics such as participants, location, time constraints, limited issues, and procedures for impasses. This phase also involves the exchange of initial proposals or demands.

The clarification and justification phase occurs after exchanging initial positions, providing an opportunity for both parties to explain and justify their demands. This is an educational and informative exchange, not necessarily confrontational, where supporting documentation may be presented.

The core phase of the negotiation process involves bargaining and collaborative problem-solving, where both parties engage in a mutual exchange to reach an agreement. It is expected that concessions will be made by both sides during this stage.

The final step is closure and implementation, where the negotiated agreement is formalized. For major negotiations, this may involve creating a formal contract, while in most cases, closure is marked by a handshake. The agreement's details and any necessary implementation and monitoring procedures are established during this phase.

Communication in Negotiation

Negotiators can shape the mind set or attitude of other parties by selecting communication media, and with the increasing use of technology, various communication channels are available. Bazerman et al. (2000) argue that the choice of communication medium significantly influences the negotiation process and outcomes. Research suggests that face-to-face communication offers advantages, such as enhanced rapport, cooperation, and truth-telling, leading to more beneficial negotiated outcomes. Face-to-face interaction promotes a shared and dynamic evolution of mental models. The richness of social presence in face-to-face communication contributes to increased trust and decreased deceit, fostering mutually beneficial agreements.

However, the Bazerman and colleagues (2000) add that there are conditions under which negotiating through telephone or audio-only channels may be preferable. Studies indicate that face-to-face communication can lead to tension and dominant behavioral responses, especially in high-arousal situations. Under certain conditions, negotiators might interpret the other party's gaze as an attempt to dominate, leading to pressure tactics and impasses. Audio-only communication, in such cases, may facilitate more sophisticated and adaptive negotiating strategies, reducing arousal-induced dominant responses. While written communication, particularly email, can mitigate arousal effects, it may worsen negotiation outcomes. Email lacks social context cues, leading to increased forthrightness, weakened inhibitions, and higher rates of breakdowns in negotiations. Therefore, negotiators need to carefully select a suitable communication channel especially when negotiating under conditions of high arousal.

SUMMARY

Conflict is an inherent and essential element influencing various aspects of existence, especially in organizational settings. Conflicts may arise due to differences in opinions, values, emotions, and various factors like work conduct, resource allocation, role ambiguity, and interpersonal dynamics, as was seen in Alina’s case in her new workgroup. Additionally, the breakdown of the psychological contract, characterized by unclear expectations and assumptions can lead to conflicts.

Conflict within teams can have long-term effects on morale and productivity, prompting managers to invest time and effort in conflict resolution. The growing emphasis on teamwork underscores the increasing importance of conflict resolution skills, with managers dedicating a significant portion of their time to this task. The ability to address conflicts is crucial for leadership success.

The conflict process initiates with conditions creating opportunities for conflict to emerge, influenced by communication patterns, organizational structure, and resource scarcity. This leads to explicit opposition, with conflict becoming significant when individuals emotionally engage and experience tension or anxiety. Individuals take intentional actions to frustrate another's goals, leading to observable conflict behaviors ranging from subtle interference to direct, aggressive struggles. Conflict behaviors and resolution efforts result in specific consequences, which can be functional, enhancing group performance, or dysfunctional, hindering it. Appropriately managed conflict can be advantageous for the organization, as was observed in Alina's case where the task force used the differences between the group members to find innovative solutions.

Negotiation is a multifaceted process where decisions are intricately connected through diverse interactions. Components like decision and communication elements within negotiation support systems, along with negotiation protocols, structure the complexity involving various communication levels, including factual information, relationship-oriented communication, and emotions. There are two primary negotiation approaches: distributive bargaining, concentrating on fixed products or services, and integrative bargaining, aiming for win/win solutions.

The negotiation process unfolds in five steps: preparation and planning, definition of ground rules, clarification, and justification, bargaining and problem-solving, and closure and implementation. Strategic planning entails understanding the conflict, defining goals. Ground rules address negotiation logistics, and clarification involves justifying demands. The bargaining phase involves give-and-take, leading to the closure and implementation of the negotiated agreement. Nonetheless, communication in negotiation is pivotal, and the choice of communication media can determine the effectiveness of the negotiation process.