

Organization Management

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Module No. # 02

Lecture No. # 24

Total System Intervention and Stabilizing Change, Management by Objectives

I am going to build upon what we did in the last session to show its application through some case studies and then, we will go talking on Management by Objectives. As I was trying to explain to you, the most important part of organization management is be able to intervene in organizations; to get them to be, where you want them to be and the distance from where you are to where you want to be, is the business of organization management.

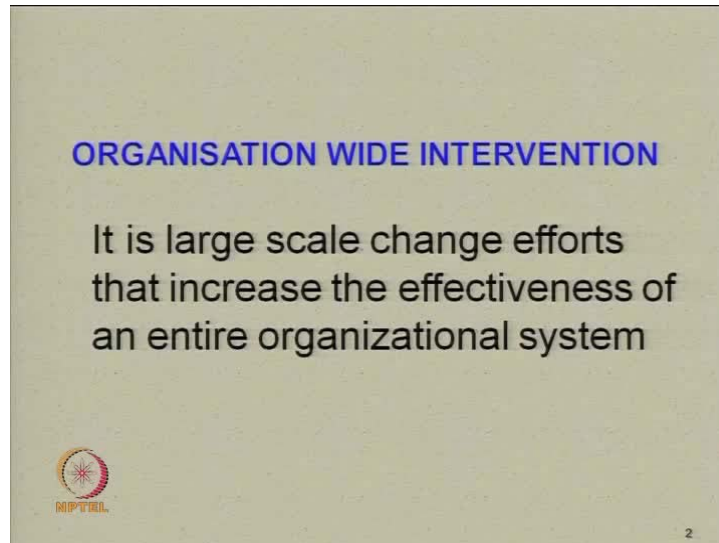
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We looked at n number of tools through which this can be enabled and these tools would mean essentially intervening at the individual level, intervening at the interpersonal level, intervening at the group level and we saw the mechanics of it. Ultimately, as I was explaining to you once you have intervened and caused a change in the equilibrium of

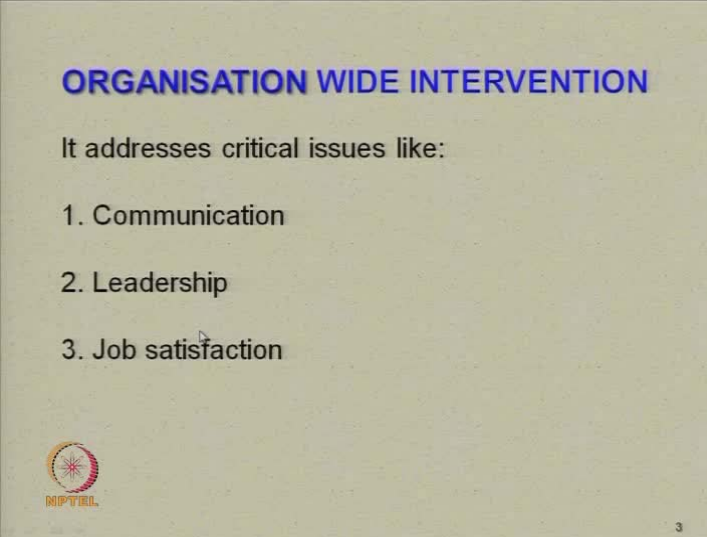
forces, then you help the forces to settle down and that is called the process of stabilization of change, then the cycle begins all over again and you go back to its analysis.

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So, whenever you talk of an organization wide intervention, it is a large scale change effort that increases the effectiveness of an entire organizational system. This is an eternal quest because no matter how good you are mostly rational people and most people who can think straight want to keep on improving themselves. Of course, if you have achieved nirvana, it is not meant for you. Nothing that I say is meant for the genius, it is all **beamed (aimed)** at the normal mortal and whatever I say is meant for the species which believes in improving itself. If you think you have achieved perfection obviously, you do not need anything of what is being said here. So, the quest for improvement is the search for effectiveness and that is what this statement is all about.


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ORGANISATION WIDE INTERVENTION

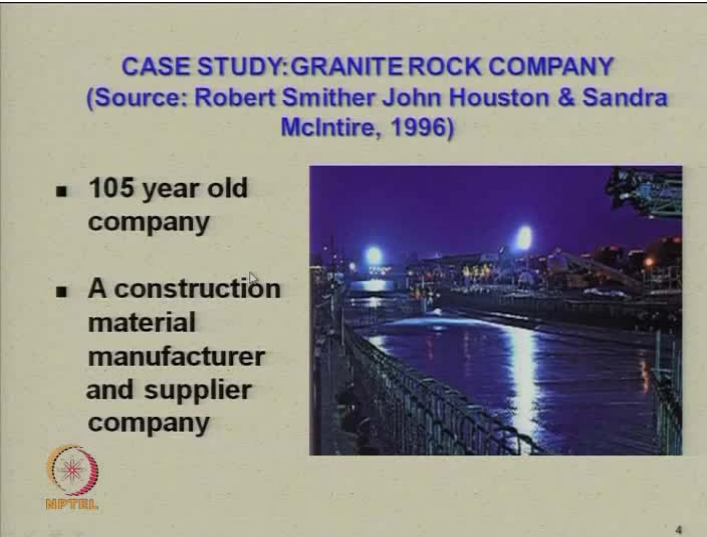
It addresses critical issues like:

1. Communication
2. Leadership
3. Job satisfaction

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CASE STUDY: GRANITE ROCK COMPANY
(Source: Robert Smither John Houston & Sandra McIntire, 1996)

- 105 year old company
- A construction material manufacturer and supplier company



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Organization in wide intervention deals with issues of communication, job satisfaction, leadership and we discussed all that in the last session. I want to take up the case study of Granite Rock Company. Normally, when a case study is undertaken it is customary to distribute it and let people read it, but letting people read and come back with solutions when their half-baked is not the correct way of undertaking case studies.

It is asking people to diagnose a case without having understood the fundamentals of human anatomy or fundamentals of human physiology, they will talk and if they are

smart, they will talk smart but they would not talk profession. There will be hardly any content to it which makes sense in terms of a diagnostic analysis. Therefore, I decided to take up case studies with you, not in the classical sense but show to you what we looked in the last session gets actually applied.

Now, the case of a Granite Rock Company which is what I am going to elaborate as an illustration of principles which we talked about. It is that of a 105 year old company which was connected with construction material manufacturer and a supplier company.

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CASE STUDY: GRANITE ROCK COMPANY

The slide features a collage of seven small images showing various construction and industrial scenes, including workers, machinery, and buildings.

- In 1987, competition changed
- Large multinational conglomerates entered the market.
- Granite Rock was at disadvantage in term of profit and resources

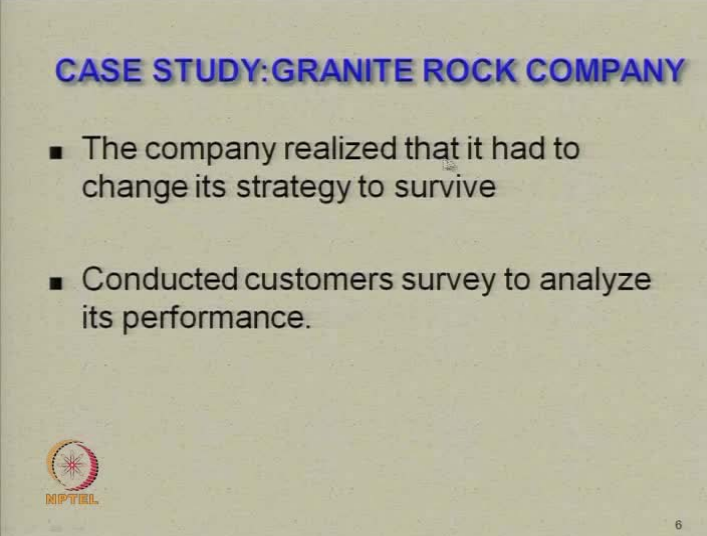
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In 1987, competition changed and large multinational conglomerates entered the market, granite rock was at disadvantage in terms of profit and resources. Again, I think you should go back to the preceding session and recall how we analyze the changes in environment which make changes in the person. How technological changes change the working of an organization and how indeed people who do not change do not even belong to the Jurassic park, because we discussed how Jurassic park exists only in movies, there is no Jurassic park on this planet.

If you are outdated you are extinct, you do not deserve to live and life like nature is totally cruel about it, you cannot argue with it. If you think you can fool around nature, my invitation is try it, find out for yourself.


In 1987, this company which had several years and decades of experience behind you discovered that the world had once again changed therefore, the nature of resources have changed. We had also discussed in the preceding session how change in material and how change in technology makes a choice of an intervention strategy a must. How you have to combine more than one intervention strategy to make it work, the idea is to see how it works for this company.

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CASE STUDY: GRANITE ROCK COMPANY

- The company realized that it had to change its strategy to survive
- Conducted customers survey to analyze its performance.

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The company realized that it had to change its strategy to survive and it conducted customer surveys to analyze its performance. For those of you who have seen the preceding presentation will recall that we talked of how surveys are set up and how survey results are analyzed and what it has to do with an organization wide intervention.

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CASE STUDY: GRANITE ROCK COMPANY

Results of survey:

- Customers were satisfied with
 - ◆ Product Quality
 - ◆ Customer service
- Customer were dissatisfied with
 - ◆ Time taken to process special orders

 IIMPTIL

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The results of survey proved that the customers were satisfied with the product quality and the customer service, but they were dissatisfied by the time taken to process special orders. Now, we get deeper into the water, it is not good enough to do a survey because, what you find from the survey may not be a holistic picture, where you will need other intervention strategies. Even your results from the survey may be a fractured result; it will not be a black versus white result, which is why, again the outcome of any management education has to be by definition **with** a certain maturity.

Management was not meant for kids and if kids get into management they do to themselves what people do when they play with knives, sooner or later it will cause a gash. You may get away with it for a while, but as I said the chicken do come home to roost.

Now, what do you do in a case where certain aspects of the survey shows that the quality is all right but the time for special orders does not work. You do not go back and argue with the customers, recall what I was trying to tell you, each customer votes with his rupee. People do not want to deal with you if you cannot deliver it on time. You may have the best of reasons but who is interested in your reasons, are you interested in anybody else's reason when some service you want is not delivered on time. Why should anyone be patient with you when you do not deliver in time as a part of the organization and if there is a take away from this session, it is habits do not change.


People at a certain age believe that they behave in a certain manner at a given point of time but when they get into another environment they will change, it never happens. Their behavior may differ on one occasion or on two occasions ultimately, they will go back to the habits that have formed with them, habit is the man.

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CASE STUDY: GRANITE ROCK COMPANY

How did Granite Rock Company satisfied dissatisfied customers?

- To meet customers expectations company decided to empower the employees.
- Company created nine corporate objectives to clarify the goals of change process

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In this case, with all the quality with them and with all the customer service systems and position, it was just late delivery which was going to cost them very heavy. So, how did it go about dealing with these customers to meet customers' expectations, that company decided to empower the employees. Again this is a claptrap solution, it is like saying if you want a system to work well create democracy; the truth is democracy can create many more problems than it solves, if people are not prepared for democracy.

The difference between democracy and mobocracy is very limited when the people are not educated about it. The only truth about democracy is ultimately it gives to people what they deserve and that is an unequivocal truth.

So, once you say empower people what does it mean? The people whom you are empowering should have the capacity first of all to have good sense which is a very rare commodity; 2, must have the capability; 3, must have the commitment; 4, must be capable of assessing and evaluating, that is why transactional analysis comes it, which is why a lot of people who do well in single domain professions like engineering, law, medicine do not do well in management. Because, management is an integrative

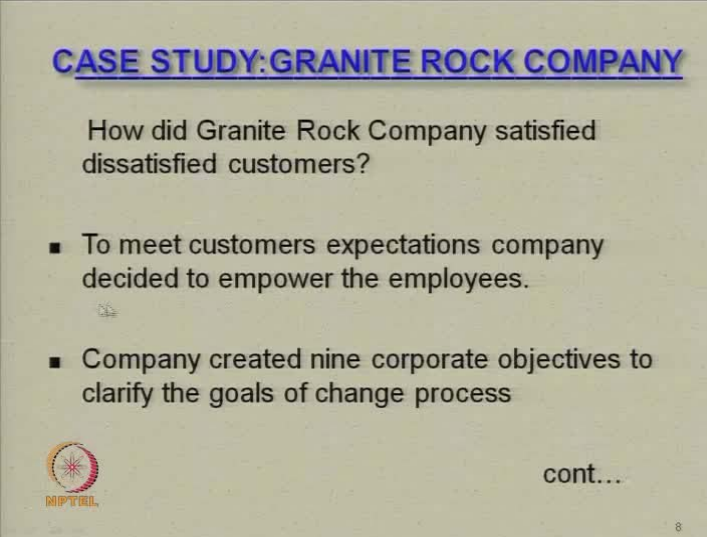
discipline; it requires by definition the ability to put together diverse components. Above of all, it requires the ability to think on the job and thinking is not an isolated act; thinking requires an inherent competence to observe, to assess, to structure, to interpret and it is then that the domain knowledge comes in.

Therefore, the first important ability is comprehension; you cannot comprehend unless you can concentrate and nobody can be taught concentration. It has to come from within which is why people sleep while listening to something, their mind is not able to comprehend what is being said. When the mind is not able to comprehend what is being said then, the ability to register what is being said goes down. Yet, if you are compelled to be there your faculties start losing their energy and therefore, sleep occurs.

Management is therefore both an art and a science something which we have repeatedly come back to. It is a science to the extent that there is some use of data, but it is an art because, it belongs only to those who can enjoy it. People come to management for all sorts of wrong reasons and which is why several of them never progress anywhere beyond being senior managers or deputy general managers even till the time of retirement. You look at the profile of people who retire and you will find that three-fourth of the population retires are there rank of a DGM or a general manager.

Why does this happen? If the same person had gone into engineering or any other single profession, even if he had become a merchant navy personnel or if he had set up his own business or he had joined the army, he would have done brilliantly, but people join management out of a herd mentality that is, where you are expected to do well.


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CASE STUDY: GRANITE ROCK COMPANY

How did Granite Rock Company satisfied dissatisfied customers?

- To meet customers expectations company decided to empower the employees.
- Company created nine corporate objectives to clarify the goals of change process

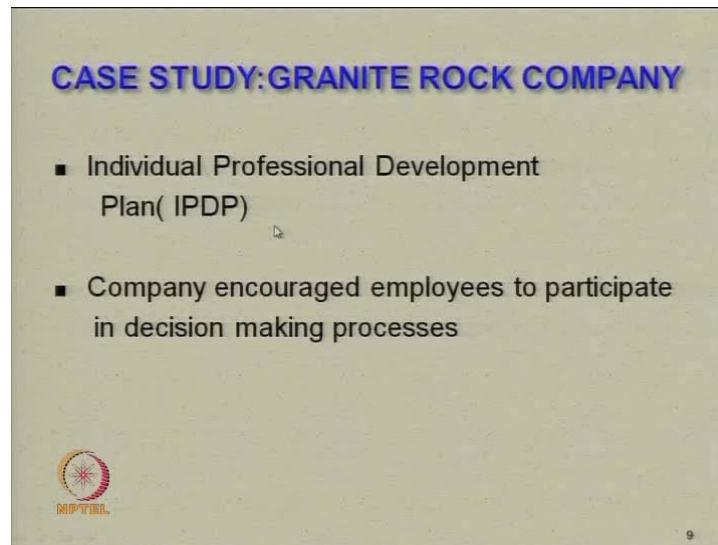
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Now, unfortunately capabilities do not grow like onions; so there is a lack of fit between what you are and what the job is about and that causes disaster. If you do not have this ability to sense what the employee needs, I might submit to you as a paradigm that empowering them is not going to work. So, do not go by claptrap statements; this has to be paraphrased and that is what case studies are about.

What the company can do as a whole is to make its objectives clear, which in this case they did and one of the ways in which you make the objectives clear is you break it up into smaller components, so the organization broke up its objectives into 9 discrete components. In other words, if you cannot get the people to have the cognitive competency to comprehend the whole, then break up the whole into parts, because that again dealing with a child, you are not dealing with an adult. If you remember what I talked in terms of transactional analysis, you will know exactly what is the difference between a child and an adult.

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Individual professional development is again something which the company enabled, because you can give to a person an opportunity, you cannot make it mandatory for him to grow. So, the company decided that they would have an organization wide individual professional development plan, which is why the pre-requisite of every good organization is careful recruitment. The trouble however is again something which a gentleman remarked yesterday which I think is worth quoting.

As usual I was emphasizing the need for competency and the need for commitment and the need for capability and I was told sir, what makes you think; I am putting it in my words that companies know whom they recruit you can easily get 24, 25, 30000 rupees without having any competency and you cruise along perfectly well.

It again struck me, as a fairly incisive observation on how inept the recruitment processes of a lot of companies are. Now, if you have got inept people getting into inept organizations through inept recruitment processes, is it any surprise that the number of companies which fail are so much larger than the number of companies which succeed. The messages written on the wall or verse you look at the rate of attrition, people talk of recruits which leave, nobody has ever calculated about the number of recruits which are gently and firmly shown the door.

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CASE STUDY: GRANITE ROCK COMPANY

A. Individual Professional Development Plan(IPDP)

- Job performance
- Career advancement goals
- Identifying training and expertise necessary to achieve these goals

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The messages given very clear, sorry we made a mistake somewhere you should not be here look elsewhere. All that I am saying is Granite Rock Company took an overall view of the situation and encourage people to participate in the decision making processes. It did not make it mandatory, so the important word here is encouraged. Therefore, the first leg was individual professional development, job performance, carrier advancement goals, identifying training expertise **are** necessary to achieve these goals.

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CASE STUDY: GRANITE ROCK COMPANY

Final IPDP lists

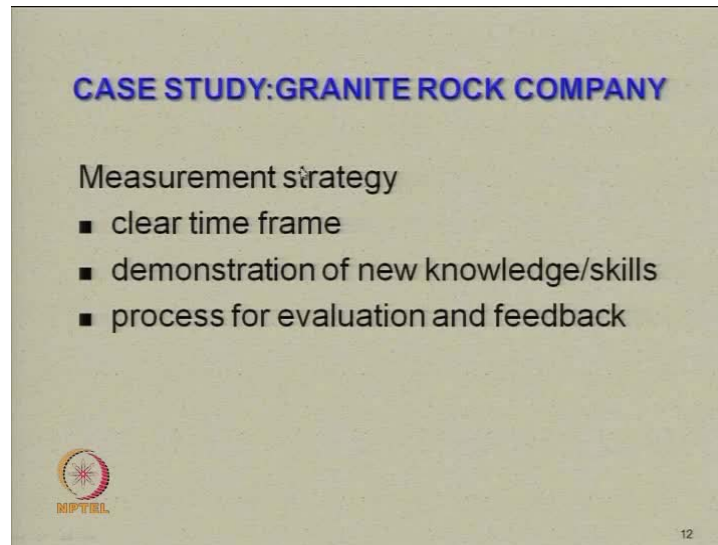
- Development objectives of employees
- Actions which are to be taken
- Measurement strategy

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The final IPDP list included development objectives of employees, actions which are to be taken and measurement strategies; I would like to emphasize the word measurement. Any enhancement of capability has to be measured and there are instruments which help you to do it; there are instruments which even help you to measure your competency at ideation.

There are perfect instruments you do not get hundred percent reliable results, but it is a fairly good approximation. Therefore, a lot of training programs have pretests and posttests; the pretests assess your competency before you undergo that program and the posttest assesses your competency after you have gone through this program. The great thing about the Granite Rock Company because it was a turnaround experience was that it believed in measurement of enhancement of capabilities.

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The measurement strategy therefore, required clear timeframe; you cannot be forever saying I will do it or when I can or when it suits me and when as if, sorry. You have to do it in a time bound mode in a manner in which you have been advised with the specifications, that is required of you and if you cannot do it pack up and move. There are many reasons for American success, like every other community Americans also have their problems, but one of their successes is this; they do not hire people, they hire competencies.

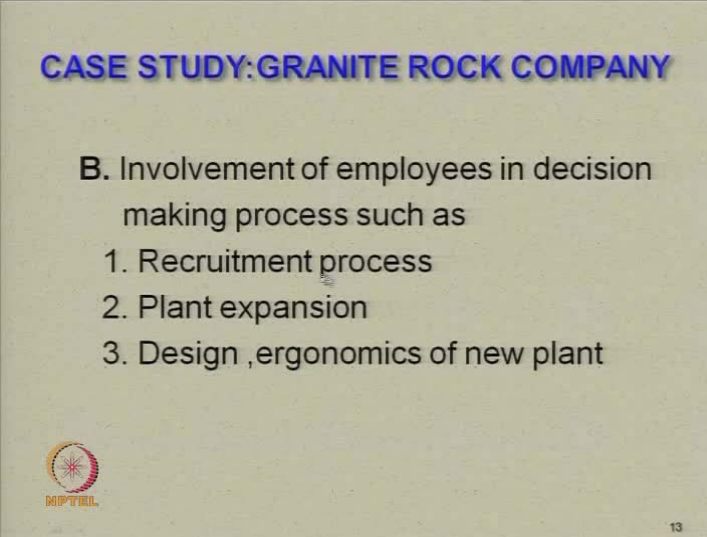
As long as you serve a purpose in the organization you are there; you do not serve a purpose in the organization, you are fired and that is all there is to it. None of this business that he is poor fellow, he will die, he has nothing to do, where will he go send him to a [FL].

There is a quip everyone wants to go to heaven but no one wants to die. Similarly, everyone envies America they are not willing to pay the price which the Americans pay for their kind of results and it is not for nothing. That in a unipolar world the nature of the world economy is decided by the kind of economic fortunes which the American nation goes through. I am merely trying to link up economic fortunes with productivity indices and measurements of performance. It is not that America is the only place where it happens but you do not run organization like [FL].

You must have a clear demonstration of new knowledge and skills because, if the environment is changing, so should you be changing. In organizations where I have been hired to do the performance appraisal, I have always created a column which says what are the new skills you have acquired during the period of evaluation and it cannot be the answer that my superior did not tell me what skills to get.

Your superior is a reporting authority and there was a time when people believed that developing subordinates was a major managerial responsibility now that has been redefined. You cannot develop a subordinate against his wishes; you will only cause resentment, the most you can do is give your subordinates and opportunity to grow. Growth is always a person's personal responsibility and Granite Rock Company was able to bring a turnabout by following just said this simple principle. Now where do you put it, in managerial great or transaction analysis or any of the other interventions strategies I do not know, because ultimately life does not have any neat categories and that is what this cases supposed to show, so ultimately that there is a process of evaluation and feedback.


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CASE STUDY: GRANITE ROCK COMPANY

B. Involvement of employees in decision making process such as

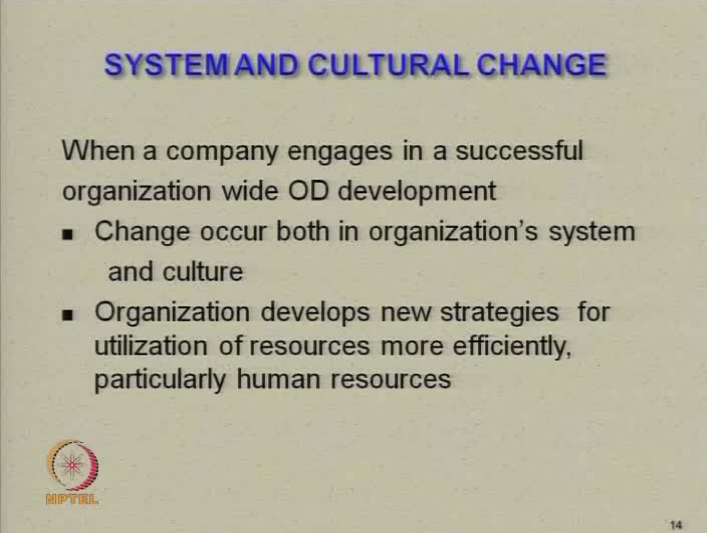
1. Recruitment process
2. Plant expansion
3. Design ,ergonomics of new plant

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We also talked of the involvement of employees in the decision making process. People have a responsibility to understand that participation in a patronization process or participation in a decision making process is not a single act, it carries with it certain degree of accountability. In other words, are you responsible enough to be given that opportunities a very important question. Please mark my words, are you responsible enough to be given that opportunity and we are now not referring to capability because enough has been said on that.


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SYSTEM AND CULTURAL CHANGE

When a company engages in a successful organization wide OD development

- Change occur both in organization's system and culture
- Organization develops new strategies for utilization of resources more efficiently, particularly human resources

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Not only did they pay emphasis on the human aspect but plant expansion was undertaken. Now, this is a fairly unusual solution in time of distress you decide to expand. It is a very useful thing because in time of distress the overall demand goes down and when the overall demand goes down there is slack time and that slack time should be used either for augmenting skills or for augmenting facilities. So, there was a focus on ergonomics of the new plant therefore, it will cause system and cultural change; now that is the derivation from that case analysis.


When a company engages in a successful organization wide OD development change occurs both in organization systems and culture. We have spent enough time discussing both systems and culture earlier not to make it a repeat experiencing. Organization develop new strategies for utilization of resources more efficiently particularly the human resources.

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CASE STUDY: GRANITE ROCK COMPANY

10 years later...

- Market share increase by 88%
- Customer satisfaction increased twice the industry standards

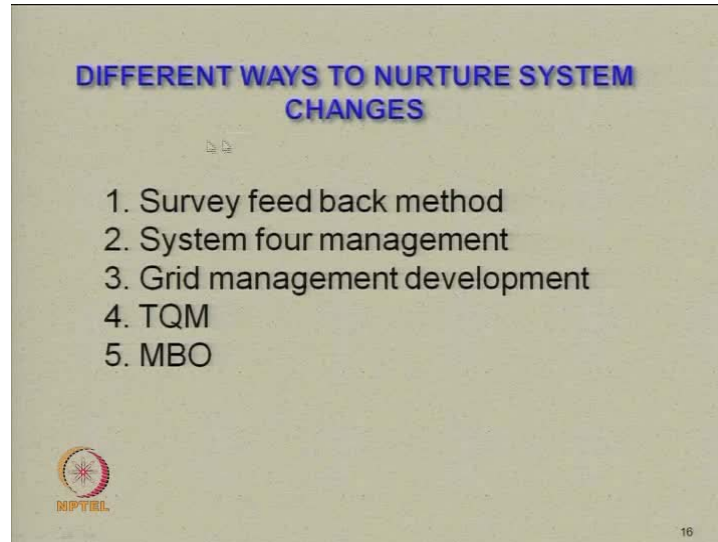
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10 years later what happened? The market share increased by 88 percent, customer satisfaction increased twice the industry standards that is the way to be a market leader. If you are merely conforming to the industry standards, your average and to be successful you have to be more than average. This is something which is not understood about the business of standards. Everyone talks of standards, but it is my case that standards themselves create mediocrity; you have to excel this standards to get business.

Reaching standards alone will merely help you to keep a float if at all that and that is a different take on standards.

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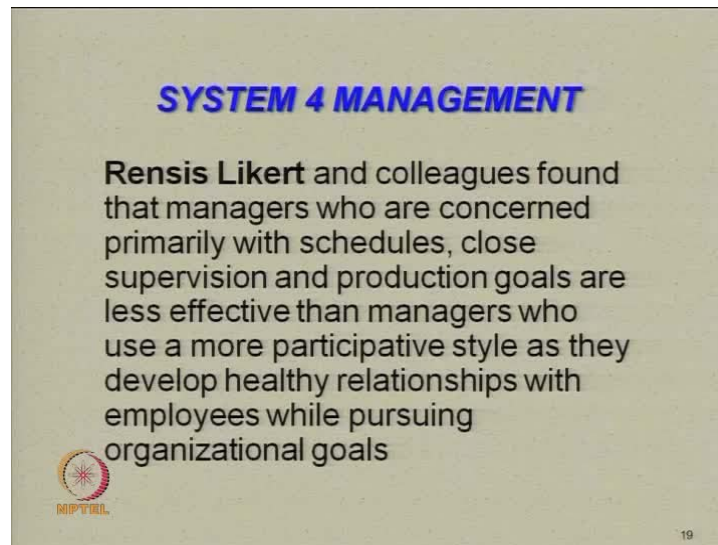


How do you Nurture a system through continuous survey feedback method. There is the customer satisfaction index, there is the employee satisfaction index in fact, there are indices available on just about anything you would like to measure. I remember having spent some time in developing an index to assess employees maturity - maturity index. Different people have defined maturity in a different manner, like everything else I defined maturity in a very simple manner, maturity is the ability to know by yourself what is good for you.

If you are the one who gets carried away or you are the one who is slothful or you are the one who does not even know the consequences of what you're doing then of course, you deserve what will come your way.

Then, there is a system for management, there is a grid management development system, there is a TQM; I am not going to discuss TQM because it has already been discussed. I am not going to discuss grid management development because it has already been discussed, but I shall be taking up another case. I shall be referring to these other components including Rensis Likert system to the extent that they take the discussion forward.

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Survey feedback system has been discussed therefore, we shall move on to the system 4 management. The contribution of this is limited to Rensis Likert in fact, that is what is called the Rensis Likert's scale - the Likert's scale. They found that managers were concerned primarily with schedules, close supervision and production; goals are less effective than managers who use a more participative style, as they develop healthy relationship with employees while pursuing organizational goals.

Now, Rensis Likert did his research a long time ago the management knowledge which has then surfaced has established a very simple principle. The principle is, you have to create a system and design a system as per the level of employees which you have. Participative style does not work everywhere therefore, it is the first responsibility of management to assess the professional index of its people, because if you encourage participation beyond the professional index, you are likely to cause trouble.

After the common games were held reports came that people in responsible positions were seen picking up flowerpots and keeping them in the dicky of their car, does that need a comment. Obviously, the person is worth some lacks otherwise he would not have the car and what is he stealing 200 rupees worth of flowerpot that what is he show his class.

Now, for a community of this order I refuse to buy the slogan encourage participation you will get better results. One of the problems of management decision making is it is

full of claptrap slogans, which is why if you are in a leadership role learn to know the type of people you are dealing with. Only the system which integrates with the typology of people that you are dealing with works. You give too much you are in trouble; you give too little people will crib but then they will crib anyhow.

A leader should have the competency of doing what is good for the organization irrespective and make it quite clear. If it is good enough for you, you are welcome to stay back we will take care of you, but if it is not good enough for you, good luck and wish you all the best.

There are two qualities which are very important in the professional, the ability to create a relationship where it is required and equally important is the ability to terminate a relationship where it becomes necessary. Anyone who has crossed 15, 16; if he is a normal or she is a normal person would have experienced several attractions or repulsions as you go through life, you are attracted towards people who reject you.

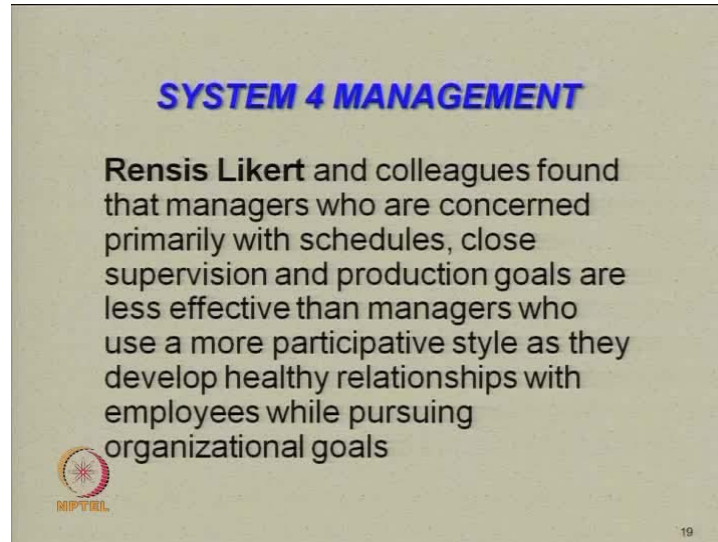
You reject people who you really should have appreciated, because they are the ones who really had your good in their heart. By the time you want to go back to them the relationship is over, they would not accept you back, but at the end of the day because there is a heartbreak nobody stops falling in love the next time, because there is always this lurking hope it will be better luck next time that better luck never comes.

It only varies from 2 minutes to 2 hours to 2 days to 2 weeks to 2 months to 2 years sometimes 20 years, but it is like mirror it does break which is why you celebrate the few mythical stories of eternal love. You would not celebrate what you are experiencing, would you. Remember, fantasy is a very important quality to stay alive. If you did not fantasize, life can be brutal; if you did not believe in your mythical powers, you see I can give a very simple example everyone lies why do you lie? As I have explained earlier you lie because you think you are smarter than the next man.

Now by what law of averages can a group of 100 have a person who is smarter than everyone else yet everyone will lie. I am explaining this by way of reputation to underscore a very simple principle, fantasy is a very important ingredient of human life. People fantasize all the time especially about their powers - look at me, the great me wow. You do not know whether to read a book from front to back or back to front; you get a Urdu book you open the front page, you get a Hindi book start reading it from the

back because you do not know the difference between Hindi or the Urdu, but you are quite determined you are the smartest of the moll.

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When you are dealing with that kind of a crowd a leader must have the ability to design a system which meets the mental level of the crowd you are dealing. Rensis Likert committed the era notwithstanding his contributions and I will be sharing his contributions to you shortly, again wanting to talk pretty; you know there is something wonderful of talking about. You know participative style, empowerment, divesting of responsibility - the latest phrase is - bottom of the pyramid - now they are all looking at the bottom of the pyramid.

When I went to Cairo I went next to pyramid, so my guide said sir, what is that I want try to put my hands beneath; he said, sir what is it that you want; I said, I want to look at the bottom of the pyramid, he laughed; he said you cannot raise it; I said, all the management gurus are now wanting to cut the bottom of the pyramid. He said you are a management man, are you and he looked at me with a sort of contempt which only management people can evoke.

There are institutions where they do not give membership to a person who comes on the field of management; you are an artist you are a welcome, you are a dancer you are a welcome, you are a singer you are a welcome, you are a writer you are a welcome, you are a management man [FL].

Now, why find it necessary to break into Punjabi because that is the only language which are believed brings reality to the floor as nothing else does. [FL] go there not here, this is meant for normal human beings, you are a management man. Therefore, if you compare the fate of management, 20, 10 post period to fate of management it was, as it was in 1990 there is a whole world of difference.

Today, if you survey management schools you will find any number of seats which have not been filled because people have realized that getting a management degree is not a substitute for competence. All professionals have their crests and troughs all, what I am trying to say is, if you want to be a true management man; management is a noble discipline, learn to formulate things realistically and not in a fantasy mode, it does not work.

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Likert's Typology of Managerial Styles				
Systems of Organization				
Operating Characteristics	Exploitative Authoritative	Benevolent Authoritative	Consultative	Participative
Motivations	Fear, threats, punishment and occasional rewards	Rewards and some actual or potential punishment	Rewards, occasional punishment and some involvement	Economic rewards based on system developed through participation
Information Flow	Downward	Mostly downward	Down and up	Down, up, and horizontal
Decision making	Bulk of decisions at top of organisation	Policy at top, many decision within prescribed framework made at lower levels	Broad policy and general decision at top, more specific decisions at lower levels	Decision making widely done throughout organization
Productivity	Mediocre	Fair to good	Good	Excellent
Absenteeism and turnover	Tends to be high	Moderately High	Moderate	Low

To get back to Rensis Likert, here is his typology of managerial styles; he talked of operating characteristics, exploitative or the authoritative characteristics, benevolent authoritative characteristics, consultative style and the participative style. In other words suppose, you were to reduce what Rensis Likert said to 5 styles; operating characteristics are listed here, this styles are listed here and then in each case you have got the various permutations and combinations. For example, for operating characteristics, if you want to look at motivation, how does a person who is exploitative and authoritative function?

He will use fears, threats, punishments and occasional rewards that is how he want to motivate.

If he is benevolent and authoritative how will he motivate? Through rewards and some actual or potential punishment. Consultative rewards, occasional punishment and some involvement. How do the participative style work where motivations are concerned economic rewards on the system developed through participation.

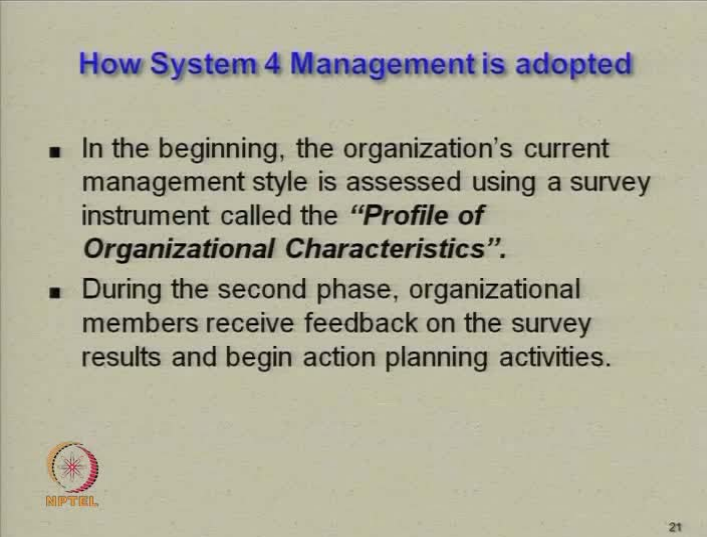
If you look at the dimension of information flow, an exploitative authoritative person believes in information flow downwards. A benevolent and authoritative person also believes in downwards but not always mostly. A consultative person believes in information flow both down and up. A participate is person believes information flow down, up and horizontal.

Decision making, this chart is so self-evident after having help you to see how to read it. I want to leave this on the screen for a while so that you can read it and understand it to yourself, because it is such a waste of time first to show a thing then to read it out, again then to read it as if you are trying to explain as if you are talking to a bunch of people who cannot understand maybe that is true, but at least you do not tell your audience you do not understand.

So, it is best to treat people as if they understand and I leave the rest to you to read and understand. Of course, if you cannot you can always write back and ask, I did not understand what you meant by decision making for an exploitative an authoritative person. Then, you will get the answer it means, bulk of decision is at the top of the organization. This will be repeated now, I understand that is what frequently asked questions are all about; it was all there to begin with, but because you were sleeping or you are so used to mummies care you want to be spoon-fed or wife's care depending upon what point of life you are in, you want to be explained that over and over again, so you are welcome.


Jokes apart, the truth is, this is a typology which I have not develop myself; this is straight from Rensis Likert and it is best to hear Rensis Likert from Rensis Likert, you do not have to hear him through Vinayshil Gautam because that always causes the refraction and refraction is not the best way of communication.

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How System 4 Management is adopted

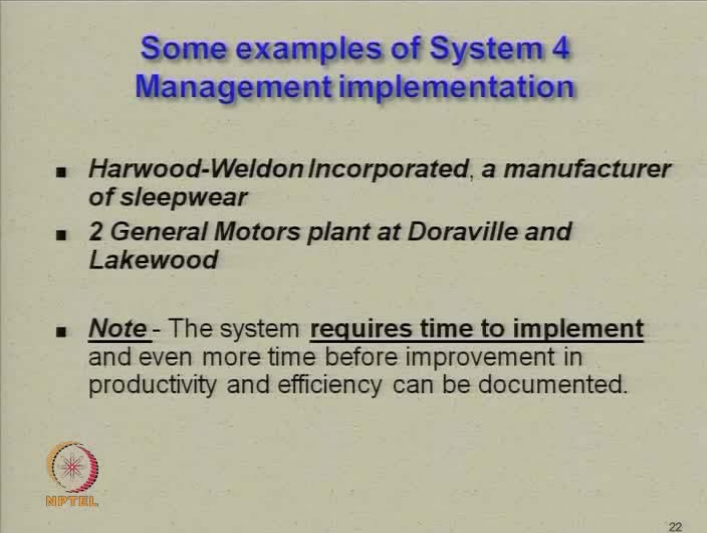
- In the beginning, the organization's current management style is assessed using a survey instrument called the **"Profile of Organizational Characteristics"**.
- During the second phase, organizational members receive feedback on the survey results and begin action planning activities.

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From the chart the question arises how the system 4 management is adopted? In the beginning, the organization's current management style is assessed using a survey instrument called the Profile of Organizational Characteristics. During the second phase, organizational members receive feedback on the survey results and begin action planning activities.

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Some examples of System 4 Management implementation

- *Harwood-Weldon Incorporated, a manufacturer of sleepwear*
- *2 General Motors plant at Doraville and Lakewood*
- **Note** - The system **requires time to implement** and even more time before improvement in productivity and efficiency can be documented.

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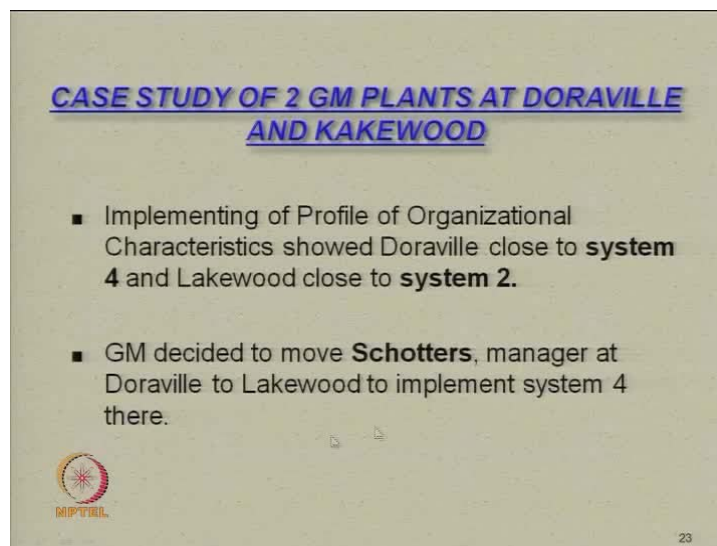
Some examples of system 4 management implementation; if you recall the preceding session for each intervention strategy I was at pains to explain to you the application. Go

back to it you will be able to comprehend what is being explained here in terms of application and implementation of system 4.

Harwood-Weldon incorporated a manufacturer of sleepwear; 2 general motors plant at Doraville and Lakewood. The system requires time to implement and even more time before improvement in productivity and efficiency can be documented. In other words, no intervention can undo the natural process, you can speed it up a little bit but what time it takes it will take.


Best understood by another expression which I am very happy to use to explain a point, you cannot run faster than the train you are on. Apply it to principle, you cannot get a people to perform better than they are capable off; you cannot motivate a person who is basically demotivated. The same thing applies to system 4 management implementation, things take their time in fact, best interventions work on together with the time, they work with the system that do not try to beat the system.

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CASE STUDY OF 2 GM PLANTS AT DORAVILLE AND KAKEWOOD

- Implementing of Profile of Organizational Characteristics showed Doraville close to **system 4** and Lakewood close to **system 2**.
- GM decided to move **Schotters**, manager at Doraville to Lakewood to implement system 4 there.


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CASE STUDY OF 2 GM PLANTS AT DORAVILLE AND KAKEWOOD

- Implementing of Profile of Organizational Characteristics showed Doraville close to **system 4** and Lakewood close to **system 2**.
- GM decided to move **Schotters**, manager at Doraville to Lakewood to implement system 4 there.




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The case of 2 GM plants at Doraville and Lakewood implementing the profile of organizational characteristic showed Doraville close to system 4 and Lakewood close to system 2. Now, you will have to go back to the Rensis Likert to recall what is system 4 and system 2. GM decided to move Schotters, manager at Doraville to Lakewood to implement system 4. In other words, he took a conscious decision that he was going to move it from exploitative authoritative to participative.

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Likert's Typology of Managerial Styles

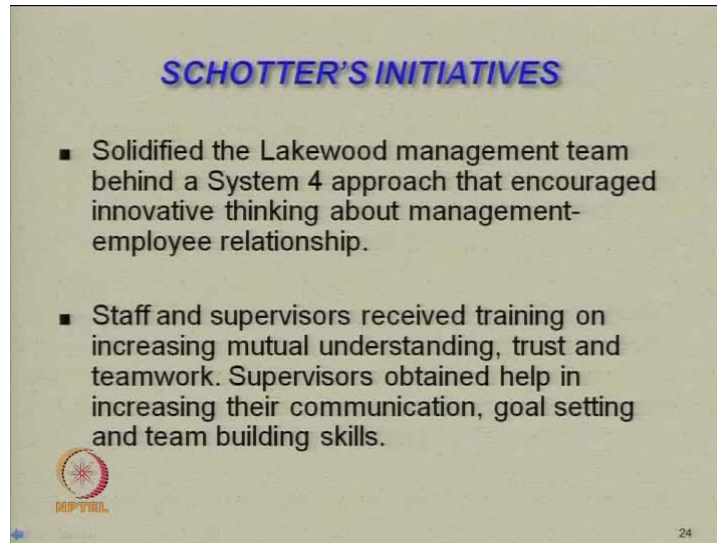
Systems of Organization				
Operating Characteristics	Exploitative Authoritative	Benevolent Authoritative	Consultative	Participative
Motivations	Fear, threats, punishment and occasional rewards	Rewards and some actual or potential punishment	Rewards, occasional punishment and some involvement	Economic rewards based on system developed through participation
Information Flow	Downward	Mostly downward	Down and up	Down, up, and horizontal
Decision making	Bulk of decisions at top of organisation	Policy at top, many decision within prescribed framework made at lower levels	Broad policy and general decision at top, more specific decisions at lower levels	Decision making widely done throughout organization
Productivity	Mediocre	Fair to good	Good	Excellent
Absenteeism and turnover	Tends to be high	Moderately High	Moderate	Low



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The reverse could have been taken just as well I am going to move back from participative to exploitative authoritative or I am going to move from participative to consultative in this case, it is decided to move from exploitative to participative.

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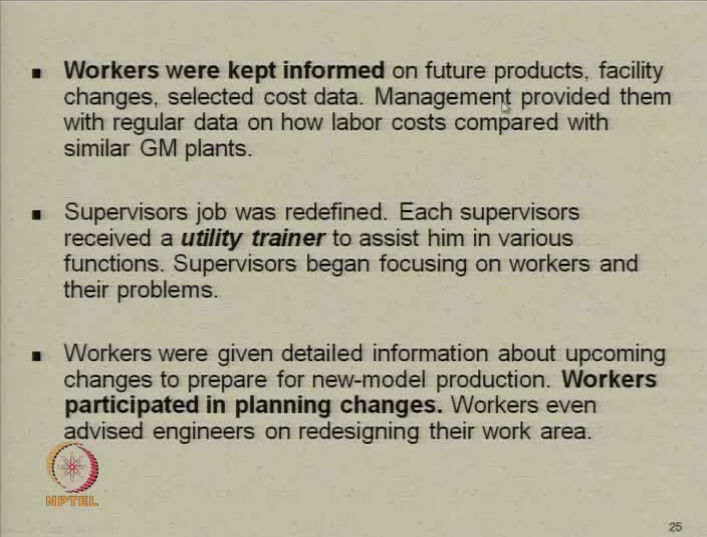


Solidified the Lakewood management team behind system 4 approach that encouraged innovative thinking about management-employee relationships. Staff and supervisors received training on increasing mutual understanding, trust and team work, go back to the Johari window this will be clear to you.

Remember, revealing yourself getting the other person to reveal himself which is the block called as arena. It was not blind and I do not want to repeat the Johari windows philosophy again; this is an open relationship where you reveal yourself, you help others to reveal themselves.

Staff and supervisors receive training on increasing mutual understanding trust and team work; this is great if it works. The trouble is it does not always work and that is where the problem begins, staff and supervisors receive training in this and in this case, it did not work.


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■ **Workers were kept informed** on future products, facility changes, selected cost data. Management provided them with regular data on how labor costs compared with similar GM plants.

■ Supervisors job was redefined. Each supervisors received a **utility trainer** to assist him in various functions. Supervisors began focusing on workers and their problems.

■ Workers were given detailed information about upcoming changes to prepare for new-model production. **Workers participated in planning changes.** Workers even advised engineers on redesigning their work area.



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Workers were kept informed on future products, facility changes and selected cost data. Management provided them with a regular data on how labor costs compared with regular GM plants. In other words, the principle which was used in this case was very simple. Take your stakeholders into confidence, because let me tell you, in the ultimate analysis you have no choice but to trust people like a lot of things in life, trust is a no-choice situation. It is amazing how you have to put in exceptionally large extent of trust in people whom you have never met and you will never meet like your engine train driver, you do not know whether he is drunk, you do not know whether he has got his license through contacts or genuinely but you place life at his disposal.

The interesting thing about human nature is you distrust the people that you know and you trust the people that you don't know, not because you are greater you are very sensible but because you do not have a choice. So, what you do if there are 1200 people riding a train each one does not go to the engine driver and say pass through a breadth test proved to be that you are not drunk.

No, you do not function that way where the issues of scale are concerned, but learn as you grow up as a manager to reconcile the contradictory behavior of human nature. If I want to ask somebody for 100 rupees he will think 3 times; will he give it back or would not he give it back; can I trust him, can I not trust him, what excuse should I make? No, you see sir, I do not carry my wallet. I can see it bulging but you know he does not carry

his wallet you see sir, I have actually 40 rupees I just spend the 60 rupees for 100 rupees the fellow will pull 3 fast ones and he will happily sit in a train without knowing even the name of the engine driver.

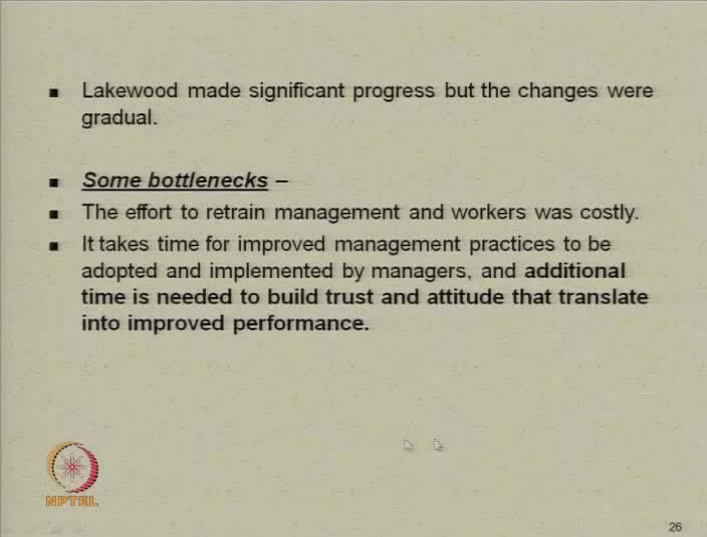
Who said man is a logical animal? Most of the things which he does cannot be explained at any level; let alone reason it cannot be explained even at the level of emotion. There is no emotion involving trusting an unknown person, yet you trust an unknown person for those of you who are sitting beneath a roof each building carries a completion certificate and in a country where corruption is such a fine art and so much time is spent discussing corruption how that fellow got the completion certificate.

But does anyone think of it while entering a room how was the ceiling of this room certified as safe? Was he corrupt? Did he know x? Did he know y? You do not do it. You will go mad if you work that way and yet, you will have all sorts of anxieties about your brother, your father, your wife, who is she going around with, who is my husband going around. If they are going around, you would not be able to prevent it but never mind, you will drive yourself bonkers.

What I am saying the world belongs to the people who are well formed, you cannot help people get over their anxieties which they want to nurse. Everyone pretends to be well formed, the truth is everyone has a deep psychological problem the most normal thing is abnormality of everyone.

When you put together a group like, this in an organization to be a leader, you have to understand how to deal with people differently. So, all the 4 system of Rensis Likert are useful depending upon who you are dealing with and what kind of group do you have at hand, but the principle remains trust others and you will find that it moves. Workers were given detailed information about upcoming changes to prepare for new models of production, workers participated in planning changes, workers even advised engineers on redesigning of their work area.


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■ Lakewood made significant progress but the changes were gradual.

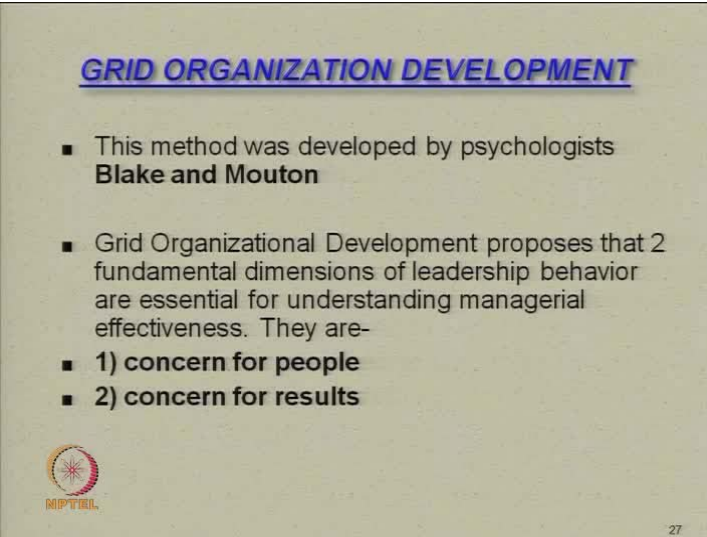
■ Some bottlenecks –

- The effort to retrain management and workers was costly.
- It takes time for improved management practices to be adopted and implemented by managers, and **additional time is needed to build trust and attitude that translate into improved performance.**

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GRID ORGANIZATION DEVELOPMENT

- This method was developed by psychologists **Blake and Mouton**
- Grid Organizational Development proposes that 2 fundamental dimensions of leadership behavior are essential for understanding managerial effectiveness. They are–
 - **1) concern for people**
 - **2) concern for results**

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Lakewood made significant progress but changes were gradual, there were some bottlenecks therefore, to retain management and workers were costly - well nothing in life is cheap of course, with the exception of cheap talk. If you want quality you pay for it; it takes time for improved management practices to be adopted and implemented by managers and additional time is needed to build trust and attitude that translated into improved performance, we shall carry this forward shortly.