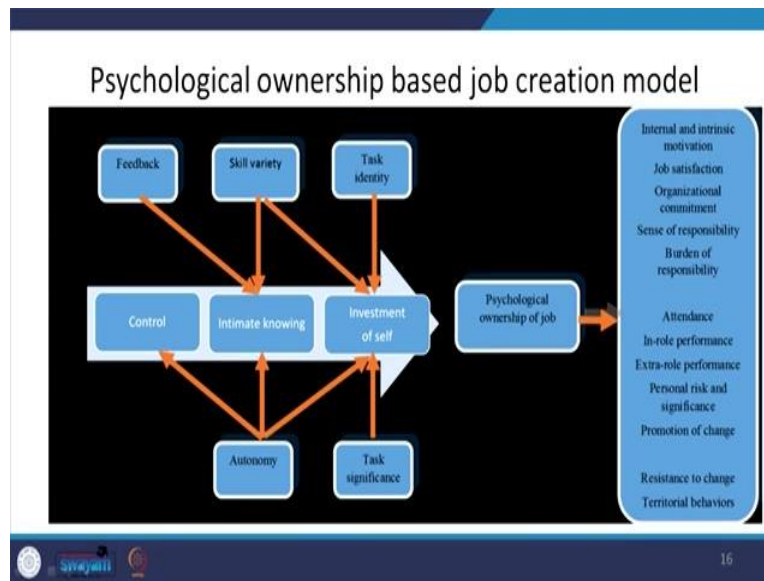


**Managerial Skills for Interpersonal Dynamics**  
**Prof. Santosh Rangnekar**  
**Department of Management Studies, IIT**  
**Indian Institute of Technology, Roorkee**  
**Lecture 16**  
**Psychological Ownership 2**

In our last session, we have discussed about the Psychological Ownership concept definition and the characteristics of the psychological ownership. Now, we will talk about a particular model. Now, this model talks about that is the how psychological ownership that it is helpful in the case of the job creation model and what is the relationship between the job creation and psychological ownership.

So, first and foremost is that is whenever we are talking about the psychological ownership, then it becomes very important that is the what control intimate knowing an investment of self, these three factors we are discussing about it and as a result of which we are also have to take care of the feedback which will be given by these employees.

(Refer Slide Time: 1:19)



And therefore, in that case that is the intimate knowing it will be getting affected for example, whenever we are talking about any welfare scheme, so, in that welfare scheme, it becomes very important, it is relevant or not So, many organizations for the psychological ownership they have started the bouquet, bouquet of the incentives and therefore, the total cost will remain same, but there will be the variation of different perks and it will be pick and choose.

So, the employees can pick and choose the perk which will be suitable for them, very simple example is for some employees the children education allowance, so, that may be applicable, that may not be applicable, but there should not be a fixed perk rather than there should be the bouquet of the perks and therefore, if different perks are there and pick and choose system is there. So, employee will be having the higher motivation, because he understands that there is a possibility of the some perks which he would be applicable to him in which he will be interested and there may be some perks in which he may not be interested.

So, but how to decide this? And this decide on the basis of the feedback, feedback of the employees, my suggestion here is that is in that case whenever you are going for this type of the developing the psychological ownership at the workplace, it is better that we give more and more freedom and flexibility and when you give the more and more freedom and flexibility and then that will develop the intimate knowing is there.

Another very interesting factor is and it is about the scale variety, now, we know in general we talk about the, there are three skills, three types of the classification in skills variety, one is the unskilled employees and therefore unskilled workers or employers, when we talk about then we have to understand that is what is their requirement. And then we have to, for example, the helper, if the helper is there, we have to understand what will be his requirement. So, at the lower level when the helper is there, then definitely his requirement will be more cash. So, that is the cash payment system that has to be the smooth functioning.

Second is semi skilled workers, for example, the machine operators where they know the job is a skillful, but the qualification is not required and the step of the machine operators step up the jobs where the semi skilled is there, then again in that case, we have to understand that is the what will be their requirements. And third one is the skilled where the job is also skillful and the qualification is also required for example, ITI fitter, turner, welders, so, these type of the jobs are there, then definitely in that case, that will be the skill job and then we can go to the hierarchy and in the hierarchy, there will be the different skills will be required.

As we know that is the, I mean in the further session, I will also be talking about the managerial skills. So, I will discuss details in the managerial skills of different types of the skills and their context in the interpersonal dynamics. Now, third one is the task, task identity, here I would like to mention that is the nature of task. So, if you are into the manufacturing organization, naturally the production task that becomes the prime importance is there, when you are into the service organizations, then in that case you are HR skills, soft skills, that is

department that is becoming service department is becoming the top priority department is there.

So, naturally in that case, whenever the task identity is there then that has to be identified with the nature of organizations and if the core competency, if the core competency employee, it matches with the task identity, then definitely the employee will be having the more happiness and he will be feeling the more ownership, psychological ownership towards the organization. So, therefore, it becomes very, very important that is the, we create a system in psychological ownership, we create a system of feedback.

We understand that every job in every employee is having skill variety and then we have to match, match the job with the skill variety up to the certain extent, because I can understand that this cannot be applicable to every post but maximum places wherever it is possible, we have to make these skills variety and third is the task identity as I mentioned, that is the you how to identify the task with the nature of organization and therefore, you will find there are different significance levels of your task is there. So, if we compare the HR manual of one organization with another, those organizations we will having the proper arrangements of these three factors of feedback, skill variety and task identity. Now, there the employees will be having the more psychological ownership.

Now, on another dimension which is affecting into these psychological ownership is that is the autonomic. It is always important, you find it is in the personal life or it is into the professional life it is in the workplace or at home, the everybody wants the autonomy, because the autonomic gives you to decision making power and when you are facing the problem, so, naturally you know how to solve a problem in the best way. So, therefore, more you will be experienced, better capacity you will be developed into decision making problems. So, therefore, in that case it becomes very important that is we give the maximum autonomy to our employees and therefore, they can take their own decisions.

So, we should not be only in the favor of using their hands rather than we should be able to use their brains and that is the autonomy is there. And the last one here I would like to talk about the task significance and the task significance and the task identity as we have seeing that is in the investment of self. That is the if the skill set required and if you have those skills, then definitely in that case, this becomes very, very important, that is you are making the investment of self is there and you can go for this particular psychological ownership is there. Now, the psychological ownership of the job, there are in the job creations, there are

certain factors and these factors are internal and intrinsic motivation, for most is the internal intrinsic motivation and the job satisfaction.

Now, please connect my concept related to that feedback and then when we talk about the feedback and the feedback with the internal and intrinsic motivation, we find that there is a very, very important factor that employees are self-motivated. The psychological ownership that gives when you because you have taken care of, you have taken care of the left side of the dimensions and when you have taking care of the left side of the dimensions, definitely you will find the right hand side is the output is there and employees will be highly motivated, whenever you provide the psychological ownership, because you are giving the autonomy, you are developing their skills so, they are highly motivated.

Second is because of these reasons they will be the job satisfaction and job satisfaction, because they are having the decision making power at their workplace, organizational commitment will be also higher, because this will lead on the basis of the intimate knowing and investment of self. So, therefore, they are more committed towards the organization, because there is an investment and whenever the investment of self is provided to the employees, then definitely they will have the organizational commitment, sense of the responsibility again, now, ownership is what? Ownership is that is the to understand, that is 'This is mine, I possess this, I own this', and therefore, in that case, you will find there is a sense of responsibility will be very, very higher and the burden of responsibility, the burden of responsibility is not in the negative terms, but rather then it is taking more responsibilities because they will go for this particular dimension of the responsibility.

So, they will look forward for the more and more responsibilities is there, their absenteeism will be less and attendance will be more and then in the performance in different roles are there. So, the role is a subordinate, role is the superior, role is a colleague especially, you will find in all these roles, their performance will be better and not only this that whatever the position and their roles are determined, they will play the extra role.

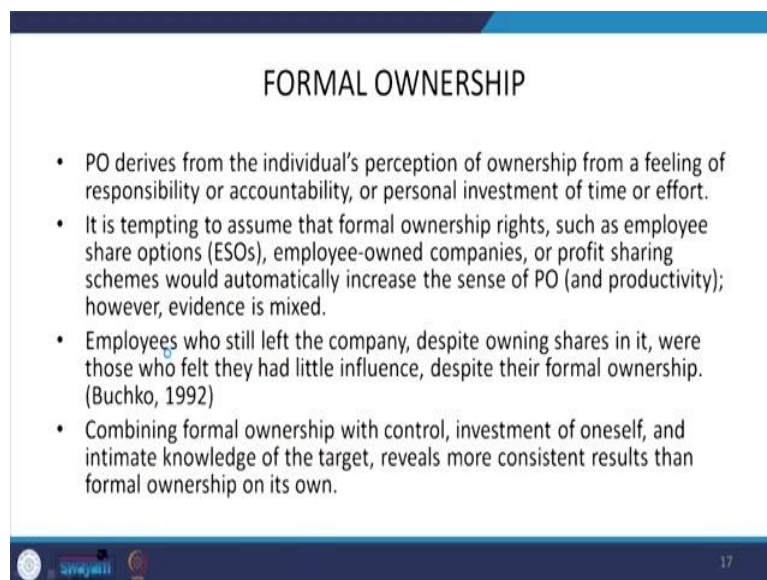
This is the wonderful outcome of the psychological ownership. So, because they feel it is a family 'My family' and I belong to this particular family. So, therefore, not only is very simple example is while leaving the workplace, while leaving the workplace keep it is clean, switch off the lights, this is the naturally, it is expected from them, but because they feel that is 'Yes, I have to take care'. So, while they are passing from the passages also you will find the employees were leaving the premises, they switch off the light. So, therefore, in that case,

you can easily by observation understand how much of the psychological ownership the employees of this organization have.

Now personal risk and significance, you will be there. So, therefore, in that case, yes, because many times at workplace you come across this institution to do or not to do and that is the risk situation and to in the risk situation, it becomes very important, that is you are going for that particular, the personal risk and significance level. The promotion of change and therefore, always there will be developing towards the betterment, a journey towards the betterment will and that particular change from the today to tomorrow is definitely very positive and resistance to change will be minimized and that territorial behavior will be more expanded.

So, therefore, in that case if we find that is, as soon as you increase the psychological ownership, you will find that you are able to develop that internal and external all factors of the employee towards the higher side and they will have that particular ownership of the job also. That is 'Yes' and what I want to say you will feel like you are not working, you are enjoying your job in a family, and you will treat the organization as a family is there.

(Refer Slide Time: 13:02)



### FORMAL OWNERSHIP

- PO derives from the individual's perception of ownership from a feeling of responsibility or accountability, or personal investment of time or effort.
- It is tempting to assume that formal ownership rights, such as employee share options (ESOs), employee-owned companies, or profit sharing schemes would automatically increase the sense of PO (and productivity); however, evidence is mixed.
- Employees who still left the company, despite owning shares in it, were those who felt they had little influence, despite their formal ownership. (Buchko, 1992)
- Combining formal ownership with control, investment of oneself, and intimate knowledge of the target, reveals more consistent results than formal ownership on its own.

So, this will be the psychological ownership, but first we talk about the formal ownership. So, psychological ownership derives from the individual's perception of ownership, from a feeling of responsibility or accountability or personal investment of time or effort is there and therefore, more time and efforts is there. So, definitely, that investment is always there. It is tempting to assume that formal ownership rights such as employee share options, ESOs, now

ESOs are becoming a very, very important dimensions, because whenever we talk about the ESOs and employee shares on profit and therefore, that is also an intrinsic motivational factor of the ownership, employee own companies then the small companies like earlier they were SB units, strategic business units, small, small units were there.

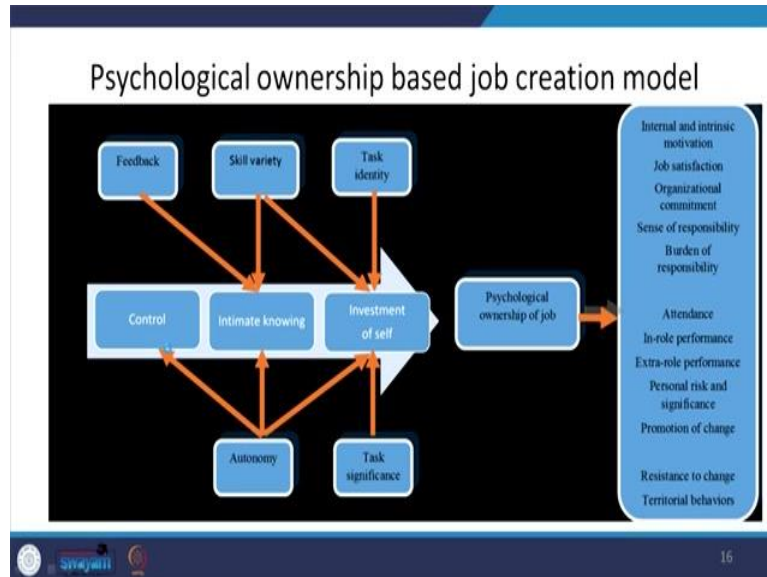
So, I remember before 30 years of my industry experience and then I find it is that time it was the unit head was made and unit head was completely responsible for that operations and the profit of that particular unit and so, therefore, and creation of the positive work environment also. So, therefore, in that case employee owned companies are there, or profit sharing schemes naturally, ever known is employee share owned profit or whatever the profit is there it is in the form of the bonus or in the form of the a (( ))(14:25) that will be shares, would automatically increase the sense of the psychological ownership and productivity however, evidence is mixed.

Now, here many people they have the criticism for psychological ownership also, because when you are giving them the ownership, it is possible that then they will take the decisions which may not be the top management may feel it is an appropriate decision and but then because they are owner of that particular unit, so, therefore, they do not ask. So, when they do not ask for the step of the decisions and then naturally top management many times find that maybe a lack of experience, not intentional, but maybe because of the lack of experience, the employee may take wrong decision and that may affect the organizational performance. So, therefore, the evidence is mixed here. So, how to overcome this particular problem? To overcome this particular problem, that is when you are giving the psychological ownership to person, please also have the formal ownership in place. In formal ownership, one has to take the permission from the top management, one has to share his own vision to lead a particular unit, he has to share and get approval from the top management.

So, because there should not be any conflict between the unit vision and the corporate vision. So, therefore, in that case there should be a formal ownership is also to be there, whenever we are talking about the psychological ownership. Employees who still left the company despite owning shares in it, were those who felt they had little influence, despite their formal ownership is there. So, therefore, this type of the issues also arise, that is the they are having the shares now, so, they want to take the decisions in the favor of the employees maybe in a different aspect. So, these issues may arise. Combining formal ownership with the control,

investment of oneself an intimate knowledge of the target reveals more consistent result than the formal ownership on its own.

(Refer Slide Time: 16:52)



So, in the previous slide we have seen that is this control, intimate knowing an investment of self. So, therefore, they are having then the formal ownership of its own so, this will be them.

(Refer Slide Time: 17:05)

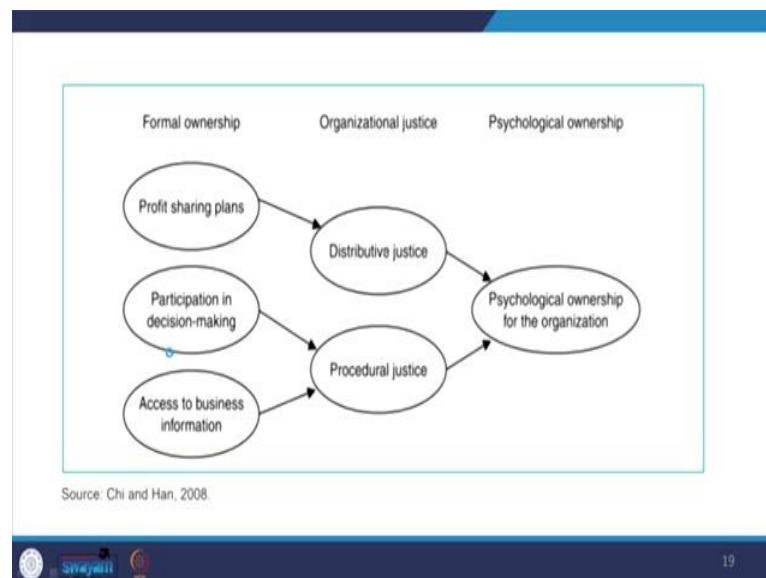
- Formal ownership only enhances employee performance where it is accompanied by "employee participation in organizational decision making. (Pierce at al, 2004)
- An employee ownership arrangement constructed around equity, information, and influence parallels these three routes. ...the individual's financial ownership stake in the organization, in part, derives from investments of the self (e.g. tenure, hours worked, and performance) into the organization. (Pierce at al, 2004)

Formal ownership only enhances employee performance, where it is accompanied by employee participation in organization decision making. So, therefore, in that case if it is formal ownership is already there then definitely employees participation in decision making process that will be more as already mentioned.

An employee ownership arrangement constructed around equity, information and influence parallels these three routes, the individual's financial ownership stake in the organization in part derives from the investment of the self, example is the tenure hours of work and performance into the organization.

So, therefore, in that case it becomes very, very important that is the whenever we are talking about the investment of self, it becomes the more higher is the psychological ownership, better will be the investment of the self and that it is always a tenure based also so, more longer is a tenure, you will find better is the psychological ownership and the higher is the performance into the organization is there. So, that way organization takes into the responsibility of the ownership.

(Refer Slide Time: 18:22)



Now, so, therefore, when we talk about the formal ownership and the psychological ownership, so, what is required? The bridge is their through the organizational justice. So, whenever we are having the organizational justice you will find that is the you have the transformation along with, along with not replacing, please be careful in understanding that is I am talking about not to replace the formal ownership, as I mentioned in my previous slide, as you have seen, that is in this slide formal ownership. It has been already mentioned the strengths, weaknesses and threats of the formal ownership and then therefore, in that, we have not to take the psychological ownership in isolation, we have to connect the formal ownership with the psychological ownership. So, formal ownership will be that is about the profit sharing plans will be there. So, like ESOs is there so, that is a profit sharing plan, this



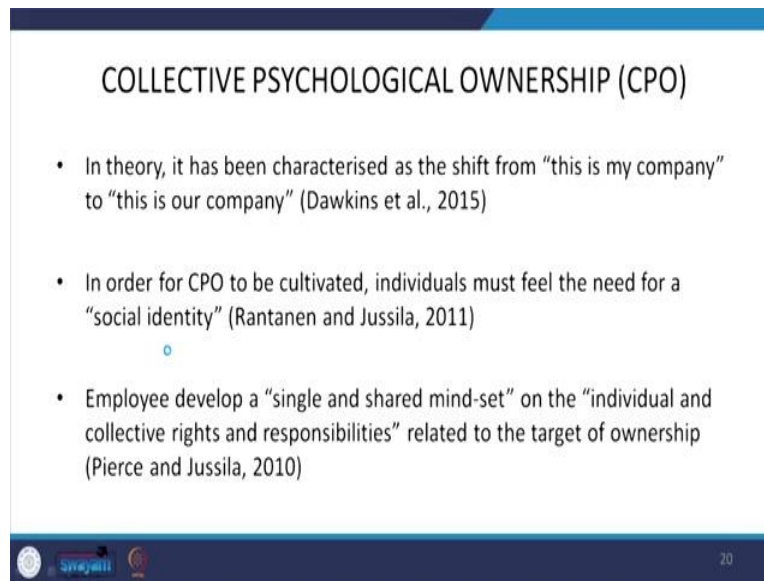
profit sharing plan it is a type of doing the distribute to justice to the employees and therefore, there will be the psychological ownership for the organization.

Now, whenever we are talking about participation in decision making, when you ask employees to participate in the decision making, then that will be the procedural justice because, as I mentioned, the basic ownership will be only possible providing the psychological ownership, if you allow to participate in decision making process to your employees, let them feel, they are the part of it, many times we find that the top management has taken decision which may be very good, it is not like that it is not good, but in spite of it is good, but the people they do not like it, why do not they like it, even if it is a decision is good, because they have not been involved.

So, a psychological resistance comes, but when you involve them, you take their opinions and then you take the same decision, right by discussing and then you will find that decision is welcome. And that decision is welcome, because of the procedural justice is there. So, in that case you will find it is whenever we are talking about the participation in decision making, we are doing the procedural justice under the organizational justice. So, organization is doing the justice through the procedural justice for the psychological ownership of the organization.

Now, third is the access to business information, you see that is the how you can identify a person is having the psychological ownership or not? So, when you ask him about the different business information about his organization, and then he is able to share, it means that he has been involved, it shows that the particular employee has been the not only the doing his job only and restricted to his job, but he is knowing the other departments functions also, he is aware of the overall business strategy of the organization and therefore, in that case, we will say that they are having the psychological ownership through the procedure, because the procedure is developed, a procedure is developed it is not the watertight compartments, it is not in silos, rather than it is a sharing and therefore, if the sharing is there, then definitely they know the overall business strategy and because of they know the overall business strategy, they will go for the psychological ownership.

(Refer Slide Time: 22:28)



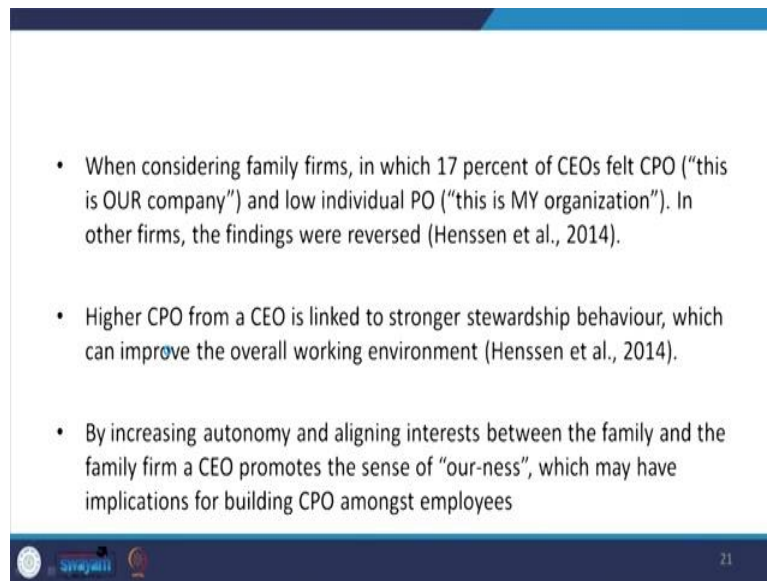
**COLLECTIVE PSYCHOLOGICAL OWNERSHIP (CPO)**

- In theory, it has been characterised as the shift from “this is my company” to “this is our company” (Dawkins et al., 2015)
- In order for CPO to be cultivated, individuals must feel the need for a “social identity” (Rantanen and Jussila, 2011)
- Employee develop a “single and shared mind-set” on the “individual and collective rights and responsibilities” related to the target of ownership (Pierce and Jussila, 2010)

Now, another very, very interesting concept is that is the collective psychological ownership, right from the name itself it is very clear, but I would like to support with the theoretical concept, in theory it has been characterized as a shift from ‘This is my company to this is our company’, a wonderful concept. So, it is a group ownership, right and therefore the collective ownership will be not ‘This is my company’. So in earlier model we have talk about a development of an individual, but here we will talk about the development of all employees, working together growing together, right. And therefore, in that case, this is our company.

In order for psychological, collective psychological ownership to be cultivated, individuals must feel the need for a social identity. Unless and until the socialization process, like many times you have seen that there are clubs and there are the family clubs, there are the ladies clubs, there are the sports clubs. So, why in the organization? These type of activities are involved, traditionally these are keep on practicing by the organizations. And the reason is, that is it creates more socialization process, this type of the activities they convert from ‘My to ‘Our’ concept and therefore, in that case, it is the collective psychological ownership, that is becoming a very, very important part. Third one is employee develop a single and share mindset on the individual and collective rights and responsibilities related to the target of ownership. Now, here in the study by the Peirce ad Jussila, 2010, they have mentioned about that is how employee develop, a single and shared mindset. So it is not the single and shared mindset rather than it is the collective rights and the responsibilities the employee is talking about.

(Refer Slide Time: 24:41)



- When considering family firms, in which 17 percent of CEOs felt CPO (“this is OUR company”) and low individual PO (“this is MY organization”). In other firms, the findings were reversed (Henssen et al., 2014).
- Higher CPO from a CEO is linked to stronger stewardship behaviour, which can improve the overall working environment (Henssen et al., 2014).
- By increasing autonomy and aligning interests between the family and the family firm a CEO promotes the sense of “our-ness”, which may have implications for building CPO amongst employees

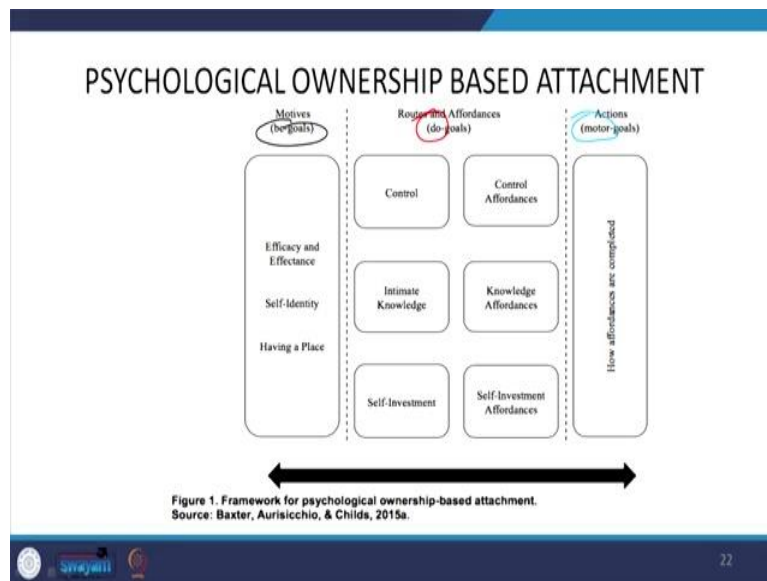
When considering the family forms in which the 17 percent of CEOs felt CPO, collective psychological ownership, ‘This is our company’ and low individual psychological ownership, ‘This is my organization’. In other firms, the findings were reversed and therefore it will be very, very interestingly, we can observe, especially in the family business, because there are many stakeholders, many owners are there and those owners but all are working together. So they are having the collective wisdom and in the collective wisdom, they are having collective psychological ownership. And then you will find that these findings were totally reverse, higher the collective psychological ownership from a CEO is linked to a stronger stewardship behavior, stewardship means servicing behavior, which can improve the overall working environment.

So, whenever there is a collective wisdom, there is a collective psychological ownership, there always, always you will find that is that people are having these type of the feeling that is the ‘I am serving others’. However, I will talk this concept more in detail in the Servant Leadership also. But here you will find that is the stewardship behavior, that is the servicing to the others and that will be the part of their working environment and whenever the owner is not owner, owner is a servant leader, owner is to serve, owner is for the collective wisdom, owner is for the collective ownership, right then definitely in that case, that organization is the work culture, work environment, that will be wonderful and everybody would like to participate, energetic, enthusiastic to work together.

By increasing autonomy and aligning interest between the family and the family firm a CEO promotes the sense of awareness, which may have implications of building CPO amongst

employees and therefore, as I mentioned, that is the when the CEO of an organization, he talks about awareness, it is not me, there is no ego, rather than the person he talks about, that is the, that is our decision. It is our organization. It is our ownership. It is the collective psychological ownership of by all of us. And if this type of concepts are there, then definitely in that case you will find that is the, that employees they are having the more belongingness towards organization and that is a psychological ownership.

(Refer Slide Time: 27:17)



So, psychological ownership based at the attachment we will find that is the motives and this is very, very important, what are your motives are there? What are your goals are there? And if your motives and goals are there by the efficacy and effectance that is the how is the effective you are, and efficacy means liking and like the self-efficacy, liking for self.

So, therefore, the goals will be if I working in the organization, I am liking this organization, my ownership be much more, much wider, right more effective and therefore, in that case you will find there will be more efficacy will be there and then naturally when my liking is more for my organization, my contribution will be more towards the organization and if my contribution will be more towards the organization the effectiveness of my work will be better in the organization and therefore, that depends on totally the motives of the organization, then self-identity, self-identity is that is the how we are going for this particular organization is recognized like when I say that is the I am Professor Santosh Rangnekar from IIT Roorkee. And when I say I am from IIT Roorkee, I am Santosh Rangnekar.

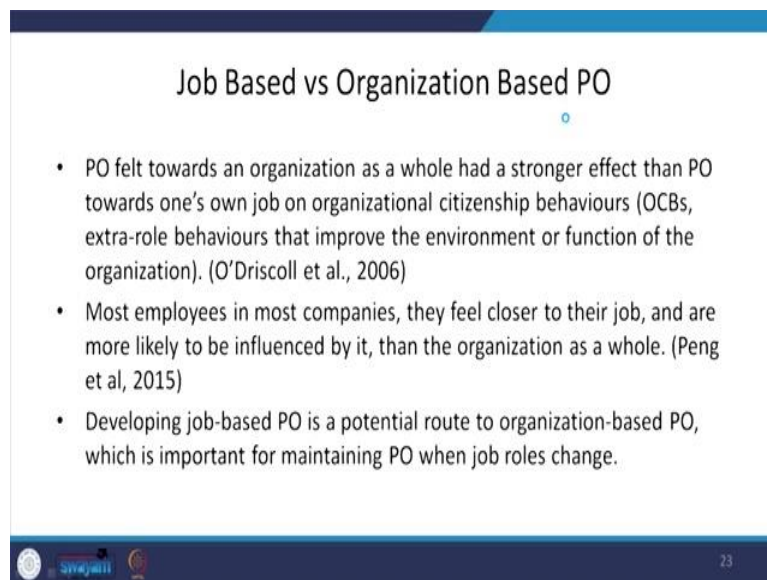
So, therefore, in that case, the self-identity I am connecting with the organization because I like my organization, I love my Institute and therefore, whenever I will introduce myself, I will like to say that is the 'Yes, I am associated with this institute'. And then similarly in the organization also the people will like to say it is 'Yes, they are associated with this particular organization', and definitely that will be belongingness to my Institute more. Having a place so, naturally there is always I have given the rights, I have given the freedom, I have given to express my opinion, I have given the chance to take decisions. So, then I will say 'Yes, I am having a place here'.

So, therefore, it is not like these that I am coming here for bread and butter, but I am coming here to contribute and my significant contribution that will lead the organization and therefore and organization of whom? Organization of our organization not my organization. So, therefore, when the employees, they are having this type of the feelings of that is the sharing, sharing of ownership, co ownership concept and whenever there is a co ownership concept then definitely it will be a beautiful place to work, when we are talking about Routes and Affordances that is the do the goals, be the goals, these are the be the goals, right and then we are talking about the do the goals. So, these be goals, then and then when we talk about the do the goals, then definitely in that case, it is the how we can do those goals? So, what is required in the goals, goals is required to improve the efficiency and effectiveness, goals is required to develop a self-identity, goal is required to have a place in the organization and how to do that?

And therefore, in that case, it is the control Affordance, how do you control that particular affordance? And if you are able to control that affordance then definitely you will be the shining star of the organization. Then when we talk about the intimate the knowledge, so, knowledge is affordances is the knowledge and therefore, whatever knowledge is there that you are able to afford and when we are making this self-investment, there is a self-investment is also that is the affordances is there. So, when we talk about these framework for psychological ownership based attachment is there. So, we are having that attachment towards the organization and whenever we are having that attachment towards the organization, we are able to develop that psychological ownership and as a result of which how affordance and when we talk about the completed actions are there, that is the motor goals are there.

So, whenever we talk about the motor goals and then these motor goals you will find the ultimately objective is that is the how we are going for these motor goals are there. So, when we talk about the psychological ownership based attachment right from the be goals to the do goals to the motor goals and therefore, right from the efficiency, effectiveness, control intimate knowledge and self-investment to the this so. So, finally in the last slide I would like to in this session , I would like to talk about the job based versus the organization based psychological ownership. It is a beautiful concept, try to understand, that is many people, they are having the job based ownership and many people they are having the psychological ownership about the organization, what it means?

(Refer Slide Time: 32:22)



The slide is titled "Job Based vs Organization Based PO" and contains three bullet points. The first bullet point states that PO felt towards an organization as a whole had a stronger effect than PO towards one's own job on organizational citizenship behaviours (OCBs, extra-role behaviours that improve the environment or function of the organization). (O'Driscoll et al., 2006). The second bullet point states that most employees in most companies, they feel closer to their job, and are more likely to be influenced by it, than the organization as a whole. (Peng et al, 2015). The third bullet point states that developing job-based PO is a potential route to organization-based PO, which is important for maintaining PO when job roles change. The slide also features a small blue circle icon and a footer with logos and the number 23.

**Job Based vs Organization Based PO**

- PO felt towards an organization as a whole had a stronger effect than PO towards one's own job on organizational citizenship behaviours (OCBs, extra-role behaviours that improve the environment or function of the organization). (O'Driscoll et al., 2006)
- Most employees in most companies, they feel closer to their job, and are more likely to be influenced by it, than the organization as a whole. (Peng et al, 2015)
- Developing job-based PO is a potential route to organization-based PO, which is important for maintaining PO when job roles change.

Psychological ownership felt towards an organization is a whole had a stronger effect than the psychological ownership towards one's own job and organizational citizenship behavior, I will be discussing the OCB also later on, in my different session. And therefore, in that case, you will find that is the, it is the, which is more important?

The job ownership or the psychological ownership, so, job ownership is becoming the part of the psychological ownership is there because I am working in this organization. So, whatever job I am doing, that job is giving me the ownership and as compared to the psychological, psychological ownership is becoming the big umbrella and therefore, in that case we will find it is because of that big umbrella is there and we will develop that particular psychological ownership.

Most employees in most companies they feel closer to their jobs, right. So, therefore, in that case it becomes important, so, that whenever they are going for this most of the companies, right. So, it is my job, so, it is my job, it is our psychological ownership and there is a difference. So, therefore, if in the most of the companies, they are restricted to their jobs only, they do not see left and right then definitely in that case, you will find that it is becoming very difficult for them to perform and are more likely to be influenced by it, then the organization as a whole.

But when you are talking about the great organizations, when you are comparing the greater organizations with the good organizations, so great organizations employees will be having more psychological ownership along with the job ownership, but in the good organizations, you will having the higher the job ownership, but they may not be converted that ownership into the psychological ownership and as a result of which you will find that it becoming very difficult to convert the good organizations into the great organizations, if you want to convert the good organizations into the great organizations, then psychological ownership is very, very important.

Developing a job based psychological ownership is a potential route to organization based psychological ownership is there and therefore, it is but please see that is you cannot separate it. Please do not misunderstand.

That is I am saying that is the job ownership is either not contributing or the barrier or the obstacle are not required, no. Job ownership is a very essentially element, it has to be, but this is a road, this is not the destiny and what is a destiny? Destiny is psychological ownership and therefore, in that case, we have to convert that is the job ownership, with the help of job ownership, we have to create the psychological ownership is there, because whenever we are creating the psychological ownership, we are creating our organization, it is our family, it is our joint responsibility, it is the our joint responsibility to control, it is the intimacy, it is the our intimacy to develop that organization and therefore, definitely when the group cohesive , there will be the psychological ownership, then definitely in that case, you will find that is the overall psychological ownership in the organization will be much, much better.

So, this is all about this particular session and it is the how to convert the psychological ownership along with the job ownership. And that model of that is the how the feedback, intervention and control, they can create the job creation. So ultimately, we have to be job

creators, those who are having ownership not only for their jobs along with that they are having the overall psychological ownership. Thank you.