Organizational Behaviour in 21st Century – ‘Theory A’ for Managing People for Performance

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Organizational Behaviour in 21st Century – ‘Theory A’ for Managing People for Performance

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Abstract: Theory X, Theory Y and Theory Z in organizational behaviour (OB) are related to human motivation and management. Theory X and Y coined by Douglas McGregor in the late 1960s, says that the average human being is lazy and self-centred, lacks ambition, dislikes change, and longs to be told what to do. The corresponding managerial approach emphasizes total control. Theory Y maintains that human beings are active rather than passive shapers of themselves and of their environment. They long to grow and assume responsibility. Theory Z of William Ouchi focused on increasing employee loyalty to the company by providing a job for life with a strong focus on the well-being of the employee, both on and off the job. The above theories were developed based on research conducted in various production related organizations in the 20th century. But in the 21st century, changes in business models, automation of production process, changes in technology & business environment, and changes in people’s perception, are transforming organizations into global entities. In the context of emergence of service industries and global e-business organizations, these are no longer applicable and need modification. In this paper, we have made an attempt to relook into human motivational theories and developed a new Organizational Attitude Theory called “Theory of Accountability” (Theory A). The four major constructs of Theory A are fixing Responsibility, maintaining Accountability, continuous Monitoring, and fulfilling pre-determined Target (RAMT). In this paper, some of the existing theories of organizational behaviour are examined, and basic postulates and detailed organizational model for Theory A is depicted.

Keywords: Organizational theories, Theory X, Theory Y, Theory Z, Theory A, Theory of Accountability.

I. Introduction

Organizational behaviour (OB) is a scientific subject of study of organizations performance based on analysis of human behaviour individually and in groups while making decisions. It mainly focuses on impact of individuals, groups, and structures on human behaviour within the organizations. Normally OB is applied in an attempt to create more efficient business organizations in changing internal and external environment. A large number of research studies and conceptual developments are constantly adding to its knowledge base. It is also an applied science, in that information about effective practices in one organization is being extended to many others. "Micro" organizational behaviour refers to individual and group dynamics in organizations. "Macro" strategic management and organizational theory studies whole organizations and industries, especially how they adapt, and the strategies, structures, and contingencies that guide them. The major goals of Organizational behaviour are: (1) To describe systematically how people behave under variety of conditions, (2) To understand why people behave as they do, (3) Predicting future employee behaviour, and (4) Control at least partially and develop some human activity at work. (5) To know how people can be motivated and directed on to their responsibility to enhance the individual and group performance to boost the productivity of the organization. Effectiveness in Organizations is usually accomplished through practicing certain values such as (1) Openness in behaviour – which indicates direct and openness to influence, commitment to others’ success, and willingness to acknowledge employees’ contributions to handle problems. (2) Accepting diversity - Respecting and encouraging differing points of views. (3) Displaying recognition - For individuals and teams that contribute to the company’s success. (4) Following ethical practices - By management adhering to the stated standards of ethical behaviour, and (5) Empowerment - By providing the authority and responsibility to key operative employees.

The starting point for understanding organizational effectiveness begins with Frederick Taylor’s theory of scientific management [1]. Ivancevich, Konopaske and Matteson [2] have highlighted two approaches of studying effectiveness-the goal approach and the systems theory approach. The goal approach is the oldest and most widely used approach for measuring effectiveness. It assumes that organizations exist to accomplish goals and management practices aim to achieve effectiveness in attainment of goals. However, the goal approach suffers from limitations. For instance, goal achievement for organizations with intangible outputs may be difficult to measure. There could be multiple goals and goal conflict may occur as organizations strive to achieve many goals (maintaining quality products while minimizing production costs). Moreover, organizational members rarely achieve consensus on a set of goals to pursue. Above all goal achievement does not guarantee...
organizational effectiveness. The Systems Theory Approach defines effectiveness in the broader context of the internal and external environment. The organization is viewed as an interdependent element and managers must deal with the internal and external aspects of organizational behaviour. The organization depends on the internal environment for two kinds of inputs, namely employee’s natural resources which are human inputs and nonhuman inputs such as equipments, information and raw materials. Management’s ability is to focus on the input-output process cycle and maintain this three-part flows of activity. Recently, we have developed a metric called ABC model to measure organizational annual research productivity [3-6]. In this paper, we have made an attempt to relook into human motivational theories and developed a new Organizational Attitude Theory called Theory A. The three main constructs of Theory A are fixing Responsibility, maintaining Accountability, and fulfilling pre-determined Target (RAT). In this paper, some of the existing theories of organizational behaviour are examined and basic postulates and detailed organizational model for Theory A is depicted.

II. About People Management

People are the most important resource for any organization. Better people make better organizations. Among all the four resources namely man, machine, material and money, man is the most difficult to manage. This arises from the fact that human beings are most unpredictable by nature. Same person may act differently to a same situation or different situations. Added to this is the complexity of the forces in the organizational environment to which he is exposed to. Therefore, man management becomes an important task in organizations. Some of the leading theories are discussed here, in relation to their advantages, benefits, constraints, and disadvantages highlighting with special features.

(1) Maslow’s Theory of Need Hierarchy:

Features: Maslow’s Theory [7] is based on human needs and its prioritization in the form of a hierarchy. All human beings are longing to fulfil some needs in an order from lower to higher and from basic to advanced. Efficiency in organizations could be improved through creating motivation for need fulfilment.

Advantages:
(1) Based on understanding about human nature.
(2) Factors external to the individual also decides behaviour.
(3) Consistency in behaviour towards desired results demand a variety of satisfiers.

Benefits:
(1) Applicable to every employee in the organization.
(2) Behaviour can be changed or modified at any point of time.
(3) Affords predictability in behaviour.

Constraints:
(1) Cannot address complex situations.
(2) All behaviour need not be productive to organizational effectiveness.
(3) All expectations are difficult to fulfil.

Disadvantages:
(1) Needs are not uniform for all at any point of time.
(2) Organizations cannot account for life outside workplace.
(3) Organizations expect more of efficiency while investing less in need fulfilment.

(2) Incentive Theory:

Features: Action follows reward. Desired behaviour can be created and persisted through adequate and timely rewards. Behaviour could be influenced by personally rewarding or socially rewarding. As such, rewards could be tangible or intangible. Praise, appreciation, recognition are intangible rewards while salary, promotion are tangible rewards [8].

Advantages:
(1) Behaviour in organizations becomes predictable.
(2) Rewards are easy to manage.
(3) Well structure reward system ensures personal effectiveness.

Benefits:
(1) Tend to act in the interest of the organization.
(2) Motivating employees becomes easy.
(3) Personal effectiveness leads to organizational effectiveness.

Constraints:
(1) Choosing the appropriate rewards is difficult.
(2) Certain rewards may not work some times.
(3) Sustaining efficiency is not exclusively determined by rewards.

Disadvantages:
(1) It is essential to maintain continuity in rewards to continuity in action.
(2) It is difficult to formulate/implement well structured reward system.
(3) Competition may scuttle rewards.

(3) Herzberg's Two Factor Theory:

Features: Job satisfaction and job dissatisfaction act independently of each other. Two factor theory distinguishes between motivators and hygiene factors. Hygiene factors which can create dissatisfaction are salary, fringe benefits, working conditions, job security etc. Motivators which create satisfaction are challenging nature of work, recognition, achievement, personal advancement etc. Hygiene factors are what causes dissatisfaction employees in a workplace and therefore, this has to be overcome through positive changes. Eliminating dissatisfaction is only one half of the task. The other half would be to increase satisfaction in the workplace. This can be done by improving on motivating factors [9].

Advantages:
(1) Management can influence attitude towards work.
(2) Enables to distinguish dissatisfiers which are primarily responsible for low efficiency.
(3) Enables to maintain a balance between two factors.

Benefits:
(1) Motivators result in positive attitude to work.
(2) Eliminates dissatisfaction.
(3) Enhances desired behaviour through optimum inputs.

Constraints:
(1) Approach to influence work centred behaviour gets divided focus.
(2) Measures to approaches differ.
(3) It is practically difficult to differentiate the factors in watertight compartments.

Disadvantages:
(1) Human tendency to compare with others may reduce the efficiency outcome.
(2) Change in behaviour calls for individual likeness of the organization.
(3) Raises employee expectations limitlessly.

III. Motivational Theories X, Y, and Z

'Theory X' and 'Theory Y' were created and developed by Douglas McGregor in the 1960s [10]. These theories describe two contrasting models of workforce motivation applied by managers in human resource management, organizational behaviour, organizational communication and organizational development. According to the models, the two opposing sets of general assumptions of how workers are motivated form the basis for two different managerial styles. Theory X stresses the importance of strict supervision, external rewards, and penalties: in contrast, Theory Y highlights the motivating role of job satisfaction and encourages workers to approach tasks without direct supervision.

Features of Theory X:
* The typical person dislikes work and avoids it if possible.
* The typical person lacks responsibility, has little ambition and seeks security above all.
* Most people must be coerced, controlled, and threatened with punishment to get them to work.
* With these assumptions the managerial role is to coerce and control employees.

Theory X is based on pessimistic assumptions of the average worker. This management style presupposes that the average employee has little or no ambition, shies away from work or responsibilities, and is individual-goal oriented. Generally, Theory X style managers believe their employees are less intelligent than the managers are, lazier than the managers are, or work solely for a sustainable income. Due to these assumptions, Theory X concludes the average workforce is more efficient under "hands-on" approach to management [11]. The Theory X manager believes that all actions should be traced and the responsible individual given a direct reward or a reprimand according to the action's outcomes.

(a) Advantages:
(1) Simplicistic assumptions which could explain human behaviour in organizations.
(2) Easy to manage unproductive workforce.
(3) Suited to the early industrialization era.

(b) Benefits:
(1) Could be employed irrespective of deploying strategies.
(2) Quick results and easy management.
(3) Adaptive to prevailing culture and notions.
(c) Constraints:
   (1) Negative and one sided assumptions about human nature.
   (2) Yield short term results and become counterproductive.
   (3) Managers tend to become autocratic.
(d) Disadvantages:
   (1) Suppression and regimentation of employees.
   (2) Output against goodwill of employees.
   (3) Ignores employee involvement.

Features of Theory Y:

Theory Y is almost in complete contrast to that of Theory X. Theory Y managers make assumptions that people in the work force are internally motivated, enjoy their work. Also, Theory Y states that employees enjoy challenges in work and obtain their personal satisfaction. Since workers are willing to assume responsibility they do not require constant/close supervision in the performance of their work [12].

* Work is as natural as play or rest. People are not inherently lazy. They have become that way as a result of experience.
* People will exercise self direction and self control in the service of the objectives to which they are committed.
* People have potential. Under proper condition they learn to accept and seek responsibility.
* They have imagination, ingenuity and creativity that can be applied to work.

With these assumptions the managerial role is to develop the potential in employees and help them release that potential towards common objectives.

(a) Advantages:
   (1) Managers maintain optimistic view about workers.
   (2) Employees put in effort painlessly and willingly.
   (3) Resort to democratic and humanistic approaches.

(b) Benefits:
   (1) Increased efficiency in work.
   (2) Employee involvement in organizational functioning.
   (3) Co-ordinal industrial relations climate.

(c) Constraints:
   (1) Not all employees are competent to handle their work without seeking frequent help.
   (2) Many entrepreneurial do not fancy this style of functioning from their managers.
   (3) Suitable to certain categories of workers were skill and competence level are low.

(d) Disadvantages:
   (1) Workers may misuse freedom.
   (2) Managers may lose focus and work suffers.
   (3) Decision making may not be possible at all times.

Theory Z:

Theory Z is built on the premise that it is not technology that is important in counting the efficiency of the organization. But the ‘special way of managing people’ [13]. This is a managing style that focuses on a strong company philosophy, distinct corporate culture, long range staff development and consensus decision making. The desire, under this theory, is to develop a work force which has more loyalty towards staying with the company and be permanent in their career.

Features of Theory Z:

Some of the assumptions about workers under this theory are following.

- Workers tend to build a happy and intimate working relationship with those that they work for and work with.
- Employees highly expect that they be supported by the company.
- They value a working environment in which such things as family culture, tradition, and social institutions are regarded as equally important as work itself.
- Management must have a high degree of confidence in the workers and their capacity for decision making.

(a) Advantages:
   (1) Employees tend to stay longer/permanently with the organization.
   (2) Opportunity for participation in decision making.
(3) Employees shed fear of uncertainty over future.

(b) Benefits:
(1) Develop strong bond of unity and oneness with organization.
(2) Collective effort and productive teams.
(3) Increased loyalty to the organization.

(c) Constraints:
(1) Unproductive employees find comfortable haven.
(2) Staying longer does not increase loyalty.
(3) Consensus decisions may be disowned if it fails.

(d) Disadvantages:
(1) Opportunity for potential employees migrating from outside is minimized.
(2) Employees may give low priority to work than home and family.
(3) Consensus decision making will lead to delay.

IV. Towards the Theory of Accountability (Theory A)

The theories discussed earlier are construed based on postulates of human behaviour in organizations largely focused on motivation, support and socialization. A lot of changes in external environment has taken place over time that the 21st century work force or otherwise called new generation employees are subjected to changes which affect their psychological and social outlook. Changes in technology have resulted in improving the quality of life, making man a productive employee and aggressive consumer. Changes in economy have resulted in increased earnings, now that he can afford many of the previously considered luxuries which have become his essential needs now. Education has imparted knowledge and skills required for employment in the competitive job market, but also induced liberal thinking to confront diversities in all walks of life. Changes in civil society have changed his perception of the society and the world around him. Fast growing information-communication technology has made him receptive and fast responding. Today’s employee is no more passive or lazy (theory X), or contended with rewards and support (theory Y), or fascinated by social ties of affection and stability (theory Z). Instead we find him a self centered professional who is trying to catch up with the fast pace of life yet fulfill the desires of living. Share of commitment is vested not just in following the objectives but in fulfilling the objectives. Therefore planning for realization of organizational and individual objectives follows strategy adoptions which rely on role models of best performers as well as exploration of one’s own self. Performance as well as responsibility towards targets is realized through fulfilling accountability.

V. Theory A: Revolving around Accountability

Fig. 1: Diagram connecting various components of Theory A.

Essential elements of Accountability Theory (Theory A) are
(1) Problem identification based on the objectives of the organization
(2) Planning based on set objectives
(3) Responsibility setting
(4) Target setting
(5) Resource allocation
(6) Working strategy
(7) Motivation
Monitoring & Guiding
Performance measurement metric
Role model
Accountability

Based on Focus group method, we have developed following postulates which connect the above factors of organizational performance.

Postulate 1: Employee outlook has changed over time.
Postulate 2: The present day employee has considerable innate potential which the organization is looking for.
Postulate 3: His knowledge and skill could be enhanced in a conducive environment of necessity and expediency.
Postulate 4: The organization influence application of knowledge and skill into practice.
Postulate 5: Identification of role models and self exploration can transform average employee into real performer.
Postulate 6: Rewards are not only a matter of money or position, but ones own feeling of inherent creativity and contribution to the organization.
Postulate 7: Such employees are highly motivated and identifies with the organization.
Postulate 8: Targets are not externally suggested but jointly arrived at and compliance to target is out of will.
Postulate 9: Responsibility is nothing but efficiency in delivering targets to the required extent and time.
Postulate 10: Efficiency in individual and organizational performance is based on accountability to oneself, one’s own job and to the job giver.
Postulate 11: Accountability is sine qua non to commitment. The more the commitment greater is the Accountability.

VI. Target, Responsibility and Monitoring Framework on Accountability

The five major goals of Organizational Behaviour mentioned at the beginning are covered in Theory A and the details are listed in TABLE 1.

Table 1: Explanation of how the major goals of OB can be achievable using Theory A.

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Major OB Goals</th>
<th>Solution by Theory of Accountability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>To describe systematically how people behave under variety of conditions.</td>
<td>Organization influences application of knowledge and skills into action based on conditions prevailing in the organization.</td>
</tr>
<tr>
<td>2</td>
<td>To understand why people behave as they do.</td>
<td>Employees own feeling of creativity levels vary.</td>
</tr>
<tr>
<td>3</td>
<td>Predicting future employee behaviour.</td>
<td>Rewards make sense in feeling of contribution to the organization ‘the more the grater’.</td>
</tr>
<tr>
<td>4</td>
<td>Control at least partially and develop some human activity at work.</td>
<td>Targets are jointly arrived at and efficiency in delivering targets is construed as responsibility.</td>
</tr>
<tr>
<td>5</td>
<td>To know how people can be motivated and directed on to their responsibility to enhance the individual and group performance to boost the productivity of the organization.</td>
<td>Efficiency in performance can be boosted through increasing accountability to one-self, one’s own job and job giver.</td>
</tr>
</tbody>
</table>

Fig. 2: Theory A Constructs framework.

The four major constructs of Theory A are fixing Responsibility, maintaining Accountability, continuous Monitoring, and fulfilling pre-determined Target (RAMT) and are controlling aspects of the performance/productivity of an employee around the yard stick called Accountability (Fig. 2).
VII. Theory A & Emotional Intelligence

Theory A address the key components of emotional intelligence as revelled in the following analysis given in TABLE 2.

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Theory A</th>
<th>Theory of Emotional Intelligence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Change in Employee outlook</td>
<td>Perception</td>
</tr>
<tr>
<td>2</td>
<td>Identify individual with organization</td>
<td>Cognition</td>
</tr>
<tr>
<td>3</td>
<td>Environment conducive to growth</td>
<td>Development</td>
</tr>
<tr>
<td>4</td>
<td>Creativity as innate urge</td>
<td>Fulfilment</td>
</tr>
</tbody>
</table>

VIII. Theory A & Entrepreneurship

The main components in entrepreneurship theory of a firm are identified and compared with the components of theory A and is given in TABLE 3.

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Theory A</th>
<th>Theory of Entrepreneurship</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Employees possess potential</td>
<td>Strength of analysing information</td>
</tr>
<tr>
<td>2</td>
<td>Consistency in delivering targets</td>
<td>Responsibility towards expansion</td>
</tr>
<tr>
<td>3</td>
<td>Application of skills into practice</td>
<td>Motivation</td>
</tr>
<tr>
<td>4</td>
<td>Contribution as reward</td>
<td>Commitment and Co-ordination</td>
</tr>
<tr>
<td>5</td>
<td>Target, responsibility, monitoring and accountability as core components</td>
<td>Information synthesis, expansion, and co-ordination as core components</td>
</tr>
</tbody>
</table>

IX. Theory A & Organizational Success

An organization is a planned group of resources with an objective of sustainable profit, or name, or social service by means of innovative, efficient performance through individual and team work. The contribution of theory A to organizational success is given in TABLE 4.

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Theory A</th>
<th>Organizational Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Believes in creativity</td>
<td>Leading to contribution</td>
</tr>
<tr>
<td>2</td>
<td>Focus on collaboration</td>
<td>Improved team work</td>
</tr>
<tr>
<td>3</td>
<td>Emphasising accountability</td>
<td>Results in efficiency</td>
</tr>
<tr>
<td>4</td>
<td>Based on satisfaction</td>
<td>Reflecting in performance</td>
</tr>
<tr>
<td>5</td>
<td>Employs unique strategy</td>
<td>Adopting innovation</td>
</tr>
</tbody>
</table>

X. Illustrative Example

Goal

In order to maintain the quality of teaching-learning process at desired level, it is essential that the efficiency of the faculty should be maintained at high levels. Institutional research productivity also would enhance if research publication is promoted in a big way. With this in view, the institution has decided to promote research publication by the faculty through providing opportunity in the form of conducting conferences at regular intervals and including the papers from all faculty for publication in proceedings/journals.

The Context

Research and publication has remained neglected in many educational institutions in India since long. Of late, it has received greater attention as the hall mark of ranking. Research productivity index is important for every institution of higher education for its fame and survival to withstand competition. The index of some B schools for instance has declined and so too their reputation, it was felt that the institution should encash the opportunity to scale up. There are adequate numbers of qualified and well experienced faculty, but very little attention has been paid to research and publication. In the recent past, some designated research centres have been established to involve the faculty in active research vis a vis teaching and conducting classes, even this could not address the issue adequately well.

The Practice

Our model of integrating research and publication into the professional responsibility of the faculty is modelled after the proposed Theory A. The conferences were intended mainly at internal faculty and less on external participants. As a consequence of this, the participation of the faculty became certain.

Evidence of success

With mutual target setting the institution published 400 research papers in a span of two year covering six conferences. Each faculty contributed about 2 to 5 papers in every conference. Some who showed better and faster result emerged role models. Self exploratory opportunities yielded result [5].
Problems encountered and Resources required
At the time of introducing this system, the following problems were encountered and necessitated the resources to implement it.
- Themes were framed for the conferences such that it would provide a broad range of topics to be included.
- In order to give greater value to the publication, ISBN numbers were required by the institution.
- Conference days were declared holiday for students so that faculty could sit through the session.
- Financial support was sought from managing committee of the institution.
- Arrangements for refreshments were done closer to the venue.
- Faculty representatives became conference coordinators so that they own and manage their own programme.

XI. ABCD Analysis of Theory A
ABCD listing and Analysis using ABCD framework are two models of qualitative [17-23] and quantitative ABCD analysis [24-30] respectively. In this section we have used ABCD analysis for qualitative listing of advantages, benefits, constraints and disadvantages of Theory A.
(a) Advantage
1. Suited to changes in the employee profile in the new century
2. Acknowledges human potential and capability to create change
3. Emphasizes quest for creativity
(b) Benefits
1. Assuming Responsibility utilizing opportunity to perform
2. Accountability results in sustainable organizational effectiveness
3. Utilizing creativity as operational energy
(c) Constraints
1. Differentiating talents is difficult in complex organisations
2. Not all employees may be proactive in setting targets
3. The strategy to the approach is subject to further test
(d) Disadvantages
1. Takes time to generate output from slow performers
2. Self exploration needs effort and demands genuineness
3. Inability to realize targets may give frustration

XII. Conclusion
Human behaviour in organizations has always been an intriguing subject of study for behavioural scientists. Postulates founded on positive and negative approaches to human nature prevailed in the form of theory X, Theory Y and subsequently theory Z. In all these cases, consideration on ‘quest for creativity’ inherent in human nature was overlooked. The proposed theory A revolves around accountability as the commitment arising from joint target setting and assigning responsibility as opposed to fixing targets and assuming responsibility. The 21st century workforce is different from its counterparts of the past. This theory fits well as an alternative to explaining organizational behaviour in 21st century changed workforce psychology and managerial practices.

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