INTRODUCTION

1.1. Personality Factors

1.1.1. Conceptual Framework of Personality:

The term personality has been derived from the Latin word ‘persona’ which means mask. In the theatre of ancient Greece and Rome, the actors used to wear mask to play a particular character. Thus, personality is used in terms of influencing others through external appearance. Many researchers and theorists have defined the term personality in different ways. Thus, to give an exact definition of personality is rather very difficult job. However, a widely accepted definition of personality was given by Allport (1937). He identified almost fifty different definitions of personality and classified them into five different categories as follows:

Omnibus: These definitions view personality as the sum-total, aggregate or constellation of properties or qualities.

Integrative and configurational: Under this view of personality, the organization of personal attributes is stressed.

Hierarchical: These definitions specify the various levels of integration or organization of personality.

Adjustment: This view emphasises the adjustment (adaptation, survival and evolution) of the person to the environment.

Distinctiveness: The definitions for this category stress uniqueness of each personality.

In the light of above mentioned categories of personality he defined “personality is the dynamic organization within the individual of those psychophysical systems that determine his unique adjustment to the environment.” Allport’s definition clearly indicates that personality is dynamic in its nature and is always changing. It is
not static. It also suggests that personality is an integrating and organising agent between physiological (of the body) and psychological (of the mind) aspects of an individual. It is unique in nature. It becomes habitual to the person. It results in action or behaviour in relation to a person, organization or situation.

Mischel (1976) viewed that personality can be defined as “the distinctive patterns of behaviour (including thoughts and emotions) that characterize each individual’s adaptation to the situations of his or her life.” McCrae and Costa (1989) defined personality as “enduring emotional, interpersonal, experiential, attitudinal and motivational styles that explain behaviour in different situations.” According to Phares (1991), “personality is that pattern of characteristic thoughts, feelings and behaviours that distinguishes one person from another and that persists over time and situation.” Funder (2001) defined personality as “an individual’s characteristic pattern of thought, emotion and behavior, together with the psychological mechanisms—hidden or not—behind those patterns.” Larson and Buss (2005) viewed that “personality is the set of psychological traits and mechanisms within the individual that are organized and relatively enduring and that influence his or her interactions with, and adaptations to the intrapsychic, physical and social environments.” Mayer (2007) defined personality as “the organized developing system within the individual that represents the collective action of that individual’s major psychological subsystems.”

Thus, these definitions present different aspects, views and explanations about personality. On the basis of these definitions personality can be defined as the characteristic patterns of thoughts, feelings and behaviours that make a person unique and influence his action and adjustment to the environment.

The theoretical concept of personality can be defined in the light of following theories of personality. There are various theories of personality which involve
different ideas about the relationship between personality and other aspects of a person, as well as different notions about the way personality develops. These various theories have been again classified into various categories such as:

(1) **Psychoanalytical Theories:** Sigmund Freud (1920) was the founder of this Psychoanalytical school of thought. Freud’s theory places central importance on forceful, unconscious psychological conflicts. These psychological conflicts occur between the three parts of personality; the id, the ego and the superego. Freud also proposed that personality developed in five stages which he called the psychosexual stages of personality development. These are:

- **Oral Stage:** Birth to approximately eighteen months.
- **Anal Stage:** Eighteen months to three years.
- **Phallic Stage:** Between three and five years.
- **Latency Period:** Roughly from six years to puberty.
- **Genital Stage:** Adolescence and adulthood.

Freud believed that adult personality is dependent upon early childhood experiences and largely determined by age five. Fixations that develop during the first three stages contribute to adult personality and behaviour.

Carl Jung (1928) developed his own theory of personality known as Analytical psychology. Like Freud, Jung believed that unconscious conflicts are important in shaping personality. However, he believed that the unconscious has two layers; the personal unconscious, which resembled Freud’s idea and the collective unconscious, which contains universal memories of the common human past. Jung called these common memories archetypes. Archetypes are images or thoughts that have the same
meaning for all human beings. Jung said that archetypes exist in dreams as well as in art, literature and religion across cultures.

Besides these theorists, other theorists like Alfred Adler (1927), Karen Horney (1937), Eric Fromm (1941) and Erikson (1963) also made additional contribution to psychoanalytic theories.

(2) Behavioural Theories: B. F. Skinner (1938) and John Watson (1925) were the chief contributors of behavioural theories. According to them, people have consistent behaviour patterns because they have particular kinds of response tendencies. Behaviours that are reinforced by the environment and have positive consequences tend to increase. While, behaviours that are not reinforced by the environment and have negative consequences tend to decrease. Thus, one’s behaviour can be modified by modifying one’s environment. This group of theories suggest that over time people learn to behave in particular ways. Their responses change as they encounter new situations. Thus, personality develops over the whole life span.

(3) Social Cognitive Theories: Social cognitive theories are theories of personality that emphasize cognitive processes such as thinking and judging in shaping personality. Social cognitive theorists like Albert Bandura (1973) and Walter Mischel (1977) introduced thought into the equation of personality. They especially focused on how people cognitively interpret the situation in which they find themselves and then alter their behaviour.

(4) Humanistic Theories: This group of theories emphasize that people have free will and that they play an active role in determining how their personality develops. Abraham Maslow (1954, 1971) and Carl Rogers (1951, 1959, 1961) were major proponents of this view. Maslow believed that we have an active will toward health, an
impulse toward growth, or toward the actualization of human personalities. We reach our full potential through self-actualization, which includes “peak experiences.” The humanistic theories are important because of their positive and optimistic approach and their claim that human personality has a natural tendency toward growth and self-actualization.

(5) Type Theories: Personality type theories aim to classify people into distinct categories of personality types. Some of these most popular and commonly known personality types are as follows:

Humours: Ancient Greek philosophers on the basis of four humours (blood, phlegm, black bile and yellow bile) classified people into four personality types. These personality types are as follows:

- **Sanguine:** Cheerful, passionate and confident.
- **Phlegmatic:** Dull and unemotional.
- **Melancholic:** Moody, unhappy and depressed.
- **Choleric:** Angry and hot-tempered.

Each personality type was believed to be due to an excess of one of four bodily humours, which rule our body. These four bodily humours are- blood (sanguine), phlegm (phlegmatic), black bile (melancholic) and yellow bile (choleric).

In India also, *Charak Samhita*, a famous treatise on Ayurveda, classifies people into the categories of vata, pitta and kapha on the basis of three humoural elements called ‘tridosha’.

**Type-A and Type-B Personalities:** Some theorists classified people into Type-A and Type-B personalities. People with Type-A personality seem to possess high motivation, lack patience, feel short of time, be in a great hurry and feel like being always burdened
with work. Such people find it difficult to slow down and relax. Type-A personalities are more susceptible to problems like hypertension and coronary heart disease (CHD).

On the other hand, people with Type-B personality tend to be relaxed and less competitive. They are opposite to Type-A personality. There may be people with mixed Type-AB personality.

**Myers-Briggs Personality Types:** Isabel Briggs Myers and her mother Katherine C. Briggs (1940) built on Carl Jung’s theory to construct the Myers-Briggs Type Indicator (MBTI). MBTI identify individual’s basic preferences for perceiving and processing information.

The Myers-Briggs system classifies people into sixteen different personality types, on the basis of their position in four areas:

- How a person relates to others (either by Extraversion or Introversion).
- How a person takes information (either by Sensing or Intuition).
- How a person makes decisions (either by Thinking or Feeling).
- How a person orders their life (either by Judging or Perceiving).

Each of the sixteen personality traits has its strength and weaknesses. These sixteen types are often referred to by an abbreviation of four letters, the initial letters of each of their four types preferences. For instance:

- **ESTJ** (Extraversion, Sensing, Thinking, Judging) is one of the most common types for managers.
- **ENTJ** (Extraversion, Intuition, Thinking, Judging) are considered natural leaders.
- **ISFJ** (Introversion, Sensing, Feeling, Judging) are considered having high sense of duty.
These sixteen personality types indicate people’s preferences, not the way they necessarily behave all of the time.

(6) **Trait Theories:** Trait theories postulate that an individual’s personality is composed of definite predispositional attributes called traits. A trait may be defined as an enduring characteristic, factor, attribute or quality that distinguishes people from one-another in terms of their basic tendencies to think, feel and act in certain ways.

Trait theorists generally assume that:

- Traits are relatively stable over time.
- Traits are common to many individuals and vary in strengths and combinations across individuals.
- Traits influence behaviour.

A number of psychologists have used traits to formulate their theories of personality. Some important trait theories are as follows:

**Gordon Allport’s Trait Theory:** In 1936, Gordon Allport found that English language contained more than thousands of words describing different personality traits. He categorized these traits into three levels:

(i) **Cardinal Traits:** Cardinal traits are those traits that dominate an individual’s whole life often to the point that person known specifically for these traits, for example, Mahatma Gandhi’s non-violence and Hitler’s Nazism. Such traits often get associated with the name of the person so strongly that they derive such identities as the ‘Gandhian’ or ‘Hitlerian’ trait. Allport suggested that cardinal traits are rare and tend to develop later in life.

(ii) **Central Traits:** These traits are the general characteristics that form the basic foundations of personality. These characteristics are found in some degree in every
person and often used in writing a testimonial or job recommendation for a person. Some examples are warm, sincere, diligent and honest etc. These traits are not dominating as cardinal traits.

(iii) Secondary Traits: Secondary traits are more peripheral. These are the traits that are related to attitudes or preferences and often seen only in certain situations or under specific circumstances. Some examples would be getting anxious while speaking to a group or impatient while waiting in line.

Raymond Cattell’s Theory: Raymond Cattell (1965) reduced the number of main traits from Allport’s list of over thousand traits to 171 traits, mostly by eliminating uncommon traits and combining common traits. Then, after collecting self-ratings on these traits, he conducted factor analysis. Thus, he identified closely related terms and eventually reduced his list to just sixteen key primary or source traits that represent underlying structure of personality. These sixteen source traits are warmth, reasoning, emotional-stability, dominance, liveliness, role-consciousness, social boldness, sensitivity, vigilance, abstractedness, privateness, apprehension, openness to change, self-reliance, perfectionism and tension. Besides source traits, Cattell also identified a number of surface traits that represent clusters of correlate variables. Surface traits are resulted out of the interaction of source traits.

Eysenck’s Theory: Hans Eysenck (1967) suggested that personality can be reduced into two broad personality traits. These traits are:

(i) Neuroticism vs. Emotional Stability: This dimension is related to moodiness versus even-temperedness. It refers to the degree to which people control over their feelings. At one extreme of this trait people are neurotic. They tend to be anxious, depressive, moody, touchy, emotional, restless and quickly lose control. While, at the
other extreme lie people who are emotionally stable. They are calm, even-tempered, reliable and remain under control.

(ii) **Introversion vs. Extraversion**: Introversion involves directing attention on inner experiences, while extraversion relates to focusing attention outward on the other people and environment. (It refers to the degree to which people are socially outgoing or socially withdrawn.) At one extreme are those who are introvert. They tend to be quiet, cautious and reserved. At the other extreme are people who are extravert. They tend to be active, gregarious, impulsive and thrill-seeking.

   Later, after studying individuals suffering from mental illness, Eysenck added a personality trait to his trait theory, called Psychoticism, which is defined as:

(iii) **Psychoticism**: People who score high on psychoticism tend to have difficulty dealing with reality and may be hostile, antisocial, egocentric, non-empathetic and manipulative.

   Eysenck believed that these three traits are sufficient to describe human personality.

**Holland’s Theory**: John L. Holland’s RAISEC vocational model, commonly referred to as the Holland Codes, stipulates that there are six personality traits that lead people to choose their career paths. These are as follows:

- Realistic: Practical, physical, hands-on and tool-oriented.
- Investigative: Analytical, intellectual, scientific and explorative.
- Artistic: Creative, original, independent and chaotic.
- Social: Cooperative, supporting, helping and healing/nurturing.
- Enterprising: Competitive environments, leadership and persuading.
- Conventional: Detail-oriented, organizing and clerical.
Holland argues that 2-3 types dominate in each person. This model is widely used in vocational counseling.

The Big Five Factor Theory: This is one of the most accepted and applicable trait theories of personality in today’s scenario. This theory suggests that all personality traits can be grouped under five factors. These factors are as follows:

- Extraversion: Outgoing and stimulation-oriented vs. quiet and stimulation-avoiding.
- Neuroticism: Emotionally reactive, prone to negative emotions vs. calm, collected, optimistic.
- Agreeableness: Easygoing, friendly, peace-making vs. aggressive, dominant, disagreeable.
- Conscientiousness: Dutiful, planful and orderly vs. laidback, spontaneous and unreliable.
- Openness to experience: Open to new ideas and change vs. traditional and oriented toward routine.

For ease of remembrance, this can be written as either OCEAN or CANOE.

This five factor theory was originally discovered by Fiske (1949) and Tupes and Christal (1961). These five factors of personality were also identified and extended by several independent sets of researchers like Digman (1990), Goldberg (1993), Mount and Barrick (1995), Costa and McCrare (1992). These five factors of personality have been found to contain and subsume most known personality traits and are assumed to represent the basic structure behind all personality traits.
1.1.2. Determinants of Personality:

In the organization, managers can deal more effectively, if they understand how an individual’s personality develops. There are various determinants of personality which shape and develop one’s personality. These determinants of personality have been categorized by various researchers and theorists in different ways, such as McClelland (1951) has categorized these determinants into four fundamental theories—traits (acquired propensity to respond), schema (beliefs, frame of reference, major orientations, ideas and values), motives (inner drives) and self-schema (observation of one’s own behaviour). Similarly, Scott and Mitchell (1982) have classified various determinants into heredity, groups and cultural factors, both physiological and psychological which play an important role in human personality. However, these various determinants can be summarized into four broad categories:

(1) Biological factors
(2) Family and social factors
(3) Cultural factors and
(4) Situational factors

(1) Biological Factors: Biological factors that contribute to the development of human personality can be divided into three categories:

(i) Heredity: Heredity is the transmission of the qualities from ancestor to descendant through a mechanism lying primarily in the chromosomes of the germ cells. Heredity predisposes to certain physical, mental and emotional states. It has been established through research on animals that physical and psychological characteristics can be transmitted through heredity. However, such a conclusive proof is not available for
human beings, though psychologists and geneticists have drawn the conclusion that heredity plays an important role in personality.

(ii) Brain: Brain is also an important biological factor which is supposed to play an important role in shaping one’s personality. Evolutionary psychologists and neuropsychologists suggest that depending on the structure of brain, an individual’s personality develops. For instance, the right-side of the brain is associated with creativity and the left-side of the brain is associated with analytical or management quality. In the same way, the frontal lobes are the part of the brain that anticipates events and weighs the consequences of behaviour, while deeper brain regions, including the seahorse-shaped hippocampus and the nearby amygdala, are associated with such things as memory, mood and motivation.

(iii) Physical Features: Physical features include external appearance and rate of maturation. An individual’s external appearance which is biologically determined is an important ingredient of personality. A person’s external appearance have some influence on his personality because he will effect influence on others and in turn, will affect his self-concept. Similarly, the rate of maturation also affects personality because persons of varying maturity are exposed to different physical and social situations and activities differently.

(2) Family and Social Factors: Family and social factors also determine the personality development. These factors can be classified into two categories:

(i) Home Environment: Total home environment is a critical factor in personality development. For example, children with markedly institutional upbringing or children in a cold, unstimulating home environment have a much greater potential to develop
emotionally maladjusted personality than children raised by parents in a warm, loving and stimulating home environment.

(ii) Family Members: Parents and other family members have strong influence on one’s personality development. They contribute in shaping one’s personality almost from birth in several ways- by expressing and expecting their children to confirm to their own values, through role modelling and through various reinforcement strategies such as rewards and punishments which are judiciously dispensed.

(iii) Social Groups: Outside the home, a person is exposed to various social groups such as school, friends and other work groups. These social groups play an important role in shaping personality. Because when a person joins a group, he has to confirm to the values of that group, which may or may not always be palatable to him. If he doesn’t, he will not be treated as valued member of that group. His desire to be part of that group and belong to it as its member, will compel him to change certain aspects of his personality (for instance, becoming less aggressive, more cooperative etc.). Thus a person’s personality becomes shaped throughout his life by at least some of the people and groups he interacts with.

(3) Cultural Factors: Each culture expects and trains its members to behave in the way that is acceptable to the group of that culture. Every culture is somewhat or more different from other culture. Thus, people born in different cultures tend to develop different types of personalities which in turn significantly influence their behaviours. For instance, it is commonly seen that people in Gujarat are more enterprising than people from other states, Punjabis are more diligent and hardworking, people from Bengal are more creative and with an intellectual bend and likes.
(4) **Situational Factors:** Situational factors play very powerful role in developing human personality. These factors exercise constraints and may provide push on the individual. In certain circumstances, it is not so much the kind of person a man is, as the kind of situation in which he is placed, that determines his personality. For example, a worker whose personality history suggests that he had need for power and achievement, may become frustrated and react apathetically and aggressively if he is put in a bureaucratised work situations. Thus, he may appear lazy and trouble-maker though his personality history may suggest that he is very hard working and striving to get ahead. Thus, because of changed situation, his personality composition changes. This factor is very important for organizational behaviour because a manager has control over the organizational situation.

### 1.1.3. Measurements of Personality:

A Personality test strives to observe and describe the pattern of personality which can be defined as the characteristic ways in which an individual thinks, feels and behaves. A number of personality tests have been developed in different fields to make assessment of personality of people. Some of them are used in clinical settings to diagnose mental illness and some of them are used likewise in organizational settings for selection and counselling. While, some of them are used in normal population to assess different conceptions of the dimensions of personality. The above mentioned different categories of personality tests again has been categorized in two broader categories such as:

1. **Projective Personality Tests:** Projective personality tests assume that personality is primarily unconscious and assess an individual’s personality by how he/she responds freely to ambiguous stimuli like pictures and phrases. These tests based on the idea that an individual will project his unconscious needs, desires, conflicts and feelings on to
the ambiguous stimuli. These projections are interpreted by experts which interpret individual’s personality. Some of the well-known projective personality tests are briefly defined:

**The Rorschach Inkblot Test:** This test was developed by Hermann Rorschach (1921/1942, 1951). It consists of a series of ten inkblots. Psychologists ask subjects to look at the inkblots and describe what they see, and the psychologists then use complex scoring systems to interpret the subjects’ responses. Scores are based on various characteristics of responses such as the originality of the response and the area of the blot described in the response. The Rorschach Inkblot Test provides information to psychologists about the subject’s complex personality traits and the situational stresses the subject may be experiencing so far.

**The Thematic Apperceptions Test (TAT):** The TAT (Murray and Bellack, 1942 and Tomkins, 1947) was developed during the late 1930s by Henry Murray and Christiana Morgan at Harvard University. This test consists of a series of pictures containing a variety of characters and scenes. In this case, a psychologist is supposed to make a detailed query regarding stories about each picture describing characters and scenes. Then after a psychologist used to exercise a complex scoring system to analyze the themes that emerges from the subjects’ detailed stories. These stories made by subjects reflect their unconscious needs, desires and conflicts. For instance, a person with a high need for achievement may consistently come up with stories that have achievement related themes.

**Sentence Completion Test:** As the word itself indicates a Sentence Completion Test is making use of a number of incomplete sentences. The starting part of the sentence is first presented and the subject has to provide an ending to the sentence. For instance,
My greatest fear is……………………………..

I am proud of………………………………

It is held that the type of ending used by the subjects reflect their attitudes, motivations and conflicts. There are many different versions of this test. For instance, The Rotter Incomplete Sentences Test (Rotter and Rafferty, 1950), The Forer Structured Sentence Completion Test (Forer, 1957) and Incomplete Sentence Task (Lanyon and Lanyon, 1980).

**Draw-a-Person Test:** Draw-a-Person Test (Machover, 1949) is a simple test in which the subject is asked to draw a person of same and opposite sex on a sheet of paper. Finally, the subject is asked to make a story about the person as if he was a character in a novel or play. Then subject’s responses are interpreted by trained psychologists.

(2) **Objective Personality Tests:** Objective personality tests assume that personality is consciously accessible. Therefore, objective personality tests are usually self-report inventories on which an individual consciously report his feelings, desires and needs by answering on various items. These items are based on some kind of rating scale. Subject’s responses are accepted at their face value. They are scored in quantitative terms and interpreted on the basis of norms developed for the test. Commonly used objective personality tests are briefly described below:

**The Minnesota Multiphasic Personality Inventory (MMPI):** This inventory was developed by Hathaway and McKinley during the late 1930s and published in 1943. This is one of the earlier tests that were used to assess the personality of job applicants and employees. However, this test was originally developed for psychological clinical profiling. It’s revised version MMPI-2 is also helpful in psychological clinical profiling. It includes ten clinical sub-scales with 567 true/false items. While using in a
organizational setting, some of these scales may be applicable to predicting job performance. However, before the availability of personality tests for organizational settings, organizations often used the MMPI to assess the personality of applicants and employees.

**The Sixteen Personality Factors Questionnaire (16PF):** This questionnaire was developed by Raymond Cattell and colleagues (1993). The 16PF is a 185-item multiple-choice questionnaire that assesses sixteen personality factors. These factors are: warmth, reasoning, emotional-stability, dominance, liveliness, role-consciousness, social boldness, sensitivity, vigilance, abstractedness, privateness, apprehension, openness to change, self-reliance, perfectionism and tension. This test has been found extremely helpful in career guidance, vocational exploration and occupational testing.

**The Revised NEO Personality Inventory (NEO-PI-R):** This inventory was developed by Costa and McCrare (1992). It is a 240-item questionnaire that uses a 5-point rating system. It assesses five personality domains. Each of the five domains of the NEO-PI-R is represented by six, more specific scales that measure facets of the domain. These are: Neuroticism (anxiety, angry hostility, depression, self-consciousness, impulsiveness and vulnerability), Extraversion (warmth, gregariousness, assertiveness, activity, excitement-seeking and positive emotions), Openness to experience (fantasy, aesthetics, feelings, actions, ideas and values), Agreeableness (trust, straightforwardness, altruism, compliance, modesty and tender-mindedness) and Conscientiousness (competence, order, dutifulness, achievement striving, self-discipline and deliberation).

**The NEO Five-Factor Inventory (NEO-FFI):** This inventory was designed by Costa and McCrare (1992). It is a brief 60-item version of the NEO-PI-R that is based on 5-point rating system. It measures five personality dimensions:
(1) **Neuroticism (N):** Neuroticism refers how emotionally stable a person is. Individuals who score high on neuroticism tend to be moody, anxious, depressed, insecure and very susceptible to stress. While, individuals who score low on neuroticism tend to be emotionally stable. They are usually calm, relaxed, secure and somewhat resistant to stress.

(2) **Extraversion (E):** Extraversion refers how sociable a person is. Individuals who score high are extraverts. They tend to be outgoing, talkative, assertive, active, energetic, excited and optimistic. They enjoy crowd, social gatherings and working in groups. Individuals who score low are introverts. They tend to be reserved rather than unfriendly, independent rather than followers, even-paced rather than sluggish. They are dull, quiet, cautious and prefer to be alone.

(3) **Openness to Experience (O):** Openness to experience refers how open-minded a person is. Individuals high on this dimension are curious, imaginative, insightful and intellectual. Open individuals are willing to entertain novel ideas and unconventional values and they experience both positive and negative emotions more keenly than do closed individuals. On the other hand, individuals low on this dimension are close-minded, routine-oriented, uninterested, conventional in behaviour and conservative in outlook. They do not prefer to entertain new ideas and their emotional responses are somewhat muted.

(4) **Agreeableness (A):** The agreeable person is altruistic, empathic, warm, friendly, cooperative, trusting, courteous and tactful. While, disagreeable person is egocentric, unfriendly, competitive rather than cooperative, suspicious and short-tempered.
It is tempting to see the agreeable side of this dimension as both socially preferable and psychologically healthier. However, agreeableness is not a virtue on the battlefield or in the courtroom.

(5) **Conscientiousness (C):** Conscientiousness refers to people who are careful, dependable, organized, punctual, strong-willed and determined. People with low conscientiousness tend to be careless, less thorough, more disorganized, irresponsible and easily discouraged. Low scorers are not necessarily lacking in moral principals, but they are less exacting in applying them, just as they are more lackadaisical in working toward their goals.

The NEO Five-Factor Inventory plays a very important role in organizational settings. These five personality factors in work settings affect employees’ work-related behaviour and job performance to varying degrees. Employees with low neuroticism tend to perform better than others in high stressful situations. Those with high extraversion are capable to handle the work settings that involve interaction with others, such as in the jobs of sales, teaching and public relations. While low in extraversion are capable to handle the work settings which require independent work and solitude, such as in computer programming. Employees with high openness are best suited to perform the job in the work settings that require creativity and flexibility like in the jobs of advertising and research positions. However, some work settings reward routine work and in these work settings creativity is not needed. So employees with low openness may find these work settings more rewarding. Employees with high agreeableness tend to handle customer relations and conflict based situations more effectively. It does not mean that employees with low agreeableness are not needed in organizational settings. Such employees are capable to handle work settings which require competition, skeptical and critical thinking such as in work settings of
collective agent, in scientific analysis. Conscientiousness is the personality characteristics that is most related to job performance across a variety of jobs. High conscientiousness employees set higher personal goals for themselves, are more motivated and have higher performance expectations than do employees with low conscientiousness. They work better in workplaces as compared to low conscientiousness employees.

Besides these tests there are other objective personality tests like Edwards Personal Preference Schedule (EPPS: A. L. Edwards, 1959), a 225-item paired-comparison test assessing fifteen personality variables. Eysenck Personality Questionnaire (EPQ: Eysenck and Eysenck, 1975), assesses three personality dimensions.

Both projective and objective personality tests are important. But in the organizational settings objective personality tests are mostly used by many organizations.

1.2. Self-Efficacy

1.2.1. Historical Perspective of Self-Efficacy:

Self-efficacy is defined as people’s belief about their capabilities to produce designated levels of performance that exercise influence over events that affect their lives. It is a belief that one has the capabilities to execute the courses of actions required to manage prospective situations. The concept of self-efficacy has been evolved from Bandura’s (1986) social cognitive theory. But the roots of self-efficacy, however, can be traced to the beginnings of research on the self (Pajares and Schunk, 2002). William James (1896) defined role of self in human functioning in ‘Principles of Psychology’. He gave the concept of "The Consciousness of Self". William James
(1896/1958) was one of the first writers who use the concept of self-esteem which is an important aspect of self. He described self-esteem as a self-feeling that “in this world depends entirely on what we back ourselves to be and do”. Charles Horton Cooley’s (1902) introduction of the metaphor of the looking-glass self and most notably Sigmund Freud’s (1923) development of the concepts of the id, ego and superego served as constructs that helped frame the ‘self’ as the regulating centre of an individual’s personality.

Although, besides James, Cooley and Freud other psychologists were making significant advances in considering the role of self in human functioning, it was neglected by behaviourists who were dominating American Psychology in those days. The behavioural oriented psychologists were more inclined toward the objectivity, therefore, they give their full attention to observable stimuli and response. They considered ‘self’ as subjective and philosophical and an internal process. Therefore, they labelled the role of self in human functioning beyond the scope of scientific psychology.

The humanistic revolt of the 1950s criticized behaviourists approach and argued that it is narrow and present limited view of human functioning. They called for renewed their attention to inner experiences, internal process and self constructs. Abraham Maslow (1954), father of humanistic approach, however, argued for an individual’s need to achieve self-actualization, self-fulfillment, inner peace and contentment. During the 1960s and 1970s, therefore, began a renaissance of interest in internal and intrinsic motivating forces and affective process, particularly with reference to the dynamic importance of self. However, the mixed, insignificant, or absent results of research that attempted to create ties between self-esteem and adaptive
functioning induced a backlash against the humanistic movement and reduced interest in self-research.

The humanistic movement of the 1970s, therefore, gave way to the cognitive revolution of the 1980s. Technological advances, which provided the metaphor of the computer, fueled cognitive theories that focused on the internal structures and mental events of individuals but this emphasis was primarily on cognitive tasks such as encoding and decoding human thinking, information processing strategies, higher-order thinking, memory processes and problem-solving rather than on issues related to the self. During the past two decades, however, prominent voices, most namely that of Albert Bandura, in psychology and in education has shifted back to focusing on the role of the self. He expanded Social Learning Theory (proposed by N. E. Miller and J. Dollard in 1941) from 1962 untill the present. Like Maslow and other, Bandura was deeply discomforted by the "thought-less" nature of behaviourist notions. He was also aware that a key element was missing from the prevalent learning theories of the day from his own Social learning theory. In (1977), with the publication of "Self-efficacy: Toward a Unifying Theory of Behavioral Change," he identified an important piece of the same missing element- self-efficacy, it is the individual’s beliefs about his capability that become instrumental to the goals they pursue and to the control they are able to exercise over their environments. Bandura further expanded the concept of self-efficacy in 1986 when he proposed his Social Cognitive Theory of human functioning, which is in turn, based on the notions of human agency and triadic reciprocal causation.

Bandura’s notion of triadic reciprocity posits that personal factors, behaviours and environmental events all operate as interacting determinants that influence one another bidirectionally (Bandura, 1986, 1997) as shown in figure 1.1.
Bandura situates human beliefs within a context in which they are of equal importance as environmental influences and behavioural outcomes. Behaviour, therefore, becomes a result of the dynamics that occur between self-beliefs (personal factors such as cognitive, affective and biological events) and environmental events. Self-efficacy becomes an important component of social cognitive theory, specifically the notion of triadic reciprocity as beliefs about one’s capabilities are likely to inform and impact the interplay between the elements of the triad. Bandura refers to the control one has over influencing environmental and behavioural outcomes as human agency.

Human Agency, according to Bandura (2001), can be seen as the “endowments, belief systems, self-regulatory capabilities, distributed structures and functions through which personal influence is exercised”. Therefore, the notion of human agency, as it relates to self-efficacy, posits that the individual is the “agent” that causes particular events to occur. Bandura (2001) articulates core features of personal agency that address the theoretical basis of the dimensions of agency that influence self-efficacy and the role of self in interacting with behavioural and environmental factors.
According to Bandura, the following are the core features of human agency, such as (a) intentionality, (b) forethought, (c) self-reactiveness and (d) self-reflectiveness.

(a) **Intentionality**: It refers to the self-regulatory aspects of planning, motivation and choices necessary for events to occur, whether individual or joint activities. Bandura also made a clear cut distinction between intentionality and accidental behavioural occurrences at the same time.

(b) **Forethought**: It refers to one’s ability cognitively representing foreseeable future events in the present. Forethought, within the construct of human agency, serves as a motivator and regulator of actions. Forethought, which serves to create outcome expectancies, serves as a motivator that facilitates the adoption of courses of action that are likely to produce positive outcomes.

(c) **Self-Reactiveness**: Self-reactiveness speaks to the role of self-regulation and motivation in human agency. According to Bandura (2001), “actions give rise to self-reactive influence through performance comparison with personal goals and standards”. Therefore, self-reactiveness is seen as being closely tied with the self-regulatory subfunctions and elements of goal setting in that it facilitates the self-directedness of human agency.

(d) **Self-Reflectiveness**: It refers to the self-reflective component of human agency as most closely tied with self-efficacy as it is the meta-cognitive activity of self-reflection that facilitates the evaluation actions and the assessment of capabilities in regard to specific outcomes. Bandura cites people’s beliefs in their capabilities as being the most central or pervasive aspect of human agency (1997, 2001).

According to social cognitive theory, therefore, human agency operates as a key force within an interdependent causal structure of triadic reciprocal causation as how
individuals interpret and act their self-beliefs and also creates the interplay between all elements of the triad (Bandura, 1986, 1997). Social cognitive theory suggests that personal agency operates within socio-structural influences where people are both producers and products of social systems. The reciprocal relationships between personal, behavioural and environmental processes are not proposed to be of equal strength but their relative influence instead varies under different circumstances. For instance, when individuals have a high level of self-efficacy they are more likely to exert control over their environment and behavioural outcomes than when the reverse is true.

Social cognitive theory, therefore, rejects bi-directional relationships between individual and society and instead proposes a more dynamic interplay of human agency noting again the multiple aspects of person, behaviour and environment that exert influences and affect change in many different ways. Self-efficacy, which consists of the self-reflective mechanisms in which individuals evaluate their actions and assess their capabilities, has developed into being a key component of the social cognitive theory of thought.

Self-efficacy is a central focus of Bandura’s research. Bandura (1977) defined self-efficacy as “person’s belief in their capability to successfully perform a particular task.” It does not mean that self-efficacy is a belief about one’s capability or skills. It is a belief about whether one is capable to successfully perform a particular task with those skills. Self-efficacy judgements are both task specific and situation specific. So a person’s self-efficacy may vary depending on the specific task and context. Thus, a person may simultaneously have high self-efficacy for some tasks and low self-efficacy for others. For instance, a manager may have high self-efficacy for the technical aspects of his role, but low self-efficacy for other aspects such as dealing with staff
performance problems. According to Bandura (1986) “self-efficacy refers to people’s judgement of their capabilities to organize and execute courses of action required to attain designated types of performances.” Wood and Bandura (1989a) stated that “self-efficacy refers to beliefs in one’s capabilities to mobilize the motivation, cognitive resources and courses of action needed to meet given situational demands.” When individual beliefs that he is capable to achieve particular goal which is demand of that situation, he believes that he is capable to organize and control his own motivation, cognitive resources (thought processes) and actions in such a way that will result in achieving certain goals.

Maibach and Murphy (1995) viewed that “self-efficacy is situationally specific and is tied to particular domains of functioning.” This specific self-efficacy concept is widely recognized by almost efficacy scholars. However, general self-efficacy has been used as another dimension of self-efficacy by a few efficacy researchers. General self-efficacy reflects people’s belief in successfully accomplishing tasks across a wide variety of achievements situations that’s why it is stable over time and across situations. However, specific efficacy is person’s cognitions about handling specific task within a context. It does not mean that these specific efficacy judgements can not be stable over time and across situations. These efficacy judgements of one task may generalize to others depending on the situation, the task and the person.

Bandura (1997) viewed that “self-efficacy refers to an individual’s perception of competence and capability in completing certain tasks.” Individual perceives his skills, competences and capabilities to translate them into actions in order to complete the task. Steinberg (1998) defined self-efficacy as “the sense of belief that one’s actions have an effect on the environment.” Schunk (2000) refers self-efficacy as “personal beliefs about one’s capabilities to learn or perform actions at designated levels.”
According to Baranowski, Perry and Parcel (2002), self-efficacy is defined as “the confidence one feels about performing a particular activity, including confidence in overcoming the barriers to performing that behaviour.” Thus, high self-efficacy leads to people work hard and persist in the face of setbacks, obstacles and barriers in performing a particular activity. For instance, many of the great innovators, entrepreneurs and politicians have had sufficient self-efficacy to press on in spite of repeated obstacles, considerable ridicule and little encouragement. Thomas Edison tested at least three thousand different theories before eventually developing the first incandescent light bulb. A milkshake salesman named Ray Kroc persisted despite being ridiculed for believing that his McDonald’s Corporation could become a successful franchise.

Ormord (2006) defined self-efficacy as “the belief that one is capable of performing in a certain manner to attain certain goals.”

Thus, self-efficacy can be defined as one’s perception of one’s effectiveness to attain certain goals. People, who regard themselves as highly efficacious think, feel, motivate themselves and act differently against obstacles to achieve certain goals than who perceive themselves as ineffectual. Self-efficacy is not concerned with the skills people really possess, but with their perceptions or believes in what they can do with their skills under a variety of circumstances. That is, different people with similar skills or the same person under the different circumstances may perform differently, depending on fluctuations in their beliefs of personal efficacy.

Once self-efficacy beliefs are formed, it does not mean that they are stable and can not be changed. According to Bandura (1997), self-efficacy is a dynamic concept. These efficacy beliefs changes over time on the basis of new information and experience. However, once efficacy beliefs have been established over long period of
time, experience based on a large amount of new information which are unlikely to be changed.

1.2.2. Dimensions of Self-Efficacy:

An individual’s self-efficacy may vary from one dimension to another dimension in the following manner (Bandura, 1997), such as:

Magnitude: Magnitude refers to the level of task difficulty that a person believes he or she can attain. It refers the variations of one’s belief across different levels of task.

Strength: Strength refers to whether the conviction regarding magnitude is strong or weak. Weak self-efficacy expectations are easily modified by disconfirming informations and experiences, while strong self-efficacy expectations are robust, promoting persistence in the face of obstacles.

Generality: Generality refers the degree to which the self-efficacy expectation is generalized across different situations. Generality of self-efficacy beliefs can vary by the relatedness of tasks, the manner in which capabilities are conveyed (behavioural, cognitive etc.) and characteristics of the individual. People may judge themselves as being efficacious across a wide variety of activities or only in specific situations.

Bandura suggested that self-efficacy beliefs can be measured in the light of dimensions- magnitude, generality and strength. The magnitude and strength of self-efficacy determine whether or not behaviour will be initiated to attain the task, how one is confident in performing the task, how much effort will result and how long the effort will be sustainable in the face of obstacles. In order to study self-efficacy in depth many researchers focused largely on the measurement of its magnitude and strength dimensions. Generality is not normally measured (Bandura and Beyers, 1977).
1.2.3. Types of Self-Efficacy:

Though, the term self-efficacy has been highlighted in different form by various researchers such as entrepreneurial self-efficacy, adolescent’s self-efficacy, internal self-efficacy, occupational self-efficacy, leadership self-efficacy, mathematical self-efficacy, student self-efficacy, vocational self-efficacy, career self-efficacy, teacher self-efficacy and managerial self-efficacy. But specially attention of researchers has been diverted and focus has been given on the part of only three, such as:

**Social Self-Efficacy:** Social self-efficacy is “an individual’s confidence in her/his ability to engage in the social interactional tasks necessary to initiate and maintain interpersonal relationships” (Smith and Betz, 2000). As a construct social self-efficacy has been variably defined, described and measured in the scientific literature as researchers began to generalize Bandura’s theory for specific applications. For example, Smith and Betz measured social self-efficacy using an instrument they developed and tested called the Scale of Perceived Social Self-Efficacy (PSSE), which they described as a measure of self-efficacy expectations with respect to a range of social behaviours. This instrument measured six domains: (1) making friends, (2) pursuing romantic relationships, (3) social assertiveness, (4) performance in public situations, (5) groups or parties and (6) giving or receiving help. Additionally, Matsushima and Shiomi (2003) modified an instrument used in a different study in such a way that they felt it captured and measured the construct of social self-efficacy. Some of the item domains for this instrument included Self-confidence about Social Skill in Personal Relationship, Trust in Friends and Trust by Friends. Both sets of authors suggest that social self-efficacy is strongly correlated to the constructs of shyness and social anxiety.
**Academic Self-Efficacy:** Academic self-efficacy refers to a student’s belief that he or she can successfully engage in and complete course-specific academic tasks, such as accomplishing course outcomes, demonstrating competency skills used in the course, satisfactorily completing assignments, passing the course and meeting the requirements to continue on in his or her major (Jimenez, 2006). Various empirical inquiries have also been conducted attempting to measure academic self-efficacy (Bong, 1997, Rushi, 2007).

**Group Efficacy or Collective Self-Efficacy:** Bandura (1997) defined collective efficacy as “a group’s shared belief in its conjoint capabilities to organize and execute the courses of action required to produce given levels of attainment”. Hecht, Allen, Klammer and Kelly (2002) defined it as the collective belief that the group can be successful defines group potency. People often pool their resources, knowledge and mutual support to solve problems. Hecht et al. (2002) found a “strong positive relation between potency and performance”. This was particularly important when the group faced complex tasks that required the efforts of every group member. Also, improving group performance may be better realized through promoting high group efficacy more so than by attaining high group goal commitment which in turn, will influence organizational outcomes. According to decades of research by Bandura (1986, 1997, 2000) efficacy beliefs play an important role in both individual and group motivation since people have to rely, at least, to some extent, on others to accomplish their tasks. Indeed, one reason why scholars and practitioners are interested in collective efficacy is because this variable has been shown significantly related to a variety of organizational outcomes.
1.2.4. Sources of Self-Efficacy:

Bandura (1997) identified four sources of information that lead to the development of self-efficacy. But these sources provide only raw data, individual must cognitively process and integrate this information to develop self-efficacy. These four sources of information are as follows:

**Enactive Mastery Experience:** Enactive mastery experience is an utmost important and influential source of self-efficacy, leading to stronger self-efficacy as compared to rest of the other three sources of self-efficacy. Enactive mastery experience refers to knowledge and skill gained through previous experiences. An individual’s past successes and failures have a strong effect on self-efficacy for the particular task that one is facing at any given moment. Generally, previous successful performance experiences raise self-efficacy, previous unsuccessful experiences typically lower self-efficacy of an individual. For instance, if, an employee has experienced success in a project, similar to that which he is currently facing, he is likely to experience high level of self-efficacy. Conversely, if, he has experienced failure in the project similar to that which he is currently facing, he is likely to experience low level of self-efficacy. However, there are six aspects of mastery experience that correlate with those general rules: the more difficult the task, the more a successful experience will raise self-efficacy; tasks successfully done alone raise self-efficacy higher than if one had help; self-efficacy is lowered more if failure comes after having put forth one’s best effort; failure during strong emotional states is not as debilitating to self-efficacy; failure before mastering a task is more detrimental to self-efficacy; and after mastery, an occasional failure is not as detrimental to self-efficacy. Thus, mastery experiences gained through perseverant effort and ability to learn form a strong and resilient sense
of efficacy, but efficacy built from successes that came easily will not be characterized by much perseverance when difficulties arise and will change more quickly.

**Modeling:** It is another source of information that affect to the development of self-efficacy. This has also been termed as vicarious experiences or observational learning- that is learning by observing others’ experiences and by observing role model’s attainment. Modeling includes process of comparison between oneself to another. That is “if they can do it, I can do it as well.” When an individual observes a person similar to him achieve success, individual’s self-efficacy goes up; but it will go down if they observe the person failing. The similarity between observer and his model may be in terms of their ability, situations, circumstances, characteristics, age, ethnicity and educational and socio-economic level etc. Those, who have high similarity often serve as the most effective models and are more likely to increase the observer’s feeling of self-efficacy. People perceived as dissimilar will not affect self-efficacy. According to Bandura (2003) “Seeing people in similar circumstances succeed by perseverant effort in the face of difficulties raiser observers’ beliefs in their personal and collective efficacy”. Thus, people who get success after facing so much difficulties and struggle, will be more effective in increasing observers’ self-efficacy than those who get success with little struggle. Modeling is an important source of information to develop self-efficacy for those who have limited past experiences.

**Social Persuasion:** It has also been termed as verbal persuasion. It is not as powerful source of information as others previous two in influencing self-efficacy. Social Persuasion is related to encouragement or discouragement. While positive persuasion increases individual’s self-efficacy, negative persuasion decrease individual’s self-efficacy. For instance, an employee, who receives negative feedback (negative persuasion) from his supervisor, will be more likely to report lower self-efficacy than
those who randomly receive either negative or neutral feedback. Thus, in the workplace, self-efficacy can be strengthened by managers who provide constructive and realistic feedback (positive persuasion) while avoiding placing employees prematurely into situations that they are not ready to handle (Malone, 2001). Positive persuasion convinces a person about his ability of performing a particular task, helps in overcoming his self-doubt. Bandura (1997) cites, social persuasion makes it easier for individuals to maintain perseverance and faith in themselves when experiencing feeling of doubt. For social persuasion to be more effective in developing self-efficacy, it should come from someone who the individual feels reliable or credible. Thus, persuader must be more credible, knowledgeable and reliable. More credible persuader will have a better effect on the improvement of self-efficacy.

**Physiological and Emotional States:** Peoples’ perception of their physiological and emotional states can also influence their self-efficacy. In unusual or stressful situations, people commonly exhibit physiological arousals (like sweating, tremors, shakes, aches, pains and fatigue etc.) and emotional arousals (like fear, anxiety and depression etc.). If, person perceives these physiological and emotional responses as a sign of his own inability, his self-efficacy will be more likely to decrease. If, person perceives these physiological and emotional responses as normal and unrelated to his actual ability, his self-efficacy will be more likely to increase. Thus, development of self-efficacy depends on how one interprets or perceives one’s physiological and emotional states. However, Bandura (1994) also notes “it is not the sheer intensity of emotional and physiological reactions that is important but rather how they are perceived or interpreted. It can be more clearly explained by this example- for instance, an employee, who is going to give his project presentation before the audience experiences fear, anxiety and butterfly in his stomach. If he perceives these physiological and
emotional responses as a sign of his own inability, it will negatively influence his self-efficacy. If he perceives these responses as normal, realistic for the context, it will positively influence his self-efficacy.

Above mentioned these four sources of information play an important role in the development of self-efficacy. The most powerful information source of self-efficacy among them is enactive mastery experience. In the organization, management can change and enhance employees’ level of self-efficacy by providing them proper training targeted at these four sources of self-efficacy.

1.2.5. Self-Efficacy Affects Human Functioning:

Self-efficacy influences human functioning which can be make more clear in the light of following points, such as:

**Choices Regarding Behaviour:** Self-efficacy influences the choices one makes. People will be more inclined to choose the task where their self-efficacy is high. Because they believe that they can successfully perform the task. People, generally avoid task where their self-efficacy is low. Because they believe that they are not capable to successfully handle the task. Sometimes, people may overestimate their ability to perform the task, such people have high self-efficacy beyond their actual ability. So, they may choose difficult task which can lead to difficulties, stress and anxiety to them.

**Motivation:** People’s level of self-efficacy also determine their level of motivation which is reflected in how much efforts they will exert and how long they will persevere in the presence of barriers to perform the task. People with stronger efficacy beliefs in their capabilities on a task are likely to be more motivated and committed, greater and
more persistent in their efforts in the face of obstacles to perform the task than people with low efficacy beliefs on their capability.

**Thought Patterns and Responses:** Self-efficacy influences people’s cognitions, thought patterns and responses. People’s self-efficacy cognitively translates to their task planning, goal setting. People with low self-efficacy may believe tasks harder than they actually are, this often results in poor task planning, as well as increased stress. On the other hand, people with high self-efficacy, take often a wide overview of task in order to take best action, set higher goals and make extra efforts to achieve those goals. On a challenging task, people with high level of self-efficacy tend to approach challenges with feelings of serenity, they are likely to be encouraged by obstacles and make greater efforts to achieve that task. On the other hand, low self-efficacy people are likely to be anxious, erratic and unpredictable while engaging in the challenging task, they may encounter feelings of anxiety and depression.

**Health Behaviours:** Health behaviours such as non-smoking, physical exercise, dieting, dental hygiene, seat belt use are, among others, dependent on one’s level of perceived self-efficacy (Conner and Norman, 2005). One’s self-efficacy towards health behaviour determine whether health behaviour change will be initiated, how much efforts will be expanded and how long it will be sustained in the face of obstacles and failures.

**Destiny Idea:** Self-efficacy also influences one’s idea about one’s destiny. People with high self-efficacy on a task generally believe that their own actions and decisions shape their lives. So, they believe that their life or destiny is in their control. On the other hand, people with low self-efficacy may see their lives as somewhat out of their hands.
Thus, self-efficacy determines the human functioning that is the choices one makes, one’s level of motivation, the efforts one puts into the task, one’s thinking pattern and responses, one’s perseverance towards the goal, the resilience to failure, obstacles to achieve the desired goal and one’s idea about controlling destiny. It shows that human functioning based on what one believes than on what is objectively true. Thus, how people will behave, function to accomplish particular task can often be better predicted by the beliefs they hold about their capabilities to accomplish the task than by what they are actually capable of accomplishing. Thus, people with similar capabilities and skills may behave or function differently to achieve particular goals, depending on fluctuations in their beliefs about their capabilities and skills to achieve that goal.

1.2.6. Applications of Self-Efficacy in Workplace:

Research on self-efficacy generally has supported a high correlation between efficacy perceptions and subsequent performance in work settings. Person’s efficacy beliefs transfer to his job, action, performance. Person with high self-efficacy will be more motivated, committed and make extra efforts and over all give his best performance to achieve the task. On the other hand, if, person has low self-efficacy even when skill is present to achieve the task, it will negatively affect his performance. In the light of that research, the following applications of self-efficacy for selection, training, performance appraisal and leadership are offered:

Selection: Self-efficacy makes a significant contribution to selection process. Because the selection of high performing individuals is important to organizations, self-efficacy as a predictor of performance may be helpful in selection of high performing individuals. Thus, in the organizations in hiring for a particular job, making an assignment to a specific project, promoting someone into an identifiable area of
responsibility and assessment of the person’s present self-efficacy could be valuable input into the selection decision. So, in the organization when selection instruments are used, some assessment of self-efficacy might be useful in conjunction with a battery of other measures. Job interviews are potential for assessing self-efficacy, although response bias may need to be controlled. Although, most applicable to specific tasks within a job assignment or promotion self-efficacy scales could be set up for each of the major tasks or for the overall domain of a given job. As positions become vacant, individuals with high self-efficacy for relevant skills might then be considered.

**Performance Appraisal:** Performance appraisal, as a formal process, is the focus of performance improvement, employee development and motivation through goal setting. Feedbacks, provided by performance appraisal serve as an important input to efficacy judgements. Positively worded and supportive feedback, particularly for employees with low self-efficacy is likely to be an important consideration (Gist, 1987). It will likely to lead high self-efficacy that will increase their motivation and improve their performance. Negative performance appraisal may lead low self-efficacy, which will negatively affect their performance. Goals set within performance appraisals should also be challenging yet attainable, with the availability of training for goals which require either new skills or skills which the employee appears to be having difficulty attaining. Ideally, an assessment of self-efficacy across job skills could be incorporated into the appraisal process, allowing the identification of training needs which otherwise would not be apparent.

**Training and Development:** Perhaps the most extensive application of self-efficacy has been in the area of training. Knowledge of employees’ low self-efficacy may help in identifying specific training needs. Organizational training can be set up around four sources of self-efficacy to improve employees’ self-efficacy and in turn performance.
However, training based on two sources of self-efficacy, enactive mastery and modeling have been the most successful methods for enhancing self-efficacy (Bandura and Adams, 1977; Bandura, Adams and Beyer, 1977). Therefore, training based on films, videos, guided skill perfection, instructive modeling is more effective than training based on lectures and verbal persuasions in improving self-efficacy and in turn performance. In a study dealing with the learning of computer software skills, the effectiveness of modeling method of training was compared with tutorial methods (Gist et al. 1989). Across all subjects grouped according to low, medium, or high pre-training computer self-efficacy, the modeling condition resulted in higher performance, with the low self-efficacy participants showing the greatest performance increase. This indicates that the use of modeling under low efficacy conditions is a highly-effective training strategy. Participants in the modeling scenario also reported more positive working styles, less negative effect during training and greater satisfaction with training.

**Leadership:** Perhaps at least potentially the most significant, but still largely overlooked, implication for application of self-efficacy lies in leadership. Leader’s self-efficacy has strong positive impact on followers. A leader can serve as a model to enhance followers’ self-efficacy. If, leader has high efficacy belief that he is capable to do the task, it will likely to positively affect his subordinates’ self-efficacy and performance. If, leader has low self-efficacy, his followers’ self-efficacy and performance will be likely to decrease.

Thus, self-efficacy plays an important role in work setting. Management can improve the effectiveness of an organization by increasing self-efficacy of their employees.
1.3. Locus of Control

1.3.1. Historical Perspective and Meaning of Locus of Control:

The concept of locus of control was developed from social learning theory (Rotter, 1954; Rotter, Chance and Phares, 1972). It was developed by Julian Rotter and colleagues (1966) as ‘internal versus external control of reinforcements’. Individual develop general expectancy regarding the forces (either external or internal forces) that determine reinforcements (rewards and punishments). When individual perceive or expect that his behaviour will result in rewards or punishments, he believes that reinforcements are the direct consequences of his behaviour. Such individuals are said to have expectancy of internal locus of control. When individual perceive that not his behaviour, even external forces (such as destiny and luck), which are outside his control, will result in rewards and punishments. He believes that reinforcements are the direct consequences of external forces. Such individuals are said to have expectancy of external locus of control.

According to Phares (1976), the concept of locus of control was developed in an effort to explain why certain individuals are inclined to ignore the reinforcing events/reinforcement contingencies. The failure to respond to rewards and punishments (reinforcement contingencies) in the expected direction was attributed to generalized expectancy that their own actions would not lead to attainment of rewards or punishments.

The concept of locus of control actually bridges the gap between both behavioural and cognitive psychology. When the behaviourist approach competed with the emerging emphasis on cognitive psychology, development of the locus of control concept was a way for social learning theorists to combine behavioural learning and
cognitive learning theories (Rotter, 1975). With locus of control, they explained how certain cognitions about control influence behaviour change. Researchers simultaneously were moving away from emphasizing concepts of stable personality traits to an interest in behaviour change. Locus of control was one notion that bridged this transition because it incorporated an individual characteristic as a means of predicting behaviour change (Lefcourt, 1992).

The term locus of control has been defined differently by different researchers in the following manner such as Rotter (1954, 1966, 1990) viewed that “locus of control is related to people’s perception of whether they have or do not have control over events in their lives.” A person who attributes control over events in his life to internal factors such as ability, skills, or effort is said to have an internal locus of control. On the other hand, a person who attributes control over events in his life to external factors such as luck, fate, chance and powerful others etc. is said to have an external locus of control. Lefcourt (1966) defines locus of control as “the degree to which individuals perceive events in their lives related to behaviour or related to external powers.” He viewed that internal control refers to the perception of positive or negative events as a consequences of one’s action and thus, under personal control. The external control refers to the perception of positive or negative events as being unrelated one’s behaviour in certain situations and therefore beyond personal control. Phares (1973) viewed that “locus of control can be defined as a generalized expectancy that refers to the way that an individual feels the connection between their behaviour and occurrence of reward or punishment.” Those, who believe this connection because of themselves are internals. And those who perceive that they are not responsible for reward or punishment even some external factors are responsible, believe weak connection between their behaviour and reinforcements are externals. Gilmore and
Minton (1974) also defined internal-external locus of control. They viewed that people with internal locus of control are more likely to attribute success to their own abilities and people with external locus of control attribute success to luck and chance. People with internal locus of control tend to seek out information and are more likely to have a positive attitude. On the other hand, people with external locus of control are more likely to have a negative attitude because they believe that their life is not in their control.

According to Lefcourt (1982), “locus of control can be defined as a generalized expectancy regarding the contingency between personal actions or behaviour and their outcomes.” Spector (1988) also defined locus of control as “a generalized expectancy that rewards, reinforcements or outcomes in life are controlled by one’s own actions (internality) or by other forces (externality).” Another description of internal external locus of control was given by Aksoy and Magden (1993). They viewed “those who believe that what happens to them is a result of their own actions are called individuals with internal locus of control and those who believe that what happens to them is a result of an external power such as luck, fate and stars are individuals with external locus of control.” Cuceloglu (1993) viewed that “individuals with internal locus of control believe that rewards results primarily from their own behaviour, capacities and efforts and these individuals are generally more self-reliant individuals who have high self-esteem levels and healthy personalities. On the contrary, individuals with an external locus of control believe that rewards results primarily from luck, chance, fate and external forces regardless of their own behaviours and these individuals are generally self-distrusted and unhappy persons with low self-esteem levels who do not perceive and attribute value to themselves.” According to Nasser and Abouchedid (2006), “individuals with internal locus of control believe that events and their
consequences develop as a result of their own behaviour and acts, individuals with external locus of control cannot make correlation between the events and their own efforts and behaviour, and thus they believe that occurrences stem from other’s behaviour or happen accidentally.”

Thus, on the basis of above said notions it can be said that locus of control determines the individual’s behaviour. It determines that individual behaviour is due to either internal or external factors of locus of control. When individual believes that his destiny is in his control because he believes that he can control the outcomes. It means his behaviour is determined by internal factors (his skills, abilities, efforts and decisions). He found relationship between his behaviour and outcomes. Such individuals are designated as having internal locus of control and are called internals. When individual believes that his destiny is beyond his control because he perceives that outcomes are controlled by external forces. It means his behaviour is determined by external factors (luck, chance and fate). He found weak relationship between his behaviour and outcomes. Such individuals are designated as having external locus of control and are called externals.

While, other researchers viewed locus of control as a relatively stable trait and believed that once formed, these belief can be difficult to change (Lawrence and Winschel, 1975). Rotter (1966) viewed that there are individual differences in locus of control variable that is important in comprehending learning processes and influencing behaviour in many situations. Because of individual differences person learn from the situations and behave accordingly. Thus, in some particular situations, individual of an external locus of control can exhibit internal locus of control. This occurs because he has learned from earlier situations. Thus, an individual does not have a clearly defined internal or external locus of control because locus of control is a continuous variable,
not a dichotomous one and can vary from situation to situation. Anderson (1977) and Lefcourt (1982) also viewed that locus of control is situational rather than an enduring or stable personality characteristics and it interacts reciprocally with experience.

1.3.2. Some Important Characteristics of Internal Versus External Locus of Control:

On the basis of various research findings the characteristics of internals and externals can be defined as follows:

- Individuals possessing an external locus of control tend to be anxious, aggressive, dogmatic, less trusting of others and have lower self-esteem than individuals operating under a more internal sense of control (Igbaria and Parasuraman, 1989; Joe, 1971; Levenson and Mahler, 1975).

- According to Spector (1982) “internals look to themselves for direction; externals look to others”. Therefore, externals make more complaint followers or subordinates than internals.

- Internals as comparison to externals are more self-confident and tend to take more dramatic social action and attempt to alter situations which they perceive as aversive or uncomfortable (Cox and Cooper, 1989; Strickland, 1977).

- Internals in compare of externals make better use of information, they perform better in learning and problem-solving situations. They take more trouble to gather relevant information (Spector, 1982).

- Internally oriented people show more helping behaviour than externally oriented people (Ubbink and Sadava, 1974).

- Burns (1979) found that internals have high self-esteem and positive feelings of competence whereas externals feel insecure, unlucky, or inadequate.
• Internals are more likely to work for achievements, to tolerate delays in rewards and to plan for long-term goals.

• After experiencing success in a task, internals are likely to raise their behavioural goals. In contrast, externals are more likely to lower their goals.

• After failing a task, internals re-evaluate future performances and lower their expectations of success. But after failure, externals raise their expectations.

• Various researchers have reported that externally oriented individuals are more anxious than internally oriented individuals (Hountras and Scharf, 1970; Mandler and Watson, 1966; Watson, 1967; Phares, 1976).

• Externals are more hostile and aggressive than internals (Sadowaski and Wenzel, 1982).

• Doherty and Ryder (1979) found positive association between internality and interpersonal trust.

• Internals are more likely to prefer games based on skill, while externals prefer games based on chance and luck.

• Internals experience more anxiety and guilt with their failures and use more repression to forget about their disappointments.

• Internals are less willing to take risks than externals. DuCette and Wolk (1972) reported that people with an external locus of control have been characterized by a preference for external risks, low persistence and typical shifts in level of aspiration in response to questions concerning academic, occupational and cognitive situations.

Thus, above points shows that people with internal locus of control are more confident, trustworthy, achievement oriented have higher self-esteem, positive feelings
than people with external locus of control. It does not mean that internal locus of control is good and external locus of control is bad. Rotter (1975) notes that reality sometimes limits the amount of personal control an individual can possess and recognizes that in some situations the best coping method may be to move toward the perception of a more externally focused locus of control. Rotter (1966) viewed that internals sometimes overestimate their control over situation, which may produce problems, such as a loss of a sense of psychological security. Therefore, only internal locus of control is not needed in every situation, even sometimes person should be externally controlled.

1.3.3. Locus of Control as a Personality Variable:

As a personality variable locus of control deals with the important belief system inherent in an individual’s mode of thinking, the extent to which the individual believes either that he is self-motivated, directed or controlled because he perceives that what happens in his life can be controlled through his efforts, actions (internals), or he is less confident, insecure because he perceives that what happens in his life is beyond his control (externals). The first attempt to the meaning of internal-external dimension as a personality variable in social learning theory was reported in a doctoral dissertation by Phares (1955). In 1962, the first of many papers concerning locus of control was published in an obscure collection of research papers (Rotter, Seeman and Liverant, 1962). Since the publication of that first introductory paper, the reports of research pertaining to locus of control have been so abundant that the abstracting Journal concluded that in 1975 the locus of control construct had come to be the control preoccupation in personality research.
1.3.4. Locus of Control, Motivation and Job Performance:

Employees’ high motivation and good job performance is needed in the organization because it will increase production, services, profit and overall effectiveness of the organization. Locus of Control has a tremendous effect on employees’ motivation and job performance. Employees with internal locus of control realize that they are responsible for their success and failure, they start to believe in themselves, that’s why they become more motivated. Then, they make more efforts, seek new and relevant information more actively to achieve organizational goals. They give their best performance. On the other hand, employees with external locus of control realize that they are not responsible even their luck, chance and fate is responsible for their success and failure. Because of it their motivation levels do not increase. So that neither they make extra efforts, nor try to find out relevant information to achieve organizational goals as compared to internals. As result, their performance levels don’t improve. Thus, locus of control plays a very crucial role in improving motivation and job performance of employees in the organization. Hence, a special care should be taken regarding locus of control at the time of selection of employees in an organizational setting.

1.3.5. Locus of Control and Job Satisfaction:

Job satisfaction is an employees’ affective response to different facets of the job or organization, implying a personal evaluation of one’s job. Locus of control influences job satisfaction of employees in the organization. It has been indicated by various researchers that internals generally display greater job satisfaction than externals. Spector (1982) puts forward, among others, the following three reasons why internals should experience greater job satisfaction than externals:
Since those who believe in internal control are inclined to take action more frequently than externals, the chances are greater that the dissatisfied internals will resign from the specific job he is not satisfied. Therefore, there should be fewer dissatisfied internals than externals.

Internals perform better than externals to achieve organizational goals, which lead to greater job satisfaction among them.

Internals are inclined to progress faster and more successful in their careers as compared to externals, which increase their job satisfaction.

Thus, when employees perceive that their skills, talents, abilities are put to use their best performance and dedication to work are fruitful in achieving organizational goals (internals), it leads to job satisfaction to them.

1.3.6. Locus of Control and Life Management:

Life management should be proper to live a healthy life. It is the process of using resources to achieve goals. The process includes the functioning, actions, thinking, abilities, attitudes and events that occur over time. Each individual has his or her own resources, goals, ambitions, that are brought to bear on situations. To manage life of individuals first consider their goals, needs and wants then they consider their resources, situation and other people involved and so on. Then, they create a plan of action and implement it. This planning and implementing process is affected by individuals’ locus of control-internally or externally (B. Paolucci et al. 1977). As an example of managing academic life, college students with strong internal locus of control believe that their grades are determined by their abilities and efforts. These students believe, “the more study, the better grades I get”. They change their study strategies as they discover their deficiencies. They raise their expectations if they
succeed and they worry when they think they have no control over their assignments (L. Wang et al. 1999).

In contrast, college students with strong external locus of control believe that their grades are the result of good or bad luck. They may feel that working hard is futile because their efforts have only brought disappointment and hence, are less likely to work hard for high grades (McWilliams et al. 1998). Thus locus of control helps in managing life in a more better way.

1.3.7. Locus of Control and Leadership Behaviour:

For an effective team, team leader should be effective. The behaviour of a leader has an effect on his team. So leaders’ behaviour should be perfect. Leadership behaviour is influenced by locus of control. Leaders, who are internals, believe in themselves, on their skills and capabilities, believe that they can exercise control over situations in their environments whether a work setting or their operating environment—through their own initiative and independence of action than externals do (Strickland, 1989). They have higher expectations of their behaviour resulting in a particular reinforcer than a leader of external orientation. Because of this fact, they got their success in supervising their team in a more better way as compared to externals. Various studies (Anderson and Schneier, 1978; Miller, Kets de Vries and Toulouse, 1982) show that leaders with higher internal locus control are more effective as compared to leaders with external locus of control.

1.3.8. Measurements of Locus of Control:

Various measures have been designed to assess internal and external locus of control. The first attempt to measure individual differences, generalized expectancies was made by Phares (1957). William H. James (1957) also developed a scale known as
“James’s I-E scale” for the measurement of locus of control as interpersonal variable. The most widely used measurement of locus of control is the ‘Internal-External Locus of Control Scale’ (I-E scale) developed by Rotter (1966). Rotter's (1966) locus of control scale was developed to measure only a general expectancy and therefore it could be argued that either it should not be used to predict actions in specific situations or domains of activity, or that it can predict all types of behaviour in all situations. Since this locus of control scale is a device to measure a general orientation, if more accurate prediction of actions in specific situations is wanted then, argued Rotter (1975), a more specifically designed scale is necessary.

This Rotter’s I-E scale is based on unidimensional construct of locus of control. Levenson (1975) questioned the Rotter’s unidimensional construct of locus of control and argued that locus of control should be measured on the basis of multi-dimensional construct. In response, Levenson (1975) developed the ‘Internal, Powerful Others, and Chance Scale’ (I-P-C scale); in which in addition to an internal locus of control, Levenson divided the external locus of control into two dimensions chance and powerful others. Levenson viewed that those who believe that powerful others are in control (powerful others being one external orientation) will behave and think differently than those who feel the world in unordered and unpredictable (chance being a second external orientation). Thus, in I-P-C scale Levenson included three separate and distinct dimensions- internality (I), belief in powerful others (P) and believe in chance, luck and fate (C). Some do not understand the concept of chance so Connell (1985) replace this ‘chance’ dimension with ‘unknown causes’. Thus Connell included three dimensions in locus of control scale- internal, powerful others and unknown causes. At this point “internal” locus of control reflects the belief that one has personal control over events that occur. In contrast, a “powerful-other” orientation reflects the
belief that events are not determined by one's own behaviours but by those of others who are in positions of authority or of power over the individual. Finally, an “unknown causes” reflects a state in which an individual does not know why events occur. Apart from above said measures of locus of control, some other measures are as follows:

- Bialer’s questionnaire on locus of control (Bialer, 1961) use for mentally retarded and normal children.
- A forced-choice activity preference scale composed by Schneider (1968) (to measure locus of control for predicting activity preference.)
- Dies (1968) developed a projective measuring instrument for evaluating internal versus external control based on TAT stories.
- “The Nowicki-Strickland scale” developed by Nowicki and Strickland (1973) for children.
- “Stanford’s pre-school I-E scale” developed by Mischel, Zeiss and Zeiss (1974) for 3-6 year old children.
- “Reid-Ware’s trifactor I-E scale” (Reid and Ware, 1974) developed for measuring locus of control.
- “The internal control index” (ICI) developed by Duttweiler (1984) for measuring locus of control in adults.
- “Macdonald-Tseng Scale” developed by Dubois (1997) use in the field of work and organizational behaviour.

Regardless, some of the measurements that are used in work life setting can be listed as follows:

- The Safety Locus of Control Questionnaire (Jones and Wuebker, 1985).
- The Driver Internality and Driver Externality Scale (Montag and Comrey, 1987).
- The Economic locus of Control Scale (Furnham, 1986).
The Work Locus of Control Scale (Spector, 1988).

The Career Locus of Control Scale (Trice et al. 1989).

1.4. Organizational Effectiveness

1.4.1. Historical Perspective and Meaning of Organizational Effectiveness:

The topic of organizational effectiveness has attained considerable attention during the past few years. Various economists, organizational theorists, management philosophers, financial analysts, management scientists, consultants and practitioners focused their attention to find out what makes some organizations more effective and meaningful. Previously, a series of studies and inquiries has been conducted in a very systematic manner in the area of organizational effectiveness. Perhaps the modern-era starting point was the scientific management views proposed by Frederick Taylor (1911). Taylor’s work regarding motion and time studies was aimed to find the “best way” to achieve an excellent level of job performance. In Taylor’s viewpoint, the principle of specialization was causally linked to effectiveness. A more recent view of linking management action with effectiveness was advanced by Tom Peters in his book ‘Thriving on Chaos’ in 1987 in this regard.

The term organizational effectiveness has been defined in a variety of ways by many researchers in the following manner such as Parsons (1956) and Etzioni (1964) define organizational effectiveness in terms of “an organization’s ability to acquire and efficiently use available resources to achieve specific goals.” According to Georgopolous and Tannenbaum (1957), “organizational effectiveness is the extent to which an organization with given certain resources and means achieves its objectives without placing under strain on its members.” Yuchtman and Seashore (1967) defined it as “the ability of the organization in absolute or relative terms to exploit its
environment in the acquisition of scarce and valued resources.” Friedlander and Pickle (1968) proposed a model which stated that “an organization will be effective only when it is profitable, has satisfied employees and contributes to society.” Price (1972) described it as “the degree of achievement of multiple goals.” Steers (1975) defined it as “the end product of managerial policies and practices, organizational structure, technology, external environment, employee characteristics (needs, goals) and the organizational climate.” Hannan and Freeman (1977) defined organizational effectiveness as “the degree of congruence between organizational goals and observable outcomes.” Pennings and Goodman (1977) suggested that “organizations perform effectively if the relevant constraints imposed by the constituency of the organization can be satisfied and if the results meet or exceed a set of criteria for the constituency multiple goals.” Miner (1988) defined “effective organizations as those that receive inputs, transform them into outputs, export them to environments, monitor changes in the environments and take corrective actions to ensure their survival.” Khandwalla (1995) defined organizational effectiveness in terms of “ability of an organization to achieve its objectives and meet the needs of its various stakeholders.”

There is no consensus on a particular definition of organizational effectiveness because of its inherent ambiguity and complexity. Some thinkers have defined organizational effectiveness in terms of attainment of organizational goals and exploitation of its potentialities in proper direction, while some others have defined organizational effectiveness in terms of organizational health and productivity and still some others have defined organizational effectiveness in terms of societal good.

Organizational effectiveness is by and large in the literature has been used as a dependent variable including my own study in this regard, that is, as an outcome of the
organization’s contextual, structural, strategic, or process variables. Regardless
organizational effectiveness has also been used oftenly as a systemic variable in the
literature.

1.4.2. Purpose of Organizational Effectiveness:

The purpose of organizational effectiveness is to maximise the accomplishment
of results that are desired by an organization, its employees and other stakeholders. In
some organizations interventions lack strategic alignment; they have taken on lives of
their own and become ends in themselves. Organizations become sidetracked from their
missions- critical needs and the enabling system leading to these needs. They may even
become addicted to dissipating their resources and energies in numerous activities until
the outcomes are no longer relevant or valued. Such organizations have become
activities-focused instead of result-focused and that is a sure path to ineffectiveness and
mediocrity.

Organizational effectiveness develops a result orientation because it emphasises
both identifying what results are really required (organizational effectiveness
outcomes) and managing how those results are optimally accomplished (organizational
effectiveness process). This balanced emphasis is fundamental to effectiveness. Two
quotations are pertinent in this regard- “Flawless execution does not compensate for
implementing the wrong solutions” and “Even the right things done the wrong way are
not likely to succeed” (Warrick, 1994). This aim is to do the right things the right way.

Desired results may be defined in terms of the ability and success of the
organization in the following areas:

- Creating and shaping a future for itself in which it can thrive.
- Achieving short and long-term organizational objectives.
Doing what needs to be done to respond to organizational needs.

Fitting better in its environment as it battles for survival and prosperity.

Obtaining and capacitating on resources available in its environment.

Maintaining and enhancing the health of its people while on the job (includes organizational climate, morale and physical well-being).

A key to accomplishing desired results is the degree of comprehensiveness, integration and alignment of the capabilities and functioning of the organization and its employees.

1.4.3. Determinants of Organizational Effectiveness:

The most important aspect of effectiveness is its relationship to the entire organization. From this point of view there are numerous variables. Likert (1967) has classified these variables into three groups namely, Causal, Intervening and End-result, which are useful in discussing organizational effectiveness over time. These variables can be defined as follows:

Causal variables are independent variables which determine the course of developments within an organization and the results achieved by the organization. These causal variables include only those independent variables which can be altered or changed by the organization and its management. It includes the structure of organization and management’s policies, decisions, business and leadership strategies, skills and behaviour.

Intervening variables are those factors which are reflected as the internal state and health of the organization such as the loyalties, attitudes, motivations, performance goals and perceptions of all members and their collective capacity for effective interaction, communication and decision making. Such variables may be divided into
two categories: (a) the intervening attitudinal, motivational and perceptual cluster and (b) the intervening behavioural cluster. They are concerned with building and developing the organization and tended to be long-term goals. Many of these intervening variables are caused by causal variables.

End-result variables are those factors which are caused by causal and intervening variables and are often in terms of factors in which managers are interested or measure their effectiveness. They are the dependent variables which reflect the achievements in the organization such as its productivity, costs, scrap loss and earnings.

According to Likert (1967) the above mentioned three variables are interrelated with each-other. This interrelationship may be visualised as a psychological process where stimuli (causal variables) act upon the organism (intervening variables) and create certain responses (end result variable). The interrelationship among these three sets of variables is presented in figure 1.2.

**Figure 1.2: The relationship between Causal, Intervening and End-result Variables (Likert, 1967).**
1.4.4. Factors Affecting Organizational Effectiveness:

Regardless, organizational effectiveness has also been found greatly influenced by some other factors known as organizational characteristics, environmental characteristics, employee characteristics and managerial policies and practices in the true sense as below mentioned in figure 1.3.

Figure 1.3: Factors Affecting Organizational Effectiveness

<table>
<thead>
<tr>
<th>Organizational Characteristics</th>
<th>Environmental Characteristics</th>
<th>Employee Characteristics</th>
<th>Managerial Policies and Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Structure</strong></td>
<td><strong>External</strong></td>
<td><strong>Organizational</strong></td>
<td><strong>Strategic goal setting</strong></td>
</tr>
<tr>
<td>Decentralization</td>
<td>Complexity</td>
<td>Attachment</td>
<td>Resource acquisition and utilization</td>
</tr>
<tr>
<td>Specialization</td>
<td>Stability</td>
<td>Attraction</td>
<td>Creating performance environment</td>
</tr>
<tr>
<td>Formalization</td>
<td>Uncertainty</td>
<td>Retention</td>
<td>Communication processes</td>
</tr>
<tr>
<td>Span of Control</td>
<td><strong>Internal</strong></td>
<td>Commitment</td>
<td>Leadership and decision making</td>
</tr>
<tr>
<td>Organizational size</td>
<td>Achievement orientation</td>
<td><strong>Job Performance</strong></td>
<td>Organizational adaptation and innovation</td>
</tr>
<tr>
<td>Work-unit size</td>
<td>Employee Centeredness</td>
<td>Motives, goals and needs</td>
<td></td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td>Reward-punishment orientation</td>
<td>Abilities</td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td>Security vs. risk</td>
<td>Role clarity</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>Openness vs. defensiveness</td>
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<td>Knowledge</td>
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</table>

**Organizational Characteristics:** Organizational characteristics, consists of organizational structure and technology. *Structure* refers to the relatively fixed relationships that exist in an organization with respect to the arrangement of human resources. Structure includes such factors as the extent of decentralized control, the amount of task specialization, the extent to which interpersonal interactions are
formalized. On the other hand, technology refers to the mechanization used by an organization to transform raw inputs into finished outputs. Technology can take several forms, including variations in the mechanical processes used in production, variations in the materials used and variations in the technical knowledge brought to bear on goal-directed activities.

It is generally found that change in organizational structure in terms of increases in functional specialization, organizational size, centralization of decision making and formalization is likely to increase organizational effectiveness in terms of improving productivity and efficiency. Even job satisfaction is related to structural dynamics. But where the outcome of possible changes are conflicting (for example, where increased centralization leads to both improved performance and reduced job satisfaction) managers must take such difficult decisions by concerning the desirability of such changes.

Technological variations also affect on the subsequent degree of effectiveness but not direct one. The available evidence indicates that technological variations interact with structure to influence organizational effectiveness. Structure and technology both together have a profound impact on organizational effectiveness.

**Environmental Characteristics:** Environmental characteristics have also been found to influence effectiveness. It consists of external and internal environment. The *external environment* refers to those forces that arise outside an organization’s boundaries that affect internal organizational decisions and actions (for example, economic and market conditions, legal milieu, government regulations). The influence of such environmental factors on organizational dynamics is generally believed to consist of the following: (1) the relative degree of environmental stability, (2) the degree of environmental
complexity and (3) the degree of environmental uncertainty. The *internal environment* known generally as organizational climate, includes a variety of perceived attributes of the work environment (for example, employee centeredness and achievement orientation) that have been shown to be related to certain facets of effectiveness, particularly those measured on an individual level (for example, job attitudes and performance).

The organization may have standing arrangements to receive information regarding environmental changes appropriately in time from the economic research division, R&D department, management consultants or legal advisors. These experts will continue to suggest such adjustment in organizational setup as may be necessary to comply with environmental changes so that effectiveness can improve.

**Employee Characteristics:** The third factor that influences effectiveness is the employee themselves, because they may facilitate or inhibit organizational goal attainment. Different employees possess different outlooks, goals, needs and abilities. These human variations often cause employees to behave differently from one another for attainment of organizational goals, even when placed in the same work environment. Moreover, these individual differences can have a direct bearing on two important organizational processes that can have a marked impact on effectiveness. These are *organizational attachment* and individual *job performance*. Without attachment and performance, the effectiveness is impossible. The awareness of these individual differences, help managers to increase organizational attachment and job performance among employees.

**Managerial Policies and Practices:** Managerial policies and practices has also been found causing organizational effectiveness invariably in the literature. These policies
and practices include (1) Strategic goal setting (2) Resource acquisition and utilization (3) Performance environment (4) Communication processes (5) Leadership and decision making and (6) Organizational adaptation and innovation etc.

The variations in managerial policies and practices facilitate or hinder effectiveness of organization. It is the responsibility of managers to set suitable policies so that effectiveness of organization can improve.

The study of the factors for effectiveness in organizations leads us to draw two conclusions in the following manner:

Firstly, effectiveness is a continuous process in an organization. The effectiveness is brought about by the manager in the context of ever-changing organizational goals by restructuring available resources, altering technologies, modifying climate and developing goal-oriented strategy of performance by employees.

Secondly, contingency has been found as the genesis of effectiveness in this regard. Change whether in goal or technology or resource composition or employee behaviour was needed because contingency arises due to environmental factors.

1.4.5. Efficiency and Effectiveness:

Organizational efficiency has been found as an important dimension to organizational effectiveness. Organizational efficiency can be defined as the ratio of energetic output to energetic input. Efficiency thus tells us that how well the organization uses the energy at its disposal and how much energetic investment in all forms (labor, supplies and power) is required for each unit of output. This concept of efficiency, in turn, can be resolved into two distinct components: (a) the potential efficiency of the system design and (b) the extent to which that potential is realised in practice. An
increase in efficiency will tend to make an organization more profitable, since its
greater efficiency means a lesser cost per unit of product and implies no immediate
reduction in selling price. The more efficient organization, in short, is in the process of
acquiring an energetic surplus, because the terms of its input and output transactions are
set by its less efficient competitors. The most important long-range outcomes of
efficiency-generated surpluses thus become organizational growth and increments in
the survival power of the organization. The contribution of efficiency to growth is not a
one-way or a one-time organizational event; it is a cycle that continues over a wide
span of time and a wide range of organizational circumstances, sizes and structures.
Efficiency begets growth and growth brings new gains in efficiency. The concept of
efficiency does not have its own significance in connection with only business
organizations but it has also its significance in connection with profit-making of
organization side by side. The above said notions are inherent in the characteristics of
human organizations as open systems. Under these circumstances, efficiency can not
guarantee survival but almost certainly improves the profitability of organizational
survival in time to come in future also.

Many managers equate the term efficiency with effectiveness. Treating these
two related but distinct concepts as interchangeable only serve to confuse the
assessment process. Hence, we need to clearly distinguish between the two. While
effectiveness is the extent to which operative goals can be attained, efficiency is the
cost/benefit ratio incurred in the pursuit of those goals. The immediate consequences of
a gain in efficiency are, other things being equal, the creation of surplus in some form
and therefore, the choice of how it shall be used. Some solutions to this problem of
allocations are obvious, because they reflect the competing interest of visible
constituencies. A company that has become more efficient then its competitors can
allocate the resulting gains to its clients by reducing the price of increasing the quality of its product. It can allocate the gains to its members in any of a variety of ways from an equal wage increase to all employees to a bonus given to top management even.

Our present problem, however, is to determine which of these choices would constitute an increase in organizational effectiveness. Is one organization more effective than another if it pays higher wages, gives larger managerial bonuses, lower prices, sends out larger dividend checks, improves technology, makes work more interesting, or adds to the public facilities of the community? The commonsense answer and in this case a helpful one, is that it is a matter of definition; it depends on the goals in terms of which effectiveness is to be assessed.

1.4.6. Criteria of Measuring Organizational Effectiveness:

Various criteria have been identified by researchers as the measurement of the total meaning of organizational effectiveness, which have been mentioned in two possible ways:

1. Univariate effectiveness measures
2. Multivariate effectiveness measures

(1) Univariate Effectiveness Measures: Univariate effectiveness measures, attempt to measure effectiveness of organization by using only one criteria of organizational effectiveness. Thorndike (1949) first noted a general trend among organizational researchers to measure organizational effectiveness in terms of the some “ultimate criterion”, such as productivity, net profit, mission, accomplishment and organizational growth and stability. Campbell (1973) identified 19 different criteria as measures of effectiveness. These criteria are- overall performance, quality, productivity, readiness, efficiency, profit or return, growth, utilization of environment, stability, turnover or
retention, absenteeism, accidents, morale, motivation, employee satisfaction, internalization of organizational goals, conflict/cohesion, flexibility/adaptation and evaluations by external entities.

(2) Multivariate Effectiveness Measures: Multivariate effectiveness measures, attempt to measure effectiveness of organization in terms of the sum of a sets of relevant criteria. Georgopoulos and Tannenbaum (1957) viewed effectiveness within a system framework and concluded that the idea of effectiveness could best be understood jointly in terms of productivity, flexibility and the absence of intraorganizational strain. They argued that these criteria were not only “system-relevant” but also applicable across a variety of organizations. Katz and Kahn (1966) identified some criteria such as growth, storage, survival, control over environment as multivariate measures of effectiveness. Friedlandler and Pickler (1968) viewed effectiveness in terms of profitability, employee satisfaction and societal value. Duncan (1973) viewed organizational effectiveness in terms of goal attainment, integration and adaptation etc. Gibson et al. (1973) classified various criteria as multivariate effectiveness measures into three categories- short-run (production, efficiency and satisfaction), intermediate (adaptiveness and development) and long-run (survival). Child (1974, 1975) identified profitability and growth as multivariate measures of effectiveness.

1.4.7. Problems in Measuring Organizational Effectiveness:

The problems which have been realized in measuring organizational effectiveness are as follows:

Construct validity: Effectiveness construct based on the hypothesis that several variables or criteria will consistently covary or fit together to form a unified whole or to
define total construct of organizational effectiveness. Question must therefore be raised about how one validates the existence of an effectiveness construct. Typically construct validation consists of (1) identifying the domain of the relevant criteria, for example, productivity, satisfaction, profitability and so forth and (2) determining the extent to which these variables are similarly related or affected by external factors. When the notion of organizational effectiveness is viewed from above said standpoints, several disturbing findings automatically emerge.

First problem is found in identifying the domain of the construct. That is, there is little agreement among researchers as to which criteria should be included in the effectiveness domain.

Second problem is found in evaluating the extent to which the criteria are similarly related or affected by external factors. Research findings have consistently shown that many of the purported effectiveness criteria are only distantly related. For example, several of the measures included productivity and satisfaction as two components of effectiveness construct: yet research findings have generally found that these two variables are often not strongly related to each other (Brayfield and Crockett, 1955; Porter and Lawler, 1968; Steers, 1975; Vroom, 1964). How then can both variables be used as complementary measures of the same construct?

From the findings, it appears that either effectiveness construct is invalid or that there may indeed be such a valid construct for which the relevant observable criteria have not yet been discovered. So for the latter position, there is need more work to discover the set of variables and conditions that constitute an integrated construct that may be termed organizational effectiveness.
**Criterion Stability:** The next problem in measurement of effectiveness is the criterion stability. The evaluation criteria have been found relatively unstable over time; that is, the criteria used to evaluate effectiveness at one point may be inappropriate or misleading at a later time. Under good economic conditions, for instance, the effectiveness of a business organization may be related to level of capital investment; however, under poor economic conditions, capital liquidity may emerge as a more relevant criteria and high capital investment may change from an asset to a liability. Under these circumstances, such a criterion clearly does not represent a stable indicator of effectiveness.

**Time Perspective:** Gibson, Ivancevich and Donnelly (1973) recognize clearly the time dimension in their approach, arguing that different criteria be used in short, intermediate and long-runs. However, problems still persist. For example, if current production, short-run effectiveness criterion, is maximized at the expense of research and development investments in future products, an organization may ultimately find itself with an outmoded product and threatened for its very survival a long-run criterion. Moreover, the time perspective problem is cynical in nature; that is, the outcomes related to effectiveness achieved at one time often become inputs for subsequent decisions and actions by management (Child, 1974). Thus the problem is how best to balance short-run considerations with long-run interests in an effort to maximize stability and growth over time.

**Multiple Criteria:** A major advantage of multivariate measures is their comprehensive nature and subsuming several variables under one unifying framework. Unfortunately, this advantage can simultaneously represent a major weakness where such criteria are in conflict with one-another. For example, with respect to productivity and employee
satisfaction, research indicates that productivity can be increased— at least in the short run— by pressuring workers to put forth their maximum effort potentially resulting in decreased job satisfaction. Satisfaction, on the other hand could possibly be increased by easing work pressures and strain or by granting workers increased leisure time, thus, having a potentially adverse effect on productivity. The important point here is that, if we accept such criteria for effectiveness, organizations can not be effective with the thought that they can not maximise on both dimensions at the same time (Hall, 1972).

**Precision of Measurement:** Measurement consists of rules or procedures for assigning numbers to attributes to represent them quantitatively. Thus, in the measurement of organizational effectiveness, it is assumed that it is possible to quantify the concept accurately and consistently. In order to quantify concept we have to quantify criteria. However, such quantification is often difficult because of the magnitude and complexity of the concept. For example, how does one accurately measure performance or satisfaction? Moreover, how consistent are such criteria over time? Existing measures of effectiveness tend to operationalize such factors or criteria rather loosely, often defining performance in terms of units of output or satisfaction as reduced turnover and absenteeism. Unfortunately, these operational definitions often allow for a considerable amount of error in measurement. Such errors obviously result in less accurate evaluations of effectiveness.

**Generalizability:** Other problem in measurement of organizational effectiveness is generalizability, that is, how widely one can generalize the selected evaluation criteria to other organizations. For example, criteria that may be appropriate for large business firms (profitability, market share and so forth) may be inappropriate for evaluating non-profit or public agencies such as a police department or a library. Thus, when
considering the selection of criteria, adequate concern must be shown for the degree to which such criteria are consistent with the goals and purposes of the organization under study.

**Theoretical Relevance:** Next important problem is found of the theoretical relevance of measures of effectiveness, that is, what purposes are served by the existence of these measures? Do they increase our understanding of the day-to-day activities within organizations? Do they assist in making prediction about future behaviour? If such measures of effectiveness do not contribute to an understanding of organizational structures, processes, or behaviour, they are of little value from a theoretical viewpoint.

**Level of Analysis:** Effectiveness can be assessed at many levels of analysis including macro or micro level. But the problem is, it ignores the critical relation between individual behaviour and the larger issue of organizational effectiveness. Thus, there is little integration between macro and micro models of effectiveness. So the measures of effectiveness must be developed which attempt to specify or at least account for the relationships between individual processes and organizational behaviour.

1.4.8. **Models of Organizational Effectiveness:**

These various criteria have been reduced into various models by many researchers, authors to understand the construct of organizational effectiveness. Like Bennis (1962) used criteria in his model- adaptability sense of identity and capacity to test reality to define organizational effectiveness. Mahoney and Weitzel (1969) defined their General Business Model in the light of criteria- productivity, support-utilization, planning, reliability, initiative; and R and D Model in the light of- reliability, cooperation and development. Thus a variety of models of organizational effectiveness
have been proposed by authors and argued to encompass the total meaning of effectiveness. The most widely used models are the goal model (Price, 1972; Bluedorn, 1980), the system resource model (Seashore and Yuchtman, 1967), the internal process or maintenance model (Nadler and Tushman, 1980), the strategic constituencies model (Keeley, 1978; Pfeffer and Salanick, 1978; Connolly et al. 1980) and the legitimacy model (Miles and Cameron, 1982; Zammuto, 1982).

**The Goal Model:** Every organization has some specific goals or set of goals. This model focuses on the organization’s ability to achieve its goals. Thus, this goal model measures organizational effectiveness in terms of goal attainment or in terms of the degree to which an organization is attaining its internally determined objectives or goals (Perrow, 1961; Georgopolous and Tannenbaum, 1957; Georgopolous and Mann, 1962; Mott, 1972). According to Etzioni (1990) “effectiveness may be defined as the degree to which an organization realises its goals.”

**The System Resource Model:** This model focuses on the nature of interaction between the organization and its environment. All organizations acquire resources from the outside environment of which they are a part and in turn, provide goods and services demanded by the larger environment. It has shown in figure 1.4.

In simple terms this model can be clarified that the organization takes resources (inputs) from the larger system (environment), processes these resources and returns them in changed form (outputs) as shown in the below mentioned figure.
This model defined organizational effectiveness in terms of the organization’s ability to acquire scarce and valued resources from its environment (Yuchtman and Seashore, 1967). That is, the more of the needed resources inputs, an organization can obtain from its external environment, the more effective it is. Organizational inputs designed to achieve a competitive advantage in the marketplace replaces the emphasis on outputs.

**The Internal Process Model:** This model of organizational effectiveness focuses on the efficiency of internal processes and operations of the organization. That is, effective organizations are those with an absence of internal strain, whose members are highly integrated motivated and highly satisfied into the system, whose internal functioning is smooth and typified by trust and benevolence toward individuals, where information flows smoothly both vertically and horizontally and so on. Organizational interventionists often refer to such organizations as “healthy systems.” In the process model organizations are more effective if they possess efficient internal process in the organization, that is greater degree of these above mentioned internal characteristics in
the organization; less effective if they possess a lesser degree of internal characteristics in the organization.

**The Strategic Constituencies Model:** This model defines effectiveness as the extent to which all of the organization’s strategic constituencies both within and outside of the organization are satisfied. A strategic constituency is any group of individuals who have some stake in the organization for example, resource providers, users of the organization’s products or services, producers of the organization’s output, groups whose cooperation is essential for the organization’s survival, or those whose lives are significantly affected by the organizational groups that have a significant impact on its functioning, that provide great support for the organization’s continued existence. This model measures organizational effectiveness in terms of the degree to which organization is able to satisfy the demands and expectations of its strategic constituencies both within and outside the organization.

No one of these models captures the total construct space or the total meaning of organizational effectiveness. Whereas each is valuable in its own right because it includes distinctions absent in others, none has enough explanatory power to supersede other models. For example, the goal model defines effectiveness as the extent to which an organization reaches its goals, is incomplete because not only are goals often difficult (or impossible) to identify, but organizations are sometimes judged ineffective even when their goals are accomplished. On the other hand, organizations are sometimes judged to be effective even though they do not accomplish any of their goals. The system resource model defines effectiveness as the extent to which an organization acquires needed resources. Yet some organizations are judged to be effective even though they fail to acquire needed resources, while others are deemed
ineffective even when resources are acquired in abundance. Exceptions also exist for the internal processes model, the strategic constituencies model and the legitimacy model as well. Organizations can be effective when internal processes are operating poorly (internal processes model), when strategic constituencies are not satisfied (strategic constituencies model), or when the organization does not achieve legitimacy with its public (legitimacy model). Contrarily, judgements of ineffectiveness can arise even when internal processes are good, strategic constituencies are satisfied, or the organization achieves legitimacy with its public (Cameron, 1980, 1981). Thus, no single model of effectiveness is acceptable. The problem is that each of these models captures part of the construct space of effectiveness, but not all. Though, some of the models claimed to be the universe in nature.

Lawler (1977) proposed a conceptual model of organizational effectiveness which has been shown in figure 1.5. This model has its own importance. According to this model of organizational effectiveness, individual effectiveness (such as personal output, creative contribution, flexibility, personal development and personal satisfaction) determines group effectiveness (such as group productiveness, adaptability, group morale, personal development and creativity) which in turn, determines organizational effectiveness (such as productivity, efficiency, satisfaction, adaptiveness and development).
Steers (1977) also proposed a model of organizational effectiveness (as shown in figure 1.6). According to Steers, if managerial success is defined in terms of...
organizational performance, it is necessary to ask what managers can do to facilitate this effectiveness. Based on recent work in the area (Goodman and Pennings, 1977; Steers, 1975, 1977), it would appear that organizational effectiveness is influenced by four major categories of variables over which managers have some degree of control. These four categories of variables are: (1) organizational characteristics, such as structure and technology, (2) environmental characteristics, such as economic and market conditions, (3) employee characteristics, such as job performance and job attachment and (4) managerial policies and practices.

**Figure 1.6: Steers’s (1977) Model of Organizational Effectiveness**
On the basis of Indian research and research conducted abroad, Khandwalla (1984b) has proposed a model of successfully innovative organizations (presented in figure 1.7).

**Figure 1.7: Khandwalla’s (1984b) Model of Organizational Effectiveness**

- **Organizational operating context, initial type, size, technology, wider social, political and cultural environment.**
- **Organizational strategic response to a context-choice of good business, strategies, style of top management.**
- **Organizational structural response to operating context and strategic choices, choice of super structure, choice of right system.**
- **Organizational process, leadership innovation, conflict resolution, institution building etc.**

The major components in the model are contextual factors that often serve as difficult to modify constraints on the organization; strategic variables that represent long range and far reaching commitments of the organization such as goals, strategies, top management ideologies, policies and styles; structural and technological variables; process variables like leadership, innovation, conflict resolution, organizational climate,
institution building and effectiveness variables. Although the linkages between and among these groups of variables are extremely complicated, for convenience, the major relationships have been indicated, reflecting contingency approaches. Thus, contextual variables have been shown to influence strategic and structural variables shown to influence process variables. However, it was emphasised that higher order variables do not determine lower order variables, but only influence the latter by limiting choice, thus incorporating the strategic choice perspective. The particular response the organization makes to a higher order variable will affect organizational effectiveness positively, if there is a good fit between the higher order variable and the lower order response and negatively, if the fit is poor. This has been indicated by arrows from response variables to effectiveness variables. The particular responses the organization makes to higher order variables are determined by cognitive processes of the decision makers (March and Simon, 1958; Kiesler and Sproull, 1982), their personality dispositions (Zaleznik and Ketz de Vries, 1975), their attitudes, values, beliefs and norms etc. (Blau and McKinley, 1979; Beyer, 1981; Sproull, 1981) and political processes among them (Cyert and March, 1963; Child, 1972; Anderson, 1983). This model is a dynamic one, it indicates that the assessment of organizational effectiveness will tend to initiate organizational action that modifies contextual, strategic, structural and process variables. Indeed, open system such as organization works better if its members are in good communication with each other, one committed and are creative and flexible. This can be obtained by (a) recruitment, selection and socialisation practices, (b) more realistic psychological relationship, (c) more effective action group, (d) redesigning organizational structure and (e) better leadership in terms of the activities of goal setting and value definition.