CHAPTER 1

INTRODUCTION
1.1 ORGANIZATION CULTURE:

“As the soil, however rich it may be cannot be produced without cultivation, so the mind without culture can never produce good fruits.” (In mid-1st century AD, by a Roman Philosopher)

The way an individual thinks, perceives, acts and relates to one another, is greatly affected by his/her’s culture. According to Weick (1979), organizational culture is essentially a format that describes how a firm operates. The people in an organization usually share a pattern of perceiving and understanding their work life. An organization’s culture greatly serves as a template for its people, and guides how the information is interpreted, as well as their actions and expectations. According to Barney (1986), “Organization culture is defined as a complex set of values, beliefs, assumptions and symbols”, and it determines how the organization conducts its business. Sinha (1990) defined organizational culture as something that projects its people’s way of life and is a sum total of their heritage, heritage and their pattern for living. Further, it is also a compilation of its people’s beliefs, values and norms that relate to the manner in which people of society behaves. Just like how societies have cultures, organizations do too. According to Schein (1996), culture can also be understood by how its people perceive the world to be and how they expect that it should be and also by their behavior. As per, Peterson and Smith (2000), organizational culture directly reflectsan individuals’ interpretations of how events and situations occur in an organizations. Hofstede (2005) compiled that organizational culture is “the collective programming of the mind that distinguishes the members of one group or organization from another.”

According to the Oxford English Dictionary (1430), the term “culture” means “cultivation” and/or “tending the soil”. Studies show that in the 19th century, “culture” was linked with the phrase “high culture,” which meant the environment that encourages or provides “refinement of mind, taste, and manners.” According to the American Heritage English Dictionary, culture can be defined as “The totality of socially transmitted behavior patterns, arts, beliefs, institutions, and all other products of human work and thought.”(In 20th century)

The definition listed in the dictionary just provides a very general meaning, however similar terms can be used in many different fields with unique meaning specific only to that field. Anthropology can provide us significant help, as we move on a more specific and applied understanding of “culture”. Social scientific discipline has contributed a lot towards the practical
application within the scope of organizational research. Originally, culture was described as various rituals, myths, languages, values, beliefs, and practices of the distant peoples often located in exotic places. In 1871, a British anthropologist Edward Tyler provided a “modern” definition of the word culture, stating that is a “complex whole which includes knowledge, belief, arts, morals, law, custom, and any other capabilities and habits acquired by man as a member of society.”

**Earlier Definitions of Organizational Culture**

**Kroeber & Kluckhohn (1952)** “Transmitted patterns of values, ideas, and other symbolic systems that shape behavior of an organization”.

**Hofstede (1980)** “The collective programming of the mind that distinguishes the members of one organization from another. This includes shared beliefs, values and practices that distinguished one organization to another.”

**Swartz & Jordon (1980)** “Patterns of beliefs and expectations shared by members that produce norms shaping behavior.”

**Ouchi (1981)** “Set of symbols, ceremonies and myths that communicate the underlying values and beliefs of the organization to its employees.”

**Martin & Siehl (1983)** “Glue that holds together an organization through shared patterns of meaning. Three component systems: context or core values, forms (process of communication, e.g., jargon), strategies to reinforce content (e.g., rewards, training programs).”

**Uttal (1983)** “Shared values (what is important) and beliefs (how things work) that interact with an organization’s structures and control systems to produce behavioral norms (the way we do things around here)”

**Adler (1986)** “Refers to something that shared by all or almost all members of some social groups - something that the older members of the group try to pass on to the younger members and - something that shapes behavior or structures of the organization.”
Denison (1990) “Refers to the underlying values, beliefs and principles that serve as a foundation for an organization’s management system as well as the set of management practices and behaviors that both exemplify and reinforce those basic principles.”

Trompenaars (1993) “Is the way in which people solved problems. It is a shared system of meanings. It dictates what we pay attention to, how we act and what we value.”


Schneider (1997) “Shared patterns of behavior and the meaning of that behavior”.

Cameron & Quinn (1999) “What is valued, the dominant leadership styles, the language success that make an organization unique.”

Sullivan (2001) “Refers to the total lifestyle of a people, including all the values, ideas, knowledge, behaviors and material objects that they share.”

Wood (2001) “The systems of shared beliefs and values that develops within an organization or within its sub-units and that guides the behavior of its members.”

Wiesner (2002) “A way of looking at organizations by its shared values and behavior”.

Thomas & Tung (2003) “Refers to evolving set shared beliefs, values, attitudes and logical processes which provides cognitive maps for people within a given societal group to perceive, think, reason, act, react and interact”.

Anthon (2004) “Is the set of values, beliefs and understanding shared by an organization’s employees and it ranks among an organization’s most powerful component.”

Taylor (2004) “Refers to what is created from the messages that are received about how people are expected to behave in the organization.”

Wagner (2005) “An informal, shared way of perceiving life and membership in the organization that binds members together and influences what they think about themselves and their work”

Source: Adopted from: House et.al. 2004
According to Goffee and Jones (1996), the term organizational culture can be defined as “the glue that holds the organization together”. Chatman and Jehn (1994) suggested that culture in general act as a link between the change that guides how technology is adopted and the organizational growth. Culture also leads way to the successful implementation of the strategy (Bates et al, 1995). It also plays a critical role in determining how successful are the changes made in the development of the organization. There usually is a significant relationship between the “fit” of the employees, the kind of prevailing culture in the organization and various outcomes like job commitment and turnover (Kotter and Heskett, 1992).

Organizational culture can be defined as “a set of behavior patterns that are expected to be exhibited within the organization”. It is important to note that these type of norms tend to significantly impact the behavior of its employees.

The definition stated above, reemphasizes the importance of organizational culture to be used as a guideline by the employees, to ensure that they do right things at the right time, that will also help them to achieve organization goals. In order to be able to choose the correct path, the right kind of culture has to be prevalent in the particular organization, to make sure that its objective are easily and successfully achieved. Culture is an essential part of each and every society and is present in such ways that the members of the community behave—“dressing styles, social relationships, the language used, its work attitudes, its attitudes towards outsiders and the way it structures the political, social and economic modes of life for its members”. No two organizations can have the same organizational culture just like how no two people can have the same personality. There are many factors which influence the culture of Organization. According to the research that was conducted by Nankervis et al (1999), the unique factors that differentiate organizations are “history, present management and leadership styles, size, structure, the nature of its products or services, the industrial relations activities and above all, the national culture in which organization is operating”.

With respect to the culture, a lot of studies have been done in the past. These studies provided a lot of information about religious culture, national culture, and organizational culture and along with the information regarding if the organizational effectiveness is really being influenced by
the culture. The findings of some researchers and their methodologies were examined by Lim (1995) in his research work. He found that there are two types of thoughts. Some are of the opinion that there should exist a strong and influential relationship between the performance of organization and the culture of organization. But other set of people disagrees with it. These days, for the conducive working of business, organizations are laying a lot of emphasis on the organizational culture. The ability of the company is solely based on the adoption and adaption of culture, internal and external environment which determines if the business objectives of the company would be achieved. “Organizations that have cultures that suit their business strategies and environment succeed in improving their performance while those that have cultures that do not suit their strategies and environment do not perform as well (Kotter and Heskett, 1992)”. To ensure that the integration of the planning function is in accordance with the overall management, task organizations must adopt strategic management and scan the internal and external environment of organization and look for any opportunities or threats and to further make plans to exploit these opportunities and to be able to cope with the threats.

FOUNDATION OF CULTURAL THEORY

Desatnick(1986); Schneider(1990); Balkaran (1995); Al – Shammari(1992); Van der Post, de Coning & Smith(1997) explained that culture is like the “personality” of the organization, while Gutknecht & Miller (1990) defined organizational culture as the soul, purpose and foundation of organization. Culture was viewed as “oil” by Gutknecht & Miller in 1990 that lubricates processes of organization. Socialization process is practiced to welcome the new employees so that they can adapt to the culture of organization.

“Culture consists of patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups including their embodiments in artifacts; the essential core of culture consists of traditional ideas and especially their attached values”. The reaction, feeling and response to the world, by the people of the society, is determined by the cultures. Most of the times, the culture is imbibed by the ancient stories and ideas by the society.

Organizational culture can also be known as ‘a means of stabilizing behavior’. Organizational culture apparently makes the people in an organization aware of the rituals, stories and legends
and myths and to understand the events, ideas, and experiences, which usually are designed and influenced by the group in which they live.

One of the first things that an employee learns on joining the new organization are some of the organization’s legends. Organization’s legends generally stay within it and they become a part of the organization. Over time, the organization develops its ‘norms’ i.e. behavior patterns that are expected to be established in an organization. Therefore, a norm can be defined as a behavior pattern, which is part of its culture.

There are visible as well as invisible levels of organization culture as stated by Schein (1990). In the ‘culture iceberg’ the visible levels which are manifested on the surface includes physical settings, stories, slogans, ceremonies, symbols, behaviors, dress. While the invisible levels are those which are not observable like the values, beliefs, attitudes and feelings. It is seen than the corporate’s change strategy focus on the levels which are visible. Rousseau (1990 proposed a multilayered ring structured model. The rings are organized on a scale of readily accessible (outer layers) and too difficult to access (inner layers) the culture of the organization. This model captures all the key elements of culture i.e., a scale from unconscious to conscious, interpretative to behavior and from inaccessible to accessible.

In 1992, Conner stated that the organizational culture is the “interrelationship of shared beliefs, behaviors, and assumptions that are acquired over time by members of an institution”. The
failure and success of an organization depends directly the organizational operations which in turn depends significantly on culture of the organization.

**CULTURAL DIMENSIONS**

Another important aspect that helps study the depth of organizational culture is Cultural Dimension. According to Akaa (1993), there exists a relationship between cultural dimensions and the work environment. There was three dimensions under which the organizational culture was investigated by Wallach (1983). They were:

a. The innovative  
b. The bureaucratic  
c. The supportive

The above stated dimensions are generally combined up in most of the organizations. However, it is seen that there is only one dimension that is dominant in comparison to the other dimensions (Silverthorne, 2004).

Innovative dimension: This dimension can be described by adjectives such as “risk taking, result oriented, creative, pressurized, stimulating, challenging, enterprising, and driving”. According to Berson et al (2008), it is this dimension that results in the growth of sales.

Bureaucratic dimension: This dimension can be characterized by the terms “formal, specialized, hierarchical, and inflexible”. According to Berson et al (2008), organizations with bureaucratic dimension often face negative reactions among its employees.

Supportive dimension: According to Koberg and Chusmir (1987), this dimension can be characterized by the terms like trusting, warm, friendly, relationship oriented, and sociable. According to Akaah (1993), employees of the organizations that exhibit supportive dimension, are committed to the organization and hence share the organizational values and belief.
The various types of cultural dimensions mentioned above can illustrated by the “Competing Values Framework of Quinn and colleagues”. Organizational performances makes use of this framework.

**Competing Values Framework:** Several measures of effectiveness were analysed by Quinn and Rohrbaugh (1983) to understand the dimensions of organizational effectiveness. In accordance to Quinn and Rohrbaugh (1983), every orientation presents a chief mold in organizational theory. It ensures that the culture is related to the organizational performance.

![Competing Values Framework](image)

**The four organizational culture types**

Research work by Cameron & Freeman (1991) resulted in identification of almost similar culture types and with similar types of characteristics as mentioned above, but just with different names however with competing values framework that had fifth dimension as balanced culture. The model presented by Cameron & Freeman (1991) represented only four types of culture i.e.,
clan, market, hierarchy, and adhocracy. Every culture shows a different dominant attribute, such as style of leadership, calculated emphases, and bonding.

<table>
<thead>
<tr>
<th>Culture type</th>
<th>Cameron &amp; Freeman (1991)</th>
<th>Competing Values Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Clan Culture</td>
<td>Human relations model (Group Culture)</td>
</tr>
<tr>
<td>2</td>
<td>Hierarchy Culture</td>
<td>Internal Process Model (Hierarchical Culture)</td>
</tr>
<tr>
<td>3</td>
<td>Adhocracy Culture</td>
<td>Open system Model (Development Culture)</td>
</tr>
<tr>
<td>4</td>
<td>Market Culture</td>
<td>Rational Goal Model (Rational Culture)</td>
</tr>
</tbody>
</table>

From the table above, it is evident that the four organizational culture types and the three dimensions can be compared on basis of alike features. The clan culture and supportive dimension can be characterized by commitment and a sense of family. The adhocracy type culture and innovative dimensions have similar characteristics of growth, initiative, risk taking and even creativity. Both the market culture and the hierarchical culture represent similar characteristics as of bureaucratic dimension. And the characters tics are norms, rules, obligations, inflexibility and procedures. The market culture is a mixture of both innovative as well as bureaucratic dimensions.

Brown (1998) stated that “current interests in organizational culture stems from at least four different sources: climate research, national cultures, human resource management and from conviction approaches which emphasize the rational and structural nature of the organization to
be unable to offer a full explanation of organizational behavior”. Brown (1998) defined organizational culture as the “pattern of beliefs, values and learned ways of coping with experience that have developed during the course of an organization’s history, and which tend to be manifested in its material arrangements and in the behaviors of its members”. In other words, organizational culture is essentially framed to define the way how members of the given organization behave and work to achieve organizational success.

Organizational culture model can be below categorized into five dimensions, listed:

1. Power-oriented Culture - Brown (1998) stated that “a power culture has a single source of power from which rays of influence spread throughout the organization”. Power-oriented culture is when the power and the position are being used to control and/or influence the work pattern of the employees.

2. Role-oriented Culture – Harrison & Stokes (1992) defined that role-oriented culture as “substituting a system of structures and procedures for the naked power of the leader”. The main elements of this culture are job description and specialization. These are usually set up by the management for the proper functioning of day to day work. Just like power oriented culture, role oriented culture uses both reward as well as punishment system, in order to motivate and encourage its employees.

3. Achievement Culture (or Task Culture) – According to Harrison & Stokes (1992), task culture can be defined as “the aligned culture which lines people up behind a common vision or purpose”. Stander (2003) is of the opinion that more emphasis is put on team than on an individual in this culture. As per the task culture, organizational member’s focus is set on realizing the set purpose and goals of the organization.

4. Support-oriented Culture - According to this culture central point of any organization is an individual. Harrison & Stokes (1992), defined support-oriented culture as “organizational climate that is based on mutual trust between the individual and the organization”.

FUNCTIONS OF ORGANISATIONAL CULTURE

According to Arnold (2005), one of the crucial functions of organizational culture is to “define the way of doing things in order to give meaning to organizational life”. As stated by Harrison (1993), “Organizational culture also determines organizational behavior, by identifying principal
goals; work methods; how members should interact and address each other; and how to conduct personal relationships”.

“Brown (1998) states the following functions of organizational culture:

• Conflict reduction. A common culture promotes consistency of perception, problem definition, evaluation of issues and opinions, and preferences for action.

• Coordination and control. Largely because culture promotes consistency of outlook it also facilitates organizational processes of co-ordination and control.

• Reduction of uncertainty. Adopting of the cultural mind frame is an anxiety reducing device which simplifies the world of work, makes choices easier and rational action seem possible.

• Motivation. An appropriate and cohesive culture can offer employees a focus of identification and loyalty, foster beliefs and values that encourage employees to perform.

• Competitive advantage. Strong culture improves the organization’s chances of being successful in the marketplace.”

STRONG AND WEAK ORGANISATIONAL CULTURES

There are two common types of culture that exist – strong type and the weak type. “In a strong culture, the organization’s core values are held strongly and shared widely” as highlighted by Martins and Martins (2003). Under Strong organizational cultures, the behavior of the organizational members is general is strongly influenced by the organizational culture. A weak culture, however, is a complete opposite of that. In a weak type of organizational culture, “organizational members do not subscribe to the shared beliefs, values and norms (O’Reilly et al., 1991)”. Further, unlike in a strong type of culture where the entire organization shares common values and believes, under the weak type of culture, the organization culture varies from department to department and is usually the cause of the downfall of the organization.

OCTAPACE CULTURE
In general, ample amount of importance is given to the development of the culture in the given organization. This reflects the principle of human recourse in the given organization. Professor T.V. Rao of IIM A, coined a term OCTAPACE, which defines Organizational culture. OCTAPACE stands for openness, confrontation, trust, authenticity, pro-activity, autonomy, collaboration and experimentation, the attributes that should be valued and should be promoted in any given organizations. These attributes, help in developing the profile of the organizational culture in the given organization. The eight attributes are discussed as below:

**Openness:** It defines that the employee in the given organization has the liberty to freely express his/her own ideas and even the organization is not afraid of accepting the new ideas and to take risks and to implement these ideas. In 1977, Krishna and Rao, surveyed the organizational and the HRD climate of BHEL, India which is one of the largest manufacturing and engineering and enterprises in India. The results demonstrated that the environment of openness follows well amongst middle as well as senior managers of the company. However, another study that was conducted by Rohmetra, (1998), in the banking sector of J & K revealed that the environment is not very open for its employees including lower, middle and senior as well as the clerical staff.

**Trust:** means the employees and employers trust each other and amongst themselves, all can be relied upon to act and perform what they say or are assigned to do by keeping the confidentiality of the task by not sharing or misusing the information. A strong sense of mutual trust and honor is prevalent along with sense of responsibility and accountability. Patel (1999) performed a comparative study 20 branches of DCCB, using a sample size of 105 employees from 10 high performing and 10 low performing branches. His study revealed that there barely existed any trust. However, Rohmetra (1998) examined 102 employees from the banking sectors of J&K from all lower, middle and senior level managements as well as the clerical staff, revealed existence of trust and components of attitudinal perception.

**Authenticity:** It defines the analogy between how “one feels, says, and does; owning one’s actions and mistakes; unreserved sharing of feelings”. There is a lot of development and significance in the value of authenticity. According to the study conducted by Mufeed (2005), trust and unity were seen in workers of hospital. However, Mishra &Dhar (1999) conducted a study
on 200 middle level managers from service (banking) and manufacturing (pharmaceutical) companies and found that the value of authenticity was only average.

**Proactivity:** It dictates that the employees are generally encouraged to take initiative and preplan by anticipating future needs and potential problems. Mufeed & Gurkoo (2007) studied a sample of 521 employees of Universities of Jammu & Kashmir, about perceptions of non-teaching and teaching staff towards HRD climate and found that the proactivity variable as unfavourable.

**Autonomy:** it means to enable employees to plan and act in one’s own sphere, in other words it determines the willingness of the employees in using power without any fear and also helping others in doing the same. Employees generally have some kind of freedom that allows them to act independently, within the set boundaries that is imposed by their role/job. The survey conducted by Krishna & Rao (1997), on the organizational and HRD climate of BHEL, revealed that the autonomy was not practiced in the origination. Similarly, study conducted by Rainayee (2000), revealed that autonomy variable was missing from the banks.

**Collaboration:** it means that all employees unite and work for a common task in an organization. In spite of solving ones problem all come tighter to solve problem of others and achieve harmony in environment resulting in efficient and effective result. Mishra (2002) found that the HRD climate to be above average amongst the managers within private sectors, based upon the values of collaboration in their given organization. However, Sarathi & Rao (1988), found that the collaboration was good, amongst the subordinate and superior employees of BHEL.

**Experimentation:** it refers to encouraging the employees and making use of their tactics which are innovative for problem solving; to make use of feedback and response for improvement; working in a new and different ways; respecting people’s creation. The study conducted by Mufeed (2006), concluded that the experimentation was discouraged in the various hospitals of J&K and the employees were not motivated to share their opinion, suggestions or ideas.

1.2. **JOB SATISFACTION**
It was Hop pock, who brought the term “Job Satisfaction” to limelight in 1935. He defined it as a combination of physiological, psychological, and environmental circumstances that makes a person say, “I am satisfied with my job”.

Arnold & Feldman (1986), defined Job Satisfaction “…as the amount of overall positive affect (or feelings) that individuals have toward their jobs”. Robbins (2001) claimed that job satisfaction is in general, one’s attitude towards work. An employee with positive attitude towards job reveals a greater satisfaction towards job and person with negative attitude reveals dissatisfaction towards job. Spector (1996) claimed that “Job satisfaction is not only how people feel about their jobs overall, but also how they feel about the various parameters of the job”. He provided two approaches for the job satisfaction - the Global Approach and the Facet Approach. Job satisfaction accounts for the single overall parameter for the global approach, however, other factors like pay, compensation, reward, environment etc., are considered in the facet approach. Fraser (1983) stated that the “Job satisfaction is not a unitary factor”, because an individual can even be satisfied with compensation of work given to him but is not satisfied with the environment in the office. Researchers identified that job satisfaction can be observed through 20 different factors, both intrinsic and extrinsic in nature (Weiss, Davis, England and Loquist, 1967).

Satisfied employees to lead an organization towards success but unsatisfied employees can bring an organization to scratch. Employees spend almost three fourth of the entire day in the organization, which it is not pleasant agreeable and satisfying would lead to dissatisfaction and loss to the organization. A dissatisfied employ can distort as well as blur an organizations goals and focus, so it is very important to have pleasant, energetic and competitive environment in the workplace.

Different researchers define Job Satisfaction differently. Drever (1956) calls it “the end state of feeling”, which suggests it is a feeling, that an individual experiences at the end of the task, where the task can big or small, or can be individual or collective in nature. A positive or a negative feeling generally arises at the end of the task which dictates job satisfaction or dissatisfaction. Positive or negative attitude towards job defines job satisfaction. Attitude is a result of cognition and emotions. so in order to satisfy employees organization must check their basic knowledge and believes and further on keep a check on feelings, sentiments and evaluations.
By accomplishing any task employee can have feeling of Job satisfaction and increased Morale. Viteles (1953) stated that “morale is an attitude of satisfaction with desire to continue in and willingness to strive for the goals of a particular group or organization”. Morale in general is a shared sense of common purpose and is always future-oriented. Khan & Katz (1953) found that morale in general is in accordance with the satisfaction with – Job, Supervisor and Organization/company/enterprise.

Gordan (1953) was inspired by factor analysis of ‘need satisfaction’ and ‘morale’ which lead him to classify ‘Job Satisfaction’ into four dimensions:

- general satisfaction
- recognition of status
- self-respect
- an undefined factors.

Roach (1958), on the other hand classified ‘Job Satisfaction’ into twelve dimensions, namely:

- pride in company
- intrinsic job satisfaction
- satisfaction with setting up and enforcing job standards
- satisfaction with supervisory considerations
- work load and pressure
- feeling that management is interested in the individual worker
- salary administration
- communication
- development and progress
- co-workers
- halo
- attitude towards supervision.

Smith (1955) simplified job satisfaction as “the employee’s judgment of how well his job on the whole is satisfying his various needs.” “Job satisfaction refers to the favorableness or unfavorableness with which employees view their work”. Paul (1977) explained that the term satisfaction is merely a description of the fit amid one’s expectations of what the job is and the reward that the employee receives for it. Job satisfaction is directly related to employee’s
expectations, and therefore defines Adam’s (1965) equity theory of motivation. The theory explains that the employee satisfaction is directly based on his comparison with all the other employees as well as the amount of effort inputted to the job along with the rewards. A comparison equal in nature leads to satisfaction, however if its unequal in nature, it leads to an employee feeling inequality and injustice which ultimately leads to job dissatisfaction.

Definitions provided by various researchers:

Locke (1976) -“Pleasurable or positive emotional state resulting from the appraisal of one’s job or job experience. Job satisfaction is a result of employee’s perception of how well their job provides those things which they view as important”

Sinha (1974) - “Reintegration of effect produced by individual’s perception, fulfillment of his needs in relation to his work and the situation surrounding it.”

Janet et al. (1978) - “Job satisfaction is part of life satisfactions. A job is an important part of life, job satisfaction as an influences one’s general life satisfaction.”

Van deven and Ferry (1980) –“Job satisfaction as an effective reaction of feeling of employees with job, supervision, co-workers, pay and his/her current and future career progress. The causes of employee’s satisfaction are not restricted to implant factors alone but by individual’s needs and aspirations”.

Blum (1956) & Naylor (1963) – “Job satisfaction as a resultant of many attitudes possessed by a worker. It is a general attitude which is the result of many specific attitudes in three area viz. specific job factors, individual characteristics and group relationships outside of job”.

Judge & Church (2000) stated that “Job satisfaction is the interaction of affect and cognition – feeling and thinking”, however, the level of job satisfaction varies according to the position that the employee holds in the organization. They explored both bottom-up as well as top-down approaches, to figure out the level of satisfaction in an individual. “Top-down implies that satisfaction is based on dispositional characteristics of the individual responsible for the appraisal, while bottom-up suggests that the environment and different contexts play a significant role in satisfaction assessment by Heller, Watson &Ilies(2004)”.
Job satisfaction is essentially a combination of various factors such as compensation, reward, appreciation, task, promotions, authority, responsibility, accountability etc. Job attitude can be understood by through knowledge of various dimensions such as situations, events, conditions which are generally caused by someone (self or someone else) or something. Further, everyone in the organization is either respected or disrespected for having accomplished something of forfailing at something.

French, et al. (1946) created a list of some on-the-job factors, that either cause satisfaction or dissatisfaction among employees. The factors are listed as below:

1. An individual- “ability, health, age temperament, desire and expectations, neurotic tendencies, unconscious conflict”.

2. Life away from work- “home conditions, recreation, consumer problems, labour union activities etc.”

3. Employment relations- “wages or earning procedures, kind of work performed, supervision, training, condition of work, opportunities for advancement, social relations on the job etc.”

Worthy (1950) described that the job satisfaction is comprised of six factors i.e., company in general, local organization, local management, immediate supervision, co-workers, and the working conditions. However, Grove & Kerr (1951) gathered that the factors like ‘wages’ and ‘liking for work associates’ are most critical components for the job satisfaction.

Herzberg and his associates (1957) presented 10 major factors of job-satisfaction “(I) intrinsic aspects of job, (ii) supervision, (iii) working conditions, (iv) wages, (v) opportunity for advancement, (vi) security, (vii) company and management, (viii) social aspects of job, (ix) communication, and (x) benefits.”

Herzberg (1959) talked about the two factor theory, which plays an important role in the job satisfaction – industrial situations and organizational situations. There exists an “ancient theory” which states that the presence or absence of the same elements can leads to either job satisfaction or job dissatisfaction respectively. Opposed to the “ancient theory”, the “two-factor theory” states that the job satisfaction or dissatisfaction are contributed by different elements. The elements that lead up to high satisfaction are known as “satisfiers” or “motivators” whereas the
elements that lead to dissatisfaction are known as “dis-satisfiers” or “hygiene factors”. Satisfiers are elements like “achievement, recognition, work itself and responsibility” and dis-satisfier are elements like “Company’s policy and administration, supervision, salary, security, interpersonal relations and working conditions”. This led Herzberg et al. to conclude that

1. Existence of satisfiers, leads to job satisfaction, however their absence doesn’t lead to job dissatisfaction
2. Absence of dis-satisfiers, lead to job dissatisfaction, however their presence doesn’t contribute towards job satisfaction.

Wood(1970) proposed that “job satisfaction is multidimensional and professional challenge, status, autonomy, professional recognition, interpersonal relations and supervisory relations are the dimensional of job satisfaction”.

Hinrichs (1968) found that there are nine independent dimensions that contribute towards the over-all job satisfaction, and they are - “the work itself, company, pay, management, associates, obstacles, security future opportunities and job demands” contribute to overall job satisfaction.

Job satisfaction, organizational commitment and job involvement, dictate an employee’s attitude, which leads to “behavior” in the organization. The collective behavior of all the employees further leads to the success or failure of the goals. Job satisfaction, pay, work force, environment, and change in technology adoption and technology are the factors that can determine the behavior in the organization. The fundamental parameters for an employee’s satisfaction are “interpersonal skills, attitude, promotions, work place, pay, and relations with co-workers”. A positive nature of these parameters, bring out a positive feeling about the job that the employee is holding. It is important to realize that a satisfied employee is always an asset to the given organization, and the vice-versa holds true as well.

Content and happy employees are usually very skillful and productive in nature. Incentives and recognition are the major parameters that enhance confidence of employees, so organization must monitor the attitude of employees. Broad (2007) explained, that “to achieve the organizational quantitative and qualitative goals and enhancing employee’s performance effective intrinsic and extrinsic incentives must be given to employees. Monetary, non-monetary
benefits (given to employees), recognizing their work and developing good and healthy employee and employer’s relationship is a key factor in motivating employees to work hard”.

Job satisfaction can simply be explained as the mind-set and opinion of the employee, about their work as well as their place of work. In result, “job satisfaction is all about to satisfy the one’s needs in working place (Togia et al., 2004)”. Bodur (2002) listed some of the factors that can lead of job-satisfaction are“work substances, age, sex, educational level, work place environment, location, colleagues, income and timing of work”.

Basic factors for the job satisfaction include:

1. Workplace environment: “Workplace, facets of employees and job discipline are related to working situations”. Organization tasks and job activities training, capabilities, utilization, health, secure and working period is deal in it. Wellsituated workplace, airing, illuminating and temperature, prominent, beneficial, neater work places and office places are consider in physical working circumstance (Ceylan, 1998). Employees want relax and ease surroundings and these factors regulate on employee job satisfaction. Organization gains employee satisfaction by supplied this environment. Physical job conditions primarily ascribed on low job satisfaction levels (De Troyer, 2000).

2. Reward and Recognition: Two parameters that can determine the extent of job satisfaction are – honor and acknowledgement. Maurer (2001) proposed that the important factors for employee satisfaction are honor and respect. Job satisfaction can eventually die if the system fails to provide employees with recognition and/or with reward. To amplify job-satisfaction amongst employees, it is important to have a well-defined system in place to provide rewards and reorganizations to its employees, to ensure that employees can relate them to their honor.

3. Team-work –Effective team-work have a dual benefit first the work done is more accurate and efficient, secondly employees feel more attached to team members and organization. Bullock’s (2005) stated that the convinced relationship amongst employees can be improved by team work. Team means existence of group and individual is dissolved. No individual can be single handedly responsible for development of organization. So organizations must stimulate team work for growth and development of organization”.

4. Training and development: Training is required to enhance knowledge, skills and personal development. Trained employees are more satisfied and productive as compared to untrained employees. Thus it can be concluded that training and development is the major parameter for development and growth of any organization.

1.3. STRESS

The word “stress” is derived from a latin word which means burdens, affliction and hardships. The state of tension, that is faced by individuals as a result of their wishes, constrains, and/or opportunities, is called Stress. It is a result of the imbalance caused by the pressure of modern life along with the demands of their job, even though it can sometimes be non-repulsive in nature. Stress can also be referred to as a “spice of life” and hence, lack of it can make life dull and monotonous.

Usually, the response to stress is physiological in nature and includes reactions such as increased heart-rate, tensed muscles, release of adrenaline and/or production of glucose. In the current competitive and contemporary society, humans are generally unable to fight with everyday stressors which lead them to engage in stress coping responses.

From an organization’s point of view, the stress response is not just physiological in nature, rather, its effect has a wide range. According to “Cox, 1978 following are the effects of stress:

1. Behavioral Effects: Accident proneness, emotional outbursts, drug use, excitability, impaired speech, excessive eating or loss of appetite, smoking, drinking, nervous laughter;

2. Subjective Effects: Anxiety, apathy, aggression, frustration, depression, tension, nervousness, fatigue, bad temper and irritability;

3. Physiological Effects: Increased blood and urine catecholamines and corticosteroids, sweating, high cholesterol levels, increased blood glucose levels, increased heart rate and blood pressure, dilation of pupils;

4. Cognitive Effects: Inability to make decisions and hypersensitivity to criticism, concentrate, frequent forgetfulness, mental blocks;
5. Health-Related Effects: Asthma, diarrhea, headaches, coronary heart disease and migraines, insomnia, diabetes mellitus;

6. Organizational Effects: Absenteeism, high accident and turnover rates, poor organizational climate, poor productivity, job dissatisfaction”

Weich (1983) stated behaviors that indicate stress. These behaviors are consistent with Cox’s analysis. Following are some examples of work situations, wherein the accountants indicated stress:

(1) Working late hours for more than usual;

(2) Increase in the number of careless mistakes;

(3) Missed deadlines/appointments;

(4) Wasting time by focusing on personal failures/mistakes;

(5) Not prioritizing important tasks;

(6) Giving improper time to each task;

(7) Changing boundaries in order to avoid responsibilities;

(8) Blocking-out new information;

(9) Only involving superficially in tasks and giving up easily on the assigned tasks;

(10) Negative attitudes towards customers;

(11) Following the book;

(12) Excessive preciseness and rationalism;

(13) Improper humor;

(14) Absent mindedness

Anderson & McGrath (1976) stated that the stress doesn’t always just has negative effect. Sometimes, an individual’s performance can improve with moderate amounts of stress. Stress
“…… becomes maladaptive when it is elicited too frequently, sustained for too long, followed by recovery that is too slow ..... ” [Weick, 1983, p. 352].

**SOURCES OF STRESS**

Antonovsky in 1979 defined stressors as a demand of an organism made by his external or internal environment which disturbs the equilibrium and in order to restore back to equilibrium, a non-automatic energy-expending action is required, something that is not readily available. This definition concludes that any and everything can be cause stress, even though some stressors are more common that the others. Different individuals have different sources of stress. For example, the following stressor’s classes were identified by Cooper and Marshall in 1978 which are for managers and the white collar workers:

“(1) Factors which are intrinsic to the job (for e.g., working conditions are poor),

(2) Various roles for an individual in the organization (for e.g., conflicts and ambiguities over role),

(3) Relationships at work (for e.g., relationships are not good with colleagues),

(4) Career development (e.g., over-promotion),

(5) Extra-organizational sources of stress (e.g., company vs. family demands).”

**ORGANIZATIONAL ROLE STRESS:**

Social system which includes family, job organizations, communities etc., gives each individuals some responsibilities towards it, hence giving them a defined place in the society. This obligation by the system is called a role that needs to be handled in individual’s place, a position or an office.

**ROLE:**
Role is a key, which helps in combining an individual with the organization. Role is commonly defined as “…. a set of perception’s defining what the behavior of position should be.” According to Pareek (1976) is “the position one occupies in a social system, as defined by the functions one performs in response to the expectations of the significant members of social system, and one’s own expectations from that position or office”.

The major means to link the individuals with organization is by the concept of roles as proposed by Katz and Kahn (1966). Organisation can be defined as a system of roles. However, there is a system within a role. From an individual’s perspective, two role systems are important. According to Pareek (1976) the first refers to as ‘role-space’ (system of various roles carried and performed by individuals) and the second is known as ‘role-set’ (set of roles of which his role is a part)

**ROLE SPACE:**

Several roles are occupied and played by each individual. The roles played by an individual constitute role space. For example the roles played by a person are that of a teacher, son, husband, brother, member of a club etc. A person occupies and performs one of these roles and these roles centers around one-self. There are great differences between these roles and also from the person playing these roles. A role space is defined by such relationships. According to Pareek in 1976 “Role space can be defined as the dynamic inter-relationship between the self and the various roles an individual occupies, and also among the roles.”

**ROLE SET:**

Merton in 1957 gave the concept of role set. He defined role set as “The compliment of role relationships which persons have by virtue of occupying a particular social status”. The role set determines between a role and other roles a pattern of inter-relationships

To understand the dynamics of how an individual integrate with his organization, role can be considered as a very useful concept. It is also helpful in understanding the problems that may arise due to interaction between individual and organization and their integration, thus enabling the individuals to function effectively for an organization. Or it can be said that organizations
have their own structures as well as goals. Similarly, every individual has his own desires and personality. As shown in the flow diagram below the structures and goals of an organization interacts with the personality and needs of an individual which further gets integrated into role.

![Flow Diagram](image)

(Role being shown as an integration point of an organization and individual, Pareek, 1974).

**ORGANIZATIONAL STRESS:**

In an organization, stress can be defined as mismatch between abilities and skills of a person and what his job demands. According to French, Rogers & Cobb, 1974 as a misfit when a person’s job environment is insufficient to fulfil his needs. In 1975 Caplan et al. defined organizational stress. He said that if any threat is posed to an individual due to his job environment then it can be termed as organizational stress. Cooper and Marshall think that the stress due to occupation is due to many factors which are prevailing in job’s environment. Some of them are poor working conditions and role conflict, overload of work.

In 1936, Hans Selve first introduced the concept of stress in the life sciences. This concept was suggested by natural sciences. In the 18th and 19th centuries, stress was referred to “force, pressure or strain” that is applied upon a person or a material object. The material or object try to repel these forces so that it remains in its original or actual state. Due ‘General Adaptation Syndrome’ of Selye there was in depth research on such topics, with special focus on stress and disease which is injurious to tissues and tissues system’s adaptations. Agarwal, Malhan and
Singh (1974) are of the opinion in the past 15 years, stress term has started to be used extensively in organizations.

The literature on stress was reviewed by Mason in 1975 reviewed literature and it was concluded that there was lot of confusion and ambiguity over its definition. Stress is used to suggest many meanings both by the common person and psychologists. The difference of opinion over where the stress resides is the major source of confusion among researchers. Stress can individual’s reaction or be a property of the environment, or due to interaction between the individual and the environment.

‘Homeostasis’ of Canon’s (1935) and ‘General Adaptation Syndrome (GAS)’ of Selye’s (1946) has been considerable in effective conceptualization of stress for medical sciences. Canon subjected human as well as animals to conditions such as cold, excitement, anxiety, lack of oxygen etc. He observed the reaction of adrenal medulla and SNS(sympathetic nervous system). Hence deduced, that they were under stress. Similarly Selye gave General Adaptation Syndrome on noticing the response to a varied range of evocating stimulus. He put forward the theory that if an organism faces any threat, his general physiological reaction occurs in 3 stages. The following are those 3 stages:

Alarm Reaction: In this stage there is a low resistance ‘shock phase’, at first, that is followed by a ‘counter-shock-phase’. Because of this phase the individual’s mechanisms to defend himself becomes active.

Stage of Resistance: In this phase an individual’s needs to develop maximum adaptation. Resistance increases to level which is beyond normal. But the individual might slip into the third phase if his defense mechanism does not work properly.

Stage of Exhaustion: It is the phase where energy of adaptation exhausts and the individual collapses.

Here the Selye’s opinion is basically in relation with medical. The definitions of stresses given by psychologists are oriented according to stimulus, response, interactional.

Stimulus oriented: “Stress can be thought of as an external force or pressure which is observed as threatening”. Threat is itself viewed as equal to stress. Selye (1956) was of the opinion that “any
internal drive or an external event which poses threat to the equilibrium of body is termed stress.”

Response-oriented: According to this methodology, the best way to understand is by the way a person take stress and assigns a meaning to stress producing situations. Other ways to understand this approach is by the values an individual attaches with actions and how he interacts with the events. It briefly describes how person reacts under stress and about their functioning when facing stress.

Interactional-Oriented: As per the third approach, the presence of a relationship which an individual has with his environment is the reason behind stress. Lazarus (1971) has also given then definition of stress which is very interactional. According to Lazarus, “Stress occurs when the demands on person exceeds or tax his adjectives resources”. Lazarus further added that stress not only depends on the environment around a person but also on how vulnerable a person is and how strong his mechanism is to defend himself.

In 1976, McGrath defined conditions which are set for stress. “There is an interaction between environment and people in stress.” He also said that some circumstances can pose serious stress an individual cannot meet his demands which are beyond a person’s capabilities. The reason behind it is the substantial difference in rewards and price from achieving them and not achieving the demands.

Similarly Cox and McKay (1981) suggested that stress also arises when person’s view point about his capabilities to meet his demands is not in balance with the perceived demand. According to the system, stress is a very dominating variable. It reflects the transaction which takes place between an individual and the environment around him. According to Ivancevich and Matteson (1984) stress can also be defined “in terms of a relationship which exists between person and environment where in the environmental demands are supposed to result in stress.”

CONCEPT OF ROLE STRESSORS

The attention towards organizational stress in general and role stress in particular was first drawn by Kahn et al. (1964). Under role stress, a specific type of stress is considered. Role stress includes other constructs under it such as:
1. Role conflict
2. Role ambiguity
3. Role overload

Basically role stress is the stress which occurs when the resources of an individual are limited and not sufficient to meet his expectations.

‘Role conflict’ can be said to occur when there are conflicts over expectations. Some of the variables which relate to individual’s role are not compatible with each other. These incompatibilities results in serious consequences.

The role stress was classified under 3 categories by Kahn and Quinn (1970).

(a) Expectation which generates stress—which includes role conflict and role ambiguity

(b) Expectation resource discrepancies—which includes role overload, responsibility, authority dilemma and inadequate technological information, and

(c) Role and personality.

Pareek identified the given stresses in 1983.

1. ROLE SPACE CONFLICTS: The dynamic relationship amongst the various roles which an individual occupies and plays is called role space. It has three important variables: oneself, the role which is under question, and the other roles an individual occupies. Following are the forms which may take place because of role space conflict.

1. **Self-Role Distance:** Stress which arise due to the conflict among the self-concept and the expectations from the role, as observed by the role, as observed by the role occupier. A person feels stressed when the role played by him is conflicting with his self concept. For instance, if an introvert gets a job as a salesman then he will feel self-role distance as the requirement of such a job is to interact with many people.

2. **Role Stagnation:** a person become used to the role he occupies over the time. However, with the progress of an individual his roles also upgrades, and due to this change it becomes crucial to take up new roles. This causes stress as it becomes difficult for an individual to leave a role which he was playing since a long time and than to enter into a totally different role. This might
cause him insecurity. On the other hand, the new role demands an individual to outgrow the last ones and to effectively take charges of the new role. This rises stress level.

3. Inter-Role Distance: this type of stress arises when an individual have to play more than one role and While doing so there might occurs conflicts between the different role he is playing. For example, a person doing late night shifts for an organization often has to face a conflict between his responsibilities towards his family and towards his organization.

II. ROLE SET CONFLICTS: The field which can be considered main regarding role of the individual is the set which comprises of person which are important to an individual and have different prospect from the role he is playing. “The conflicts which arise as a result of incompatibility amongst these expectations by the ‘significant’ others (and by the individual himself) are called role set conflicts” (Pareek. 1983). These conflicts take the following forms:

1. Role Ambiguity: Conflict which an individual faces when he is not clear about the various expectations that ‘significant’ people are having from his role, is called role ambiguity. Marshall and Cooper (1979) point out that “role ambiguity exists when and individual has inadequate information about his work role, that is, where there is ‘lack of clarity’ about the work colleagues’ expectation of work role and about the scope and responsibilities of the job.”

Khan et al.(1996) defined role ambiguity as a kind of insufficient role understanding.

Every member of an organization requires certain information regarding his role for his adequate performance, i.e., for a person to obey to expectations of role by the members belonging to his role set.

Usually, the role ambiguity is faced by the individuals playing the role that are newly created in an organization or the roles which are undergoing changes.

2. Role Expectation Conflict: The individuals face this stress when there are conflicts over the expectations and demands by different heads. There may be conflicting expectations from the boss, subordinates, peers or clients.

3. Role Overload: An individual experiences this stress when he feels that many ‘significant others’ belonging to his role set are having too many expectations from the individual. This
occurs when an individual lacks power and when there is large difference in the output expected from him. French and Caplan (1973) have classified overload in term of:

a. Quantitative overload means when an individual has too much to do.

b. Qualitative overload means that work to be done is difficult.

4. **Role Erosion**: Sometimes an individual wants to perform certain functions which doesn’t come under his set of roles. This might cause stress called role erosion. In other words, role erosion is an individual feeling that some important task of his job profile is being eroded from his work. Pareek (1983) found that role erosion is very much dominant in organization which is redefining roles and creating new roles.

5. **Resource Inadequacy**: Resource inadequacy stress is experienced when the resources required to efficiently and effectively perform a job are not available. Resources can be some data, information, material, transportation, finances or any other facilities.

6. **Personal Inadequacy**: due to lack of knowledge, skills or training when an employee feels that he is not capable enough to perform the duties assigned to him effectively, he may experience this stress.

7. **Role Isolating**: Marshall and Cooper identified stressors which according to them were arising from the nature of relationships at work. So in this category, Pareek in 1983 included these stressors in this category. In a role set Pareek (1983) an individual might feel that some roles may be psychologically closer to him whereas some may be at a distance. Frequency and the ease of interaction is the major criterion of distance. He suggested that the role isolation is low if the linkages are strong and it will be high if the linkages are not strong. Amount of role isolation is indicated by the gap between the preferred and the obtainable linkages.

To sum up, Pareek (1983) identified the following ten stresses in relation to organizational roles:

- Self-Role Distance (SRD)
- Inter-Role Distance (IRD)
- Role Stagnation (RS)
- Role Isolation (RI)
• Role Ambiguity (RA)
• Role Expectation Conflict (REC)
• Role overload (RO)
• Role Erosion (RE)
• Resource Inadequacy (Rin)
• Personal Inadequacy (PI)

APPROACHES TO STRESS

Stress is considered as threatening external force. Threat is considered as mother of stress. According to Selye (1956), “any external event or any internal drive which threatens to upset the organism’s equilibrium is stress.”

Response-Oriented Approach

In order to understand the nature of stress, one has to examine the way in which people perceive and how they give meaning to stress-producing situations, the way people interact with the events and the standards their point to actions and handle the situations. Cognition of stress is considered as pre-conceptual: being more adjectival than motivational. Psychiatrists have identified four phases in the reaction to stress –

1. The initial phase of anticipatory threat
2. The impact of stress
3. The recoil phase

This approach which is response-oriented help us to understand how individuals react to stress and about their functioning under stress. The way in which an individual responds to a particular stress presumably determines its consequences. The biologically-oriented approach to stress also comes under the category of response-oriented, i.e. it studies the reaction of the organisms in response to the conditions prevailing in the environment.

The Psychodynamic Approach
This approach considers internal as well as external events, causing threat to basic structure of organism. This results in disorganization of behavior. Stress may be induced by many factors such as intrapsychic (between own impulses and ego) or interpersonal (external) which can cause anxiety.

Hans Selye’s General Adaptation Syndrome (GAS) is widely used as a widespread model in order to brief the phenomenon of stress. According to this three-stage model, when an individual faces a threat the general physiological response occurs in three following stages:

**Alarm Reaction:** In this stage there is initially ‘shock-phase’ in which a low resistance is offered, then followed by a ‘counter-shock-phase’ in which the mechanism of defense becomes active. “Alarm reaction is characterized by autonomous excitability; like discharge of adrenalin; increase in heart rate, muscle tone, and blood content and gastrointestinal ulceration”. The time of resistance varies and the severity of symptoms differs from ‘mild to strong’ from individual to individual depending on the nature and intensity of the threat.

**Stage of Resistance:** During this stage maximum adaptation occurs. The characteristics of alarm reaction stage like bodily signs disappears by this stage.

**Stage of Exhaustion:** The energy to adapt to unfavorable situations becomes exhausted. Signs of the alarm reaction reappear and the resistance level begins to decline irreversibly. The organism collapses.

Selye’s work is of great importance in the field of stress. However, there are 4 fundamental errors in his theory thereby making it increasing inadequate.

The first shortcoming in this theory is that he conducted his researches on infra-human subjects. During these experiments the stressors were usually environmental or physical. However it is not necessary the organism always faces these two stressors only. In day to day life an organism faces many stressors.
Second, his work was based on presence of non-specific physiological response. However it is found that stimulus such as exercising, heat, fasting produce specific response and therefore the GAS is not true for such cases.

Third, the main stressors such as intrapsychic or social(interpersonal/interactional) are not given appropriate position in this approach. Also the reactions of infra-human subjects are measurable and easily perceptible and direct, whereas in case of human subjects their responses are by various filters of their society and culture.

In variation to this approach, stress can be defined as “highly energized psycho-physiological state when an organism is faced with a situation that threatens or places unusual physical or psychological demands on it.”

Hyper stress: It can say as the extreme state of highly energized state of stress. Under this state there is “over-activation or heavy demands in terms of time or responsibilities”

Hypo stress: It is a state of stress which is characterized “by lack of activation, by lassitude and boredom.”

Pestonjee (1987) said that however it is “natural and healthy to maintain optimal levels of stress” and “success, achievement, higher productivity and effectiveness call for stress”. If the stresses are not taken care of i.e. they are not managed or checked then they can create difficulties for organisms by affecting their performance or even their health. Since stress is a personal response of an individual towards various situations, it is possible that different individuals might react differently. The reaction of an individual towards different stressors depends on

(a) The nature and magnitude of the strategy

(b) The importance of the stressors to the individual

(c) The perception of the threat element as a component of stressors

(d) The personal and social support systems available to the individual

(e) The involvement and willingness on the part of the individual to do something about the state of stress.
There are three important sectors of life in which stress originates

(a) Job and the organization

(b) The social sector

(c) Intra-psychic sector.

- Job and organization: refers to the overall work environment. In an organization there are many tasks, atmosphere, policies etc.
- The social sector: refers to the social as well as cultural context of one’s life like an individual’s religion, caste, language etc.
- The intra-psychic sector: encompasses those things which are intimate and personal like temperament, values, abilities and health.

In today’s time, the visualization of the phenomenon of stress is a completely different perspective. As Kets de Vries (1979) had noted, it is beneficial for an individual to have a certain amount of stress so that he is alert and is capable to work and function effectively in an organization. As long as stress is within tolerable range it can be helpful in creating healthy competition. If the stress is managed in a good manner, it can bring excellence in every sphere of organizational work and along with it success at individual level. Mathew even advocated that certain types of stresses are required for bringing creativity at all levels like managerial level.

1.4 RETAIL IN INDIA

“Any business that directs its marketing efforts towards satisfying the final consumer based upon the organization of selling goods and services as a means of distribution” can be termed as retail. In 1992, according to Brown ‘retailing’ term has been derived from French word ‘retailer’. Cutting up or taking a piece of something is what the word ‘Retailer’ means. Retailers make use of a technique called ‘breaking of bulk’ which clearly justifies the previous line. Firstly he buys goods and products in large amount and then he divides those further smaller amounts. These smaller amount products are sold to customers.
OVERVIEW

By the FY 17, it is expected that the all-over India’s retail will increase to Rs 47 trillion (approximately US$ 792.4 billion). Thereby India will be able to offer a strong potential business for foreign retailers who are planning on conducting business in India. Organized over-all retail segment occupies 8% of the total retail market. It is estimated that it will grow at rate of 30% by 2015 in comparison to the over-all retail market, which is predicted to grow at the rate of 16% in the same period. Retail in India contributes to 14-15% (approx.) of its GDP. The retail market in India is currently appraised to be around approximately US$ 490 billion. By 2023, it’s planned to develop at a CAGR (Compound annual growth rate) of approx. 6% to reach US$ 865. Indian’s retailing industry is mainly owned by mom n dad shops which accounts for more than 90%, whereas supermarkets and stores accounted for 4% of the total industry in 2010 as these only existed in large urban areas.

Indian retail industry is divided as follows:

- **Organized retailing**: It constitutes of the trading related activities which are carried out by the licensed retailers, those who register for sales tax, income tax etc. Organized retail is expected to go up to 20% by 2020. This includes privately owned and operated larger retail businesses, corporate hypermarkets etc.
- **Unorganized retailing**: It constitutes of the tradition mom n dad shops which traditional form of low cost retailing. The growth of unorganized retail sector is stable at 6%.
Fig 1.1 Retail market in India

Major Indian Retailers:

<table>
<thead>
<tr>
<th>Brands</th>
<th>Stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>REI Agro Ltd Retail</td>
<td>6TEN and 6TEN kirana stores</td>
</tr>
<tr>
<td>Future Groups-Formats</td>
<td>Big Bazaar, Food Bazaar, Pantaloons, Central, Fashion Station, Brand Factory, Depot, aLL, E-Zone etc.</td>
</tr>
<tr>
<td>Fabindia</td>
<td>Textiles, Home furnishings, handloom apparel, jewellery</td>
</tr>
<tr>
<td>RP Sanjay Goenka Group Retail-Formats</td>
<td>Spencer’s Hyper, Spencer’s Daily, Music World, Au Bon Pain (International bakery cafeteria), Beverly Hills Polo Club</td>
</tr>
<tr>
<td>The Tata Group-Formats</td>
<td>Westside, Star India Bazaar, Steeljunction, Landmark, Titan Industries with World of Titans showrooms, Tanishq outlets, Croma.</td>
</tr>
<tr>
<td>Reliance Retail-Formats</td>
<td>Reliance MART, Reliance SUPER, Reliance FRESH, Reliance Footprint, Reliance Living, Reliance Digital, Reliance Jewellery, Reliance Trends, Reliance Autozone, iStore</td>
</tr>
<tr>
<td>K Raheja Corp Group-Formats</td>
<td>Shoppers Stop, Crossword, Hyper City, Inorbit Mall</td>
</tr>
<tr>
<td>Lifestyle</td>
<td>International-Lifestyle, Home Centre, Max, Fun City and International Franchise brand stores.</td>
</tr>
<tr>
<td>Aditya Birla Group</td>
<td>“More” Outlets</td>
</tr>
<tr>
<td>Gitanjali</td>
<td>Nakshatra, Gili, Asmi, D’damas, Gitanjali Jewels, Giansi, Gitanjali Gifts, etc</td>
</tr>
</tbody>
</table>

Government Policies
India opened up its single brand industry in order to allow 100% foreign investments. It brought changes in legal structures and regulatory issues related to establishment of businesses in this new market. Currently the retail industry of India is appraised to be approx. US$411.28 billion and it’s still growing. And it is expected to reach US$804.06 billion by 2015. After the Industrial policy of 1991, the following steps were taken by government to enhance FDI.

1. 1995 – WTO’s (World Trade Organization) general agreement on trade in services came was brought into effect.
2. 1997 – FDI’s Cash and Carry with 100% rights were approved by the government.
3. 2006 – FDI’s Cash and Carry was made automatic.
4. Govt. permitted up to 51% of the investment in single-brand retail outlet.
5. 2011 – Permission for 100% FDI in single brand retail.
6. 2013 – India allowed investments from overseas in its supermarket.

FDI in “single brand” retail – Single brand retail generally refers to selling of goods under a single brand name. 100% FDI is permitted in single brand retail under following conditions:

- Only single brand products are sold.
- Products are sold under the same brand internationally.
- Single brand products include only those which were identified during manufacturing.
- For including any new product category under the same brand it must first receive additional government approval.

FDI in the sector of “multi-brand” retail – It broadly refers to selling different brands in the same store. However it is limited to only 49% FDI in India. The committee of Secretaries, which was led by Cabinet secretaries, recommended that the retail sector for FDI be opened with 51% FDI and with a minimum investment of US$100 million along with a mandatory 50% capital reinvestment for all the operations running in backend. There was a mutual consensus in the Committee of Secretaries for acceptance of 51% cap on FDI in the ofretail multi-brand.

Government “safety valves” on FDI – The Indian Govt. is cautious about FDI in multi-brand retailing because of the competition to domestic competitors and domestic market monopoly by large international retailers.
Benefits of FDI- The biggest benefit is, that now the FDI was moved away from the intermediary-only type of job creations. No threat to kiranas.

**Reforms in Retail Sector**

November 2011- Permitted FDI up to 51% of investment from abroad and to strengthen its poor infrastructure in terms of its supply chain. India also allowed Swedish furniture company IKEA, which is a single-brand to be able to own 100% of its business in India.

December 2011- In face of backlash from allies and opposition the Govt. put the retail reform on hold to ensure that millions of its small shop-owners didn’t go out of their business.

January 2012 - India eradicated its ownership restriction on FDI in a single brand only on the condition that it’ll source 30% from the small local firms.

June 2012 – New Delhi allowed opening up the supermarket sector.

September 2012 – India allowed foreign markets to buy up to 51% from the local partner only with the restrictions on investment and sourcing.

June 2013-Govt. Of India made clarifications that the global supermarket operators won’t be able to acquire any existing assets of the Indian companies and that the initial investment of $100 million is mandatory.

August 2013- India relaxed its investment and sourcing rules for the supermarkets.