CHAPTER I

INTRODUCTION

Conceptual formulations of behaviour in organizations have relied heavily upon some basic assumptions about human nature. One such important deduction is Kurt Lewin's classical formula that behaviour is a function of the interaction between the person and the environment. It has initiated considerable research interest as it provides a general framework for the study of behaviour. Since effectiveness is prima facie dependent on behaviour, the identification of individual differences, human instincts, drives and needs influencing behaviour becomes inevitable. Individual differences, by far, account for a major portion of variance in perceptions. Therefore, organizational efforts should be directed at determining such differences as are primarily influential in nature.

A major problem that confronts organizations is the identification of productive managerial behaviour. Several researches have been conducted to date, which have attempted to systematically analyze behaviour contributing to effectiveness (Kirkpatrick, 1961; Laurent, 1962; Berlew, 1967; Berlew and Hall, 1964; Bray, 1964; Flanagan, 1964; Flanagan and Krug, 1964; Giselli, 1966; Campbell et al.,
1970; Morse and Wagner, 1978; Mintzberg, 1983; Mount, 1984; Tsui, 1984; Luthans, 1988; Fondas, 1992). Besides identifying certain criteria as more useful to effectiveness, these studies have highlighted the pressing need to improve existing performance appraisal techniques, which suffer from innate deficiencies.

Performance evaluation techniques, currently in use, do not generally reflect a true assessment of behaviour on the job. It is a natural result of evaluations being based on a single evaluator's perception of an individual's performance. More often than not such evaluations suffer from bias and errors in judgement. To reconcile these problems research has emphasized the need to consider the opinions of different raters.

Since perceptions of the criteria of effective behaviour differ from person to person, it is imperative that organizations clearly define what effectiveness really means in their terminology. This first step completed, organizations may involve raters at different levels (superiors, peers and subordinates) who interact frequently with the ratee to make assessments. These should then be considered along with the ratee's self assessment to arrive at a complete picture of the ratee's performance. Advocates of the theory posit that such an attempt will not only
ensure fair and accurate evaluations but also increase the morale of the ratee. Consequently, there is no doubt that such a system, properly implemented, would lead to greater managerial effectiveness.

Importance of the Study

Most of the researches done hitherto are restricted to studying individual characteristics and job behaviour, ignoring situational and organizational characteristics, though it has been deduced that these variables not only affect performance directly but also influence the relationship between performance and other variables. Inclusion of these variables along with individual differences would perhaps improve the results pertaining to effectiveness. Similar is the case with drives such as need for affiliation, power or achievement as determinants of effectiveness.

The growing volume of research on the "360-degree feedback" (i.e. obtaining assessments from multiple raters) is proof of how important the concept is in the light of performance evaluations. Since elicitation of assessments from multiple raters is confronted with practical problems, its introduction in the organizational setting is still remote.
In almost all organizations the superior is the official evaluator. Consequently, their evaluations about criteria of effectiveness and the respective weights to be assigned to each require to be studied more intently. An interesting observation is the general trend in organizations of eliciting self evaluations from managers, if only as a means of morale boosting. Hence it is important to study the consensus and dissensus between self ratings and ratings by superiors so as to get a clearer picture of what really contributes to effectiveness.

The extent to which personality orientations affect effectiveness is a promising area of research. Since personality can be changed by organizations, assessing the role of each personality dimension is imperative, if organizations wish to make positive changes.

A critical aspect which has received much attention in the study of individual behaviour is the study of motivation. Reward being vital to motivation, the study of its specific role in given circumstances is necessitated to facilitate a better understanding of managerial performance and effectiveness.

Adequate and appropriate knowledge of the functioning of these elements would go a long way in
ensuring managerial productivity. With this end in view, the present study attempts to test the veracity of some previous conclusions as well as to provide newer insights into this nebulous area with reference to a few Indian organizations from which managers have been identified as sample for the study.

Scope of the Study

Analyses are made on the basis of the responses of managers in the junior, middle and higher levels of management belonging to select public and private sector organizations. In the public sector sample, the organizations covered are Steel Authority of India, Coal India Limited and Andrew Yule and Company. In the private sector sample the organizations are Best and Crompton, Larsen and Toubro Limited and The Scientific Instrument Company Limited.

Objectives of the Study

The objectives of the study can be broadly classified into five. They are:

1. To identify the differences in the perceptions of superiors and ratee managers with regard to interlevel and intralevel reliabilities.
2. To determine whether criteria of managerial effectiveness and criterion weight differ between the superior and ratee managers.

3. To determine whether the needs for affiliation, power and achievement, influence effectiveness.

4. To understand whether these needs are capable of differentiating between effective and ineffective managers.

5. To understand the role of rewards, as discerned by expected utility theory, in influencing effectiveness.

**Hypotheses**

The following ten hypotheses have been formulated and tested in subsequent chapters.

1. Superiors and ratee managers differ in their perception of the relative importance of the various constituents of managerial effectiveness.

2. Differences in perceptions of the two raters will be observed in the case of person centred variables rather than in the case of positional expectations or contextual factors.
3. Interrater agreement on criterion weight among superiors and ratee managers in the three hierarchical levels of management will be low.

4. Personality attributes of ratee managers do not influence their effectiveness.

5. Role behaviours and person centred variables will be perceived to be identically influential across the power, achievement and affiliation groups of managers.

6. Higher the perceived probability that target accomplishment is an indicator of managerial performance, greater is the effort expended by an individual in performing his job effectively.

7. High effort oriented subjects differ in their perception of increase in probability of intrinsic and extrinsic rewards if target accomplishment is expected to be rewarded.

7A. Subjects attaining target differ in their perception of increase in probability of intrinsic and extrinsic rewards if performance is expected to be rewarded.
7B. Increase in perceived probabilities of intrinsic and extrinsic rewards is independent of efforts and target accomplishment.

8. Greater rates of enhancement of subjective probabilities of intrinsic rewards for choosing high effort is more likely in the case of higher levels of management.

9. Increase in subjective probability of extrinsic rewards for target attainment is independent of the nature of the organization.


Methodology

A brief description of the methodology adopted in the study is given below:

Sampling. Seventy six superiors and one hundred and twenty ratee managers constituted the sample for the study. To ensure equal representation of all departments in the organizations selected, quota sampling was resorted to.
Data Collection. Data were collected by means of questionnaires only. While the ratee managers answered the questionnaire with reference to themselves, the superiors gave responses based on their perception of ratee managers directly under them. A pilot study was conducted followed by a pretest. The samples for the same being twenty. On the basis of the pilot study, suitable modifications were made in the questionnaire. Information collected through the modified questionnaire constituted the only source of data for the study.

Development of the instrument. Managerial effectiveness can be studied with reference to the individual manager's characteristic traits and abilities, through organizational results or the manager's on the job behaviour and activities (Campbell et al., 1970). The former two approaches have generated considerable research interest. The last approach has not been used frequently by researchers, probably because of the difficulty encountered in identifying the constituents of effectiveness (Morse and Wagner, 1978). Any study which concentrates only on one approach cannot do adequate justice as the three approaches are complementary in nature.

Identification of purposeful actions and behaviour enabling the achievement of organizational goals is the key
issue around which all activities involved in identification and measurement of effectiveness are centered (Campbell et al., 1970; Porter, Lawler and Hackman, 1975). Since this observation, some research effort (Morse and Wagner, 1978; Kotter, 1982; Mount, 1984; Tsui, 1986) has been directed towards this issue.

Opinions among researchers about what constitutes effectiveness differ widely since they are situation specific. Two divergent viewpoints need to be recalled in this context. Mintzberg (1973) observed that managerial jobs are identical across situations and organizations. As such, the managerial job could be appropriately described by a set of roles that are common. Achievement of organizational results will depend on the extent to which managers engage in the behaviours and actions associated with the roles.

Campbell et al. (1970), on the other hand subscribe to an altogether divergent viewpoint. They opine that substantial variations in managerial jobs are observable due to differences in individual characteristics and traits. The interplay of situational variables and the organizational context also have significant bearing. The external environment is particularly influential, because of the uncertainty
infused by it (Lawrence and Lorsh, 1978; Lorsh and Morse, 1974). In order to overcome such constraints the manager will quite naturally emphasize such role behaviours as he deems necessary at a specific point of time.

In developing an instrument to study effectiveness, the observations made hitherto were taken into consideration. A common set of roles were identified through discussions with senior managers and observations, besides drawing heavily from management literature. Differences in importance attached to specific roles were assumed to be the result of behavioural differences based on situational requirements.

Originally, the questionnaire consisted of two hundred and fifteen statements pertaining to background variables, description of managerial behaviour and activities engaged in by managers, their orientations and expectations of rewards.

The initial instrument was judged by twenty managerial experts with a view to refining specific statements thereby ensuring improvement in the general content of the measures. Each of these experts was asked to indicate the extent to which each of these factors is useful in influencing performance. The decision to
retain an item was based on the guidelines provided by Reddin (1987) i.e. it should represent output, lead to measurable associated objectives, be important to position requirements, and be within the scope of authority and responsibility. Ambiguous and irrelevant statements were dropped. So also new statements were included appropriately. Some statements were negatively worded to control acquiescence bias. Based on the suggestions, the questionnaire was revised.

The new instrument consists of one hundred and fifty six items classified into four distinct parts (see appendix). The first part consists of questions relating to the general background variables such as the current position, tenure in the organization, number of years in managerial cadre and basic monthly salary. These variables have been considered as influencers of performance. Though the names of the participants were requested, they were assured of anonymity. Self ratings of the quality of work and productivity on the job, abilities as determined by skills mastered, knowledge, capacity to communicate and make decisions was obtained.

As effort is the driving force behind performance, it was included as an important factor. Self ratings of effort expended, commitment towards the job, degree of its
relationship to performance, pay and promotion were elicited.

Argyris (1962) has emphasized the role of interpersonal competence in increasing organizational effectiveness. Hence its inclusion in the study. Evaluations centred on the receptivity, acceptance of responsibility, encouragement to subordinates, adoption of new techniques, cooperation and friendly disposition.

Perhaps the most influential factor determining performance is the contextual variables (Fiedler, 1967; Campbell et al., 1970; Tannebaum and Schmidt, 1973; Reddin, 1980). Importance of these factors was determined. Questions related to the relationship between the ratee manager and his superior, peers and subordinates. The role of physical working conditions, promotional prospects, cooperation, participation, position power, authority and task structure were obtained. Studies hitherto have not generally considered this aspect as an individual factor. The inclusion of these contextual variables is a significant aspect of the study.

The second part consists of questions pertaining to role behaviours identified as influencing behaviour. The statements in this category were clustered around six role
behaviours - organization and coordination, strategic problem solving, resource allocation, information handling, decision making, and growth and development on an a priori basis.

The organization and coordination function enables managers achieve organizational objectives. The purpose of organization is to design task structures and define authority relationships. Coordination enables smooth functioning of the organization. Evaluations were based on capacity to organize tasks appropriately, coordinate the various aspects of work, ensure smooth functioning through cooperation, avoidance of opinion clashes, and adherence to rules and organizational goals.

Ability to allocate resources is yet another vital aspect of the managerial job. The influence of this factor in determining performance was studied through questions pertaining to manager's ability to keep ahead of changes, allocate resources, optimize use of resources, maintain right balance of resources and prevent resource constraints.

Questions pertaining to strategic problem solving were based on manager's perception about the need to arrive at logical solutions. The role of discussions and
strategies were determined. Since managers are often confronted with a host of problems, this aspect was included in the questionnaire.

Information handling is a very crucial aspect to any managerial job. The manager is usually considered as the "nerve centre" of any organization. Hence the ability to acquire, monitor, disseminate and update information required by the organization is essential to a manager's job.

Decision making is perhaps the most important role of a manager. The role entails knowledge, on the part of the manager, about various alternatives available to him. The choice of a particular course of action is based on information acquired. The best decisions usually arise out of consultation with subordinates and experts and appropriate evaluations. Alternate plans must be made to counter contingent failure. Follow up measures must also be chalked out. This role function was assessed by questions pertaining to these aspects.

Organizations must be able to provide adequate opportunities to individual members to learn and develop on the job. This is possible only if superiors encourage subordinates through counselling, providing necessary
training, ensuring congenial atmosphere, encouragement and infusion of enthusiasm to work. Managers must also be receptive to subordinates' problems and must ensure rewards for good performance. These factors were posited to influence effectiveness. Hence, their inclusion in the questionnaire.

Questions also addressed the issue of role stress. Since role stress has been observed to mar performance, it was thought fit to study its effect under three heads - role conflict, ambiguity and role overload. These three factors have been found to affect commitment to work (Mowday et al., 1982). The degree to which job description ambiguities, overlap, conflicts, workload, interdependence, time pressures and unclear directions affect performance were determined to assess their impact on effectiveness.

The third part consists of questions pertaining to personality orientations of managers. Personality orientations were studied according to McClelland's needs theory (1957). Responses pertaining to the individual manager's attitudes towards power, affiliation and achievement motives as influencers of effectiveness were obtained. Conflicting viewpoints of the influence of these motives in determining success have emerged over
the years. While some theorists have found the achievement motive (Atkinson, 1957; McClelland, 1961; Atkinson and Feather, 1966; Koch, 1965; Hall, 1976) some others have found the power motive (Etzioni, 1961; McClelland and Burnham, 1976) as more influential. Affiliation motive has been observed to contribute reasonably to success (Schachter, 1959; Stinson and Johnson, 1977).

Such discrepancies in observation entail the need to study the particular influence of these motives in determining effectiveness besides determining the distinct profiles of managers high on any one of these motives. The scores of the questions in these sections used in combination with person centred variables were posited to yield meaningful conclusions about effectiveness based on attributes.

The fourth section consists of questions pertaining to rewards. The expected utility theory identifies two distinct types of performance behaviour. The first refers to target accomplishment. The second is concerned with performing to the best of one's capacity and target accomplishment has no bearing on such performance. Managerial perceptions on the conditions under which fifteen intrinsic and extrinsic rewards are available
is the focus. The role of these rewards in affecting performance effectiveness was attempted to be studied through questions in this part.

The revised 156-item instrument was used on a new sample of one hundred and twenty ratee managers. Superiors completed the effectiveness questionnaire on subordinate(s) directly under them. The questionnaire for superiors consisted of parts one (role of background variables, person centred variables and contextual factors in ensuring ratee's performance effectiveness) and two (influence of role behaviour and role stress variables on effectiveness) and the section relating to the role of rewards in ensuring effectiveness in part four of the questionnaire administered to the ratee managers. Since part three is solely ratee based, it was omitted. Performance rating of the subordinate being evaluated and the extent to which the superior desires to change ratee's performance were also obtained. Slight modification in the wording of the instrument was made to make it appropriate for administration to the superior managers.

Questions in the instrument were scored using a 7-point rating scale increasing in magnitude from one (low) to seven (high).
Reliability and validity tests. Alpha values computed to establish reliability showed positive evidence. The split half reliability computed yielded a value of 0.78. The multitrait - multirater analysis has been used in the study. Correlational evidence was used for arriving at construct validity. Construct validity, as established by the convergent principle, is encouraging. Discriminant validity could not be established in some cases.

Statistical analyses. A Brief description of statistical techniques used in the study are given below together with details of the techniques adopted to test each of the hypotheses.

Cronbach co-efficient alpha. The co-efficient is used to measure internal consistency.

It indicates the reliability of the total score computed by summing scores on the different items. The formula for estimating the alpha reliability is:

\[
\text{Alpha} = \frac{\sum_{i=1}^{n} \sum_{j=1}^{n} r_{ij}}{1 \cdot (n-1)}
\]

Where,

- \( n \) - number of separate items in the test.
- \( r_{ij} \) - the average of all inter-item correlations.

\[
\text{Alpha} = \frac{\sum_{i=1}^{n} \sum_{j=1}^{n} r_{ij}}{1 \cdot (n-1) \cdot \text{average of all inter-item correlations}}
\]
Split half reliability. In order to calculate split half reliability, test scores are first divided into two by placing the odd numbered items in one group and the even numbered items in the second group. The product moment correlation between the scores of the groups is then computed. This gives the reliability of only half the test. A correction is made to determine the reliability of the entire test. This is done using the Spearman-Brown prophecy formula:

\[ r_{tt} = \frac{2r_{1/2}^{1/11}}{1 + r_{1/2}^{1/11}} \]

Where,

- \( r_{tt} \) - the coefficient of the whole test.
- \( r_{1/2}^{1/11} \) - reliability co-efficient of the half test.

Multitrait-multimethod matrix. The matrix developed by Campbell and Fiske (1959), uses a validation process which requires the computation of intercorrelations among tests which represent at least two traits each in turn measured by at least two methods. Convergent validity occurs when entries in the validity diagonal are significantly different from zero and relatively high enough to enable further investigation. On the other hand, discriminant validity is shown when (1) values in the...
validity diagonal are higher than the values in the heterotrait-heteromethod triangle adjacent to it; (2) the validity diagonal values are higher than those found in the heterotrait-monomethod triangle (such that trait variance is larger than the method variance); and (3) the same pattern (irrespective of the size of the coefficients) is found in all heterotrait triangles (both monomethod and heteromethod).

Correlation. Measures the strength of association between one variable and one or more separate variables. If there is perfect association the correlation coefficient will be plus or minus one. If no relationship exists the correlation coefficient will be zero.

Fisher's 'r' to 'z' Transformation. This is computed to resolve difficulties resulting from skewness of sampling distribution of the correlation coefficient. The 'r' values are converted to values of 'z' r by using the transformation: 
\[ z_r = \frac{1}{2} \log_e (1 - r) - \frac{1}{2} \log_e (1 + r). \]

Multiple regression. The procedure establishes a relationship between one variable (the "dependent variable") and two or more "independent variables". This permits the prediction of the dependent variable from the other variables. The relationship may be linear or non-linear.
Analysis of variance. Refers to statistical techniques through which it is possible to test the overall difference among two or more than two sample means. The F value computed through this test is used to evaluate the hypothesis. Analysis of variance (ANOVA) is of two types - simple, or one way analysis of variance and complex, or two-way analysis of variance. In the first case there is only one independent variable and the samples are classified into several groups on the basis of this variable. In the latter case, there are two or more than two independent variables, which constitute the basis for classification of groups.

Scheffe's F-test. Since F-test indicates only the overall difference without indicating the location of the difference, the use of Scheffe's F-test is necessitated to identify the location. If F-ratio is significant Scheffe's formula is used which helps to locate the difference between the means which reduces the probability of making a type one error. The F-ratio for each of the three groups is computed thus:

\[
F = \frac{(M_1 - M_2)^2}{SD_w^2 \frac{(N_1 + N_2)}{N_1 N_2}}
\]

Where,

- \(M_1\) = mean of sample 1
- \(M_2\) = mean of sample 2
SD\(_w^2\) - within group variance.

N\(_1\) - size of sample 1

N\(_2\) - size of sample 2.

The Tukey method - unequal N's. Evaluation of differences among pairs of means is possible by computing the studentized range statistic (i.e. q-statistic). The formula is as follows:

\[
q = \frac{\bar{X}_L - \bar{X}_S}{\sqrt{M_{SWG}/2 \left(1/N_L + 1/N_S\right)}}
\]

Where,

\(\bar{X}_L\) - the larger of the 2 means.

\(\bar{X}_S\) - the smaller of the 2 means.

M\(_{SWG}\) - the mean square within groups from the ANOVA calculation.

N\(_L\) - the size of the group with the larger mean.

N\(_S\) - the size of the group with the smaller mean.

If the resultant value is higher than the table value of the q-statistic the hypothesis that the difference between two means is only due to sampling error is rejected. The difference is considered to be significant.

Student's t-test. It is used to test the significance of difference between two means when the sample size is less than thirty.
Chi-square. Tests the association between the dependent variable and each of the independent variables. It is useful for testing the "goodness of fit" of data to theoretical and empirical models. It helps to test variances too.

Discriminant analysis. Helps to differentiate among groups of items through predictor functions derived from measurements of items which have been classified. The predictor functions assign new items to groups through weighted combinations of relevant measurements of the new items.

Interlevel and intralevel comparisons were made using the multitrait-multirater matrix. Regression analyses was adopted to determine the difference between superior and ratee managers' models of effectiveness. F-ratio was calculated to determine whether differences in criteria of effectiveness are greater in cases of personal attributes as against positional expectations or contextual factors. Interrater agreement on criterion weight was tested using correlations and Fisher's 'r' to 'z' transformations.

Regression equation was run to determine the explained variance when need for power, affiliation and achievement along with person centred variables are used as
predictors of effectiveness. Discriminant analysis was performed to categorize the effectiveness of managers based on their orientations. The t-statistic was computed between mean effectiveness scores based on self ratings and discriminant analysis categorization. F-value was calculated to determine the variance between the three groups of managers. ANOVA was employed to determine differences, if any, between the three groups as far as individual centred variables and role behaviours are concerned. Tukey's procedure was used to determine the more significant group in each case taken separately.

Hypotheses, evaluating the role of rewards, were tested using correlations and t-statistics. Expected utility theory has been used as the basis. The theory has been discussed in detail in chapter six.

Limitations of the study

There are bound to be limitations in any study of individual behaviour, and this study is no exception to it. The subjective nature of the study is itself a very limiting factor. Conclusions about behaviour have been derived from information furnished by respondents through questionnaires and quite naturally reflect only perception of behaviour rather than actual behaviour in the real setting.
The method adopted for eliciting self ratings is not completely error free. As such, the results might have been contaminated. Methodological refinements need to be made in future studies using self ratings.

A more impartial technique for classifying managers on the basis of their orientations i.e. power, achievement and affiliation need to be adopted. Preferably, discriminant analysis could be used to classify the managers according to their orientations.

Since individual differences are usually very pronounced, the possibility of error in judgement cannot be ruled out. Such errors might introduce bias into the analysis.

The study is limited to a few managers in select organizations. Results may not find concurrence in a different setting with a different sample.

Chapter Design

The first chapter gives the general introduction, the importance, scope, objectives, hypotheses tested, methodology adopted and limitations of the study.

The second chapter attempts to describe managerial jobs. The theoretical frameworks of managerial
effectiveness, as suggested by different theoreticians, are also elucidated. The heroic models of the manager have yielded to newer and more sophisticated models. A significant contribution is that of Campbell et al. They have given a comprehensive module of managerial behaviour leading to performance effectiveness. Reddin has given a 3-Dimensional model of managerial effectiveness which draws heavily from Blake and Mouton's managerial grid. The grid has also been discussed in some detail.

The third chapter aims at reviewing studies done hitherto regarding effectiveness. Studies have been classified into five broad categories viz., global measures, predictive studies, objective personality and interest inventories, leadership ability tests and rater perceptions.

The fourth chapter analyses differences in the perceptions of superior and ratee managers about criteria of managerial effectiveness and criterion weight. Interlevel and intralevel reliabilities have been studied using multitrait-multirater matrix.

The fifth chapter identifies differences between the power, achievement and affiliation oriented managers. Profile characteristics of the managers have also been identified.
The sixth chapter determines the role of rewards in influencing managerial effectiveness, as deduced by the expected utility theory.

The seventh chapter gives the summary and conclusions of the study, along with suggestions for future research.