## CHAPTER 4
### BUSINESS STRATEGIES IN ORGANIZATIONAL DEVELOPMENT

<table>
<thead>
<tr>
<th>Chapter 4</th>
<th>Title</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Business strategy</td>
<td>190</td>
</tr>
<tr>
<td>4.1.1</td>
<td>Definition of strategy</td>
<td>190</td>
</tr>
<tr>
<td>4.1.2</td>
<td>Level of strategy</td>
<td>191</td>
</tr>
<tr>
<td>4.1.3</td>
<td>Components of strategy</td>
<td>194</td>
</tr>
<tr>
<td>4.1.4</td>
<td>Definition of business strategy</td>
<td>194</td>
</tr>
<tr>
<td>4.1.5</td>
<td>Types of business strategy</td>
<td>197</td>
</tr>
<tr>
<td>4.1.5.1</td>
<td>Prospector strategy</td>
<td>198</td>
</tr>
<tr>
<td>4.1.5.2</td>
<td>Defender strategy</td>
<td>198</td>
</tr>
<tr>
<td>4.1.5.3</td>
<td>Analyzer strategy</td>
<td>199</td>
</tr>
<tr>
<td>4.1.5.4</td>
<td>Rector strategy</td>
<td>200</td>
</tr>
<tr>
<td>4.1.6</td>
<td>Advantage of business strategy</td>
<td>200</td>
</tr>
<tr>
<td>4.1.7</td>
<td>Steps of the model business strategy</td>
<td>201</td>
</tr>
<tr>
<td>4.1.8</td>
<td>Key for effective business strategy</td>
<td>202</td>
</tr>
<tr>
<td>4.1.9</td>
<td>Thailand’s business study</td>
<td>204</td>
</tr>
<tr>
<td>4.1.10</td>
<td>Business strategy analysis</td>
<td>205</td>
</tr>
<tr>
<td>4.1.11</td>
<td>Business strategy evaluation and recommendations</td>
<td>209</td>
</tr>
<tr>
<td>4.2</td>
<td>Organizational development</td>
<td>210</td>
</tr>
<tr>
<td>4.2.1</td>
<td>Definition of organizational development</td>
<td>211</td>
</tr>
<tr>
<td>4.2.2</td>
<td>History of organizational development</td>
<td>216</td>
</tr>
<tr>
<td>4.2.3</td>
<td>Core values of organizational development</td>
<td>218</td>
</tr>
<tr>
<td>4.2.4</td>
<td>Objectives of organizational development</td>
<td>218</td>
</tr>
<tr>
<td>4.2.5</td>
<td>Characteristics of Organizational Development</td>
<td>219</td>
</tr>
<tr>
<td>4.2.6</td>
<td>Theories of Organizational Development in Business</td>
<td>222</td>
</tr>
<tr>
<td>4.2.7</td>
<td>Aspects of Organizational Development</td>
<td>223</td>
</tr>
<tr>
<td>Chapter 4</td>
<td>Title</td>
<td>Pages</td>
</tr>
<tr>
<td>----------</td>
<td>-------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>4.2.7.1</td>
<td>Organizational culture</td>
<td>224</td>
</tr>
<tr>
<td>4.2.7.2</td>
<td>Empowerment</td>
<td>234</td>
</tr>
<tr>
<td>4.2.7.3</td>
<td>Team building</td>
<td>236</td>
</tr>
<tr>
<td>4.2.7.4</td>
<td>Career development</td>
<td>239</td>
</tr>
<tr>
<td>4.2.7.5</td>
<td>Leadership development</td>
<td>249</td>
</tr>
<tr>
<td>4.2.7.6</td>
<td>Organizational assessment</td>
<td>260</td>
</tr>
<tr>
<td>4.2.8</td>
<td>Organizational practices</td>
<td>263</td>
</tr>
<tr>
<td>4.2.9</td>
<td>Importance of Organizational Development</td>
<td>263</td>
</tr>
<tr>
<td>4.3</td>
<td>Summary</td>
<td>264</td>
</tr>
<tr>
<td>References</td>
<td></td>
<td>267</td>
</tr>
</tbody>
</table>
CHAPTER 4
BUSINESS STRATEGIES AND ORGANIZATIONAL DEVELOPMENT

Business strategy is all about competitive advantage. Businesses need strategies in order to ensure that resources are allocated in the most effective way. Many studies of strategies and a lot literature have been discussed about the importance of strategies in managing the businesses successfully.

In fourth chapter, business strategy will be discussed for its definition, types of business strategy and business strategy in organizational development.

4.1 BUSINESS STRATEGY
4.1.1 DEFINITION OF STRATEGY

The word “strategy” is one of the most used words in business and in everyday life. In the business world there are many preparatory strategies for almost every potential activity, starting from strategies for managing the employees.

The notion “strategy” in original form has military meaning and is derived as a combination of two Greek words “stratus” meaning “army” and “ageou” meaning “leadership, guidance”. The characteristic approach about strategy is the one given by Chinese general Sun Tzu, according to him “only one excellent dominant and perfect leader is capable to develop the activity of discovery and intelligence with wisdom and primacy, can realize great achievements. The entire “army” relies on this, for any activity. This is the essential of strategy”. It is obvious that this approach is very frayed, but until one measure emphasizes the strategic aspect of the function of the contemporary business organizations, where the management team among others is also responsible for providing appointed information about the movements of environmental factors. According to this information the prospective function of the organization will be developed in general (Jusuf Zekiri, 2011).

One of the oldest definitions about strategy is the one given by the old Greek philosopher Ksenofon, according to him, strategy means to have knowledge about the business (activity) that you want to undertake. In the first sight this approach seems much blunted and like something exceeded and unimportant in the contemporary conditions of the
function of business organizations and the actual strategy area and strategic management as a whole (Porter, 1987).2

**Strategy** is a high level plan to achieve one or more goals under conditions of uncertainty. Strategy is important because the resources available to achieve these goals are usually limited. Strategy generally involves setting goals, determining actions to achieve the goals, and mobilizing resources to execute the actions. A strategy describes how the ends (goals) will be achieved by the means (resources). The senior leadership of an organization is generally tasked with determining strategy. Strategy can be intended or can emerge as a pattern of activity as the organization adapts to its environment or competes. It involves activities such as strategic planning and strategic thinking (Mintzberg and Brain, 1996)3. Henry Mintzberg also explains that strategy as "a pattern in a stream of decisions" to contrast with a view of strategy as planning. Strategy is about shaping the future" and is the human attempt to get to "desirable ends with available means". It is "a system of finding, formulating, and developing a doctrine that will ensure long-term success if followed faithfully" (Kvint, Vladimir, 2009)4.

Many experts use the term “strategy” in some different meanings, such as:
- Strategy is a plan, a “how”, a mean to help get from here to there;
- Strategy is a repeated way of performing activities;
- Strategy is a position, actually a reflection of the decisions taken for offering a specified product or service in the respective markets;
- Strategy is a perspective, actually vision and management.

The strategy represents the management and long term engagement of the company which creates advantages in the flexible environment between sources and appointed competences by fulfillment of shareholders demands (Johnson et al., 2005)5.

### 4.1.2 LEVEL OF STRATEGY

According to Albert Ong (2012)6, strategy may operate at different levels of an Organization: corporate level, business level, and functional level. These levels correspond with the activities of managers in different parts of the organization.
Corporate strategy is the set of explicit or implicit decision rules that determines what business a firm will be in and not be in, and how it will allocate resources among them.

Business strategy is how a firm develops and sustains a competitive advantage within an industry.

Functional strategy is the set of decisions made in marketing, operations, finance, research and development, and human resources that supports the business strategy.

**Corporate Strategy**

Corporate strategy, typically located at headquarters, determines which industries the firm will compete in and which ones it will exit. Corporate level strategy occupies the highest level of strategic decision-making and covers actions dealing with the objective of the firm, acquisition and allocation of resources and coordination of strategies for optimal performance. Top management of the organization makes such decisions. The nature of strategic decisions tends to be value-oriented, conceptual and less concrete than decisions at the business or functional level. Corporate strategy also has to do with how the corporation allocates both financial and human resources among its various businesses.

**Business Strategy**

Business strategy, typically located at the business unit or division level, determines how a company will compete within a given industry. In other words, given the corporate strategy decision to enter an industry, how does the firm gain and sustain a competitive advantage? It is applicable in those organizations, which have different businesses-and each business is treated as strategic business unit (SBU). The fundamental concept in SBU is to identify the discrete independent product/market segments served by an organization. Since each product/market segment has a distinct environment, a SBU is created for each such segment. For example, Reliance Industries Limited operates in textile fabrics, yarns, fibers, and a variety of petrochemical products. For each product group, the nature of market in terms of customers, competition, and marketing channel differs. Therefore, it requires different strategies for its different product groups. Thus, where SBU concept is applied, each SBU sets its own strategies to make the best use of its resources.
(its strategic advantages) given the environment it faces. At such a level, strategy is a comprehensive plan providing objectives for SBUs, allocation of resources among functional areas and coordination between them for making optimal contribution to the achievement of corporate-level objectives. Such strategies operate within the overall strategies of the organization. The corporate strategy sets the long-term objectives of the firm and the broad constraints and policies within which a SBU operates. The corporate level will help the SBU define its scope of operations and also limit or enhance the SBUs operations by the resources the corporate level assigns to it. There is a difference between corporate-level and business-level strategies.

**Functional Strategy**

Functional strategies are typically the responsibility of the heads (often vice presidents) of the various functions within a product division or business unit. So, while the marketing people make pricing, product, promotion, and distribution decisions (the "four Ps" of the marketing mix), operations people are making decisions about facilities, capacity, inventories, and work flow; financial people are managing debt, receivables, equity issues, and the like; research people are determining the balance between basic and applied research; and human resources executives are deciding on recruitment, pay, and promotion policies.

Functional strategy, as is suggested by the title, relates to a single functional operation and the activities involved therein. Decisions at this level within the organization are often described as tactical. Such decisions are guided and constrained by some overall strategic considerations. Functional strategy deals with relatively restricted plan providing objectives for specific function, allocation of resources among different operations within that functional area and coordination between them for optimal contribution to the achievement of the SBU and corporate-level objectives. Below the functional-level strategy, there may be operations level strategies as each function may be dividend into several sub functions. For example, marketing strategy, a functional strategy, can be subdivided into promotion, sales, distribution, pricing strategies with each sub function strategy contributing to functional strategy.
4.1.3 COMPONENTS OF STRATEGY

Richard P. Rumelt (2011) \(^7\) described strategy as a type of problem solving. He wrote that good strategy has an underlying structure he called a kernel. The kernel has three parts: (a) A diagnosis that defines or explains the nature of the challenge; (b) A guiding policy for dealing with the challenge; and (c) Coherent actions designed to carry out the guiding policy. Rumelt wrote in 2011 that three important aspects of strategy include "premeditation, the anticipation of others' behaviour, and the purposeful design of coordinated actions." He described strategy as solving a design problem, with trade-offs among various elements that must be arranged, adjusted and coordinated, rather than a plan or choice.

4.1.4 DEFINITION OF BUSINESS STRATEGY

A business strategy, according to Rapid Business Intelligence Success, is a business plan that takes place long-term in order to help achieve a specific goal or objective. The aim of a business strategy is to strengthen a particular business so that its performance increases and, in turn, the business becomes more profitable. Without a business strategy, a business has no guide to follow and has an increased risk of not succeeding.

According to Mintzberg (1978) \(^8\) strategy is the intended or unintended actions taken to match the organization with its environment. Mintzberg developed three modes of strategy making, namely planning, entrepreneurial, and adaptive. He emphasized this concept based on the process rather than on the content. The planning mode is done by those who have power. They synthesize factors affecting the organization and then make decisions on the appropriate strategy. The entrepreneurial mode emphasizes new opportunities and organizational growth as propelled by chief executives who have wide vision against the background of an uncertain environment. Finally, the adaptive mode reflects an inconsistent cooperation of the members in an organization unclear about its goals. This mode uses reactive rather than proactive decision-making, which may be disjointed.

Miles and Snow (1978) \(^9\) described their typology based on strategic types, emphasizing an organization’s orientation toward product-market development. They
suggested four strategic types: defenders, prospectors, analyzers and reactors. The first three types of typology had similar degrees of success, while the last was a strategic failure. Snow and Hambrick (1980) noted that this typology has focused on the correlates of strategy, but not on the formulation and implementation of strategy. Later studies clearly perationalized this typology and used it to categorize strategic content.

Likewise, Burgelman (1983) suggested a parallel between Mintzberg’s and Miles and Snow’s typologies in terms of the process and content, which indicated the need for research in business-level strategy. He enquired into the fit between strategic type and strategy making mode that were defender compatible with planning mode, prospector compatible with entrepreneurial mode, analyzer compatible with the entrepreneurial as well as the planning mode, and reactor compatible with the adaptive mode.

Later research by Segev (1989) attempted to combine the two typologies of Miles and Snow (1978) and Porter (1980). Both typologies are at the same level as they focus on business-level strategies. Porter (1980) has conceptualized three dimensions. They are cost leadership, differentiation, and focus strategies. Miller and Mintzberg (1988) had a different idea of differentiation strategy that emphasized marketing image, product design, quality, support, and undifferentiation. In addition to the focus strategy, he argued that the scope of a market domain is founded on resource-based theory, whereas for Porter strategy reflected how a firm competes in that market domain. In contrast, in the cost leadership strategy, Mintzberg argued that cost leadership was based on below average market price against Porter’s cost minimization.

From the comparison of both typologies it was found that Mintzberg’s (1978) typology outperformed Porter’s (1980) typology in its conceptual clarity and descriptive power. However, Dess and Davis (1984) and Robinson and Pearce (1988) as supporters of the Porter typology state that these may have not captured adequately the intended strategies of the manager. Somehow, previous typologies of business strategy are perhaps inadequate in capturing the complexities of the current environment (Kotha & Vadlamani, 1995). However, from the strategy typologies emerged some lack of the extensive detailed theoretical orientation, more focused and less generalizable. For example, Porter’s typology
is described in relatively general terms, and seems to be limited to explaining the competitive market behavior of larger firms, while Mintzberg’s typology is quite similar to Porter’s typology but is differently described with more details (Smith, et al. 1989). For their part, Miller and Freisen’s (1978) typology is broadly defined, lacks of specific detail, theory, and generalizability. In contrast, Mintzberg’s (1973) typology is more focused on strategic implementation.

Wheelen & Hunger (2000) defines business strategy as a plan for interacting with the competitive environment to achieve organizational goals. It focuses on improving the competitive position of a firm’s products or services within the specific industry or market segment in which the firm exists.

Christina Crowe (2012) defines business strategy in accordance with Rapid Business Intelligence Success, as a business plan that takes place long-term in order to help achieve a specific goal or objective. The aim of a business strategy is to strengthen a particular business so that its performance increases and, in turn, the business becomes more profitable. Without a business strategy, a business has no guide to follow and has an increased risk of not succeeding.

According to Business Dictionary (2012) business strategy is a method or plan chosen to bring about a desired future, such as achievement of a goal or solution to a problem. A business strategy is the means by which it sets out to achieve its desired ends (objectives). It can simply be described as a long-term business planning. Typically a business strategy will cover a period of about 3-5 years (sometimes even longer). A business strategy typically is a document that clearly articulates the direction a business will pursue and the steps it will take to achieve its goals. In a standard business plan, the business strategy results from goals established to support the stated mission of the business. A typical business strategy is developed in three steps: analysis, integration and implementation.

In the analysis step of business strategy development, one of several methods is used to analyze a firm’s market, resources, obstacles to success and specific advantages.
The goal of strategic analysis is to identify what a business wants to accomplish, the strengths it can bring to bear on accomplishing the goal and weaknesses that need to be addressed prior to integration and implementation. Strategic assessment methodologies can include evaluating the business environment, gaming various competitive scenarios, determining what market forces are at work and rating competitors, among others.

Integrating a business strategy usually is one of many steps in a larger business planning process. A business plan begins with an overall vision. From the vision, a mission statement for the business is constructed, usually the shorter and more precise the better. A mission leads to specific goals the business will achieve to accomplish its mission and that in turn leads to strategy to achieve goals. Specific tactics are usually then developed to support the business strategy.

From the definition of business strategy discussed above, it can be concluded that business strategy is all about competitive advantage. Businesses need strategies in order to ensure that resources are allocated in the most effective way. Business strategy is a long term plan of action designed to achieve a particular goal or set of goals or objectives. Strategy is management's game plan for strengthening the performance of the enterprise. A business strategy is the means by which it sets out to achieve its desired ends (objectives). It can simply be described as a long-term business planning.

A business strategy typically is a document that clearly articulates the direction a business will pursue and the steps it will take to achieve its goals. In a standard business plan, the business strategy results from goals established to support the stated mission of the business.

4.1.5 TYPES OF BUSINESS STRATEGY

Business strategy is a long term plan of action designed to guide an organization to achieve its particular goals or set of goals or objectives. This guideline plan focuses on improving the competitive position of products or services, which serve a specific market segment. There are four basic types of business strategies as follow: (Miles & Snow, 1978)
4.1.5.1 Prospector strategy

Prospector strategy refers to the broad product market domains, a focus on innovation and change, and a flexible administrative structure. They tend to have complex coordination and communication mechanisms, rely on participative and decentralized decision making. They monitor a wide range of environmental condition. Technological flexibility is a crucial aspect of this strategy. These are frequently first-to-market with new product or service concepts.

The prospector strategy is an aggressive business strategy. Firms using a prospector strategy are seeking large gains and will take significant risks to achieve them. Typically these firms will seek out new emerging markets and will attempt to take advantage of unproven technologies. Prospectors are likely to have large profits if they are successful, but they are more likely to fail than firms using more conservative strategies.

Prospectors are pro-active, and pursue an offensive strategy, aggressively pursuing new market opportunities with a willingness to take risks. They maintain an entrepreneurial attitude, and explore their competitive environments with the aim of developing new product and market opportunities. Prospectors are companies with fairly broad product lines that focus on product innovation and market opportunities. This sales orientation makes them somewhat inefficient. They tend to emphasize creativity over efficiency.

4.1.5.2 Defender strategy

Defender strategy is narrow product-market domains. Defenders focus on production efficiency and a stable administrative structure. They devote a lot of attention to controlling operating cost since efficiency is an important prerequisite for their success. Their technology choices favour inflexible but cost-efficient methods, often involving substantial levels of vertical integration to control costs. They make substantial efforts toward rationalizing production and delivery of their goods and services, tend to have relatively simple coordination mechanisms rely on centralized decision-making.

The defender strategy is essentially the opposite of the prospector strategy. It is a low-risk strategy that involves selecting stable, mature markets and defending them. Firms
using a defender strategy will tend to be less innovative than prospectors and will not invest a lot in research and development. Instead, firms using the defender strategy are more likely to exploit existing technology with only minor developments.

Defenders are less pro-active, and can be seen as being protection oriented, seeking stability by maintaining current market positions and defending against encroachment by other firms. Defenders, unlike prospectors, engage in little or no new product or market development. Their strategic actions seek to preserve market share by minimizing the impact of competitor's initiatives. Defenders are companies with a limited product line that focus on improving the efficiency of their existing operations. This cost orientation makes them unlikely to innovate in new areas.

4.1.5.3 Analyzer strategy

Analyzer strategy is hybrid strategy features of the prospector and defender strategies. They have multiple products; in some product markets they resemble prospectors, while in others they more closely resemble defenders. They adopt dual core technologies that have both stable and flexible components. They are usually administered through matrix structures, which include the benefits of centralized control and functional specialization which providing the flexibility normally associate with product-oriented structures. They are assertively penetrating more deeply into markets which they currently serve, while adopting new products only after proven potential.

The analyzer strategy is a balanced strategy; it is neither as risky as the prospector strategy nor as conservative as the defender strategy. Analyzers will invest in research and development, though not as heavily as prospectors. They will usually allow other firms to test the waters with a new technology or market before entering it themselves. Firms using an analyzer strategy will often maintain a portfolio of businesses, each with varying degrees of risk, to balance firm risks.

Analyzers, are somewhere between prospectors and defenders, balancing the opportunity-seeking nature of prospectors against the risk aversion of defenders. Analyzers seek to maintain their position in the marketplace, waiting for the market's reaction to new product or new entrants into the marketplace. Once the market's reaction is analyzed,
they pursue the opportunity, having identified the key success factors. Thus, like prospectors, analyzers seek to exploit new market opportunities, but they will also tend to draw most of their revenue from a stable portfolio of products. Analyzers are corporations that operate in at least two different product-market areas, one stable and one variable. In the stable areas, efficiency is emphasized. In the variable areas, innovation is emphasized.

4.1.5.4 Reactor strategy

Reactor strategy is no consistent strategy or pattern in responding to pressures of the marketplace or environment. This focuses the activities or business functions, which most need attention given the opportunities or problems that they currently confront. They identify the best possible solutions to those problems or challenges even through they may possess only moderate potential, which require immediate attention. Firms using a reactor strategy do not have a forward-looking strategy. Instead, these firms react to events that force them to adapt new strategies.

Reactor is characterized by inconsistencies and a reactionary response to environmental change. Reactors do not have a distinct strategy - they merely react to environmental changes. Thus, the reactor strategy is not considered a viable one, and firms pursuing such a strategy would either have to adopt one of the other three types of strategy or face eventual decline. Reactors are corporations that lack a consistent strategy-structure-culture relationship. Their (often ineffective) responses to environmental pressures tend to be piecemeal strategic changes.

4.1.6 ADVANTAGES OF BUSINESS STRATEGY

The goal of business strategy is to achieve a sustainable competitive advantage. The advantages of business strategy involve the significance, functions, planning, and benefits. The details are as follow: (Albert Ong, 2012).

- Significance: A business strategy is necessary to maintain a business’ performance. Business strategies are motivating, informational and change-stimulating. If the organization does not motivate to form the business strategy, at the end of business of that organization result will most likely fail. A business strategy is also a wonderful tool to use when monitoring how well the business is doing over time and deciding the next step to take
in the business in order to be successful.

- Functions: A business strategy is used to increase the earning potential and success of a particular business. Business strategies often have profitable results for business owners just starting out. Business strategies can range from choosing the most profitable niche for a market to successful ways business owners can promote a business. Many times, business strategies are used to improve a business or make a business better than its competitors by making use of one or more techniques.

- Planning a Business Strategy: Like most things, business strategies require planning in order to be successful. In order to plan a business strategy, business owners should make a list of areas where their businesses need improvement and then brainstorm how their businesses can be improved. It is also beneficial to analyze competition and what other similar businesses are doing that is working for their particular market to improve their earning potential.

- Benefits: Besides the earning potential related to a successful business strategy, business strategies provide businesses a chance to become popular and unique in the business market. Some business strategies also increase customer satisfaction if improvements are made. Moreover, business owners are benefited, since a successful business strategy will remove a particular danger a business may have of failing. Business strategies give business owners a valuable means of avoiding mistakes and doing things right the first time.

4.1.7 STEPS OF THE MODEL BUSINESS STRATEGY

Once the organization has an idea and a business plan, there is no magic formula to ensure a company will see growth. Employing business model concepts can help the organization as strong as possible. The following are the steps of the model business strategy suggested by Bobbye Alley (2012)\(^30\).

**Step 1: Assessment:** To determine what will make the business model work, it is need to assess all of the factors surrounding the business. Look at internal and external environments surrounding the business. Gather and keep data and information about the company and its products. Use this information to help make future decisions.
Step 2: Prioritize and Set Objectives: Set company goals. The organization may not be able to accomplish everything, but know what items are most important and make sure those goals are reached. A business should prioritize who and what needs development and then prioritize tasks. In addition, the model suggests that a business set clear expectations for employees so that each person is in line with company goals. By setting clear objectives for employees -- from daily responsibility to things each person should learn - the business will maintain a higher level of efficiency.

Step 3: Measurement: Not only should a business gather data about itself and set clear expectations, it should also keep a record of results. Are the outcomes what is expected? Is the business meeting production or financial targets? There is additional value to pursuing strong outcomes measurement simply because measurement focuses attention. A few things the organization should consider business goals achieved, implementation of projects, promotion and retention of employees and performance observation.

Step 4: Design and Implementation: A successful business model allows for a company to evolve. Create and roll out a new product or design and implement a new business model or way to doing things. Both the business and individual employees will continue to develop and learn from past work and use that information for future success through practice, coaching, job and performance assessment, continued education and implementation.

Step 5: Technology and Customer Service: Technology and customer service go hand-in-hand. People look to social media for information about products and services and expect results from companies. In return, customers report business performance in social media channels. In-person customer service is also an important component to any business’ strategy.

4.1.8 KEY FOR EFFECTIVE BUSINESS STRATEGY

Albert Ong (2012) suggested seven keys for effective business strategy.

(1) Analyze Strengths and Weaknesses

Defining a solid business strategy begins by analyzing the strengths and weaknesses of the organization. In order to properly assess the qualities of a company, the management has to be brutally honest about its ability to compete. Every part of the
enterprise must be scrutinized for its capacity to outperform the competition in its industry.

(2) Assess the Opportunities and the Threats

The second key to competitive advantage is to assess the opportunities and the threats. Opportunities can be defined as the possibilities of available for exploitation by the business. Threats are any obstacles that might hinder an organization from fulfilling its strategy. There are five common factors that influence or apply pressure to an enterprise; they include threats like new entrants into the corporation’s chief industry; new laws or governmental regulations; and the strength of consumers and or suppliers. Having a keen understanding of opportunities and threats can help an organization formulate a targeted strategy that will lead to a competitive advantage.

(3) Determine Core Values

A third key to formulate a winning business strategy is to determine the core values. Determining the core values will help to focus and design a business strategy that will give the organization a competitive advantage.

(4) Define the end state goals

The fourth key to developing a successful business strategy is to define the end state goals. These are the main objectives of the organization. After analyzing strengths and weaknesses, assessing opportunities and threats, and determining core values, then management can proceed to put together its core strategy. Defining the main objectives will help the organization focus its energy on what it can do and push aside unrelated activities. Defining the end state goals that are consistent with the core values will help to gain a competitive advantage.

(5) Assess Related Risks

Another key to competitive advantage is to assess the risks related to the end state goals or main objectives. Risk is the probability of success or failure. Usually, when the potential gain is substantial, then the risk is greater and vice versa. Top management must carefully weigh each action according to whether the desired result will be worth the effort or financial outlay.

(6) Implement the Strategy

A business strategy is only as good as its implementation. So, the sixth key to defining a winning business strategy is to make it happen. The major key to effective
implementation is communication at all times and on all levels. In order to put the strategy into action, top management has to define metrics (small steps) and targets (timetables) that will guide the organization step by step to its end state goals or major objectives. Many organizations go through the struggle to define a new business strategy, but never follow through to the implementation stage. Putting the strategy into play will lead to a competitive advantage.

(7) Evaluate the Business Strategy

The seventh key to a winning business strategy is to evaluate each stage and make adjustments. No strategy is flawless. Putting mechanisms in place to review and alter weaknesses in the plan will help refine the strategy and make the organization more effective. Astute evaluation and related adjustments will lead to competitive advantage.

4.1.9 THAILAND’S BUSINESS

The first stage of Thai’s business emerged under military and bureaucracy control. It involved energy, transportation, tobacco, glass and sugar. The second stage was transnational corporations that involved resource-based industry (oil refining, gas, tin), import-substitution industry (auto-assembly, synthetic textile fiber, chemical), export-oriented industry (electronics and other.), consumer goods (cosmetics, medicines, soft drinks, and other) and trading. The third stage focused three major sectors: finance (financial, banking, assurance), manufacturing (cement, sugar, agro-food, etc.) and export activities.

Since the end of the 19th century, there have been three main groups of Thai capitalist structure: the Royal Privy Purse Bureau, European capitalists and overseas or locally born Chinese businessmen. The capital of the Royal Privy Purse Bureau was primarily begun through collecting royal taxes, and was subsequently expanded to trade activities, the rice industry, and service to compradors. European capitalists began with trading houses and commercial banking, and then expanded to rice milling, saw milling and shipping. Other overseas merchants traded at the seaports, and then expanded to the rice industry.

At the initial industry development stage there were no native capitalists since most Thai people worked in paddy farming. The Chinese immigrants became significant businessmen but they too lacked capital for modern manufacturing since they sent their
business profits to their mother country, China.

After World War II, the Chinese had more influence in Thai business, as the political system was based on patronage. The Chinese capitalists had taken on a significant role in Thailand industrial development. Initially, Chinese business emerged in the form of family businesses, which were small and medium scale industries. They encountered the limitation of economic power, narrow domestic market domain, and thus could not enter the international market.

During that period, there was little Thai ownership because few Thais had ability to establish factories or big businesses with expert technical background. Big Thai business was concentrated in a few main families such as Shinawatra, Sophonpanich, Jiaravanon, Jirathiwat, Lumsam, Techapiboon, etc. They established giant conglomerates with activities in manufacturing, trading, commercial banking and financial institutions. Thai industries began with imported materials for processing to become finished products, consumer goods serving the domestic market. Consistency of innovative technological production was not required for these industries. For exports, foreign partners were sought to form joint ventures. The foreign partners provided the necessary technology. From the 1990s until now, capitalists in Thailand have encountered rapid environmental change, and new regional and global competitive challenges.

The industries must adapt to highly rapid changes for survival because of Thailand’s free trade policy. In 1995, the Thailand economy was at a peak, essentially due to the effect of real estate development. Unfortunately, the economy slowed down by end of 1996. Many firms faced insufficient liquidity, resulting in cessation of production. In 1997, the economic crisis enveloped Thailand, bringing many firms to collapse or near bankruptcy. Only those firms, which had strong financial and management capabilities could survive. Hence, this study proposes to investigate the elements of management that could lead to organizational performance and sustainability.

4.1.10 BUSINESS STRATEGY ANALYSIS

The process of developing strategy for a business by researching the business and the environment in which it operates (Business Dictionary, 2012). Competitive product-
market strategies are critical to business success. Business strategy analysis requires the following:

(1) Identify strategy goals: A firm's **strategic goals** drive business strategy and address the key success factors of the industry. Strategic goals often include the vision or mission statement for the business. They should also set the direction and standard for financial and market results against which actual performance can be measured. The two most common strategic goals are:

- Competitive and market goals that define market share or market growth and penetration for the firm's products or services.
- Financial performance in terms of key ratios, like return on investment and sales, and growth in revenues and/or profitability.

(2) Define business strategy: The definition of business strategy includes six areas of analysis. The product-market focus is the first step. The underlying capabilities in implementing a product-market strategy include the technologies, processes and market access that a firm has. These address the business and its key success factors. Business strategy includes customer targeting, product lines and positions, technical capabilities, strategic processes, and market access.

- **Describe the customer targeting strategy and its requirements.** Without targeting a specific customer segment, it is impossible to develop effective products or services that meet specific customer needs and requirements. Each segment, by definition, has a different set of requirements. While differences may be minor at time, they affect the decision of the customer to purchase the product or service.

- **Describe the product line and product positioning strategies for the market segment.** The business unit must decide what it will offer and how those offerings will be positioned within the competitive environment. A firm can have one product or a product line that covers a range of prices with a variety of features. The price-quality-performance position is a relative determination compared with competitors’ prices, quality levels and features when comparing your products with alternative products in the marketplace.

- **Identify the technologies required to implement the product-market strategy.** Technologies provide the basic capabilities needed to develop products or services, as well as the associated processes used in developing or delivering them to the marketplace.
Technology determines the range of products and speed with which they can be developed and delivered to the marketplace.

فرد Identify the strategic processes required to implement the product-market strategy. The core capabilities of a firm are embedded in the business processes and functions. Strategic processes can either improve the product or marketing capabilities of a firm. These processes and functions are the basis of a firm’s competitive strengths and weaknesses, and make up the core competencies of the firm. These skills and capabilities are described in section C below.

Identify the market access strategy. The final element of strategy requires that a firm have access to its market or customers. Today, the Internet is considered the new channel for accessing markets. In the 1960s, 1-800 numbers were the new method of access. At the same time, discount superstores grew their market share in retail walk-in sales markets.

Identify internal capabilities and skills: The ability of a firm to implement its strategy is dependent upon both the functions and business processes that supports its strategy. Depending on the nature of the organization, its functions and business process capabilities and skills are central to strategy implementation. These capabilities can be classified into product or service creation functions and processes, and product or service delivery and satisfaction functions and processes.

Product-related functions and processes are dependent upon a firm’s R&D and manufacturing/purchasing capabilities.

- The R&D function generates proprietary technologies that can be applied to the development and production of new products. In the electronics industry, access to basic components, like hard disk drives and floppy disk drives and high precision production equipment are fundamental to making smaller, lighter, higher quality products. Each generation of smaller products, like palm corders, stimulates market growth for the company that is first to the market. Each generation of smaller products also reduce packaging and shipping costs, reduce power consumption, extend battery life, and are more convenient to carry.

- The time-to-market process is required to integrate new technology into a firm’s products and services. Today, competitive advantage is often related to the speed with
which a firm can introduce the next generation of technologies into the market through new product and process developments. Once the product is developed, production capacity often becomes the limiting factor of market growth.

- The **manufacturing** function transforms a set of purchased components and software into a firm's products. Having acceptable products available in a timely manner for customers is central to making sales. The ability to provide the highest quality products in the most efficient allows companies to gain market share by offering competitive prices and ready availability. Experience curve effects from high volumes can lead to lower costs.

- The **integrated-supply-chain** process coordinates purchasing of components for assembly, product outsourcing, otherwise making sure products are available to meet customer order requirements. Outsourcing and alliances increase a firm's ability to offer a wider range of products or to introduce new products more rapidly. Increased flexibility provides competitive advantage in responding to rapid market changes.

- **Market-related functions and processes** are directed at serving the customer in the most effective manner possible. Distribution and marketing activities, including sales and service, are central to fulfilling customer demands and ensuring customer satisfaction.

  - The **distribution function** is essential for a firm in gaining market access. The company that dominates the sales channels for a given market often controls the market. Market share is related to product availability, i.e. the number and type of locations that make the products and services available to your customer target. The Internet is providing the next generation of distribution and marketing system.

  - The **market-to-collection process** is used to obtain customers and deliver products. The Internet is changing the role of sales from face-to-face communication to phone or computer communications. It is expected that many intermediary roles (such as distributors and agents) will change to that of infomediary. As product quality and durability improve, service becomes less important, and new channels can be developed.

  - The **marketing function** provides the customer with information and education about a firm's products and services. Product information and education is often needed to let customers know about product capabilities. Advertising is the part of marketing that helps pull the customer into the market-to-collection process by creating
recognition and image for the brand’s products and services. It helps pull the customer into
the store and create brand image.

- The customer-service and satisfaction process is critical to sustain a
company’s brand loyalty. It is much less expensive to keep an existing customer than to
acquire a new customer. Once a customer relationship is established, it is important that
appropriate customer service activities are established to maintain the relationship, and solve
problems that might hurt the relationship. When after sales service is required, customers
need a company contact.

(4) Strategic performance: Performance is an outcome of strategy. The success
with which a firm’s business strategy effectively addresses its industry’s key success factors
will determine its strategic performance. Strategic performance is measured in terms of both
financial and market success.

- Financial performance is essential for continued business parathion. Financial capabilities are critical in supporting functional strategies and making required
infrastructure investments. For example, a company with adequate funding can expand or
invest, or can provide customer financing.

- Market share demonstrates a firm’s ability to create and hold customers, which determines the long term success of a firm. The freshness of product lines and market
positioning affect a firm’s ability to attract customers ahead of their competition.

4.1.11 BUSINESS STRATEGY EVALUATION & RECOMMENDATIONS

Strategic analysis is based on assessing the effectiveness and efficiency with
which a firm’s business strategy meets the requirements of its competitive marketplace. After
defining the industry and business strategy, we can seek ways to improve the firm’s strategic
performance. This is done by applying the traditional SWOT analysis to the firm’s strategy,
and then determining the critical issues that need to be addressed. After ranking critical
issues in order of importance, recommendations for action can be made (Richard Rumelt.
(2011)\textsuperscript{33}.

(1) Evaluate business strategy: The business strategy definition provides the
basis for its evaluation. This process assesses issues that are both internal and external to
the firm.
Internal assessments are based on the firm’s functional and process capabilities and financial resources. The internal assessment leads to an understanding of the firm’s strengths and weaknesses.

External assessments are based on the key success factor that has been identified. The external assessment leads to an understanding of the opportunities and threats facing the firm. This assessment is often referred to as a SWOT analysis.

(2) **Identify critical issues and priorities**: The SWOT analysis will lead to an understanding of the critical issues that face a firm in maintaining or improving its competitive and financial performance. The combination of strengths, weaknesses, opportunities, and threats must be ranked by priorities so that action can be planned in a manageable way. Since managers have limited time and resources, it is important that actions be taken in order of importance.

(3) **Make recommendations**: Finally, recommendations must address the critical issues for management actions in the short and long term.

### 4.2 ORGANIZATIONAL DEVELOPMENT

The rapid technological changes, the standardization of world economy and the sharpening market competition are more and more responsibility on managers, whose primary duties are to make sure the efficient and successful work of the organizations. Organizational development is the use of organizational resources to improve efficiency and expand productivity. It can be used to solve problems within the organization or as a way to analyze a process and find a more efficient way of doing it. Implementing organizational development requires an investment of time and money (George N. Root, 2012).

The process of organizational development identifies areas of company operations where change is needed. Each need is analyzed, and the potential effects are projected into a change management plan. The plan outlines the specific ways in which the change will improve company operations, who will be affected by the change and how it can be rolled out efficiently to employees. Without organizational development as part of change management, a company would have a difficult time developing effective change management programmes.
Organizational development is an important tool in managing and planning corporate growth. An organizational development analysis brings together sales projections and consumer demand to help determine the rate of company growth. This information is used to alter the company business plan and plan the expansion and use of company resources such as personnel and the distribution network to accommodate future growth. When a company is involved in organizational development, it analyzes work processes for efficiency and accuracy. Any quality control measures required to attain company standards are put in place. Evaluators analyze duplicate process, or processes that can be combined for greater efficiency, and develop and implement detailed plans on how to improve company methods.

Product innovation requires the analysis of several kinds of information to be successful. Organizational development is critical to product innovation because it can help analyze each element of product development and create a method for using it effectively. Some of the processes that come together in organizational development to assist in product innovation are competitive analysis, technology development, consumer preferences, target market research, manufacturing capabilities analysis and patents and trademarks.

4.2.1 Definition of organizational development

Today's organizations operate in a rapidly changing environment. Consequently, one of the most important assets for an organization is the ability to manage change; and for people to remain healthy and authentic.

Organization development (OD) is a professional discipline with focus on improving and enhancing capabilities within organizations to meet strategic and tactical goals. That focus is directed at the performance of people: individuals, groups and teams distinct from capital or other assets at the disposal of the organization (Schein, Edgar H. (1965)\textsuperscript{35}.

Organization Development (OD) is an effort planned, organization-wide, and managed from the top, to increase organization effectiveness and health through planned interventions in the organization's 'processes,' using behavioral-science knowledge.” (Beckhard Richard, 1969)\textsuperscript{36} It is the process of increasing organizational effectiveness and
facilitating personal and organizational change through the use of interventions driven by social and behavioral science knowledge.

Richard gives the details about Organization Development (OD) as follow:

**OD is a planned change effort:** An OD programme involves a systematic diagnosis of the organization, the development of a strategic plan for improvement, and the mobilization of resources to carryout the effort.

**OD involves the total “system”:** An organization development effort is related to a total organization change such as a change in the culture or the reward systems or the total managerial strategy. There may be tactical effort which work with subparts of the organization but the “system” to be changed is a total, relatively autonomous organization. This is not necessarily a total corporation, or an entire government, but refers to a system which is relatively free to determine its own plans and future within very general constraints from the environment.

**OD managed from the top:** In an organizational development effort, the top management of the system has a personal investment in the programme and its outcomes. They actively participate in the management of the effort. This does not mean they must participate in the same activities as others, but it does mean that they must have both knowledge and commitment to the goal of the programme and must actively support the methods used to achieve the goals.

**OD is designed to increase organization effectiveness and health:** To understand the goals of organization development, it is necessary to have some picture of what an “ideal” effective, healthy organization would look like. An effective organization is one in which:

- The total organization, the significant subparts, and individuals, manage their work against goals and plans for achievement of these goals;
- Form follows function (the problem, or task, or project, determines how the human resources are organized)
- Decisions are made by and near the sources of information regardless of where these sources are located on the organization chart.
The reward system is such that managers and supervisors are rewarded comparably for (i) short-term profit or production performance, (ii) growth and development of their subordinates, and (iii) creating a viable working group.

Communication laterally and vertically is relatively undistorted. People are generally open and confronting. They share all the relevant facts including feelings.

There is minimum amount of inappropriate win/lose activities between individuals and groups. Constant effort exists at all levels to treat conflicts, and conflict situations, as problems subject to problem solving methods.

The high conflict about tasks and projects, and relatively little energy spent in clashing over interpersonal difficulties because they have been generally worked through.

The organization and its parts see themselves as interacting with each other and with a larger environment. The organization is an open system.

There is a shared value, and management strategy to support it, of trying to help each person in the organization maintain his integrity and uniqueness in an interdependent environment.

The organization and its members operate in an "action-research" way. General practice is to build in feedback mechanism so that individuals and groups can learn from their own experience.

Warren Bennis (1969) defines organizational development as a response to change. It is a complex educational strategy intended to change the beliefs, attitudes, values, and structure of organizations so that they can better adapt to new technologies, markets, and challenges, and the dizzying rate of change itself. Bennis used four words that are seen today as key components of organizational culture: belief, attitudes, values, and structures.

Michael Beer (1982) described organizational development as a system-wide process of data collection, diagnosis, action planning, intervention, and evaluation aimed at (1) enhancing congruence among organizational structure, process, strategy, people and culture; (2) developing new and creative organizational solutions; and (3) developing the organization’s self-renewing capacity. It occurs through the collaboration of organizational
members working with a change agent using behavioural science theory, research and technology.

Neilsen, E.H. (1984)\textsuperscript{39} states that Organization Development (OD) is the attempt to influence the members of an organization to expand their candidness with each other about their views of the organization and their experience in it, and to take greater responsibility for their own actions as organization members. The assumption behind OD is that when people pursue both of these objectives simultaneously, they are likely to discover new ways of working together that they experience as more effective for achieving their own and their shared (organizational) goals.

Cummings and Worley (1997)\textsuperscript{40} define Organization development as a system-wide application of behavioral science knowledge to the planned development and reinforcement of organizational strategies, structures, and processes for improving an organization's effectiveness.

Matt Minahan (1999)\textsuperscript{41} defines Organization Development as a body of knowledge and practice that enhances organizational performance and individual development, viewing the organization as a complex system of systems that exist within a larger system, each of which has its own attributes and degrees of alignment. OD interventions in these systems are inclusive methodologies and approaches to strategic planning, organization design, leadership development, change management, performance management, coaching, diversity, and work/life balance.

American Heritage Dictionary of the English Language (2000)\textsuperscript{42} defines Organizational Development (OD) as: (a) The act or process of organizing; the state or manner of being organized: a high degree of organization; (b) Something that has been organized or made into an ordered whole; (c) something made up of elements with varied functions that contribute to the whole and to collective functions; an organism; (d) a group of persons organized for a particular purpose; an association: a benevolent organization; (e) a structure through which individuals cooperate systematically to conduct business; the administrative personnel of such a structure.
The term "Organization Development" is often used interchangeably with Organizational effectiveness, especially when used as the name of a department or a part of the Human Resources function within an organization. Warner Burke (2002)\(^43\) emphasizes that OD is not just "anything done to better an organization"; it is a particular kind of change process designed to bring about a particular kind of end result. OD involves organizational reflection, system improvement, planning, and self-analysis.

French, Wendell (2005)\(^44\) explained that organizational development is a long-range effort to improve an organization's problem-solving capabilities and its ability to cope with changes in its external environment with the help of external or internal behavioural scientist consultants, or change agents as they are sometimes called.

Arnold Minors (2011)\(^45\) states that OD is a field directed at interventions in the processes of human systems (formal and informal groups, organizations, communities, and societies) in order to increase their effectiveness and health using a variety of disciplines, principally applied behavioral sciences. OD requires practitioners to be conscious about the values guiding their practice and focuses on achieving its results through people.\(^*\)

Organization Development (OD) is a deliberately planned effort to increase an organization's relevance and viability. The process of Organization Development (OD) is aims to change the basics of beliefs, attitudes and relevance of values, and structure of the current organization to better absorb disruptive technologies, shrinking or exploding market opportunities and ensuing challenges and chaos. OD is the framework for a change process designed to lead to desirable positive impact to all stakeholders and the environment. OD can design interventions with application of several multidisciplinary methods and research besides traditional OD approaches (wikipedia, 2011)\(^46\).

Business Dictionary (2011)\(^47\) defines Organizational development as a theory and practice of planned, systematic change in the attitudes, beliefs, and values of the employees through creation and reinforcement of long-term training programs. OD is an action oriented. It starts with a careful organization-wide analysis of the current situation and of the future requirements, and employs techniques of behavioral sciences such as behaviour modeling, sensitivity training, and transactional analysis. Its objective is to enable
the organization in adopting-better to the fast-changing external environment of new markets, regulations, and technologies.

Organization development is an ongoing, systematic process of implementing effective organizational change. Organization development is known as both a field of applied behavioral science focused on understanding and managing organizational change and as a field of scientific study and inquiry. It is interdisciplinary in nature and draws on sociology, psychology, and theories of motivation, learning, and personality. It is a designed interference affecting the whole organization and using scientific behavioural methods. It aims at improving the health and output of the organization (Timea Budai, 2011)\textsuperscript{48}.

From the definition mentioned above, it can be concluded that Organization Development (OD) is an effort: (1) planned, (2) organization-wide, and (3) managed from the top, to (4) increase organization effectiveness and health through (5) planned interventions in the organizations "processes," using behavioral-science knowledge. It is the theory and practice of planned, systematic change in the attitudes, beliefs, and values of the employees through creation and reinforcement of long-term training programmes. OD is action oriented. It starts with a careful organization-wide analysis of the current situation and of the future requirements, and employs techniques of behavioural sciences such as behaviour modeling, sensitivity training, and transactional analysis. Its objective is to enable the organization in adopting-better to the fast-changing external environment of new markets, regulations, and technologies.

4.2.2 History of organizational development

Kurt Lewin (1898–1947) is widely recognized as the founding father of OD, although he died before the concept became current in the mid-1950s (John Child, 2005).\textsuperscript{49} From Lewin came the ideas of group dynamics and action research which underpin the basic OD process as well as providing its collaborative consultant/client ethos. Institutionally, Lewin founded the "Research Center for Group Dynamics" (RCGD) at MIT, which moved to Michigan after his death. RCGD colleagues were among those who founded the National Training Laboratories (NTL), from which the T-groups and group-based OD emerged.
Kurt Lewin played a key role in the evolution of organization development as it is known today. As early as World War II, Lewin experimented with a collaborative change process (involving himself as consultant and a client group) based on a three-step process of planning, taking action, and measuring results. This was the forerunner of action research, an important element of OD, which will be discussed later. Lewin then participated in the beginnings of laboratory training, or T-groups, and, after his death in 1947, his close associates helped to develop survey-research methods at the University of Michigan. These procedures became important parts of OD as developments in this field continued at the National Training Laboratories and in growing numbers of universities and private consulting firms across the country. Two of the leading universities offering doctoral degrees in OD are Benedictine University and the Fielding Graduate University.

Douglas McGregor and Richard Beckhard while “consulting together at General Mills in the 1950s, the two coined the term organization development (OD) to describe an innovative bottoms-up change effort that fit no traditional consulting categories” (Weisbord, 1987)50. The failure of off-site laboratory training to live up to its early promise was one of the important forces stimulating the development of organizational development. Laboratory training is learning from a person’s “here and now” experience as a member of an ongoing training group. Such groups usually meet without a specific agenda. Their purpose is for the members to learn about themselves from their spontaneous “here and now” responses to an ambiguous hypothetical situation. Problems of leadership, structure, status, communication, and self-serving behavior typically arise in such a group. The members have an opportunity to learn something about themselves and to practice such skills as listening, observing others, and functioning as effective group members.

As formerly practiced (and occasionally still practiced for special purposes), laboratory training was conducted in “stranger groups,” or groups composed of individuals from different organizations, situations, and backgrounds. A major difficulty developed, however, in transferring knowledge gained from these “stranger labs” to the actual situation “back home”. This required a transfer between two different cultures, the relatively safe and protected environment of the T-group (or training group) and the give-and-take of the
organizational environment with its traditional values. This led the early pioneers in this type of
learning to begin to apply it to "family groups" — that is, groups located within an
organization. From this shift in the locale of the training site and the realization that culture
was an important factor in influencing group members (along with some other developments
in the behavioral sciences) emerged the concept of organization development (Richard, A.
J., 1976)\textsuperscript{51}.

4.2.3 Core values of organizational development

Organization Development is humanistic values. Newton Margulies (1972)\textsuperscript{52}
articulated the humanistic values of organizational development as follows:

1. Providing opportunities for people to function as human beings rather than
   as resources in the productive process.

2. Providing opportunities for each organization member, as well as for the
   organization itself, to develop to his full potential.

3. Seeking to increase the effectiveness of the organization in terms of all of
   its goals.

4. Attempting to create an environment in which it is possible to find exciting
   and challenging work.

5. Providing opportunities for people in organizations to influence the way in
   which they relate to work, the organization, and the environment.

6. Treating each human being as a person with a complex set of needs, all of
   which are important in his work and in his life.

4.2.4 Objectives of organizational development

The objectives of organizational development is to address perennial evolving
needs of successful organizations - a concerted collaboration of internal and external experts
in the field to discover the process an organization can use to become more stakeholders
effective. It aims to: (i) increase the level of inter-personal trust among employees,
(ii) increase employees' level of satisfaction and commitment, (iii) confront problems instead
of neglecting them, (iv) effectively manage conflict, (v) increase cooperation among the
employees, (vi) increase the organization's problem solving, and (vii) put in place processes
that will help improve the ongoing operation of the organization on a continuous basis (Newton Margulies, 1972).

As objectives of organizational development are framed keeping in view specific situations, they vary from one situation to another. In other words, these programs are tailored to meet the requirements of a particular situation. But broadly speaking, all organizational development programs try to achieve the following objectives:

1. Making individuals in the organization aware of the vision of the organization. Organizational development helps in making employees align with the vision of the organization.

2. Encouraging employees to solve problems instead of avoiding them.

3. Strengthening inter-personnel trust, cooperation, and communication for the successful achievement of organizational goals.

4. Encouraging every individual to participate in the process of planning, thus making them feel responsible for the implementation of the plan.

5. Creating a work atmosphere in which employees are encouraged to work and participate enthusiastically.

6. Replacing formal lines of authority with personal knowledge and skill.

7. Creating an environment of trust so that employees willingly accept change.

According to organizational development thinking, organizational development provides managers with a vehicle for introducing change systematically by applying a broad selection of management techniques. This, in turn, leads to greater personal, group, and organizational effectiveness.

4.2.5 Characteristics of Organizational Development

The American Society for Training and Development’s OD Professional Practice Area attempted to provide a synthesis of the various definitions by providing the key points that it saw in the range of definitions available: It is believed that the practice of organization development are as follow: (Gary, N. McLean, 2010)
Must be in alignment with organization and business objectives;
OD is rooted in the behavioral sciences;
OD is long range and ongoing; stresses a process orientation to achieve results;
OD is based on collaboration;
OD is a systems orientation.

The following conclusions can be drawn about the core characteristics of OD:

- OD is an interdisciplinary and primarily behavioral science approach that draws from such fields as organization behaviour, management, business, psychology, sociology, anthropology, economics, education, counseling, and public administration.
- A primary, though not exclusive, goal of OD is to improve organizational effectiveness.
- The target of the change effort is the whole organization, departments, work groups, or individuals within the organization and, as mentioned earlier, may extend to include a community, nation, or region.
- OD recognizes the importance of top management’s commitment, support, and involvement. It also affirms a bottom-up approach when the culture of the organization supports such efforts to improve an organization.
- OD is a planned and long-range strategy for managing change, while also recognizing that the dynamic environment in which we live requires the ability to respond quickly to changing circumstances.
- The major focus of OD is on the total system and its interdependent parts.
- OD uses a collaborative approach that involves those affected by the change in the change process.
- It is an education-based program designed to develop values, attitudes, norms, and management practices that result in a healthy organization climate that rewards healthy behaviour.
- OD is driven by humanistic values.
- It is a data-based approach to understanding and diagnosing organizations.
- It is guided by a change agent, change team, or line management
whose primary role is that of facilitator, teacher, and coach rather than subject matter expert.

- It recognizes the need for planned follow-up to maintain changes.
- It involves planned interventions and improvements in an organization’s processes and structures and requires skills in working with individuals, groups, and whole organizations.

According to Timea Budai (2011)\textsuperscript{55}, organization development can also be considered as a system the goal of which is to show the possibilities of other ways of thinking and the chance for receiving further information, to teach how to handle conflicts and to introduce new methods if necessary. In a really effective organization separate interests can also come to the surface, they are listened to and there are suitable mechanisms to handle them.

The ability of the organizations is to change and be powerful depends on the ability to operate and is based on the harmony of the organizational elements and activities. Harmony is essential because the productivity of the organization always depends on its weakest element. Consequently, it is not expedient to analyze and develop each element separately, during organization development surveys it is much more advisable to examine the data and output of the organization as a whole. The most crucial viewpoint is how the given external or internal challenges and arising difficulties can be faced in a way that the organization can complexly profit from the possibilities of each element.

Organization development aims at perfecting the problem-solving and renewing processes in the given organization, it examines how effectively the organization can operate and what processes should be altered in order to increase its output. The areas of organization development are extremely far reaching depending on what they are directed towards. The organization development process may be directed towards:

- Rethinking the structure of the organization,
- Reshaping the structure of the organization,
- Forming an attitude that is important from the organization’s point of view,
- Changing attitude or behaviour,
- Acquiring or training certain methods at a level of proficiency
4.2.6 Theories of Organizational Development in Business

As mentioned earlier that organizational development is about improving performance at the individual, group and organization levels. It is about improving organization’s ability to effectively respond to changes in its external environment, and it’s about increasing internal capabilities by ensuring the organizational structures, human resources systems, job designs, communication systems, and leadership/managerial processes fully harness human motivation and help people function to their full potential.

Organizational Development (OD) is the process by which an organization is improved through the modification and changes of employees’ on-the-job behaviours. In practice, there is more than one organizational development theory followed by businesses that are looking to achieve higher profitability, greater productivity, and better quality of work life.

Theory of Organizational development is a necessary process that all organizations must undergo. There are many factors that make organizational development important for organizations to thrive and be successful. Organizational development is a complex process that is described as a “set of behavioral science-based theories, values, strategies, and technologies aimed at planned change of the organizational work setting for the purpose of enhancing individual development and improving organizational performance, through the alteration of organizational members’ on-the-job behaviours” (Britt & Jex, 2008). The process of organizational development will cause changes in the daily workplace routine, and these changes will cause success and productivity in the workplace. Organizational developments help an organization to improve and evolve into a more successful organization.

There are several theories associated with organizational development. One of the most commonly used OD theories is Lewin’s three step theory. Lewin's three step theory on organizational development is simple but very valuable; it suggests that organizational change has three steps known as unfreezing, transformation, and refreezing (Britt & Jex, 2008). During the first step an organization realizes there is a need for change. During transformation the changes in organizational development occur, and in the final step the implemented changes are refreeze into the organizational routine. Another of Lewin’s
theories is the action-research model; it suggests that organizational development can come through the use of problem identification, hypothesis development and testing, and data analysis (Britt & Jex, 2008). This theory is cyclical, and can be repeated several times during organizational change.

The general system theory is another theory associated with organizational development that discusses the importance of external environment on organizational development. This theory suggests that an organization takes something from the environment and transforms it; it then is given back to the external environment altered. This emphasizes the symbiotic relationship of the organization and the external environment. Burke's theory of organizational change also discusses the external environment. Burke's theory considers how leadership, the external environment, mission and strategy, organizational culture, and individual and organizational performance work together (Britt & Jex, 2008).

If organizational change and development is to be successful certain conditions must exist. Top management must support the developments if they are to be successful because they have the means to make the changes possible. Consultants must be competent and capable of all of the necessary work needed to cause organizational change. Resistance is a natural occurrence for change, and employees can be made part of the implementation to make resistance less dominant (Britt & Jex, 2008). Organizations must also take ownership for the changes or they will not be taken seriously.

Organizational Development is necessary for any organization to survive and be successful. Many theories have helped organizations to understand and implement organizational developments. It is important that conditions be correct in an organization if changes are expected to be successful.

4.2.7 Aspects of Organizational Development

All organizations are made up of certain elements which need to function in a particular way to ensure that the whole organization is healthy. Organizational Development has become an important strategy for building organizational capacity in many different types of organizations. The key aspects of organizational development are organizational culture,
empowerment, team building, career development, leadership development, and organizational assessment.

4.2.7.1 Organizational culture

Organizational development is a complex strategy to change the beliefs, attitudes, values, and structure of organization so that the organizational development approach emphasizes organizational culture which influence the way people work (Warren Bennis, 1969). In order to understand the definition of organizational culture, one should first understand definition of culture. As mentioned before, culture is defined as the beliefs, values, attitudes, underlying assumptions, and behaviours shared by a group of people. Culture is also the behaviour that results when a group arrives at a set of unspoken and unwritten rules for working together. Jerry Haney (2010)\textsuperscript{61} stated that an organization's culture is made up of the combined life experiences that each employee brings to the organization. An organizations culture can be characterized by a group's daily work practices, language, decision making skills, the nature of the business or industry, values and workplace policies, and even the geographical and physical surroundings can play a part.

There are many different definitions of organizational culture, although almost all of the most widely accepted ones are similar and cover many of the same aspects.

Organizational culture refers to the general culture within a company or organization, and is often also referred to as corporate culture, though that isn't the best description since a large non-profit organization or charity could also have its own organizational culture even though they are definitely not corporations. Here are some of the many definitions of organizational culture that can be found.

Gareth Morgan (2000)\textsuperscript{62} has described organizational culture as: “The set of the set of beliefs, values, and norms, together with symbols like dramatized events and personalities, that represents the unique character of an organization, and provides the context for action in it and by it.” Beliefs and values are words that will pop up frequently in other definitions, as well. Norms might be described as traditions, structure of authority, or routines.
Morgan proposes four essential strengths of the organizational culture approach:

- It focuses attention on the human side of organizational life, and finds significance and learning in even its most mundane aspects.
- It makes clear the importance of creating appropriate systems of shared meaning to help people work together toward desired outcomes.
- It requires members—especially leaders—to acknowledge the impact of their behavior on the organization’s culture. Morgan proposes that people should ask themselves: "What impact am I having on the social construction of reality in my organization?" "What can I do to have a different and more positive impact?"
- It encourages the view that the perceived relationship between an organization and its environment is also affected by the organization’s basic assumptions.

Cameron and Quinn (1999)\(^{63}\) state that organizational culture is an idea in the field of organizational studies and management which describes the psychology, attitudes, experiences, beliefs and values (personal and cultural values) of an organization. It has been defined as "the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization." This definition continues to explain organizational values, also called as "beliefs and ideas about what kinds of goals members of an organization should pursue and ideas about the appropriate kinds or standards of behavior organizational members should use to achieve these goals. From organizational values develop organizational norms, guidelines, or expectations that prescribe appropriate kinds of behavior by employees in particular situations and control the behavior of organizational members towards one another.

Edgar Schein (2001)\(^{64}\) defines organizational culture as "A pattern of shared basic assumptions that the group learned as it solved its problems that has worked well enough to be considered valid and is passed on to new members as the correct way to perceive, think, and feel in relation to those problems." It means that organizational culture is a group of people who have been trained, or who simply have learned by those around them, how to act
in any given situation. In this way, corporate culture functions just as any social learning does.

Earl. R. Babbie (2009) gave his definition that ‘Organizational Culture’ is the whole collection of agreements that the members of a particular society share. This means that all rules and conditions agreed by members of the society are on the ground of the truth, the virtues, and the conforming performance with the expectation of others. Therefore, the culture is composed of the trend of thought, the feeling, and the regular activities of members in a particular organization, which can become peculiar to outsiders.

Shameena Silva (2009) gave an idea that organizational culture could probably be described as the environment that surrounds the people at work all of the time. Not only that, but it is also considered to be a powerful element that paves way to shape the work environment, the work relationships and the work processes. In other words, it could also be described as the personality of the organization, meaning to say that the culture of an organization basically highlights what kind of organization it is in the first place.

The organizational culture is basically made up of assumptions, values, beliefs, and attitudes of the people in the entire organization. In other words, it is made up of all the real life experiences brought in by the employees in addition to the influence of the organization’s founder, executives and the other managerial staff who are involved in the decision making process of the organization. Having said that, in order to understand the culture of an organization more clearly let us look at some of the characteristics of the organizational culture.

A weak organizational culture is when the people in the organization do not agree on the same basic beliefs and values as applies to the organization, and in stead they tend to have their very own ideas, beliefs and behaviours etc. As a result, the people are controlled by way of using restricted rules, procedures, supervision and bureaucracy within the organization. On one hand, a weak culture may be the result of many subcultures. In other means, a weak culture would rather encourage individual thought and contributions. This type of culture would be better for an organization that tends to grow throw innovative ideas, and only if the people in the organization could at least have a common goal and help the
management to come up with plans for the future, even their ideas may be different.

The culture of an organization is considered to be strong when the majority of people in the organization tend to hold the same basic beliefs and values as applies to the organization. In other words, it could also be said that an organization has a deep rooted strong culture when the employees respond strongly to the values and thus passes it on successfully to the rest of people. A strong culture in particular has many advantages as follow:

- A strong culture basically paves way to attract people with talent. What actually means by this is that the talented people in general do go in search of organizations that they think would help them to fulfil what they expect such as better salaries etc. With a strong culture they believe that the organization is in a better position to achieve all those.

- The talented people would basically prefer to work for an organization with a strong culture rather than trying to find out places elsewhere. This actually reduces the amount of talented people leaving the organization to a greater extent.

- Now a day what people really want is to get engaged in their work and do it with responsibility etc. Hence so, a strong culture do paves the way for people to take the responsibility and work rather than trying to control them with rules and regulation, supervision etc.

- It is rather important for people to be able to work together and maintain their relationships with the rest of the organization if the organization is to succeed. A strong culture basically helps the people to get to know each other better which will eventually lead to new ideas and greater productivity.

- People working in the organization usually find work to be hard and frustrating most of the time. But with a strong culture that is attractive there is no doubt that the people find the work to be interesting and enjoying, which will also pave way eventually to achieve the goals of the organization.

However, in spite of all the advantages, there are times when a strong culture may not exactly be the culture that is needed when it comes to facing the competitive environment. This is because the organization may have to come up with many innovative
ideas in order to face the competition rather than sticking on to the old ways of doing things. If the people in the organization are completely following the values and beliefs of the existing culture when it comes to achieving the goals, then they obviously lack the opportunities to think in a much creative or innovative way in order to come up with unique solutions or ideas to face the ever changing turbulent environment. This is because they all think no beyond than their existing culture. This is basically a draw back in the strong culture. A strong culture is indeed difficult to change at times of need, and needs a lot of effort to do so because people once adapted to the old way of doing things it is unlikely that they are willing to change their behaviour unlike in a weak culture.

It is also important to keep in mind that no culture can be the right culture. Even though many tend to believe that an organization should have a strong culture in order to survive, it is true to a greater extent but not always. This is because it is indeed vital to always keep of watch of the competitive environment thus because the existing culture may not be suitable for the competitive environment at times. For example, when it comes to facing the competition it more or less needs an organization culture that is open for more innovative ideas. In other words, the organizational culture must fit with the competitive environment and the organization in order to meet the goals. As a result, there is no right or wrong culture. But the one that suits an organization best is a combination of both the cultures meaning to say that a strong culture that is open for the people to express their very own (new) ideas.

From the statements mentioned above, it can be seen that the definitions of organizational culture focus on the same points: collective experience, routine, beliefs, values, goals, and system. These are learned and re-learned, passed on to new generation, and continues on as part of an organization's core identity. Organizational culture refers to the mode of life of a particular group of persons denoting the prosperity, the progression, and the virtues of people. Organizational culture is an idea in the field of organizational studies and management which describes the psychology, attitudes, experiences, beliefs and of an organization. The organizational culture may be different from one organization to another. Some organizations have strong cultures while the other may have weak cultures. A strong culture is when the majority of people tends to agree on the existing beliefs and values and
beliefs in the organization, meaning to so that there is one dominant culture in spite the other sub cultures that exists. On the other hand a weak culture is when the majority of people disagree on the existing culture but instead forms their own sub cultures. It can be summarized that organizational culture is the set of beliefs, values, and norms, together with symbols like dramatized events and personalities that represent the unique character of an organization, and provides the context for action in it and by it. Organizational culture is the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization. Organizational culture is the key to organizational excellence, it is a set of shared meanings that make it possible for members of a group to interpret and act upon their environment.

**Feature of culture and organizational culture**

Culture is a way of life made up of groups of things. Three key features are social organization, customs and traditions, and finally arts and literature. (Jay Bee: 2006)67

+ Social Organization is the social structure to which every culture bases its self on. Each culture has its own basic needs that are met through this social organization. The most important unit is the family. This is where the children learn how they are to behave and what they are to believe. Each family has different morals and ways to teach their children. Within the family status there lives the nuclear family and the extended family. The nuclear family holds a husband, wife and children. This is the typical family patter in many industrial societies within the United States. In this family unit there does not need to be many members. For this family buys what it needs with the earnings that it has made. Next, in the extended family there are several generations living together in one household it is common in this family to find that respect for elders is strong. The elders are the ones that pass on the wisdom so in that aspect they are given high respect. The people with authority often vary throughout different cultures. In most societies, and those before us were patriarchal. In patriarchal family men are the ones with authority. In some cultures matriarchal is present. Matriarchal is when the woman contains the highest authority. Most all cultures have social classes in to which they base or rank their people by. The more modern social class is based on money, occupation, education, ancestry or some other form. In some societies religious
leaders are the highest in their social class.

- Customs and traditions are made entirely of the most important element in its class, which is a culture’s rule of behavior. As known rules may vary in importance and different rules are enforced in different ways. Some rules aren’t exactly rules. More like social pressure for example. Social pressure is usually used to enforce minor rules of daily life. Social Pressure also shows the fact that people enforce their ideas about what is right and wrong and more strictly.

- Arts and Literature, productions of the human imagination are instill the cultural values. Folk tales are very famous for doing just that. Folk talk help to keep alive a culture’s basic beliefs and values while comparing a story to real life. Arts and music help to strengthen a culture’s identity. It also encourages people to feel proud and contain a sense of belonging.

According to Jay Bee (2006)\(^6\), it can be seen that culture is everything we are made up of and is everything that we are. Our daily life from eating to religious habits is confined within the wall of culture. Our views of what is right and what is wrong reflect who we are. Without culture we would not know who we are. Without culture we wouldn’t be able to contain our uniqueness and diversity.

Phissawong Thumpantha (1980)\(^6\) mentioned that there seven features regarding the culture:

- Patterns of behaviour occur from learning. Most action of men occurs from learning from their social life, and from their communication with other members in the community. This learning may occur with awareness or incognizance.

- The behavioural output produced or created by men for their subsistence, in the forms of material objects, attitude, values, beliefs, and knowledge.

- Social heritage, the transmittal, and the inheritance of culture are done through the use of symbol, from one generation to another.

- Culture is a shared object. The culture is built through congregation; therefore, no one really formed it nor can understand it thoroughly.
Men’s mode of life a system or a pattern of life for man, which impels everybody to abide obligatorily. The culture designates various activities for the lives of men.

The culture has a cumulative feature, and is ever changing. The culture has to evolve and adapt to keep up with the time, and to be in accordance with the biological character of men. This modification of culture may go rapidly or slowly or continuously, nevertheless, new cultures are still modified from the ground of the old ones.

The culture has a feature that is above the organic. It has a special feature above human nature. Men applied the culture to the different art and techniques of their committees.

Prasart Laksila (1985) gave a view that the culture has five features:

- It is a behaviour incurred from the learning, and not a biological heredity. The culture is, therefore, a social heritage.
- This is a behaviour practiced by all members of the community. Those in the same community would behave in the same direction. It can, then, be anticipated of the reaction to a certain action.
- It can be communicated through symbolic systems, such as language.
- This is a result of the coexistence of people in a community.
- It has an integrative feature of the whole community which is composed of other sub-communities which are intricately associated.

Jumpol Nimpanich (1987) stated about the features of the culture are as follow:

- The culture is a necessity for the community way of life.
- The culture is not an innate quality of men, or heredity, or habits. Most abilities of men derive from the learning.
- The culture may be adaptive. This adaptation can happen in two ways. One way is within the culture itself through the ingenuity, and another way is through the external, such as culture contacts. This is the imitation of culture from other communities.
- The culture of each community varies from one another, and would be suitable to the community of such location.
The culture is an ensemble of various factors. The culture of a community is an integrative pattern or the procedure of lives. Various cultures of each branch have been consummately integrated for each community. Should such culture be abided by all members of this society then it is called the “total culture”. In case of total cultures with similar pattern in the adjoining territory than it is called the “adjoining culture”. Moreover, these total cultures can be divided into sub-cultures. These subcultures are similar to their total cultures, but differ in details.

Supattra Suparb (1991)\textsuperscript{72} mentioned that the features of the culture are:

- Knowledge from learning which means the learning must derive from human, especially from the community where man belongs to.

- Social inheritance meaning that man in each community learns the culture from the community where he belongs to because the culture already exists in the community, and it only has to be communicated from one generation to another. The new generations would adjust to new innovation, creating prosperity to the culture and human society. The culture can be communicated through the language. Therefore the language is the symbol of the meaning.

- The culture is a way of life or a pattern of life. The culture can be discriminate from another culture of a community, and become a specific culture. This is because a man, born in one community, will learn the culture of the community.

- The culture is not static, because men like to invent new things, or manipulate the original culture to suit the vacillating situation. This is the cause for the ever changing culture.

It can be said that the important feature of the culture is the pattern of behaviour created by men, through the learning from men in the community; the culture is not static, but will be adapted to suite the changing time; the culture can be communicated through the language as a medium, from one generation to another.

Regarding the features of organizational culture, Sergiovanni (1988)\textsuperscript{73} gave an idea about the organizational culture that there is an observable conductive principle in every organization. These principles are designated by the coexistence to the norm which indicates
the advisable behaviour, the expected objectives, the criterion of expressed values, and the beliefs within the workers.

Alvesson (1989) stated a view about the features of organizational culture as follows:

- This is a behaviour which can be observed regularly, such as the language used in communication, various formalities and the paradigm of behaviour acceptable to the members of organization.
- There is a norm which is a standard of behaviour and the procedure in the cooperation and directs the intensity of each operation.
- Dominant value is the majority of values which the members accept, support, and also expect in their cooperation, such as the quality and the efficiency of the work.
- The philosophy of an organization is the organization’s beliefs about the service and performance.
- The rules and regulations are the format and paradigm in the operation, which the members must learn for the efficiency of the group.
- The organizational climate is derived from the organizational members from the interrelationship of the persons within and outside the organization.

Shameena Silva (2009) gave an idea about feature of organizational culture as follow:

- The organization culture cannot be created over night but evolves overtime. This is because the culture is made up of values and beliefs shared among the organization members.
- It is not just possible for an individual to create the culture of an organization alone. Rather it is a combination of the personalities and experiences of all the people working in the organization. To say, everybody who has worked for the organization has some way or the other contributed to shaping the culture. Other than the employees, the founder of the organization in particular and the managerial staff of the organization have too played a role in shaping the culture.
- There may also be subcultures present within the organizational culture.
These subcultures are formed as a result of the different needs and wants of the employees. To say, sometimes the employees may look for rewards that are not offered by the overall company. As a result, they may form their group within their own department with their own culture that rewards them with their expectations or fulfils their needs.

- The culture of the organization is thus passed on to the new employees through the process of socialization. In other means, the new employees will come to know the culture of the organization in which they work thus by interacting with the other people in the organization.

Once formed, it is not an easy task to change the culture whenever possible. This is because cultural change basically requires the people to change their behaviour. It is quite difficult for the people to change their old way of doing things and go into do new things all at once. It has to keep on changing gradually overtime with lot of effort put in.

In conclusion, the feature of the organizational culture is the paradigm, the rules and regulations for the members of each organization to behave in the same direction. These are stipulated through the beliefs and the values of the organizational personnel, which reflected as the organizational culture.

4.2.7.2 Empowerment

In some instances where the director devolves a task on an employee, he should also realize the importance of empowerment in the decision for the decision for that employee. Moreover, the director should render the opportunity in getting the news and other operational factors to the personnel in organization, with parity.

According to World Bank (2011), empowerment is the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process are actions which both build individual and collective assets, and improve the efficiency and fairness of the organizational and institutional context which govern the use of these assets.

Empowerment can be defined as a management practice of sharing information, rewards, and power with employees so that they can take initiative and make decisions to
solve problems and improve service and performance. Empowerment is based on the idea that giving employees skills, resources, authority, opportunity, motivation, as well holding them responsible and accountable for outcomes of their actions, will contribute to their competence and satisfaction (business Dictionary, 2012).  

The Necessity of Empowerment

It is most essential for the superintendent to empower the next man in the supervision.

Panas Hannakin (1981) mentioned that firstly, a responsibility without an authority to excite is rather impossible; secondly, without an empowerment, it would mean that the top management has to execute the work alone, which is impossible in a unit that is too big for just one man to oversee; thirdly, the empowerment would be a preparation for the subordinate to become a good superior or a good superintendent in the future. This is a way to prepare for an inheritor. Hence, the future administration in that unit would be able to proceed smoothly without any obstacles or gaps.

Empowerment Principle

The empowerment to a deputy or an assistant depends on the responsibility of work. Usually, the scope of the authority is in a written language.

Panas Hannakin (1981) stated about the empowerment principle which can be deduced as follows:

(a) Try to let the empowered person feel that his work is stable.

(b) The administrator must assist the empowered person as much as he can, and see that the man can accomplish his task. The administrator should not just leave the empowered person to his own fate.

(c) The administrator must clearly outline the scope of work, as well as the function and responsibility. He should advice the means of report, or communications with other units. He should also train the empowered person about the controlling system, and the equipment.

(d) The empowering person must be responsible for the result of the outcome. Therefore the administrator must select a person who can execute the work successfully. He must make sure that the invested person is qualified for the required work.
(e) The empowering person should acquire sufficient integrity. He should not devolve the work, which he should execute personally but dislike to do, to other persons.

In conclusion, empowerment refers to the way the administrator empowers the decisive authority to the personnel for an execution such as giving a chance for the employees to partake in decision making, creating a sense of attachment and community. This would enhance the working actuation for the employees to accomplish the organization’s purpose together.

4.2.7.3 Team building

Team building is a philosophy of job design in which employees are viewed as members of interdependent teams instead of as individual workers. It is the ability to identify and motivate individual employees to form a team that stays together, works together, and achieves together (Business Dictionary, 2011)\(^{80}\).

Team building is an effort in which a team studies its own process of working together and acts to create a climate that encourages and values the contributions of team members. Their energies are directed toward problem solving, task effectiveness, and maximizing the use of all members’ resources to achieve the team’s purpose. Sound team building recognizes that it is not possible to fully separate one’s performance from those of others (Bateman, A., 1990)\(^{81}\).

Team building refers to a wide range of activities, presented to businesses, sports teams, or nonprofit organizations designed for improving team performance. Team building is pursued via a variety of practices, and can range from simple bonding exercises to complex simulations and multi-day team building retreats designed to develop a team (including group assessment and group-dynamic games), usually falling somewhere in between. It generally sits within the theory and practice of organizational development, but can also be applied to sports teams, school groups, and other contexts. Team building can also be seen in day-to-day operations of an organization and team dynamic can be improved through successful leadership. Team building is said to have benefits of self-development, positive communication, leadership skills and the ability to work closely together as a team to solve problems.
Dynamic of team

When assembling a team it is very important to consider the overall dynamic of the team. According to Frank LaFasto, when building a team, five dynamics are fundamental to team success: (Hackman, Michael Z.; Craig E. Johnson, 2009)82.

❖ The team member: Successful teams are made up of a collection of effective individuals. These are people who are experienced, have problem solving ability, are open to addressing the problem, and are action oriented.

❖ Team relationships: For a team to be successful the members of the team must be able to give and receive feedback.

❖ Team problem solving: An effective team depends on how focused and clear the goal of the team is. A relaxed, comfortable and accepting environment and finally, open and honest communication are required.

❖ Team leadership: Effective team leadership depends on leadership competencies. A competent leader is: focused on the goal, ensures a collaborative climate, builds confidence of team members, sets priorities, demonstrates sufficient “know-how” and manages performance through feedback.

❖ Organizational environment: The climate and culture of the organization must be conductive to team behavior. Competitiveness should be discouraged and uniformity should be encouraged - this will eliminate conflict and discord among team members.

Advantages to this approach include:

❖ Increased flexibility in skills and abilities
❖ More productive than work groups with individual mindset
❖ More beneficial in times of organizational change
❖ Encourage both individual and team development and improvement
❖ Focuses on group goals to accomplish more beneficial tasks
❖ Improved range of team building objectives such as collaboration, communication and increased creative or flexible thinking.
Team development

Bruce Tuckman (1965) suggested four stages of team development:

**Stage 1. Forming.** When teams first get together, members are generally cautious and uncertain about many things. People explore, dabble, try something. During the forming period everyone tries their best to look ahead and think about all the things that need to be done. Leader must set the focus.

**Stage 2. Storming.** Inevitably the process begins to heat up under the pressures of work and conflicting perspectives. People jockey for influence. Patient and impatient people clash. Trust is tested, and confusions around goals and roles begin to surface. If there are heavy deadlines, this stage can be quite tense.

**Stage 3. Norming.** As people get to know each other, they reconcile and agree on things like decision-making processes, resources, timing, quality standards. A "norm" is something everyone understands. Norms are the formal and informal rules that make up the operating system of productive work.

**Stage 4. Performing.** The final stages of team development involve using all the experience and understanding with each other to get results for each other and the organization.

Team exercise

Team building exercises consist of a variety of tasks designed to develop group members and their ability to work together effectively. There are many types of team building activities that range from games for kids to games and challenges that involve novel and complex tasks that are designed for improving group performance by addressing specific needs.

Team building can range from simple social activities - to encourage team members to spend time together - to team development activities - designed to help individuals discover how they approach a problem, how the team works together, and discover better methods of communication.

Team interaction involves "soft" interpersonal skills including communication, negotiation, leadership, and motivation - in contrast to technical skills directly involved with
the job at hand. Depending on the type of team building, the novel tasks can encourage or specifically teach interpersonal team skills to increase team performance.

Whether indoor or outdoor, the purpose of team building exercises is to assist teams in becoming cohesive units of individuals that can effectively work together to complete tasks. Some corporate team building companies theme their events around ideas from popular culture such as TV game shows to add a fun element to the event.

Communication exercise: This type of team building exercise is exactly what it sounds like. Communications exercises are problem solving activities that are geared towards improving communication skills. The issues teams encounter in these exercises are solved by communicating effectively with each other.

Planning/adaptability exercise: These exercises focus on aspects of planning and being adaptable to change. These are important things for teams to be able to do when they are assigned complex tasks or decisions.

Trust exercise: A trust exercise involves engaging team members in a way that will induce trust between them. They are sometimes difficult exercises to implement as there are varying degrees of trust between individuals and varying degrees of individual comfort trusting others in general.

4.2.7.4 Career development

Today’s employees are more careers conscious than ever. They are demanding more in terms of personal growth and development. Organizations that fail to allow employees to meet their individual needs will be losing valued employees.

Lack of career advancement opportunities is linked to the unfavorable perceptions or image of employment. Those established in the sector would actively dissuade suggestions that there are limited career prospects, citing the numerous opportunities for advancement to the management levels for good employees. However, simply the perception that there are limited career advancement opportunities is enough to be adversely affecting the supply of labour.

Career development of employees has become an integral part of the HRD strategy of an organization in response to the need of improving performance and gaining
competitive edge. The process of organizational career development is important for both employees and employers. There may be several unintended and undesired changes as well as consequences that can change the entire scenario. In such a situation both employees and employers must be ready to keep with the changing environment and act accordingly. Employees continuously need to upgrade their skills and competencies to meet the current demands where as organizations must be ready with those employees who can handle the pressure efficiently and cease the risk of falling prey to the changed scenario. Therefore, understanding the career development is also very necessary for tourism industry.

Definition of Career Development

Definition of career revolves around three basic themes that include advancement in career position; source of stability within single occupation field and evolving sequence of person’s work experience. According to J.H Greenhaus, G.H Callanan and Veronina M. Godshlik (2000) "Career is defined as the pattern of work related experiences that spans the course of a person’s life".

Keeping in view all the three themes career may be defined as the sequence of work related statuses and the sphere of work experiences of a person attained by him in the due course of his professional arena. As identified by Greenhaus, Callanan and Godshlik (2000) Career has two major aspects, first one the objective events and second, the subjective feelings related to those events. Objective events include work related positions, duties, activities and decisions. Where as subjective feelings are actually how the individual interpret those events in the light of his specific work related values.

Building upon this very concept career management would mean to manipulate all the objective events so as to be in line with those specific work related values in a way acceptable to the employer i.e. if an individual values quality in work then most part of his work related efforts would converge into skill development and proficiency. In this respect any objective event that would help him to realize this value would mean career development to him. Simonsen (1997) signifies the fact that if the employees are expected to act as the owner of the process while implementing the development activities within the organization then a high level commitment should be inculcated among the employees. In order to create
commit in true spirit that would contribute to the organizational success their high level motivation should exist among the employees. Such a motivation could be instilled among the employees by helping them to align their own career goals with the direction and needs of the organization.

While reviewing for career planning, Thomson and Mabey (1994)\(^7\) have suggested that “commitment to the process of career management, clear policies and systematic process that ensure fairness and efficiency, the extent to which the individual has freedom of choice in promotions and job movement and the resources available to support the career process should be considered.”

Career development has two different perspectives from organizational and individual point of view (Godshlik et al.; 2000)\(^8\). According to Cheryl (1989)\(^9\) the organizations’ desired outcome of the process is to achieve best match between people and jobs and for individuals the desired outcomes based on a range of expectation including status, job flexibility, monetary rewards and realization of values as required under the circumstances.

Career Development, according to organizational point of view with respect to HRM, is career planning within the organization which is mostly concerned with tracking career paths and developing career ladders (the operational aspect of career development). Thomson and Mabey (1994)\(^9\) comments that if the organization does not consider career and succession planning then it becomes difficult for individuals to pursue their career plans.

Due to organizational downsizing and contractual employment the concept of such organizational activities is becoming more and more blurred. Under the circumstances the employee cannot manage the process of career development on his own. According to Simonsen (1997)\(^1\), it would be unreasonable to expect employees, on their own, to translate company vision and mission into strategies, read the career implications of those strategies, determine personal goals, and then identify action steps based on these goals.

Career Development, in individual’s perspective, is the attainment of stability and satisfaction in life. Here stability would include both balance in work and family, and financial
resources. Hence forth such kind of satisfaction would come from promoting his personal values and sense of achievement: Employers are motivated to establish career development programmes because such programmes are seen as an effective response to various personnel problems, because top managers prefer to promote existing employees and to ensure a good fit between the work and the worker, and because employees have expressed interest in career development as a benefit (Gutteridge, 1986).92

From the above mentioned, it can be concluded that Career Development (CD) is the pattern of work related experiences that span's the course of the person's life. Career may be defined as the sequence of work related statuses and the sphere of work experiences of a person attained by him in the due course if his professional areas (Greenhaus, Jeffry H. et al., 2000).93

The business environment has been endlessly experiencing negative changes such as economic downsizing and restructuring resulting in fewer hierarchical positions but at the same time the need for improving productivity while keeping a pace with continuously changing technology has also increased. Organizations, therefore, instead of hiring a new individual from the market prefer to promote their already existing employee to a specific position as he or she is already aware of the organizational culture and does not need to be trained. This requires a careful succession planning of employees and developing and preparing them continuously for filling topmost designations in future.

Theoretical Basis for Career Development

Career Development has evolved because of changes in the workforce (work-life balance, diversity, and focus on quality), advances in management theory (employee motivation), changes in managerial styles and the increasing complexity of technology. It is these contemporary trends which have fostered the growth of Career Development.

In the past, "employees tended to remain attached to one or two organizations throughout their careers, with loyalty to the organization and acceptance of the employer’s authority being the norm" (Lewis, 1986).94 It wasn't too long ago that social class guided one's career. An individual usually did what their parents or grandparents did.
Nature of employee motivation

In the 1940’s, a behavioral scientist, Abraham Maslow (1954), developed a general theory of motivation. Maslow acknowledged that people really have a great many needs which he condensed into five distinct categories. They were arranged in order of importance, from the most basic needs (physiological) ascending to the most complex needs (self-actualization). These five categories became known as Maslow’s Hierarchy of Needs.

Maslow’s ultimate need, "self-actualization", is described in terms of one’s desire to reach their potential and achieve personal fulfillment and growth as a person. In other words, people seek to become all they are capable of becoming. People want to realize their potential, growth, fulfillment, and to feel a sense of accomplishment. According to McAfee and Champagne (1989), few people reach a point of total self-actualization. They believe individuals can always achieve greater competency and mastery in what they are doing.

Another motivational theory developed by Clayton Aldefer (1972) called the ERG Theory, also arranged people’s needs in a hierarchy. Aldefer incorporated Maslow’s
Hierarchy of Needs into three categories; i.e., existence, relatedness and growth. Aldefer theorized the less each need level goes unsatisfied, the more it will be desired. However, if the higher-level needs, which includes the need for personal growth, goes unsatisfied, the individual will become frustrated and seek lower-level satisfaction. This frustration-regression process is the major difference between his and Maslow's motivational theories.

In another motivational theory, Frederick Herzberg (1975) points out that while maintenance factors such as salary and job security can be associated with job satisfaction, the real motivators are the opportunity for growth and recognition and the opportunity to demonstrate a higher degree of competency in one's job.

Finally, Vroom's (1967) motivational theory concludes that individuals exhibit a higher level of motivation if they believe that their efforts will be rewarded and the rewards are of importance to them.

It is important that organizations understand that differences exist among individuals and what motivates one employee may have little or no effect on another employee. Career development can provide a chance for employees to clarify their individual goals and identify what paths they can take within the organization to reach their objectives and earn valued rewards. If organizations can assist employees in satisfying their needs, they are more likely to be committed to the organization and its goals.

Managerial Styles

Changes in managerial styles have contributed greatly to the overall success of career development. Management scholars have long been aware of the distinctions between Douglas McGregor's "Theory X" and "Theory Y" management styles. According to McGregor (1960), Theory X managers assume that employees dislike work, seek to avoid responsibility, and need coercion and control to make them work toward organizational goals. The Theory Y manager believes in the inherent creativity of employees and assumes that they are generally interested in directing their own work. The Theory X manager was also concerned with productivity, rather than with employees' needs for involvement. The Theory Y manager tends to emphasize the human aspects of the work environment.
Organizations must no longer choose between concern for people or concern for production. According to Blake and Mouton (1978)\textsuperscript{101}, the most effective managers are those who realize that employee commitment and productivity are directly related to the organization's overall effectiveness.

**Technology**

Rapid changes in technology have transformed every aspect of the workplace. Advances in technology (computers, communication, etc.) have resulted in the need for skilled professionals, and this has caused problems for many organizations. As a result, these organizations were forced to hire skilled technicians or fill these positions with untrained personnel. These technological advances further stress the importance of having a Career Development Program. Employees would be able to make practical career decisions based upon the organization's current and future needs. Organizations will benefit by being able to use existing personnel to fill "new" positions.

**Components of a Career Development Programme**

The desired outcome of a Career Development Programme is to match the needs of the employee with those of the organization. Employees must have the opportunity to identify career needs and the organization should assist them in achieving these needs within organizational realities. A Career Development Programme does not require elaborate procedures. The essential components are counseling and training.

Career counseling provides an avenue for the employee to assess their career needs. The training component assists employees in growth and development by enhancing their knowledge, skills and abilities in their present job assignments or prepares them for future opportunities. Proficient in-service training and career specialty training can accomplish this. Each of these components is vital to the success of the career development initiative.

Career Development process involves career counseling is a key component or the foundation of the employee development process and can produce big dividends for both the employees and organization. An effective Career Counseling Programme not only assists an organization in identifying employees with high performance potential but also assists employees in mapping out realistic career opportunities.
The career counseling process involves four basic steps. It begins with an employee's self-assessment. Secondly, it involves an assessment of one's work environment. The third step determines whether a match exists between one's preferences and those of the organization. It concludes with an action plan outlining specific tasks that the employee will pursue to accomplish the established goals. This structured process is designed to reduce or eliminate an employee's false hopes and expectations.

Prior to a career counseling session, the employee will be required to complete a self-assessment outlining their accomplishments and aspirations. The employee should assess his/her goals, aspirations, and expectations with regards to their own career both short-term (1-4 years) and long-term (4+ years). This will enable employees to become more knowledgeable regarding their own needs, values, skills and personal goals. The employee should be encouraged to solicit feedback from both peers and supervisors, as well as, engage in private reflections in completing their self-assessment.

In short, through career counseling, employees learn about their own capabilities, assets, limitations, preferences, and objectives. This allows employees to become more proactive in the management of their careers and make the most of their opportunities.

Proficiency in-service training

The second component of a Career Development Program encompasses Proficiency In-service Training. This component of the career development initiative must be closely coordinated with the organization's training efforts. This benefits both the organization and its employees by keeping them up-to-date on duties and responsibilities within present job assignments. It also allows employees the opportunity to maintain those skills and abilities necessary for the job they perform.

Proficiency training subjects must consist of those elements of the training program that are indigenous to the organization and its operations. This type of training is job specific and generally limited to areas that are essential to the overall job function. A training programme should be developed and implemented which encompasses all phases of training. This will allow employees to have a clear understanding of the organization's formal training requirements, as well as, demonstrate the department's commitment to employee development.
Career specialty training

Career Specialty Training is the final component in a Career Development Program and provides employees with the opportunity to enhance knowledge, skills, and abilities necessary to perform jobs beyond the minimum level. It also allows employees the opportunity to explore new areas of interest and specialization that will enhance abilities and skills in other specialized jobs. The opportunity to attend specialty courses of instruction offered by other organizations or institutions must be afforded to all employees. This can be easily incorporated into the organization’s training policy.

Stages of Career Development

Levinson’s has proposed a model of human cycle based on four eras, based on this model and a literature search on career development Greenhaus et. al (2000) have given a Career Development model with five stages of Career Development.

Stage 1: Occupational choice or preparation for work

This is the stage when the individual starts thinking that what type of education or training he/she should get that would best suit a specific career he/she would like to pursue in future. At this stage the individual little bit explores the prospects of a career and its match to his specific needs and interests. As at this stage, the individual is not yet exposed to real time experience and therefore, his choices are mostly based on optimism derived from vague information. There is a great possibility that that individual may either change or bring a twist in his professional line later on which he has opted for at this stage.

Stage 2: Entering the organization

At the second stage practical work life starts for an individual. At this stage the individual reviews his/her career and decides either to stay or to bring some change in the chosen career line. Any choice of decision at this stage is based on real time information. As the individual has now entered the practical work life and could develop a better understanding of a specific profession and the work environment, therefore, planning of career development strategies begins.

Stage 3: Early career: Establishment as a young professional

This stage, the individual has the information about the environment of the work life and has fixed certain career related goals. As he learns norms, values and expectations
of his profession, now he focuses on his skills so as to recognize himself as a worthwhile professional. At this stage individual is highly motivated and energized and putting him/her through challenging tasks expands his sphere of experience helping him to visualize a clearer picture of the direction of Organizational strategy as well as his own Career Development.

Stage 4: The mid career

Levinson compared this stage with the needs and characteristics of middle adulthood (Godshlik et al. 2000). At this stage professional life of individual is also characterized with stability and harmony. He/she is given more responsibilities at work position and plays effective role in decision making.

Stage 5: late career

At this stage when the individual is awaiting his retirement, Levinson has suggested two main tasks for him. First of all he should continue to be productive to the organization and should retain the sense of self worth. Secondly, he says that the individual should plan and prepare himself for smooth retirement so that he is not engulfed by the devastating effects of retirement (Levinson; in Career Management; Godshlik et al., 2000).

Planning careers after retirement seems to be exclusively individuals’ responsibility, because after leaving the job, the organization will have not any concern with the individual’s life.

Career Management Model

The Career Management Model by J.H Greenhaus, G.H Callanan and Veronina M. Godshlik (2000) as presented highlights a sequence of activities that helps in career management. The model has been laid out in an environment that to a greater extent is influenced by Information, opportunity and support from education, family, work and other Societal Institutions. The model highlights pattern of activities that will lead to desirable outcome based on the assumption that it is not imperative that the individuals follow the same sequence and therefore, may deviate or exclude certain activities. The model includes the following steps that should be repeated in a cycle:

- **Career Exploration**: collecting information about career and the environment.
- **Awareness of Self and Environment**: get to know about the business
environment and the strengths and weakness of the individual and values.

- **Goal Setting**: In the light of work expectations and personal values and aspirations career goals are designed.

- **Strategy Development**: After identifying the target the model signifies the need for developing the strategy for achieving the goal.

- **Strategy Implementation**: At this step progress towards goal is initiated and practical field experienced is encountered.

- **Feedback from work and non-work sources**: Besides personal experience, the individual requires to take feedback from work and non-work source. This feedback is for the purpose to cover those aspects which individuals may miss out personally or may viewing unrealistically due to personal biases.

- **Career Appraisal**: Based on the feedback and personal experience career related activities are evaluated against the set targets, to know whether the progress towards the set goal is taking place or not. If the results are satisfactory the strategy implementation continues otherwise amendments are made to the strategy. The cycle repeats for collecting information for more accurate analysis and exploring more opportunities.

### 4.2.7.5 Leadership development

Leadership Development is essential to the success of an organization. In this context, leader in 21\textsuperscript{st} century recognizes that building their organization’s leadership potential is going to be a major differentiator for future success. For them, the development of a leadership in their organization will be a top priority. Leaders must process and practices to enable to operate the qualities necessary for success today and in the future.

The importance of business leadership is well articulated by this observation: A good leader can make a success of a weak business plan, but a poor leader can ruin even the best plan. That’s why developing effective leadership by using a consistent talent management program at all levels across the organization can return significant business value.

**Definition of leadership and leadership development**

There are many diverse definitions of “leadership”.

Stogdill (1974)\textsuperscript{[108]} describes that leadership refers to a social phenomenon in
which a person may exert power, persuade, direct a group or individual behaviour, facilitate goal achievement, or otherwise influence other people." He further defines leadership as a social influence process that includes at least two individuals acting in interdependent roles: one individual acts as a follower, and one acts as an influential leader.

Argyris, C. (1976)\textsuperscript{107} has given a definition that leadership is relationship between personality and environment which is dependent upon condition which will make a person or persons have personality which is dependent upon environment which will make him feel considerate, and understands the work.

Chemers M. (1997)\textsuperscript{108} mentions that leadership is a process of social influence in which one person can enlist the aid and support others in the accomplishment of a common task.

Avolio’s Full Range Leadership Model (1999)\textsuperscript{109} describes leadership as a system that considers inputs (people, timing, and resources), processes (interaction with people and resources over time), and outcomes (levels of motivation and performance). In this theory, each aspect of the system incorporates and interacts with each of the other aspects.

Pearce and Conger (2003)\textsuperscript{110} describe leadership as broadly distributed among a set of individuals instead of centralized in the hands of a single individual who acts in the role of a superior.

Leadership is the process of influencing the behaviour of other people toward group goals and organizes a group of people to achieve a common goal (Wikipedia Encyclopedia, 2010)\textsuperscript{111}.

Leadership development refers to any activity that enhances the quality of leadership within an individual or organization.

From the definition of leadership mentioned above, “leadership” can be defined as the process by which one individual influences other people to work willingly towards the achievement and attainment of organizational goals and objectives.
Elements of leadership development programmes

(1) Determine the best leadership style for organization

There are many theories about and techniques for determining the right leadership styles for an organization.

(1.1) Ohio State University Two-Dimension leadership theory

A study on Two-Dimension leadership was done in Ohio State University, starting in the 1950s. The Ohio State University studies utilized the Leader Behaviour Description Questionnaire (LBDQ), administering it to samples of individuals in the military, and manufacturing companies. There were two distinct aspects of leadership that describe how leaders carry out their roles: initiating structure and consideration (Halpin, A. W., and Winer, B. J. (1957)\textsuperscript{112}.

Initiating structure, sometimes called task-oriented behaviour, involves planning, organizing, and coordinating the work of subordinates. According to this dimension relationship is created between leader and group members who are colleagues, in order to create perfect and suitable organizational pattern, finding ways to contact and create understanding amongst persons in the working unit.

Consideration is relevant to maintaining relationship among colleagues, leadership behaviour according to this dimension, includes showing friendliness, mutual trust, warmth, respectability as well as warm relationship.

(1.2) Likert’s Management System

The Michigan leadership studies took place at about the same time as those at Ohio State. Under the general direction of Rensis Likert, the focus of the Michigan studies was to determine the principles and methods of leadership that led to productivity and job satisfaction. The studies resulted in two general leadership behaviours or orientations: an employee orientation and a production orientation. Leaders with an employee orientation showed genuine concern for interpersonal relations. Those with a production orientation focused on the task or technical aspects of the job.

Based on these studies; he advocated four systems of management system or the four leadership styles identified: (Rensis Likert, 2011)\textsuperscript{113}
(a) System 1 - Exploitative Authoritative: Responsibility lies in the hands of the people at the upper echelons of the hierarchy. The leader has no trust and confidence in subordinates. The decisions are imposed on subordinates and they do not feel free at all to discuss things about the job with their leader. The teamwork or communication is very little and the motivation is based on threats.

(b) System 2 - Benevolent Authoritative: The responsibility lies at the managerial levels but not at the lower levels of the organizational hierarchy. The leader has condescending confidence and trust in subordinates. Here again, the subordinates do not feel free to discuss things about the job with their leader. The teamwork or communication is very little and motivation is based on a system of rewards.

(c) System 3 - Consultative: Responsibility is spread widely through the organizational hierarchy. The leader has substantial but not complete confidence in subordinates. Some amount of discussion about job related things takes place between the leader and subordinates. There is a fair amount of teamwork, and communication takes place vertically and horizontally. The motivation is based on rewards and involvement in the job.

(d) System 4 - Participative: Responsibility for achieving the organizational goals is widespread throughout the organizational hierarchy. There is a high level of confidence that the leader has in his subordinates. There is a high level of teamwork, communication, and participation.

(1.3) Grid Cell Theory of Blake and Mouton.

One concept based largely on the behavioural approach to leadership effectiveness was the Managerial Grid, developed by Robert Blake and Jane Mouton. (Blake and Mouton, 1964) Blake and Mouton believe that the primary role of a leader is to get the tasks done through the people, leaders have to focus on the productivity of the employees along with maintaining good relationship with them.

Leaders who are strong in technical skills would naturally focus on structuring and planning of the work, defining activities and scheduling them. On the other hand, leaders who have strong personal traits would focus on building trust, delegating responsibilities and thereby bringing meaning to their work and motivating them. These two
distinct styles are termed as “task-oriented style” or “people-oriented style” of leadership.

Task-oriented style means how the leader does to create production, which comprises of attitude towards different things, quality of judgment, policy, performance process, initiative relevant to research, volume of outcome of work, quality of work, etc.

People-oriented style means the leader uses this method in working with followers which comprises of relationship of people in order to attain target of the organization, and realization and giving honour to the follower arranging a good working environment as well as promoting good relationship amongst the people, etc.

(1.4) Contingency (situational) approach

Contingency or situational theories of leadership propose that the organizational or work group context affects the extent to which given leader traits and behaviours will be effective. Contingency theories gained prominence between 1957 to 1970. Four of the more well-known contingency theories are Continuum leadership behaviour, Fiedler’s contingency theory, Path-goal theory, the Vroom-Yetton-Jago decision-making model of leadership, and Hersey Blanchard situational leadership theory. The situational leadership theory, for example, argues that the best type of leadership is determined by situational variables and that no one style of leadership pertains to all given workplace situations.6 Identifying the leadership style for an organization by using this approach includes identification of the type of work, the complexity of the organization, and the qualifications of the followers.

Fielder’s Contingency Model is one of the contingency or situational theories of leadership. Fiedler’s contingency theory was the first to specify how situational factors interact with leader traits and behaviour to influence leadership effectiveness. The theory suggests that the “favorability” of the situation determines the effectiveness of task- and person-oriented leader behaviour. (Fiedler, F. E., 1967)115 In this model leadership is effective when the leader’s style is appropriate to the situation, as determined by three principal factors:

(a) Leader-member relations: The nature of the interpersonal relationship between leader and follower, expressed in terms of good through poor, with qualifying modifiers attached as necessary. It is obvious that the leader’s personality and the
personalities of subordinates play important roles in this variable.

(b) Task structure: The nature of the subordinate’s task, described as structured or unstructured, associated with the amount of creative freedom allowed the subordinate to accomplish the task, and how the task is defined.

(c) Position power: The degree to which the position itself enables the leader to get the group members to comply with and accept his or her direction and leadership.

Path-Goal Theory is the contingency or situational theories of leadership which centers on the motivational factors of the subordinates that have significant influence on the outcome of the task. It was originally proposed by Robert House (1971)\textsuperscript{116}. The path goal theory has three major components:

(a) Leadership Style: The basic styles are as defined by situational leadership, namely “directing”, “coaching”, “participating” and “delegating” but it adds more styles discussed later.

(b) Subordinate Preference: It deals with accessing how a subordinate will perceive a particular leadership style; will he find it satisfying and motivating or stressful and unsatisfying? An employee might perceive his own abilities as high and thus views the coaching and directing behaviour as irritating and de-motivating. Some subordinates might like to demand more authority for their work while other might expect better support.

(c) Task Structure: It deals with analyzing the task and reformulating its structure in clear way. Thus is the removing of road blocks in the task, but increasing the confidence or willingness of the employees.

Propositions for leadership styles in Path-Goal theory

(a) Directive Path-Goal Clarifying Leadership Behaviour: The leader directs toward providing psychological structure for subordinates.

(b) Supportive Leadership Behaviour: Supportive Leadership Behaviour is suitable when subordinate has lack of confidence and best when the work is stressful, boring or hazardous and especially needed in situations in which tasks or relationships are psychologically or physically distressing.

(c) Participative Leadership Behaviour: The leader encourages involvement of subordinates in decision making and operations.
(d) Achievement – Oriented Leadership Behaviour: Leader directs toward encouraging performance excellence. Leader sets challenging goals and lay path for them to perform to the highest level or to reach their peak performance.

It can be concluded from House’s Path-Goal Theory that leader must motivate subordinates by: (1) emphasizing on the relationship between the subordinates’ own needs and the organizational goals; (2) clarifying and facilitating the path so that subordinates fulfill their own needs as well as the organization’s needs. According to this theory, leaders are effective because of their impact on subordinates’ motivation, ability to perform effectively and satisfactionly. The theory is called “Path-Goals” because its major concern is how the leader influences the subordinates’ perceptions to their work goals, personal goals, and path to goal attainment.

(1.5) Vroom-Yetton-Jago decision-making model of leadership

The Vroom-Yetton-Jago decision-making model was introduced by Victor Vroom and Phillip Yetton in 1973 and revised by Vroom and Jago in 1988. The theory focuses primarily on the degree of subordinate participation that is appropriate in different situations. Thus, it emphasizes on the decision-making style of the leader. (Victor Vroom and Yetton, Phillip W. (1973)\textsuperscript{117}. There are five types of leader decision-making styles, which are labeled as AI, AII, CI, CII, and G. These styles range from strongly autocratic (AI), to strongly democratic (G).

There are five types of leadership styles, which are labeled as AI, AII, CI, CII, and G. These styles range from strongly autocratic (AI), to strongly democratic (G).

**Autocratic Type 1 (AI)** – Leader makes own decision using information that is readily available to them at that time. This type is completely autocratic.

**Autocratic Type 2 (AII)** – Leader collects required information from followers, then makes decision alone. Problem or decision may or may not be informed to followers. Here, followers involvement is just providing information.

**Consultative Type 1 (CI)** – Leader shares problem to relevant followers individually and seeks their ideas & suggestions and makes decision alone. Here followers do not meet each other & leader’s decision may or may not have followers influence. So, here followers involvement is at the level of providing alternatives individually.
Consultative Type 2 (CII) – Leader shares problem to relevant followers as a group and seeks their ideas & suggestions and makes decision alone. Here followers meet each other and through discussions they understand other alternatives. But leader’s decision may or may not have followers influence. So, here follower involvement is at the level of helping as a group in decision-making.

Group-based Type 2 (GII) – Leader discuss problem & situation with followers as a group and seeks their ideas & suggestions through brainstorming. Leader accepts any decision & do not try to force his idea. Decision accepted by the group is the final one.

(1.6) Hersey Blanchard situational leadership theory

The Situational Leadership Theory was developed by Paul Hersey and Ken Blanchard. The theory was first introduced as "Life Cycle Theory of Leadership". (Hersey and Blanchard, 1969). During the mid 1970s, "Life Cycle Theory of Leadership" was renamed "Situational Leadership theory". According to this model, the leader has to match the leadership style according to the readiness of subordinates which moves in stage and has a cycle. Therefore, this theory is also known as the life-cycle theory of leadership. The theory is based on the ‘readiness’ level of the people which the leader is attempting to influence. Readiness is the extent to which followers have the ability and willingness to accomplish a specific task. Ability is the knowledge, experience, and skill that an individual possesses to do the job and is called job readiness. Willingness is the motivation and commitment required to accomplish a given task. The style of leadership depends on the level of readiness or maturity of the followers. The level of readiness (R) or maturity (M) is divided into four levels:

R1 (M1) - low follower readiness - refers to low ability and low willingness of followers i.e. those who are unable and insecure

R2 (M2) - low to moderate follower readiness - refers to low ability and high willingness of followers i.e. those who are unable but confident

R3 (M3) - moderate to high follower readiness - refers to high ability and low willingness of followers i.e. those who are able but insecure

R4 (M4) - high follower readiness - refers to high ability and high willingness of followers i.e. those who are both able and confident

By combining the task and the relationship behaviour, the following four
different styles of leadership which correspond with the different levels of readiness is shown as follow:

**S1 – Telling/Directing:** This style is characterized by one-way communication in which the leader defines the roles of the individual or group and provides the what, how, why, when and where to do the task. This style is most appropriate for low follower readiness (R1). It emphasizes high task behaviour and limited relationship behaviour.

**S2 – Selling/Coaching:** While the leader is still providing the direction, he or she is now using two-way communication and providing the socio-emotional support that will allow the individual or group being influenced to buy into the process. This style is most appropriate for low to moderate follower readiness (R2). It emphasizes high amounts of both task and relationship behaviour.

**S3 – Participating/Supporting:** This shows decision-making about aspects of how the task is accomplished and the leader is providing less task behaviours while maintaining high relationship behaviour. This style is most appropriate for moderate to high follower readiness (R3). It emphasizes on high amount of relationship behaviour but low amount of task behaviour.

**S4 - Delegating:** The leader is still involved in decisions; however, the process and responsibility has been passed to the individual or group. The leader stays involved to monitor progress. This style is most appropriate for high follower readiness (R4). It emphasizes low levels of both task and relationship behaviour.

(1.7) **Transformational Leadership Theory**

James MacGregor Burns (1978) first introduced the concept of transforming leadership in his descriptive research on political leaders, but this term is now used in organizational psychology as well (Bass & Riggio, 2006). Creating high-performance workforce has become increasingly important for leaders to inspire organizational members to go beyond their task requirements. As a result, new concepts of leadership have emerged - transformational leadership being one of them.

(2) **Identify current and potential leaders within the company**

The evaluate potential leaders in the organization, a leadership programme needs to identify the expected leadership skills and competencies. Competence models can be
used to identify leadership potential during performance reviews and career counseling sessions. Great Eight leadership competencies includes:

- Creating and conceptualizing
- Analyzing and interpreting
- Leading and deciding
- Interacting and presenting
- Adapting and coping
- Supporting and cooperating
- Enterprising and performing
- Organizing and executing

Based on key leadership competencies, capabilities are tested and evaluated during the performance management review process. During the performance appraisal process, managers can assess goals and development plans, solicit 360-degree feedback, and rate the individual’s progress to date.

(3) Identify leadership gaps

The identification of leadership gaps is an assessment of both the individuals and the readiness of the organization. To help fully recognize leadership gaps, companies should:

- Determine current and future leadership requirements
- Compare those requirements with the current leadership team
- Identify current leaders who may be at risk of leaving
- Identify succession plans for those at risk of leaving or planning to leave
- Look at the leadership development pipeline
- Identify gaps in skills and the time required to fill those gaps

(4) Develop succession plans for critical roles

A good succession plan is good for productivity. Succession planning avoids disruption and employee trauma. Creating a succession plan for critical roles should not be confined to executive roles. As part of the leadership program, companies should evaluate critical leadership roles throughout the organization.
For the greatest efficacy, succession planning should be supported by technology systems that provide the ability to:

- Create backfill strategies that use data captured in the recruiting and performance review processes, coupled with individual career plans
- Add multiple candidates to a succession short list and view all the best options—without necessarily adding them to the plan
- Display multiple talent profiles—from C-level executives to individual contributors—side by side to quickly identify the best fit
- Track candidate readiness based on skills, competencies, and performance; promote top candidates based on relative ranking and composite feedback scores.

(5) Develop career planning goals for potential leaders

Career planning used to be considered the responsibility of an individual. However, research shows that companies that support career planning for their employees gain in retention, engagement, and protection of the leadership pipeline.

Combining employee development with career planning enables employees not only to explore potential career paths but also to monitor and progress through the development activities necessary to attain them. Competencies can then be tied to relevant development activities, thereby incorporating development planning right into the performance review process, which supports career development and succession planning.

(6) Develop a skills roadmap for future leaders

Once the high-potential employees have been identified, a skills roadmap should be developed for the future leaders. Because people learn and develop new skills both inside and outside the classroom, a development program needs to support both traditional and nontraditional learning.

To support less-formal learning, activities such as coaching, rotational assignments, job shadowing, mentor relationships, and project leadership should also be part of an employee’s development plan. At the core, the very definition of learning should reflect today’s nontraditional learning and incorporate social networking tools into the development process.
(7) Develop retention programmes for current and future leaders

Monetary as well as nonmonetary rewards can be used to improve the retention of any employee, but particular attention needs to be paid to high performers and future leaders.

Linking pay to performance can be a motivator for an employee, but goal alignment helps potential leaders stay focused on what is important to the company. Recognize excellent performance, and base the upside of bonus potential on the success of both the employee and the company.

Another way to retain and motivate future leaders is to involve them in the decision-making process. Leadership retention is critically important for all organizations, for two main reasons: Turnover is expensive and top performers drive optimum business performance.

It can be concluded that a well-designed leadership development program is the key to identifying, attracting, filling, and retaining corporate leadership. The elements of the program should include a strategy and execution of the seven-step process outlined in the leadership development. Leadership development is a critical aspect of attaining optimum output from organizational talent management and requires the effective execution of many talent management practices. Technology applications can provide the enabling platform, including recruitment, assessments, performance management, succession and career planning, and development programmes. The benefits of an optimized leadership program include: a pipeline of leadership talent, talent aligned with corporate goals, improved morale, increased retention, improved leadership skills, and consistent measurement through development and performance management. All organizations need strong leaders in order to be successful. Talent management practices implemented with robust technology applications can effectively identify and develop—from all levels of the workforce—the leaders who will best drive business performance.

4.2.7.6 Organizational assessment

An organizational assessment is a process of taking a step back to reflect and look at the various areas of the organization in regards to what is working and what could be
Organizational assessment is an appraisal and planning process comprised of several steps. The requirements of the criteria for organizational assessment are grouped into the following seven categories: (Cornell University, 2011)\textsuperscript{122}

- **Leadership**: how do senior leaders guide and sustain the program, as well as fulfill its legal, ethical and societal responsibilities?
- **Strategic planning**: how does the organization prepare for the future?
- **Customer focus**: how does the organization engage its customers and listen to the voice of the customer to identify opportunities for improvement?
- **Measurement, analysis, and knowledge management**: how does the organization gather, analyze and manage data, and use it to improve performance?
- **Workforce focus**: does the organization engage its workforce to achieve success, and create an environment conducive to high performance?
- **Process management**: does the organization design its work systems and key processes to achieve success and sustainability?
- **Results**: examines the organization’s performance and improvement in all key areas such as product outcomes, customer-focused outcomes, financial and market outcomes, workforce-focused outcomes, process effectiveness outcomes, and leadership outcomes.

**Steps to Effective Organizational Assessment**

The assessment process detailed in this document has five primary steps: (Cornell University, 2011)\textsuperscript{123}
Provide education and opportunity for planning to all key stakeholders expected to be involved in the self-assessment process—bringing everyone on the same page. This establishes goals of the assessment, benefits expected, and the approach that will be used for conducting the assessment.

Conduct an internal assessment. This includes identifying the team of individuals in the organization and community stakeholders best positioned to contribute to the assessment process and equipping them for the process of exploration. Even though the team conducts the assessment, it is imperative that one person assumes responsibility for leading the process. That person is identified as the facilitator, typically selected by the lead executive of the organization or the manager of the program. The lead executive or manager of the programme completes the Organizational Profile and the facilitator shares it with the team. The facilitator may decide to assign data gathering for specific indicators to certain individuals, who then provide the data to the entire team. This step includes a review of the assessment instrument and quality indicators to ensure consistent interpretation among team members, identification of information sources, and examination of evidence that will prove essential in rating the quality indicators.

Validate the information gleaned in step two may involve outside stakeholders and/or experts such as customer input, expert third party evaluation, interviews, etc. External assessment and/or validation are then coupled with information gathered in step two.

Reconcile internal and external information and prioritize areas for enhancement and further development. The assessment team will review and rate the individual quality indicators, using the information provided to justify ratings and comparing the baseline to the benchmark or preferred milestone toward which the team feels the organization needs to work.

Strategic planning is the final step and should trigger the continuous quality improvement process. Once areas for further development and enhancement have been identified, the assessment team will develop a strategic work plan for each area. At this point, specific benchmarks are identified The plan will incorporate baseline information, benchmarks, goals and objectives, personnel responsible, timeframes, resources needed as well as a timeline for progress tracking and ongoing review.
4.2.8 Organizational practices

In order to develop the organization in its totality, a range of different methods can be employed to ensure that optimal development in all aspects of the organization is undertaken. According to Lazarus and Davidoff (1997), there are two types of strategies that are used in organization development. One is person-centred, in which employees are included. The second strategy focuses on the structural change of the organization. Schmuck and Runkel (1994), provides three organization development designs that can be implemented in an educational institution. Below is a brief explanation of these designs.

1. Training: Training has been the most common type of organization development design where the organization development practitioner or external facilitator determines the learning outcomes and organizes activities for the employees.

2. Survey-Data Feedback: In this organization development design, information is systematically collected through questionnaires, interviews, observations and informal discussions. This information is then reported to a working group to use as a basis for diagnosis, problem solving, and planning. It is imperative that the organization development practitioner is adept at collecting information and is able to communicate the information to participants in a captivating and effective manner.

3. Process Observation and Feedback: This organization development design is intended specifically to get participants to become more aware of how they work together in a group. The organization development practitioner mostly observes how the group works and occasionally will comment on the process or pose a question that will get the group to reflect on the process.

4.2.9 Importance of Organizational Development

The first condition necessary to improve and achieve business excellence is developing and implementing a system for measuring organizational performance. Organization is defined as a group of people working together to achieve a goal or a set of common objectives. Viewed as a system, organizations are composed of a set of integrated subsystems to achieve organizational efficiency and effectiveness. Like any system, organizations use inputs that are subject to a process of transformation to obtain outputs (tangible results of the transformation process embodied in goods and services).
The importance of organizational development results primarily from its role in helping organizations in the transition and change. Employees have higher expectations regarding the work they conduct. They need challenges, recognition, sense of accomplishment and good relationships with managers and other employees. Moreover, customer needs have become more varied and sophisticated can be satisfied only by the most innovative practices. For these reasons, an effective organization must be able to meet current and future challenges; ability to adapt to these changes is an essential condition for survival. (Liviu Ilies, 2010)

When an organization wants to improve its performance it is necessary to assess current performance. These evaluations can be planned, systematic and explicit and or unplanned and implicit. A proper assessment of performance should be based on tools such as questionnaires, interviews, organizational diagnostic models, etc. (Lowman, R., 2005)

4.3 Summary

The fourth chapter devoted on the discussion regarding business strategy and organizational development.

Business strategy is all about competitive advantage. Businesses need strategies in order to ensure that resources are allocated in the most effective way. Business strategy is a long term plan of action designed to achieve a particular goal or set of goals or objectives. Strategy is management's game plan for strengthening the performance of the enterprise. A business strategy is the means by which it sets out to achieve its desired ends (objectives). It can simply be described as a long-term business planning.

A business strategy typically is a document that clearly articulates the direction a business will pursue and the steps it will take to achieve its goals. In a standard business plan, the business strategy results from goals established to support the stated mission of the business.

Business strategy is an important organizational element. An appropriate management can propel an organization towards achieving its goals. A business strategy contains the basic objectives of an organization, which are based on various perspectives
involving goals, policies and action sequences underlying rational planning as a cohesive whole.

In the present study, there were four types of business strategy:

♦ **Prospector strategy:** This strategy is an aggressive business strategy. It refers to the broad product market domains, a focus on innovation and change, and a flexible administrative structure.

♦ **Analyzer strategy:** This is a hybrid strategy features of the prospector and defender strategies. The analyzer strategy is a balanced strategy; it is neither as risky as the prospector strategy nor as conservative as the defender strategy. Analyzers will invest in research and development, though not as heavily as prospectors. They will usually allow other firms to test the waters with a new technology or market before entering it themselves. Firms using an analyzer strategy will often maintain a portfolio of businesses, each with varying degrees of risk, to balance firm risks.

♦ **Defender strategy:** The defender strategy is essentially the opposite of the prospector strategy. It is a low-risk strategy that involves selecting stable, mature markets and defending them. Firms using a defender strategy will tend to be less innovative than prospectors and will not invest a lot in research and development. Instead, firms using the defender strategy are more likely to exploit existing technology with only minor developments. This strategy is narrow product-market domains. A focus of this strategy based on production efficiency and a stable administrative structure.

♦ **Reactor strategy:** This type of strategy is no consistent strategy or pattern in responding to pressures of the marketplace or environment. This focuses the activities or business functions, which most need attention given the opportunities or problems that they currently confront. They identify the best possible solutions to those problems or challenges even through they may possess only moderate potential, which require immediate attention. Firms using a reactor strategy do not have a forward-looking strategy. Instead, these firms react to events that force them to adapt new strategies.

**Organizational development**

Organization Development (OD) is an effort: (1) planned, (2) organization-wide, and (3) managed from the top, to (4) increase organization effectiveness and health through
(5) planned interventions in the organizations “processes,” using behavioral-science knowledge. It is the theory and practice of planned, systematic change in the attitudes, beliefs, and values of the employees through creation and reinforcement of long-term training programmes. OD is action oriented. It starts with a careful organization-wide analysis of the current situation and of the future requirements, and employs techniques of behavioural sciences such as behaviour modeling, sensitivity training, and transactional analysis. Its objective is to enable the organization in adopting-better to the fast-changing external environment of new markets, regulations, and technologies.

In the present study, there were six aspects of organizational development to be studied i.e.

- Organizational culture
- Empowerment
- Team building
- Career development (training and supervision)
- Leadership development
- Organizational assessment
REFERENCES


15. Ibid.


   http://www.businessdictionary.com


29. Albert Ong. (2012). What are the advantages of business strategy?
   http://www.businessmanagement.com

30. Bobbye Alley. (2012). **Steps of the model business strategy.**
   http://www.chron.com

31. Albert Ong. (2012). What are the advantages of business strategy?
   http://www.businessmanagement.com

   http://www.businessdictionary.com


   http://www.chron.com


45. Arnold Minors. (2011) What is Organizational Development?
   http://www.odofwny.com

   http://www.wikiediathefreeencyclopedia.org

   http://www.businessdictionary.com


53. Ibid.


57. Ibid.

58. Ibid.
59. Ibid.
60. Ibid.
68. Ibid

79. Ibid.


85. Ibid.


103. Ibid.

104. Ibid.

105. Ibid.


   http://www.wikipediaencyclopedia.com

   Columbus, Ohio: The Ohio State University.

   http://www.accel-team.com/human_relations/hrels_04_likert.html


123. Ibid.


