



## AN EVALUATION OF UTILITY OF TRANSACTIONAL ANALYSIS IN IMPROVING COMMUNICATION AND HUMAN RELATIONS IN THE BUSINESS ORGANISATIONS

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### **Abstract**

*Transactional Analysis is a psychological theory or model developed by Dr. Eric Berne. This theory can be applied in all types of formal organisations including business organisations. Transaction is meant as the unit of social intercourse. When two people meet each other, they communicate with each other. Here, it means a transaction takes place among them. According to Dr. Berne, people interact with each others with certain ego states of mind which he referred as Parent, Adult and Child ego states. This leads to different types of transactions such as Complimentary, Crossed and Ulterior transactions. Giving positive strokes through verbal and non-verbal appreciation and compliments during such transactions helps in motivating subordinates and developing a positive ambience at the work place. Dr. Berne further mentioned that these ego states are based on the 'Life Positions' or permanent pattern of behaviour of individuals. If the individuals communicate with each others with matured and ideal 'Adult-Adult- ego states, and if they have a mutually beneficial- 'I am ok, You are ok' life position, it is possible to acquire effective internal as well as external communication and healthy human relations in the business organisations.*

**Key words:** *Business Organisations, Ego States, Life Positions, Ok Grid, Transactional Analysis.*

### **Introduction**

Transactional Analysis (or T A as often it is called) is a theory or model developed by a psychologist named Dr. Eric Berne (1910-1970), a Canadian born psychologist, who spent most of his adult life as a clinical psychiatrist in California; U.S.A. Dr. Berne's theory is based on two assumptions. Basically, we all have three parts of 'ego states' (Parent, Adult, and Child) to our personality. And secondly, these ego states interact and communicate with one another in 'transactions' resulting into in some healthy, constructive ambience or unhealthy, destructive atmosphere in all types of formally organised groups including business organisations. Further it can be stated that with the proper application of this theory it is possible to motivate the employees, improve morale, acquire effective communication and develop healthy relations in business organisations.

### **Conceptual Framework: Theory of Transactional Analysis**

According to Dr. Eric Berne, the term 'transaction' may be understood as 'the unit of social intercourse'. Further he adds that if two or more people encounter each other, sooner or later one of them will speak, or give some indication acknowledging the presence of the other person. This is called as 'transactional stimulus'. Other person will then say or does something, which is in some way related to the stimulus. This is called as 'transactional response'. Transactional analysis is a method of studying the interactions between individuals. It is a theory or model which offers guidance for improving inter-personal relations on the basis of such transactional analysis.

Transactional Analysis theory or model includes few interrelated and interdependent parts such as – Ego States (Parent, Adult, and Child) of the personality, Strokes (i.e. positive or negative recognition or response given to others), OK Grid and Life Positions, and (Behavioural) Games that people play. The ego states of our personality are not publically visible. However, other aspects such as 'strokes', 'Ok Grid', ' Life Positions' and 'Behavioural Games' can be identified. It is possible to analyse such social transactions and improve the relationships among the individuals. Important aspects of this theory are described below.

### **1. Ego States**

Transaction analysis basically involves the identification of the ego states behind each and every transaction. In the words of Dr. Berne, "an ego state is a consistent pattern of feelings and experiences directly related to a corresponding consistent pattern of behaviour." Dr. Berne defined three ego states such as Parent, Adult and Child. Before anything is described, it should be remembered here that Dr. Berne assumed different meaning of these terms from the dictionary meaning for this theory. A very brief explanation of these terms is given below.

**(I) Parent:** The 'Parent' represents , just like a tape recorder' a massive collection of recordings in the brain of external events experienced or perceived during approximately first five years of life. Since the majority of the external events experienced by a child are actions of the parents, this ego state is aptly referred as 'Parent'. It is an ego state in which people



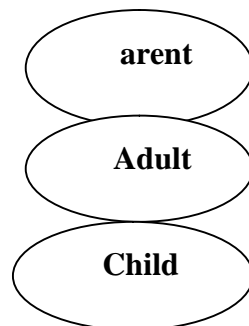
may speak, behave and feel sub-consciously mimicking their parents. When a person says- “Always respect elders”, “Never use indecent words while talking with women” etc., it is the reflection ‘Parent’ ego state. There can be two types of ‘Parents’ such as ‘Nurturing Parent’ (who is caring, loving, supportive), and the ‘Controlling/ Critical Parent’ (who is criticizing, censoring, punishing).

(ii) **Adult:** The ‘Adult’ is a state of ego which is like artificially intelligent system processing information, and making predictions about major emotions that could affect its operation. According to Dr. Berne, ‘Adult’ is principally concerned with transforming stimuli into pieces of information, and processing and filling that information on the basis of previous experiences. In other words, ‘Adult’ is a grown up rational person who talks reasonably and in a positive manner. He neither unnecessarily tries to control others, nor reacts aggressively. His decisions are based on not only what he has felt or observed, but also on the basis of rational analysis of the data he has gathered.

(iii) **Child:** The ‘Child’ is an ego state in which people behave, feel and think similarly to how they did in childhood- may be up to the age of five. The Child is the source of emotions, creation, spontaneity and intimacy. The Child represents the recordings in the brain of internal events associated with external events the child perceives. Examples of recordings in the Child may include the expressions like- “When there was no electricity at night, I was very much scared.” “The clown in the circus was so funny, you know!” There may be three types of Child such as The Natural Child (likes play and enjoyment, and who is vulnerable), The Little Professor (curious and exploring child trying out new stuff), and Adaptive Child (either trying to change himself/ herself or rebelling against the forces it feels).

While analyzing the transactions among the people with different ego states, Dr. Berne gave the following structural diagram of these ego states.

**Figure No.1, Structural Diagram of Ego states**



## 2. Transactions

A ‘transaction’ is a unit of social intercourse. In simple words, when two people verbally or non-verbally communicate with each other, such exchange is referred as transaction. Many of our problems are developed due to unsuccessful transactions. Transactional analysis involves which ego state directed the stimulus and which ego state in the other person executed the response.

Transactions may be of three types such as Complimentary, Crossed and Ulterior Transactions. **Complimentary transaction** is such a transaction when both people interact with each other from the same ego state (i.e. Parent talking with a Parent, Adult interacting with an Adult etc.). **Crossed transaction** is a transaction in which each person is talking from a different ego state level (i.e. Child talking to Adult etc.). In case of **Ulterior Transaction**, the explicit social conversation occurs in parallel with an implicit psychological transaction. It means there can be a hidden unfair, immoral intention behind a so called normal transaction.

In case of complimentary transactions, since both persons are often thinking on the same line, communication is much easier. On the other hand, problems occur in case of crossed transactions because each person is found to be talking with different view point. When the Controlling Parent tries to communicate with the rebellious adaptive Child, this also results into conflict. The ideal line of communication is the mature and rational Adult-Adult relationship. For a fruitful communication, it is frequently essential to identify and talk in the same ego state level of other person.

## 3. Drivers and Strokes

As a consequence of ego states, people are driven by different types of transactions. In the process, they are involved in what is called as ‘strokes’. A stroke is a unit of recognition. When one person recognizes another person either verbally or non-



verbally, he is giving the stroke. When one person meets another person, he may say “Hi” or “Good Morning”, or may express a smile or frown at him. A person may compliment or express good words to another person. These may be considered as examples of ‘strokes’. Strokes can be positive or negative. Giving positive strokes leads to better and healthy relations among the people.

#### **4. Life Positions**

These ego states and attitude of giving or not giving strokes leads to what Dr. Berne referred as ‘Ok Grid’ or ‘Life Positions’ which display a permanent type of behaviour on the part of an individual. The term ‘Ok’ is understood here as strengths, plus points and superiority; whereas ‘Not Ok’ is referred here as limitations, minus points and inferiority. On the basis of experiences in infancy, a person decides about his or her future behavioural pattern towards others. According to Dr. Berne, there can be four life positions which are briefly described below.

##### **(i) ‘I am not Ok, You are Ok’:**

This position is based on the life cycle of a person as a child (up to the age of five) in which a child experiences shortcomings or limitations of his /her personality in comparison with the parents and grown up persons around him/ her. This may develop into a life position in which a person sees himself/ herself as a weak partner in comparison with others in life. This is reflected in such person’s behaviour or communication.

##### **(ii) ‘I am Ok, You are not Ok’.**

Once a child grows as a teenager, he/ she may develop a life position – ‘I am Ok, You are not Ok’. In this life position, a person feels good/ happy about him/ her, but feels that others are not competent and cooperative. This is not a healthy life position.

##### **(iii) ‘I am not Ok, You are not Ok’.**

This is the worst life position which reflects that a person is neither satisfied with himself/ herself, nor happy with the behaviour of others. Such person could become frustrated and violent. He / she may become criminal with a destructive mentality.

##### **(iv) ‘I am Ok, You are Ok’.**

This is an ideal and healthy life position. Here, the person is confident, competent and cooperative, and possesses similar feelings towards others. Such person displays a positive attitude, and believes in mutual ‘Win-Win Relationship’ while dealing with others.

#### **5. Games Analysis**

Dr. Eric Berne further added in his theory the concept of ‘Games Analysis’. He mentioned that while transacting with others, individuals change their ego states and play behavioural games. According to Dr. Berne, a game is a series of transactions which may be complimentary, crossed or ulterior in nature. Such transactions are undertaken with a definite, expected and predictable outcome. Games are always played by persons with Parent and Child ego states. Such games can have any number of players. Within games, people shift their roles and may play multiple roles. People play such psychological games with different aims such as gaining sympathy, exercising revenge, experiencing satisfaction etc. There may be different types of games characterised by popular expressions expressed in the transactions like- “Why don’t you / Yes ...But”, “If it were not for you...”, “Why this always happens to me?”, “I am just trying to help you.” etc.

With the analysis of transactions, ego states, and the games that people play, Dr. Berne tried to present a theory or a model which can be of great use in strengthening the human relations in all types of formal and informal groups.

#### **Transactional Analysis: Nature and Importance**

Transactional Analysis is a theory of personality analysis. It describes how people are structured psychologically with different ego states. It offers a theory for child development by explaining how our adult life pattern originates in childhood. It offers a systematic psychotherapy for personal growth and change. In practical application, it can be used in the diagnosis and treatment of many types of psychological disorders. It offers a method of theory for individuals, couples, families and groups. It helps to analyse the verbal and non-verbal communication pattern of a person as an individual and as a member of a group. Out of the therapeutic field, it has been used in education to help teachers to have clear communication with their students with appropriate ego state level. Above all, transactional analysis can be and should be used in improving relations of people at work places.



### **Hypothesis**

Transactional analysis is a model or theory which provides guidance on the interactions of people and interpersonal relations among them. Transactional analysis helps to improve communication and develop healthy human relations in business organisations.

### **Research Methodology**

The present research paper is mainly based on the secondary data. The data is collected from the books and internet to draw certain conclusions and make suggestions for the evaluation of utility of transactional analysis in business organisations.

### **Communication and Human Relations in Business Organisations**

#### **(i) The term Business**

The term 'business' may be understood as, 'any human activity undertaken with an intention to earn the profit'. The business may include 'industry' i.e. manufacturing of goods and services, and 'commerce' i.e. distribution of goods and services. Thus, a business organisation may include an industrial unit as well as a commercial unit. A business enterprise may be of different size such as small, medium and large size, and may take any form such as sole proprietorship, partnership firm, or a joint stock company. A small bakery shop, a tax consultants firm and a company manufacturing motor cars are the examples of business organisations.

#### **(ii) Communication and Human Relations**

The term 'communication' may be understood as an exchange of facts, emotions, ideas etc. between two or more persons. Communication in business may be verbal (i.e. with the help of written or spoken words) or non-verbal (i.e. without using the words like through body language, facial expressions etc.). Business communication may be internal (which takes place within the organisation), or external (which takes place with the outsiders to the organisation). Internal business communication may be horizontal, vertical or crossed communication. All the people working in the business organisations are constantly involved in internal or external communication.

A typical joint stock company as a form of business organisation may include existence of various people such as share holders, managing director, chief executive officer, general manager, departmental managers, assistant managers, supervisors, workers, clerks, and salesmen. Communication and inter-personal relations among all these people play a crucial role not only in increasing productivity, but also in maintaining healthy human relations.

All the superiors and subordinates in a business organisation are constantly involved in one or other type of transactions through verbal or non-verbal communication. If these transactions are of complementary nature, these may lead to a healthy, cooperative and positive ambience in the business organisation; whereas if the transactions among the people in the organisation are of crossed or ulterior nature, these may create an adverse impact not only on productivity and efficiency, but also on the human relations in the business organisations.

Although, everybody working in the business organisation should understand and be committed to application of Transactional Analysis Theory, the main responsibility lies with the managerial persons. This is because management is expected to get the things done through and with subordinates. Superiors should try to explain the various aspects and dimensions of the theory to subordinates.

### **Transactional Analysis in Business Organisations**

#### **(A) Ego States and Types of transactions**

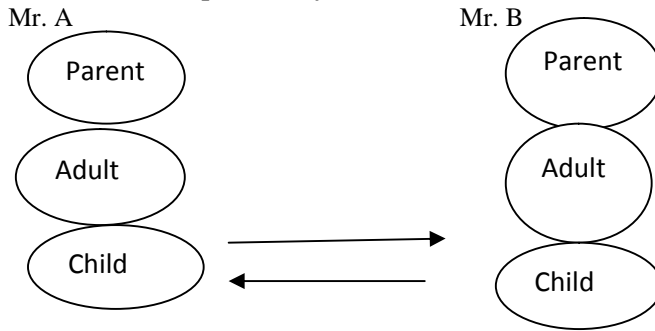
We have noticed that in a typical business organisation, superiors and subordinates are constantly involved in various types of transactions with different ego states. Let us consider few transactions and try to analyse them.

#### **(i) Complimentary but Harmful Transaction**

Suppose in a business firm, two junior level employees are assigned some important and urgent project work. After some time, Mr. A says to Mr. B - "Let us stop work. We are bored. Shall we go to movie?" Mr. B responds to Mr. A in the words- "Very true. We are really bored. We shall leave the office informing our boss that some of our relative has met with an accident, and then we shall go to movie." The structural diagram of this transaction can be as follows.



Figure No.2 **Child- Child Complimentary Transaction**



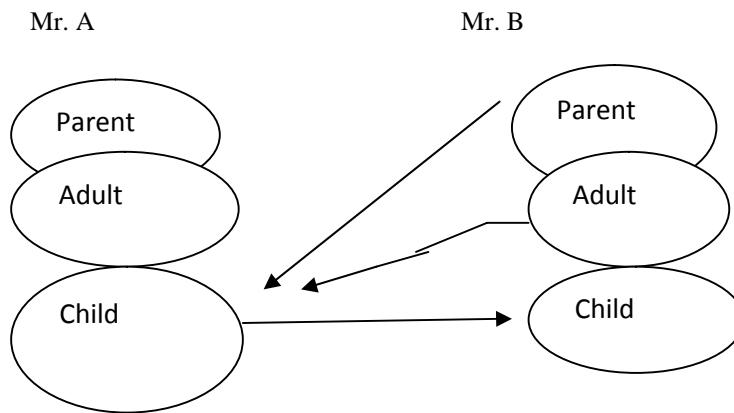
As it can be noticed that in this transaction, Child state of Mr. A is communicating with Child state of Mr. B. Further it is found that Child state of Mr. B is positively responding to the same. It is a complimentary type of transaction. This may develop friendship and better relations between these employees. However, it would not result in productive atmosphere in the organisation, because of the very childlike tendency displayed by these employees of avoiding the work to enjoy the movie.

**(ii) Crossed but Productive Transactions**

Now let us continue with the above referred transaction, but with a different response from Mr. B. Suppose when Mr. A proposes to stop the work and go for a movie, Mr. B says- “Boss will scold us if we do not complete it promptly. It is always better to complete the work and then enjoy.”

The structural diagram of this transaction can be as follows.

Figure No.3 **Parent – Child Crossed Transaction**



In this transaction, Child state of Mr. A is communicating with a hope of response from Child state of Mr. B. However, Parent state of Mr. B is responding with Mr. A. Hence, it is a Crossed transaction. This may lead to completion of project work well in time. However, Mr. A may not like the Parent type behaviour of Mr. B, and this may lead to strained relations among them.

In a slightly modified transaction as shown with broken line in the Figure No. 3, Mr. B with an Adult ego state says to Mr. A- “Well I agree with you that we are bored. However, the project is an urgent and important. We shall now complete the work and in the evening we shall go to movie.” This modified transaction is also a Crossed transaction as Mr. B with an ideal attitude of Adult is reacting over Mr. A’s proposal of avoiding the work. However, whether it is a Parent state or Adult state, Mr. A may not like the same. This would help in timely completion of work, but may disturb the relations of these two employees in the long run.

**(iii) Positive and Ideal Complimentary Transactions**

Adult ego state in a person displays a positive, ideal and rational behaviour of individuals. Imagine another situation in a business organisation. Sales supervisor in a sales and marketing department of a company says to a salesman-“Send your

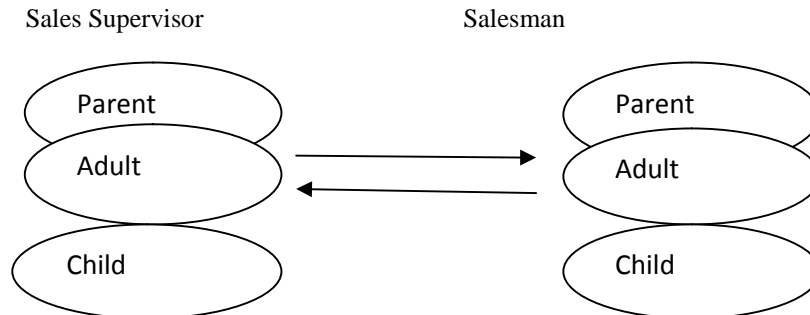




weekly sales report. I have to analyse the figures urgently.” Salesman responds-“Yes Sir, I know its urgency. I will send it immediately.”

The structural diagram of this transaction can be as follows.

Figure No.4 **Ideal Adult- Adult Complimentary Transaction**



If in business organisations, maximum transactions are of Adult-Adult nature, then automatically a positive communication and healthy relations are developed among the employees of the organisation.

#### **(iv)Unethical and Harmful Ulterior Transactions**

Imagine a business firm, where a boss says to his lady secretary-“There is an urgent work to be completed. Hence, you will have to work late night. Are you ready for it?” The lady responds- “Yes Sir. Certainly, I am ready for it.” In this transaction, apparently one may think of ideal Adult-Adult transaction. However, if the boss says it with a lust in his eyes and cunning smile, and the lady secretary responds with meaningful smile and blush on the face, one can imagine a hidden ulterior intention behind the boss’s proposal of late night work. Such unethical and ill-motivated transactions lead to strained and complicated relations in the long run in the business organisation.

#### **(B)Utility of Strokes in Business Organisations**

Stroke, according to Dr. Berne, means a unit of recognition of existence of another individual. When two persons meet each other, one person may take notice of another person through verbal or non-verbal expressions. It is always better to take notice of another person, rather than not noticing him at all. Wishing ‘Good Morning’ by a clerk to the Office Supervisor, and reply by the Supervisor in the form of ‘Good Morning’ with a smile towards the clerk would certainly improve the relations among them. On the other hand, if the Production manager consciously or by mistake overlooks the ‘Good Morning wish’ expressed by the Marketing Manager, it may create grudges in the mind Marketing Manager. Giving positive strokes is also useful in maintaining healthy relations with others. Positive strokes motivate the employees and enhance their morale. In business organisations, positive strokes can be given verbally by writing appreciation letters or praising in the meeting for wonderful work done by the subordinates. Non-verbal strokes may include patting, having a warm hand shake, or even smile for a good performance by the superior. Even a compliment for a new shirt or necktie may develop warm feelings in the mind of the colleague.

#### **(C)Role of ‘Ok Grid’ or Life Positions in Business Communication**

Dr. Berne, in his theory, has mentioned four life positions or permanent behavioural patterns. In business organisations, these life positions create a positive or negative impact on the internal and external communication. If a subordinate is having a life position-‘ I am not ok, You are ok’, it would display the lack of confidence and inferiority complex. Business organisation cannot progress with such persons with weak mentality. If the superior in the business organisation displays the life position- ‘ I am ok, You are not ok’, it would indicate the over confidence of superior and ill feelings towards the subordinates. This would develop hatred in the minds of subordinates towards the superior. If the subordinate displays such behavioural pattern, it may eventually lead to destructive approach. The other life position- ‘I am not ok, You are not ok’, is also not a healthy position which may develop quarrels and disturbed relations between superiors and subordinates, and among subordinates. However, if both superiors and subordinates respect each others and give positive strokes to each others, with the life position- ‘I am ok, You are ok’, internal communication and human relations in the business organisations would improve. Even this approach of mutual ‘Win-Win Relationship’ can be of great help while dealing with customers, dealers and competitors.



### **Transactional Analysis in Business organisations: Few Suggestions**

For the effective utilisation of Transactional Analysis Theory, business organisations need to consider the following suggestions.

1. Basically, key managerial persons in the business organisations should understand the significance of Transactional Analysis Theory, and should be committed to its application at the work place.
2. Communicator, whether a superior or a subordinate, should identify his and receiver's ego state while communicating with him/her.
3. Superiors should avoid constant use of Parent ego state while communicating with subordinates; whereas subordinates should not always carry the Child ego state while dealing with superiors.
4. Everybody in the business organisation should remember that complimentary transactions- especially 'Adult-Adult' transactions are useful in productive performance.
5. Managerial persons should give more verbal positive strokes for healthy human relations in the business organisation. They should remember the golden rule- 'Praise in public, scold in private' for the effective motivation of employees.
6. Transactions in the form of non-verbal communication ( e.g. pleasant smile, warm hand shake etc.) should be considered by both superiors and subordinates for effective communication and better human relations.
7. Transactions with outsiders should be undertaken with a positive external communication.
8. The life position- 'I am ok, You are ok' is an ideal one, and should be displayed by everyone while interacting within the organisation or with the outsiders.
9. It is essential to avoid playing unethical, unfair and dirty games during the transactions that would create adverse impact on work culture of the organisation.
10. Everybody in the organisation should understand, appreciate and apply this theory with enthusiasm and determination.

### **Conclusion**

Transactional Analysis is a theory or model which helps to understand the psychological state of mind of persons who are involved in transactions through the verbal and non-verbal communication. With proper approach, superiors and subordinates can communicate effectively with each others and have matured relations among them. The Adult-Adult transactions among the people, constant offer of positive strokes by the superiors to subordinates, and ideal approach of ' I am ok, You are ok' by maximum people in the organisation can lead to effective communication, productive performance and healthy human relations in the business organisations. However, to achieve all these fruits, it is essential that everybody associated with the business organisation should understand, appreciate and apply the Transactional Analysis theory in the right spirit and vigour.

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