

PRINCIPLES OF MANAGEMENT AND ORGANISATIONAL BEHAVIOUR (R22)

UNIT - I

INTRODUCTION TO MANAGEMENT

INTRODUCTION

In the present context, managing has become one of the most important areas of human activity because of increasing role of large and complex organisations in the society. Because of their increasing role, the organisations have attracted the attention of both practitioners and academicians to find out the solutions for business problems.

Concept

Defining the term management precisely is not so simple because the term management is used in a variety of ways. Being a new discipline, it has drawn concepts and principles from a number of disciplines such as economics, sociology, psychology, anthropology, statistics and so on.

Each group of contributors has treated management differently. For example, economists have treated management as a factor of production; sociologists have treated it as a class or group of persons; practitioners have treated it as a process comprising different activities.

DEFINITION :

“Management is the art of getting things done through and with people in formally organized groups” --- **Koontz**

“Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way” – **F.W. Taylor**

“Management is the art of securing maximum results with minimum effort so as to secure maximum prosperity and happiness for both employer and employee and give the public the best possible service” --- **John Mee.**

“Management is the accomplishment of results through the efforts of other people”-

-Lawrence

“Management is simply the process of decision making and control over the action of human

beings for the expressed purpose of attaining pre-determined goals” – **Stanley V.**

“Management is a process involving planning, organizing, staffing, directing and controlling human efforts to achieve stated objectives in an organization.”

FEATURES/ NATURE/ CHARACTERISTICS OF MANAGEMENT :

- 1) **Multidisciplinary:** Management has been developed as a separate discipline, but it draws knowledge and concepts from various disciplines like psychology, sociology, anthropology, economics, statistics, operations research etc.,. Management integrates the idea and concepts taken from these disciplines and presents newer concepts which can be put into practice for managing the organisations
- 2) **Dynamic nature of Principles:** Principle is a fundamental truth which establishes cause and effect relationships of a function. Based on integration and supported by practical evidences, management has framed certain principles. However, these principles are flexible in nature and change with the changes in the environment in which an organization exists.
- 3) **Relative, Not absolute Principles:** Management principles are relative, not absolute, and they should be applied according to the need of the organization. Each organization may be different from others. The difference may exist because of time, place, socio-cultural factors, etc.,.
- 4) **Management: Science or Art:** There is a controversy whether management is science or art.

An **art** is personal skill of business affairs. Art is characterized by practical knowledge, personal creativity and skill. The more one practices an art, the more professional one becomes. Management can be considered as an art because it satisfies all these criterion of an art.

A **science** is a systematized body of knowledge of facts. It can establish cause-and-effect relationships among various factors. It involves basic principles, which are capable of universal application. Management can be considered as science because it satisfies all these criterion of a science.

- 5) **Management as profession:** Management has been regarded as a profession by many while many have suggested that it has not achieved the status of a profession.

Profession refers to a vocation or a branch of advanced learning such as engineering or medicine.

- 6) **Universality of management:** Management is a universal phenomenon. However, management principles are not universally applicable but are to be modified according to the needs of the situation.

IMPORTANCE OF MANAGEMENT :

Management has been important to the daily lives of people and to the organisations. The importance of management may be traced with the following.

- 1) **Effective utilisation of Resources:** Management tries to make effective utilisation of various resources. The resources are scarce in nature and to meet the demand of the society, their contribution should be more for the general interests of the society.
Management not only decides in which particular alternative a particular resource should be used, but also takes actions to utilize it in that particular alternative in the best way.
- 2) **Development of Resources:** Management develops various resources. This is true with human as well as non-human factors. Most of the researchers for resource development are carried on in an organized way and management is involved in these organized activities.
- 3) **It ensures continuity in the organization:** Continuity is very important in the organisations. Where there are no proper guidelines for decision making continuity cannot be guaranteed. It is quite natural that new people join while some others retire or leave the organization. It is only management that keeps the organization continuing.
- 4) **Integrating various interest groups:** In the organized efforts, there are various interest groups and they put pressure over other groups for maximum share in the combined output. For example, in case of a business organization, there are various pressure groups such as shareholders, employees, govt. etc. these interest groups have pressure on an organization. Management has to balance these pressures from various interest groups.
- 5) **Stability in the society:** Management provides stability in the society by changing and modifying the resources in accordance with the changing environment of the society. In the modern age, more emphasis is on new inventions for the betterment of human beings. These inventions make old systems and factors mostly obsolete and inefficient. Management provides integration between traditions and new inventions, and safeguards society from the unfavorable impact of these inventions so that continuity in social process

is maintained.

FUNCTIONS OF MANAGEMENT :

To achieve the organisational objectives managers at all levels of organization should perform different functions. A function is a group of similar activities.

The list of management functions varies from author to author with the number of functions varying from three to eight.

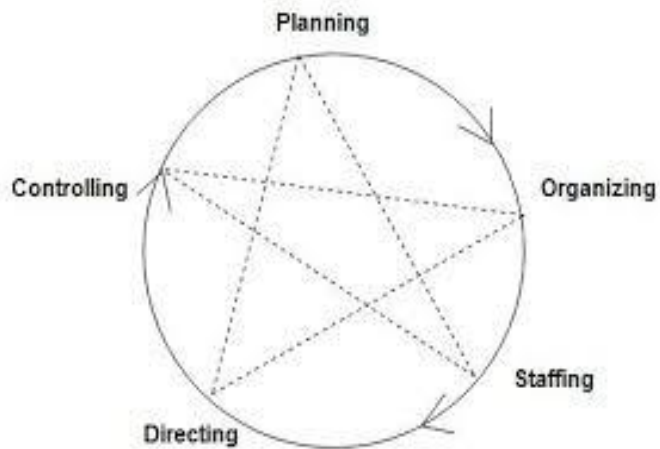
Writers	Management Functions
Henry Fayol	Planning, Organizing, Commanding, Coordinating,
Luther Gullick	Controlling
R. Davis	POSDCORP-Planning, Organising, Staffing, Directing,
E.F.L. Breech	Coordinating, Reporting, Directing
Koontz	Planning, Organising, Controlling
	Planning, Organising, Motivating, Coordinating, Controlling
	Planning, Organising, Staffing, Leading, Controlling

Different authors presented different variations. By combining some of the functions, these are broadly grouped into Planning, Organising, Staffing, Directing, and Controlling.

- 1) **Planning:** Planning is the conscious determination of future course of action. This involves why an action, what action, how to take action, and when to take action. Thus, planning includes determination of specific objectives, determining projects and programs, setting policies and strategies, setting rules and procedures and preparing budgets.
- 2) **Organising:** Organising is the process of dividing work into convenient tasks or duties, grouping of such duties in the form of positions, grouping of various positions into departments and sections, assigning duties to individual positions, and delegating authority to each position so that the work is carried out as planned. It is viewed as a bridge connecting the conceptual idea developed in creating and planning to the specific means for accomplishment these ideas.

- 3) **Staffing:** Staffing involves manning the various positions created by the organizing process. It includes preparing inventory of personal available and identifying the sources of people, selecting people, training and developing them, fixing financial compensation, appraising them periodically etc.
- 4) **Directing:** when people are available in the organization, they must know what they are expected to do in the organization. Superior managers fulfill this requirement by communicating to subordinates about their expected behavior. Once subordinates are oriented, the superiors have continuous responsibility of guiding and leading them for better work performance and motivating them to work with zeal and enthusiasm. Thus, directing includes communicating, motivating and leading.
- 5) **Controlling:** Controlling involves identification of actual results, comparison of actual results with expected results as set by planning process, identification of deviations between the two, if any, and taking of corrective action so that actual results match with expected results.





TAYLOR'S SCIENTIFIC MANAGEMENT THEORY :

The concept of scientific management was introduced by **Frederick Winslow Taylor** in USA in the beginning of 20th century.

“Scientific management is concerned with knowing exactly what you want to do and then see in that they do it in the best and cheapest way”

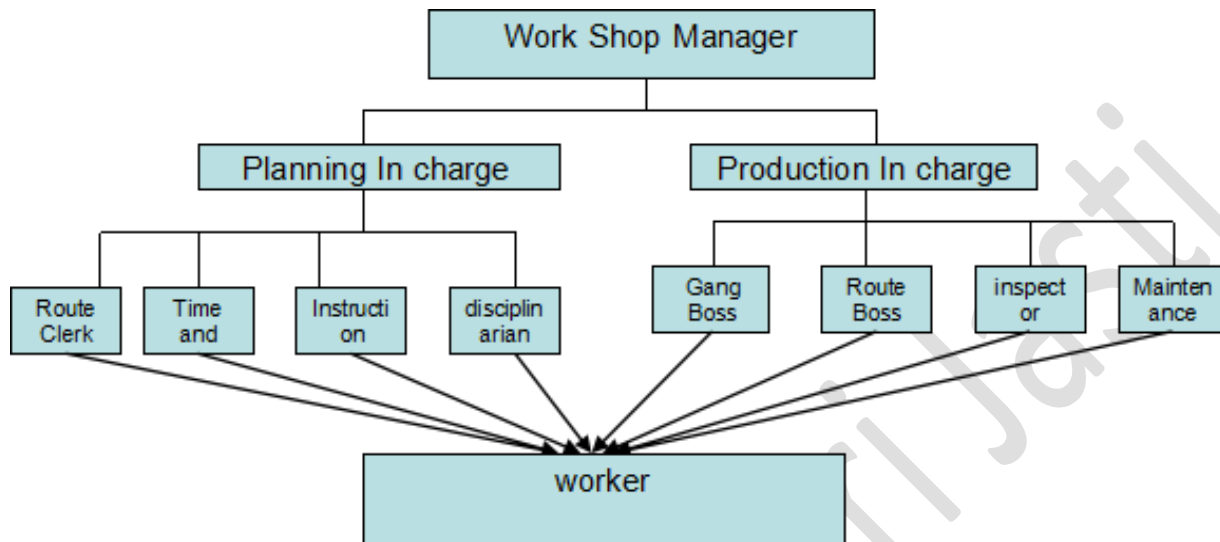
Since Taylor has put the emphasis on solving managerial problems in a scientific way, often, he is called as father of scientific management and his contributions as the principles of scientific management. Taylor carried experiments about how to increase the efficiency of people. On the basis of experiments, he published many papers and books and all his contributions were compiled in his book “scientific management”. His contributions are divided into two parts.

- ❖ Elements and tools of scientific management
- ❖ Principles of scientific management

FEATURES/ELEMENTS AND TOOLS OF SCIENTIFIC MANAGEMENT :

- 1) **Separation of planning & doing:** Taylor emphasized the separation of planning aspect from actual doing of the work. In other words planning should be left to the supervisor and the worker should concentrate only operational work.
- 2) **Functional foremanship:** Taylor introduced the concept of functional foremanship based on specialization of functions. In this system, eight persons are involved to direct the activities of workers. Out of these four persons are concerned with planning viz., route

clerk, instruction card clerk, time and cost clerk and disciplinarian. The remaining four persons are concerned with doing aspect of the job, viz., speed boss, inspector, gang boss and maintenance foreman. It is against to the principle of unity of command.



- 1) **Job Analysis:** It is useful to find out the one best way of doing the things. The best way of doing a job is one which requires the least movements, consequently less time and cost. The best way of doing the thing can be determined by taking up time – motion - fatigue studies.

- ❖ Time study involves the determination of time a movement takes to complete.
- ❖ Motion study involves the study of movements in parts which are involved in doing a job and thereby eliminating the wasteful movements.
- ❖ Fatigue study shows the amount and frequency of rest required in completing the work.

Thus, job analysis identifies the fair amount of a day's work requiring certain movements and rest periods to complete it.

- 2) **Standardization:** As far as possible, standardization should be maintained in respect of instruments and tools, period of work, amount of work, working conditions, cost of production etc.,. These things should be fixed in advance on the basis of job analysis and various elements of costs that in performing a work.
- 3) **Scientific selection and training of workers:** Taylor has suggested that workers should be selected on scientific basis taking into account their education, work experience, aptitude, physical strength, etc., A worker should be given work for which he is physically and technically most suitable. Apart from selection, proper training should be provided to

workers to make them more effective and efficient.

- 4) **Financial Incentives:** Financial incentives can motivate workers to put in their maximum efforts. If provisions exist to earn higher wages by putting in extra effort, workers will be motivated to earn more. Taylor himself applied the concept of differential piece rate system which was highly motivating. According to this scheme, a worker who completes the normal work gets wages at higher rate per piece and one who does not complete gets at lower rate.
- 5) **Economy:** while applying scientific management, not only scientific and technical aspects should be considered but adequate consideration should be given to economy and profit. The economy and profit can be achieved by making the resources more productive as well as by eliminating the wastages.

PRINCIPLES OF SCIENTIFIC MANAGEMENT :

Taylor has given certain basic principles of scientific management.

- 1) **Replacing rule of thumb with science:** According to Taylor, exactness of various aspects of work like day's fair work, standardization in work, differential piece rate for payment, etc., is the basic core of scientific management, it is essential that all these are measured precisely and should not be based on mere estimates.
- 2) **Harmony in group action:** Taylor has pointed out that attempts should be made to obtain harmony in group action rather than discord. Group harmony suggests that there should be mutual give and take situation and proper understanding so that group as a whole contributes to the maximum.
- 3) **Co-operation:** Scientific management involves achieving cooperation rather than chaotic individualism. It is based on mutual confidence, co-operation and goodwill. Co-operation between management and workers can be developed through mutual understanding and a change in thinking.
- 4) **Maximum output:** scientific management involves continuous increase in production and productivity instead of restricted production either by management or by worker. Taylor hated inefficiency and deliberate curtailment of production.
In his opinion, "there is no worse crime to my mind than that of deliberately restricting output"
- 5) **Development of workers:** all workers should be developed to the fullest extent possible for their own and for the company's highest prosperity. Training should be provided to the

workers to keep them fully fit according to the requirement of new methods of working which may be different from non- scientific methods.

FAYOL'S ADMINISTRATIVE MANAGEMENT :

Henry Fayol is a French Industrialist and the father of modern operational management theory.

GENERAL PRINCIPLES OF MANAGEMENT:

Fayol has given 14 principles of management. While giving the management principles, Fayol has emphasized two things.

1. The list of management principles is not exhaustive but suggestive and has discussed only those principles which he followed on most occasions.
2. Principles of management are not rigid but flexible

PRINCIPLES OF FAYOL'S ADMINISTRATIVE MANAGEMENT:

1. **Division of work:** It is helpful to take the advantage of specialization. Here, the work is divided among the members of the group based on the employees skills and talents. It can be applied at all levels of the organization.
2. **Authority and Responsibility:** Fayol finds authority as a continuation of official and personal factors. Official authority is derived from the manager's position and personal authority is derived from personal qualities such as intelligence, experience, moral worth, past services, etc., Responsibility arises out of assignment of activity. In order to discharge the responsibility properly, there should be parity between authority and responsibility.
3. **Discipline:** All the personal serving in an organization should be disciplined. Discipline is obedience, application, behavior and outward mark of respect shown by employees.
4. **Unity of Command:** Unity of command means that a person should get orders from only one superior. Fayol has considered unity of command as an important aspect in managing an organization. He says that "should it be violated, authority is undermined, discipline is in jeopardy, order disturbed, and stability threatened."
5. **Unity of Direction:** According to this principle, each group of activities with the same objective must have one head and one plan. It is concerned with functioning of the organization I respect of grouping of activities or planning. Unity of direction provides better coordination among various activities to be undertaken by an organization.
6. **Subordination of individual interest to general interest:** Individual interest must be subordinate to general interest when there is conflict between the two. However factors like

ambition, laziness, weakness, etc., tend to reduce the importance of general interest. Therefore, superiors should set an example in fairness and goodness.

7. **Remuneration to Personnel:** Remuneration to employees should be fair and provide maximum possible satisfaction to employees and employers. Fayol did not favor profit sharing plan for workers but advocated it for managers. He was also in favor of non-financial benefits.
8. **Centralization:** Everything which goes to increase the importance of subordinate's role is decentralization; everything which goes to reduce it is centralization. The degree of centralization or decentralization is determined by the needs of the company.
9. **Scalar Chain:** There should be a scalar chain of authority and of communication ranging from the highest to the lowest. It suggests that each communication going up or coming down must flow through each position in the line of authority. It can be short-circuited only in special circumstances. For this purpose, Fayol has suggested 'gang plank'.
10. **Order:** This is a principle relating to the arrangement of things and people. In material order, there should be a place for everything and everything should be in its place. Similarly, in social order, there should be the right man in the right place.
11. **Equity:** Equity is the combination of justice and kindness. Equity in treatment and behavior is liked by everyone and it brings loyalty in the organization. The application of equity requires good sense, experience and good nature.
12. **Stability of tenure:** No employee should be removed within short time. There should be reasonable security of jobs. Stability of tenure is essential to get an employee accustomed to new work and succeeding in doing it well.
13. **Initiative:** Within the limits of authority and discipline, managers should encourage their employees for taking initiative. Initiative is concerned with thinking out and execution of a plan. Initiative increases zeal and energy on the part of human beings.
14. **Esprit de corps:** It is the principle of 'union is strength' and extension of unity of command for establishing team work. The manager should encourage esprit de corps among his employees.

SOCIAL RESPONSIBILITIES OF MANAGEMENT :

A sense of responsibility to society and everything that accompanies it is social responsibility. In other words, “social responsibility” means that management is responsible not only to its shareholders but to the entire community. In general, social responsibility is a decisive feature of capitalism. Individuals and customers trust that companies “do the right thing” and lead the world to a better place.

SOCIAL RESPONSIBILITIES OF MANAGERS

Managers’ social responsibility is their obligation and commitment to safeguard and improve society’s welfare while also protecting their interests. For the following reasons, managers have social responsibility:

- **Organizational Resources:** A company’s resources include people, money, competencies, and functional expertise. When an organization possesses these resources, it can better work for societal objectives.
- **Precautionary step:** If a company waits too long to address social difficulties, it will end up putting out social fires, leaving no time to achieve its purpose of creating goods and services. It is more cost-effective to address social concerns before they evolve into disasters that consume a significant amount of management time.
- **Moral Obligation:** It has been determined that accepting managers’ social duty is a morally appropriate viewpoint. It is the organization’s moral responsibility to assist in resolving or eliminating societal problems.
- **Efficient and Effective Personnel:** Recruiting employees has become easier for socially responsible organizations. Employees are drawn to organizations that are more socially responsible. Tobacco companies, for example, may have a difficult time finding individuals with excellent skills and abilities.
- **Better Organizational Environment:** Organizations most sensitive to improving the quality of life of society will benefit from a better society for doing business. It makes it easier to hire employees and improves the quality of their employees. Employee volatility and absenteeism are minimized. As a result of all social changes, crime rates are lower, which means less money is spent on taxes and law safety. As a result, a better society will create a better world.

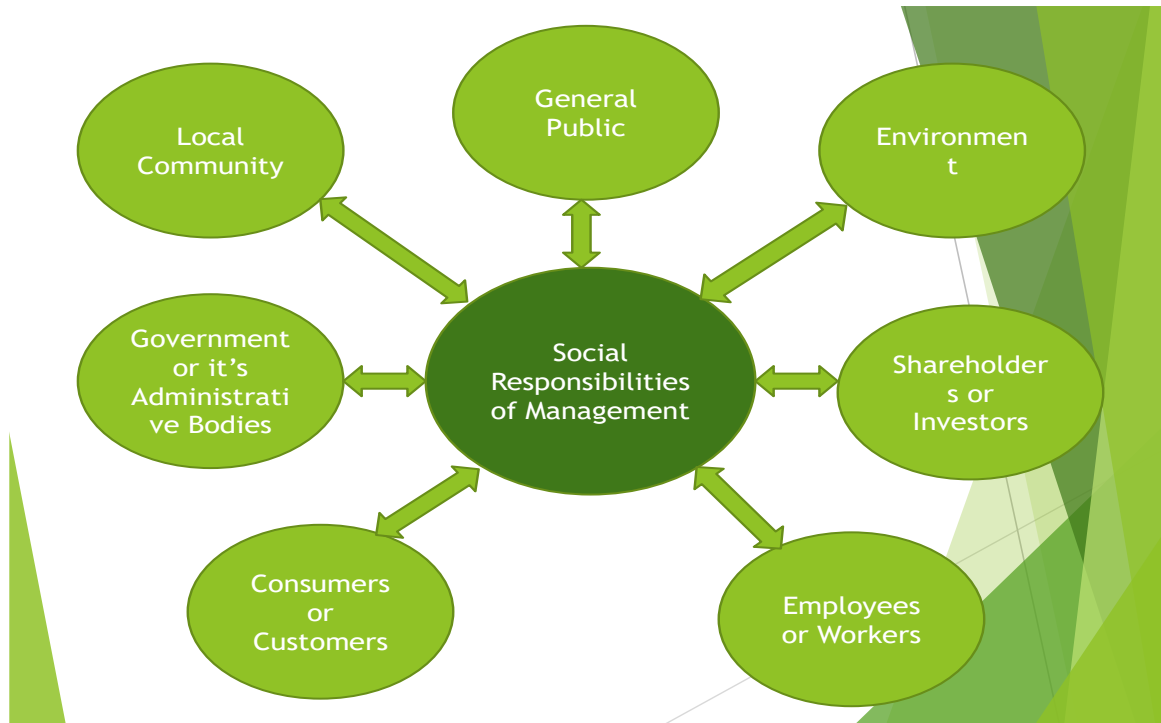
SOCIAL AND ETHICAL RESPONSIBILITIES OF MANAGEMENT

Organizations need to be involved in the external environment to be truly productive. The general or macro-environment and the specific task environment are two types of external environments. Corporate efforts to improve society while enjoying profits are known as social responsibility. Shareholders, employees, customers, creditors, suppliers, society and government are the top six stakeholders for which a company is responsible. The ability of a company to implement and engage in policies that benefit both society and the company is known as the social response.

Contribution, quality of work, diversity policies, financing, direct business investment, volunteering, recycling, customer care and pollution control are all evaluated when measuring social response. Social audits were created in response to the need to monitor social reactions. There are two types of social audits: government-mandated and voluntary audits. Social audits are not required by law, but many companies include social information in their annual reports. This shows that prominent companies are becoming more and more concerned about their social responsibility. The code of ethics of the managers of an organization determines their ethical behaviour. In the long run, moral management is beneficial to the organization.

IMPORTANCE OF SOCIAL RESPONSIBILITY OF MANAGEMENT

- Employee morale can be improved by social responsibility programmes, which leads to increased productivity, which in turn affects the company's profitability.
- Businesses that embrace social responsibility activities can improve customer retention and loyalty.
- Employees with a sense of social responsibility can use the corporate resources at their disposal to do good.
- Being a socially responsible business can help to improve a company's image and brand.
- Employee morale can be improved by social responsibility programmes, which leads to increased productivity, which affects the company's profitability.
- Companies that employ social responsibility activities can improve customer retention and loyalty.
- Socially responsible companies have the opportunity to differentiate themselves from their competitors as they build profitable brand awareness.



Motivation

Definition : Motivation refers to a process of inducing and stimulating an individual to act in a certain manner. In the context of an organization, motivation implies encouraging and urging the employees to perform to the best of their capabilities so as to achieve the desired goals of the organization.

MASLOW'S NEED HIERARCHY:

The behaviour of an individual at a particular movement is usually determined by his strongest need. Psychologists claim that needs have a certain priority, as the more basic needs are satisfied, an individual seeks to satisfy the higher needs. If his basic needs are not met, efforts to satisfy the higher needs should be postponed.

Abraham Maslow, a famous social scientist, has given a framework that helps to explain the strength of certain needs. According to him, there is hierarchy for need, which is presented in the following way.

Maslow's Need Hierarchy

- **Physiological needs**
- **Safety/Security needs**
- **Social needs**

- **Self-actualization needs**
- **Esteem needs**

Physiological needs: The Physiological needs are at the top of hierarchy because they tend to have the highest strength until they are reasonably satisfied. Until these needs are satisfied to the degree needed for the efficient operation of the body, the majority of a person's activities will probably at this level, and the other level will provide him with little motivation.

A famous saying 'man can live on bread alone if there is no bread' suggests that man first try to acquire necessities for their survival.

Safety/Security Needs: Once physiological needs are satisfied to a reasonable level, the next level in the hierarchy is safety. Safety means being free of physical danger or self- preservation. In the industrial society, employee can be motivated through either positive action like pension plan, insurance plan etc... Or negative actions like laid off or demotions.

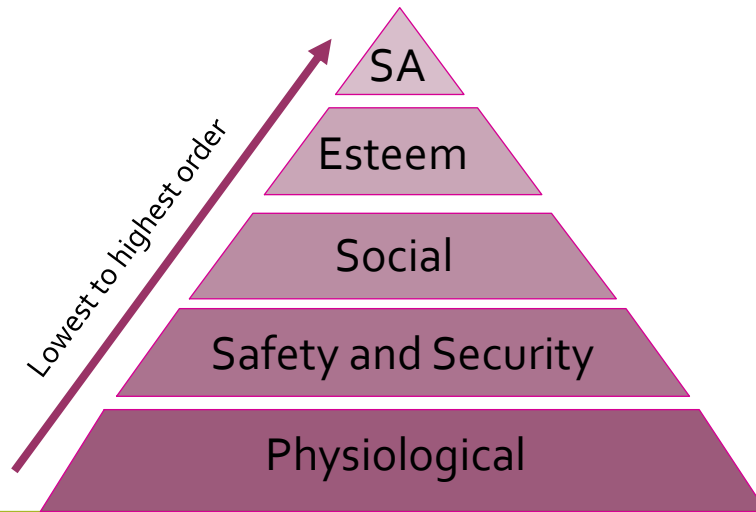
Social (Acceptance or Affiliation) Needs: After the first two needs are satisfied, social needs become important in the need hierarchy. Since man is a social being, he has a need to belong and to be accepted by various groups. In the organization, workers form informal group environment to support unfulfilled social needs such as affiliation.

Esteem Needs: These needs are concerned with self respect, self confidence, a feeling of personal worth, feeling of being unique and recognition. Satisfaction of these needs produces feelings of self confidence, prestige, power and control. These needs are satisfied through adaptive behavior, matured behavior or with irresponsible actions.

Self-actualization Needs: It is the need to maximize ones potential, whatever it may be. It is related with the development of intrinsic capabilities which lead people to seek situations that can utilize their potential. This includes competence which implies control over environmental factors both physical and social and achievement.

Conclusion: Maslow suggests that the various levels are interdependent and overlapping, each higher level need emerging before the lower level need has been completely satisfied. Since one need does not disappear when another emerges, all needs tend to be partially satisfied in each area.

Maslow's Hierarchy of Needs



HERZBERG'S MOTIVATION-HYGIENE THEORY:

Frederick Hertzberg conducted a structured interview programme to analyse the experience and feelings of 200 engineers and accountants in nine different companies in Pittsburg area, U.S.A during the structured interview, they were asked to describe a few previous job experiences in which they felt 'exceptionally good' or exceptionally bad about jobs.

In his analysis, he found that there are some job conditions which operate primarily to dissatisfy employees when the conditions are absent, however their presence does not motivate them in a strong way. Another set of job conditions operates primarily to build strong motivation and high job satisfaction, but their absence rarely proves strongly dissatisfying.

The first set of job conditions has been referred to as maintenance or hygiene factors and second set of job conditions as motivational factors.

Hygiene Factors:

According to Hertzberg, there are 10 maintenance factors. These are company policy and administration, technical supervision, salary, job security, personal life, status, working conditions, interpersonal relationship with superiors, interpersonal relationship with peers and interpersonal relationship with subordinates.

These maintenance factors are necessary to maintain at a reasonable level of satisfaction in employees. Any increase beyond this level will not produce any satisfaction to the employees: however, any cut below this level will dissatisfy them.

Motivational Factors:

These factors are capable of having a positive effect on job satisfaction often resulting in an increase in ones total output. Hertzberg includes six factors that motivate employees. These are achievement, recognition, advancement; work itself, possibility of growth and responsibility.

Most of the above factors are related with job contents. An increase in these factors will satisfy the employees: however, any decrease in these factors will not affect their level of satisfaction. Since, these increased level of satisfaction in the employees, can be used in motivating them for higher output.

MC GREGOR'S THEORY X AND THEORY Y

The idea that a manager's attitude has an impact on employee motivation was originally proposed by **Douglas McGregor**, a management professor at the Massachusetts Institute of Technology during the 1950s and 1960s. In his 1960 book, *The Human Side of Enterprise*, McGregor proposed two theories by which managers perceive and address employee motivation. He referred to these opposing motivational methods as Theory X and Theory Y management. Each assumes that the manager's role is to organize resources, including people, to best benefit the company. However, beyond this commonality, the attitudes and assumptions they embody are quite different.

Theory X

According to McGregor, Theory X management assumes the following:

- Work is inherently distasteful to most people, and they will attempt to avoid work whenever possible.
- Most people are not ambitious, have little desire for responsibility, and prefer to be directed.
- Most people have little aptitude for creativity in solving organizational problems.
- Motivation occurs only at the physiological and security levels of Maslow's hierarchy of needs.
- Most people are self-centered. As a result, they must be closely controlled and often coerced to achieve organizational objectives.
- Most people resist change.
- Most people are gullible and unintelligent.

Essentially, Theory X assumes that the primary source of employee motivation is monetary, with security as a strong second. Under Theory X, one can take a hard or soft approach to getting results.

The hard approach to motivation relies on coercion, implicit threats, micromanagement, and tight controls—essentially an environment of command and control. The soft approach, however, is to be permissive and seek harmony in the hopes that, in return, employees will cooperate when asked. However, neither of these extremes is optimal. The hard approach results in hostility, purposely low output, and extreme union demands. The soft approach results in a growing desire for greater reward in exchange for diminished work output.

It might seem that the optimal approach to human resource management would lie somewhere between these extremes. However, McGregor asserts that neither approach is appropriate, since the basic assumptions of Theory X are incorrect.

Drawing on Maslow's hierarchy of needs, McGregor argues that a need, once satisfied, no longer motivates. The company uses monetary rewards and benefits to satisfy employees' lower-level needs. Once those needs have been satisfied, the motivation disappears. Theory X management hinders the satisfaction of higher-level needs because it doesn't acknowledge that those needs are relevant in the workplace. As a result, the only way that employees can attempt to meet higher-level needs at work is to seek more compensation, so, predictably, they focus on monetary rewards. While money may not be the most effective way to self-fulfillment, it may be the only way available. People will use work to satisfy their lower needs and seek to satisfy their higher needs during their leisure time. However, employees can be most productive when their work goals align with their higher-level needs.

McGregor makes the point that a command-and-control environment is not effective because it relies on lower needs for motivation, but in modern society those needs are mostly satisfied and thus are no longer motivating. In this situation, one would expect employees to dislike their work, avoid responsibility, have no interest in organizational goals, resist change, etc.—creating, in effect, a self-fulfilling prophecy. To McGregor, a steady supply of motivation seemed more likely to occur under Theory Y management.

Theory Y

The higher-level needs of esteem and self-actualization are ongoing needs that, for most people, are never completely satisfied. As such, it is these higher-level needs through which employees can best be motivated.

In strong contrast to Theory X, Theory Y management makes the following assumptions:

- Work can be as natural as play if the conditions are favorable.
- People will be self-directed and creative to meet their work and organizational objectives if they are committed to them.
- People will be committed to their quality and productivity objectives if rewards are in place that addresses higher needs such as self-fulfillment.
- The capacity for creativity spreads throughout organizations.

- Most people can handle responsibility because creativity and ingenuity are common in the population.
- Under these conditions, people will seek responsibility.

Under these assumptions, there is an opportunity to align personal goals with organizational goals by using the employee's own need for fulfillment as the motivator. McGregor stressed that Theory Y management does not imply a soft approach.

McGregor recognized that some people may not have reached the level of maturity assumed by Theory Y and may initially need tighter controls that can be relaxed as the employee develops.

If Theory Y holds true, an organization can apply the following principles of scientific management to improve employee motivation:

- **Decentralization and delegation:** If firms decentralize control and reduce the number of levels of management, managers will have more subordinates and consequently need to delegate some responsibility and decision making to them.
- **Job enlargement:** Broadening the scope of an employee's job adds variety and opportunities to satisfy ego needs.
- **Participative management:** Consulting employees in the decision-making process taps their creative capacity and provides them with some control over their work environment.
- **Performance appraisals:** Having the employee set objectives and participate in the process of self-evaluation increases engagement and dedication.

If properly implemented, such an environment can increase and continually fuel motivation as employees work to satisfy their higher-level personal needs through their jobs.

LEADERSHIP

Definition/ Concept

- According to Livingston – 'Leadership is the ability to awaken the desire to follow a common objective'.
- According to C.I. Bernard – 'Leadership is the quality of behaviour of the individuals whereby they guide people or their activities in organised efforts'.
- According to Bernard Keys and Thomas – 'Leadership is the process of influencing and supporting others to work enthusiastically towards achieving objectives'.

- Leadership is essentially a continuous process of influencing behaviour. It may be considered in context of mutual relations between a leader and his followers. The leader tries to influence the behaviour of individuals or group of individuals around him to achieve desired goals.
- Keith Davis, “Leadership is the process of encouraging and helping others to work enthusiastically towards their objectives. Leadership must extract cooperation and willingness of the individuals and groups to attain the organisational objectives.”
- Leadership is the lifting of a man's vision to higher sights, the raising of a man's performance to a higher standard, the building of a man's personality beyond its normal limitations- Peter.F.Drucker

LEADERSHIP STYLES :

leadership style helps you provide adequate guidance and feedback to employees, and better understand your thoughts, how you make decisions and strategies you can consider implementing when making business decisions. It can also help you understand how your direct reports see you and why they may give you specific feedback. For example, if employees feel stifled at work and don't have many opportunities to speak their minds, they may be telling you that you're an autocratic leader who can benefit from changing their style. Knowing your leadership styles may help you improve with limited feedback. Each leadership style has its pitfalls, allowing you to proactively address areas of improvement. This is critical because some employees might hesitate to speak up, even in an anonymous survey. Ready to find out your leadership styles? Check out the most common styles below.

Different styles of leadership can lead to very different team cultures and experiences. How would you describe your leadership style? Leadership styles in management can vary based on industry, local customs, and personality.

In mentoring relationships, it is important for both the mentor and mentee to practice their leadership skills. In fact, 71% of mentors on MicroMentor say that mentoring has helped them improve their leadership skills.

There are many different styles of leadership, but we will focus on 7 of the most common here.

1. Transactional leadership
2. Transformational leadership
3. Servant leadership

4. Democratic leadership
5. Autocratic leadership
6. Bureaucratic leadership
7. Laissez-Faire leadership
8. Strategic Leadership
9. Coach-Style leadership
10. Charismatic Leadership

While there may not be one “best choice”, different styles of leadership may work best in specific situations.

Transactional leadership :

This leadership style helps to establish roles and responsibilities by using incentivization to motivate employees. For example, a transactional leader might motivate their team with a scheduled bonus for generating a certain number of leads in a quarter. Transactional leadership can be effective, but can also encourage employees to do the bare minimum to meet goals and nothing more. It is much more effective to use this leadership style in conjunction with transformational leadership.

Transformational leadership:

Transformational leadership is a popular style among growth-oriented companies as it encourages employees to see what they are capable of. This type of leader will constantly push their team outside of their comfort zones. For example, a transformational leader might provide their employees with a list of goals with deadlines. While they may seem straightforward at first, the manager might start adding more challenging goals or pick up the pace of deadlines. Without the right coaching to guide team members, this style of leadership risks leaving team members with different learning curves behind. However, it can also motivate and build confidence among employees.

Servant leadership :

The servant leadership style can be a very effective model for empowering teams and boosting morale. Servant style leadership means prioritizing the needs of your team above all else. A leader or manager using this style of leadership will focus their energy on elevating and developing their teams. An example of this style could be a manager investing their time in a project to helping a team member develop a specific skillset, regardless of how much this slows down the process and takes up their own time. While it can be challenging for many of us, the servant leadership style has long term benefits for teams and creates a culture of trust among team members

Democratic leadership :

Democratic leadership is an extremely effective leadership style because it empowers team members at all levels to feel empowered within the organization. In this leadership style, the leader makes decisions taking into account the input of all team members, regardless of their seniority or expertise. An example of democratic leadership in action is a meeting in which a leader might provide the team with a few decision-related options. After an open discussion about the options, the leader would take into account the team members' thoughts and feedback or open the decision up to a vote.

Autocratic leadership :

This leadership style is one of the least effective ways of practicing leadership. In this style, the leader makes decisions without taking input from any stakeholders. Team members are expected to adhere to the decision however the leader sees fit. An example of autocratic leadership could be when a team manager decides to take on a new project without consulting anyone on the team about capacity, strategic relevance, or practicality. Autocratic leadership disempowers team members and results in decisions lacking the necessary input from stakeholders to be successful.

Bureaucratic leadership :

Another ineffective leadership style is the bureaucratic leadership style. Unlike autocratic leadership, this style might consider the input of team members. However, if that input conflicts with existing policy the leader will likely reject it. This style of leadership is commonly found in larger and older organizations who have successful processes already in place. Bureaucratic leadership is quick to shut down innovation and discourages new ways of thinking and achieving ambitious goals.

Laissez-Faire leadership :

laissez-Faire leadership style is often found in younger start-ups. In this leadership style, leaders put nearly all the decision making power in the hands of their employees. For example, a leader might not set official policies around project deadlines or working hours for their employees. While this style of leadership can empower employees to set their own goals and work in a way that works best for them, it can also limit professional development and overlook strategic growth opportunities.

Strategic Leadership :

We all know that a good strategy can be the key to success. Therefore, strategic leaders are always at the intersection point of company work and growth opportunities. You maintain the upper-level management but ensure that everyone else is not negatively affected by it. They ensure that working conditions are best for everyone.

Coach-Style Leadership :

You should identify and nurture the strengths of each of the members. This results in better teamwork and better strategy building. Also, you can find subtle hints of democratic and strategic leadership in this type of leadership. The leader creates a team where all the team members contribute as per their expertise and skills. Moreover, teams have better communication and cooperation spirit to get things done in order.

Charismatic Leadership :

You might find it similar to transformational leadership but different. Motivating and inspiring your team remains the primary goal of you as the leader. However, there is no transformation in this process. As a leader, you are determined that you are always right even if people tell you about the wrongs. This can lead to certain risks and damage to the team or organization at times.

PLANNING :

Definition: Planning is the fundamental management function, which involves deciding beforehand, what is to be done, when is it to be done, how it is to be done and who is going to do it. It is an intellectual process which lays down an organisation's objectives and develops various courses of action, by which the organisation can achieve those objectives. It chalks out exactly, how to attain a specific goal. Planning is nothing but **thinking before the action takes place**. It helps us to take a **peep into the future** and decide in advance the way to deal with the situations, which we are going to encounter in future. It involves logical thinking and rational decision making.

CHARACTERISTICS OF PLANNING :

1. **Managerial function:** Planning is a first and foremost managerial function provides the base for other functions of the management, i.e. organising, staffing, directing and controlling, as they are performed within the periphery of the plans made.
2. **Goal oriented:** It focuses on defining the goals of the organisation, identifying alternative courses of action and deciding the appropriate action plan, which is to be undertaken for reaching the goals.
3. **Pervasive:** It is pervasive in the sense that it is present in all the segments and is required at all the levels of the organisation. Although the scope of planning varies at different levels and departments.
4. **Continuous Process:** Plans are made for a specific term, say for a month, quarter, year and so on. Once that period is over, new plans are drawn, considering the organisation's present and future requirements and conditions. Therefore, it is an ongoing process, as the plans are framed, executed and followed by another plan.

5. **Intellectual Process:** It is a mental exercise as it involves the application of mind, to think, forecast, imagine intelligently and innovate etc.
6. **Futuristic:** In the process of planning we take a sneak peek of the future. It encompasses looking into the future, to analyse and predict it so that the organisation can face future challenges effectively.
7. **Decision making:** Decisions are made regarding the choice of alternative courses of action that can be undertaken to reach the goal. The alternative chosen should be best among all, with the least number of the negative and highest number of positive outcomes.

Planning is concerned with setting objectives, targets, and formulating plan to accomplish them. The activity helps managers **analyse the present condition to identify the ways of attaining the desired position in future**. It is both, the need of the organisation and the responsibility of managers.



IMPORTANCE OF PLANNING :

- It helps managers to **improve future performance**, by establishing objectives and selecting a course of action, for the benefit of the organisation.
- It **minimises risk and uncertainty**, by looking ahead into the future.
- It **facilitates the coordination of activities**. Thus, reduces overlapping among activities and eliminates unproductive work.
- It states in advance, what should be done in future, so it provides **direction for action**.
- It uncovers and identifies **future opportunities and threats**.
- It **sets out standards for controlling**. It compares actual performance with the standard performance and efforts are made to correct the same.

Planning is present in all types of organisations, households, sectors, economies, etc. We need to plan because the future is highly uncertain and no one can predict the future with 100% accuracy, as the conditions can change anytime. Hence, planning is the basic requirement of any organization for the survival, growth and success

4 TYPES OF PLANNING IN MANAGEMENT :

Now that you got a gist of its importance, here are the 4 types of planning in management.

1) Operational Planning

It is the kind of planning required for day-to-day activities. Organisations use such kind of planning with extreme detail to clearly identifying the who, what, when, where and why of all parties involved.

And, there are some variations within it. Operational planning can be of two types – either single-use plans or ongoing plans.

Single Use Plans

As the name suggests, single-use plans can be used only until the objective is achieved, after which they are of no purpose.

Example of single-use plan

You can think of single-use plan in the context of a marketing campaign. There is one specific goal, and once it is achieved, the marketing department may start with a different plan for another purpose.

Ongoing Plans

Ongoing plans are repetitive in nature and can be modified for evolving purposes in the future. They are also characterised by short-term plans.

Example of an ongoing plan

An easy example of an ongoing plan is perhaps the planning that goes into the recruitment of employees in an organisation. The HR department's planning here is repetitive and short term. Once the objective is achieved, the same process is followed in the future with little or no modifications.

Related: [Top recruitment courses](#)

2) Contingency Planning

Also known as 'special planning', it is used for situations when changes cannot be foreseen. It is that 'what if' scenario that a business manager needs to consider so that the company does not face losses. That 'what if' scenario can be loss of data in a data security firm, failed product in the market, etc.

Probably the recent damaging 'what if' scenario for many businesses was the pandemic. It was unprecedented. Many organisations that did not have a solid contingency plan had to lay off their employees, and most small businesses had to shut shop completely. The ones who did, shifted their focus to growth prospects in the cloud or digital technologies.

3) Strategic Planning

Strategic planning is used in light of achieving big goals in the long term. It is more of a high-level planning done by the top-level managers in the organisation. Such a kind of planning in management is used for starting a business. A strategic plan includes the vision and mission of the company. It also includes defining timelines, establishing KPIs (key performance indicators) and tracking their progress.

Related: [Free business strategy courses](#)

Its use is also seen when there is a sudden change in the market trend, and the business has to adapt to it within a specific timeline.

4) Tactical Planning

Tactical planning refers to task prioritisation for achieving short term goals. This is one of the crucial types of planning in management that helps achieve those goals as prescribed in a strategic plan. In an organisation, tactical planning is approached by mid-level management. The goals to be achieved are set for one or two departments and then moving on to the next in a tactical plan.

TYPES OF PLANS :

1. Standing Plans

1. Objectives
2. Strategies
3. Policies
4. Procedures
5. Rules

2. Single-use Plans

1. Programmes
2. Budgets

DECISION MAKING :

In simple terms, decision making is the process of making choices by recognizing the problem, gathering information about feasible solutions, and finalizing the best alternative. This process is carried out through an intuitive or logical process, or a combination of two. Intuition is all about using your gut feeling to take a stand on the possible course of action. In contrast, a logical process uses facts and figures to make scientifically sound decisions. Intuition is an acceptable way of [decision-making](#); nevertheless, it is often more suited when the decision is easy, personal, or needs to be made quickly. More complex judgments typically need a more formal, systematic approach that incorporates both intuition and logical

reasoning. It is critical to avoid rash reactions or intuitions in such scenarios, majorly in business decisions. You live in an era of digitalization where new information is generated every second at a rapidly increasing rate. And it circulates all around the globe, 24 by 7. This means the amount of historical records you have in databases spread across the globe is huge. And not making use of it seems totally delinquent. That is why organizations are increasingly relying on business and [data analytics](#) to guide their decision-making.

CHARACTERISTICS OF DECISION MAKING :

Decision-making is a skill that comes from training and experience. Here are a few characteristics of decision-making.

- **Rational-thinking**

Rational thinking involves fixing goals and objectives, systematically analyzing options, and choosing the right path using logic and evidence. However, this also involves considering emotions apart from cold logic.

- **Process**

Every efficient task needs a robust process to make it consistently successful. Decision-making is also familiar with this fact. It also must have a process that starts at a stage, has specific steps, and has an end. And this process must consider conscious, unconscious, and emotional factors.

- **Selective**

A management decision is highly selective, and you can only use the trial and error method if that costs you money. You must ensure that each selection has clear evidence of a positive impact on the organization.

- **Purposive**

The management decision has a purpose. For example, you decide to improve the state of the organization; it could be improving profits or employee lifestyles. This characteristic comes into play very early in the decision-making process as objectives.

- **Positive**

While making a management decision, you aim for positive outcomes. This characteristic differs from a scientific decision; you don't need a positive result. However, any negative impact due to management decisions will cost the company capital and reputation.

- **Commitment**

Commitment is necessary for any success; however, managers need to have a strong commitment because of the number of opposition they will face and the responsibility they shoulder. To successfully make management decisions, you need to commit to defending them and seeing through them.

- **Evaluation**

Management decision-making involves lots of evaluation; you must see all the angles. In addition, you must have several backup plans when your first one fails, requiring meticulous evidence evaluation while making a decision.

DECISION MAKING PROCESS :

The step-by-step decision-making process can lead to more deliberate and effective judgments.

1. Identify Your Goals

The first step in mastering the art of decision-making is to [clarify your objectives](#). When it comes to making a professional decision, you should have a rough idea about which direction you want to follow. Once you've narrowed down your objectives, you'll be able to make more informed judgments. Try to define the nature of judgement you want to make.

2. Make Use of the Elimination Process

Along with what you want to achieve with your judgment, evaluating what you don't is also critical. Making smart judgments might be difficult if you're still trying to determine what you want to do. However, if you know what you want to avoid, the process of elimination might make certain decisions easier.

3. Use SWOT Analysis Method

[SWOT](#) is an acronym that stands for Strengths, Weaknesses, Opportunities, and Threats. The SWOT analysis is an excellent decision-making tool since it allows you to determine the pros and cons of a certain decision readily. All you have to do is draw a rectangular shape, divide it into four parts and label each section of the table with SWOT parameters. The image given below portrays the sample SWOT metrics.

In the next step, you will fill all the positives and negatives of your initiative. Focus more on what connects strengths and opportunities when you complete your selection. Anything that is continually linking threats and vulnerabilities should preferably be avoided.

4. Simulate Feasible Outcomes

While simulating probable outcomes isn't a reliable approach to predicting what will happen after you make a decision, there are certain ways to simulate what is more likely to happen because of your decision. If you're familiar with project management concepts, some of your learnings can be applied here to visualize the outcome of your decision. Scientific methodologies such as problem trees, SCQA (situation, complexity, question, answer), and MECE (mutually exclusive, collectively exhaustive) can also help you add a touch of science to your decision making.

5. Choose Best Alternative

After you've analyzed all of your options and created a solid visual picture of the repercussions of each, you're ready to choose the one that appears to be the greatest fit for you. If you cannot decide the course of action, ask for help from your colleagues, leadership team, and friends.

UNIT -2

ORGANIZING

Organisation refers to a collection of people who are working towards a common goal and objective. In other words, it can be said that organisation is a place where people assemble together and perform different sets of duties and responsibilities towards fulfilling the organisational goals.

Louis Allen, “Organization is the process of identifying and grouping work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives.”

PRINCIPLES OF ORGANISATION :

- 1. Principle of Objective**
- 2. Principle of Specialisation**
- 3. Principles of Co-ordination**
- 5. Principle of Definition**
- 6. Span of Control**
- 7. Principle of Balance**
- 8. Principle of Continuity**
- 9. Principle of Uniformity**
- 10. Principle of Unity of Command**
- 11. Principle of Exception**
- 12. Principle of Simplicity**
- 13. Principle of Efficiency**
- 14. Scalar Principle**

The **Principles of Organization** are foundational guidelines to ensure the effective functioning of an organization. These principles are essential for creating a structure that supports goals, coordination, and efficiency. Here's a brief explanation of each:

1. Principle of Objective

- Every organization should have clearly defined objectives that align with its mission. All activities and efforts must contribute to achieving these objectives.

2. Principle of Specialization

- Work should be divided based on individual expertise and specialization to enhance efficiency and productivity.

3. Principle of Coordination

- All departments and individuals must work in harmony to achieve the organization's goals, ensuring integration and avoiding duplication of efforts.

4. Principle of Definition

- Roles, responsibilities, and authority must be clearly defined for every position in the organization to avoid confusion and conflict.

5. Span of Control

- There should be an optimal number of subordinates that a manager can effectively supervise, balancing control and delegation.

6. Principle of Balance

- There must be a balance between authority and responsibility, centralization and decentralization, and organizational resources to maintain stability.

7. Principle of Continuity

- The organization should plan for its long-term sustainability by adapting to changes and ensuring continuous operations.

8. Principle of Uniformity

- Policies and procedures should be consistently applied across the organization to maintain fairness and equity.

9. Principle of Unity of Command

- Each employee should report to only one supervisor to avoid confusion, conflict, and overlapping instructions.

10. Principle of Exception

- Routine matters should be handled by subordinates, while only significant issues are escalated to higher levels of management.

11. Principle of Simplicity

- Organizational structures and processes should be simple and straightforward to understand and implement.

12. Principle of Efficiency

- The organization should use its resources (time, money, manpower, and materials) in the most efficient manner to achieve maximum output.

13. Scalar Principle

- There should be a clear line of authority from the top to the bottom of the organization, ensuring an unbroken chain of command.

These principles, when applied effectively, help create a robust organizational structure, promote efficiency, and drive goal attainment

ORGANIZATIONAL CHART :

An **Organizational Chart** is a visual representation of the hierarchy and relationships within an organization. It outlines how tasks are divided, roles are assigned, and authority flows. An organizational chart is a diagram that visually displays the internal structure of an organization by showing job titles, roles, and relationships.

Purpose:

- Clarifies reporting relationships and communication lines.
- Helps new employees understand the structure.
- Aids in identifying gaps in the workforce.
- Supports planning and decision-making.

TYPES OF ORGANISATIONAL STRUCTURES :

There are two broad categories of organisation, which are:

1. Formal Organisation
2. Informal Organisation

Formal Organisation: Formal organisation is that type of organisation structure where the authority and responsibility are clearly defined. The organisation structure has a defined delegation of authority and roles and responsibilities for the members.

The formal organisation has predefined policies, rules, schedules, procedures and programs. The decision making activity in a formal organisation is mostly based on predefined policies. Formal organisation structure is created by the management with the objective of attaining the organisational goals.

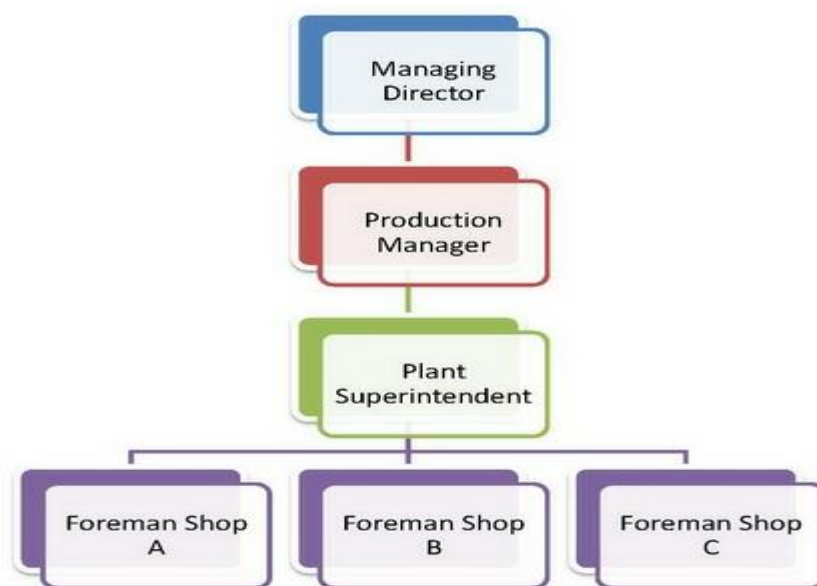
There are several types of formal organisation based on their structure, which are discussed as follows:

1. Line Organisation
2. Line and Staff Organisation
3. Functional Organisation
4. Project Organisation
5. Matrix Organisation

LINE ORGANISATION:

Line organisation is the simplest organisation structure and it also happens to be the oldest organisation structure. It is also known as Scalar or military or departmental type of organisation.

In this type of organisational structure, the authority is well defined and it flows vertically from the top to the hierarchy level to the managerial level and subordinates at the bottom and continues further to the workers till the end. There is a clear division of accountability, authority and responsibility in the line organizational structure.



Advantages of Line organization :

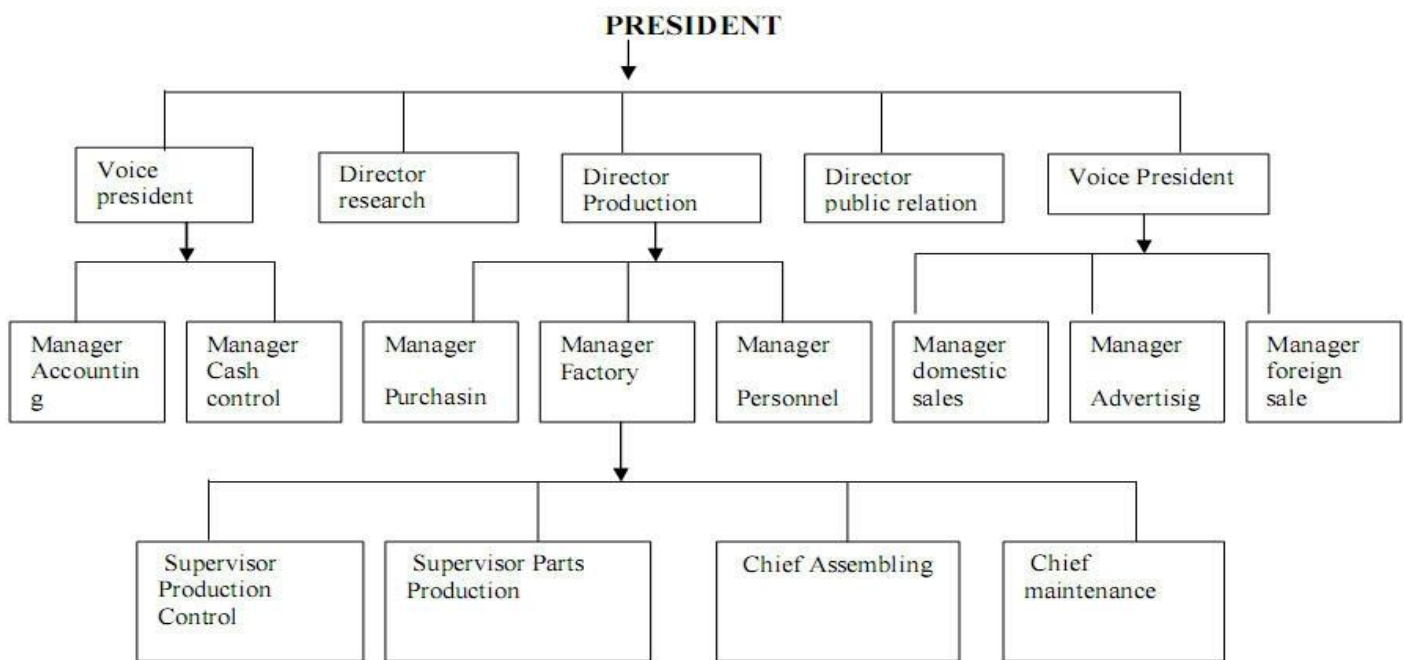
1. Simple structure and easy to run
2. Instructions and hierarchy clearly defined
3. Rapid decision making
4. Responsibility fixed at each level of the organisation.

Disadvantages of Line organization :

1. It is rigid in nature
2. It has a tendency to become dictatorial.
3. Each department will be busy with their work instead of focusing on the overall development of the organisation.

LINE AND STAFF ORGANISATION:

Line and staff organisation is an improved version of the line organisation. In line and staff organisation, the functional specialists are added in line. The staff is for assisting the line members in achieving the target effectively.



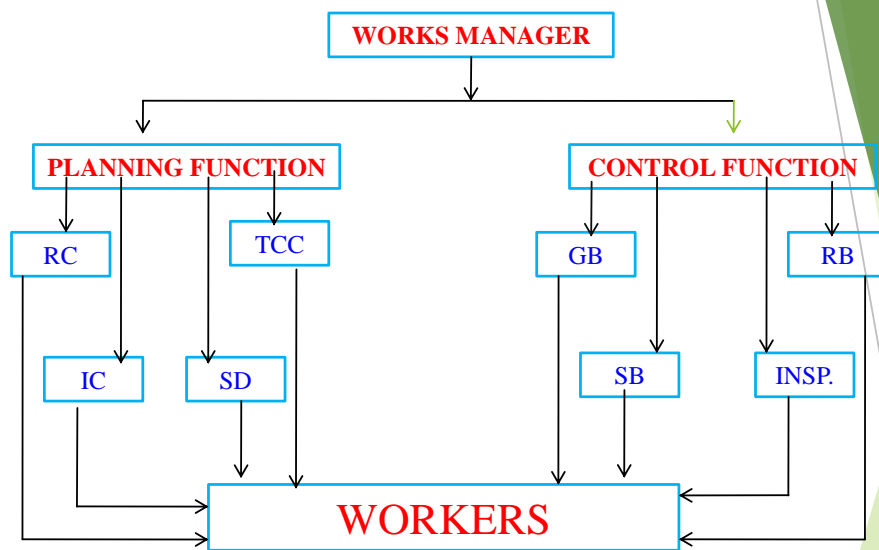
Advantages of Line and Staff organisation

1. Easy decision making as work is divided.
2. Greater coordination between line and staff workers.
3. Provides workers the opportunity for growth.

Disadvantages of Line and Staff Organisation

1. Conflict may arise between line and staff members due to the improper distribution of authority.
2. Staff members provide suggestions to the line members and decision is taken by line members, it makes the staff members feel ignored.

Functional Organization Structure :

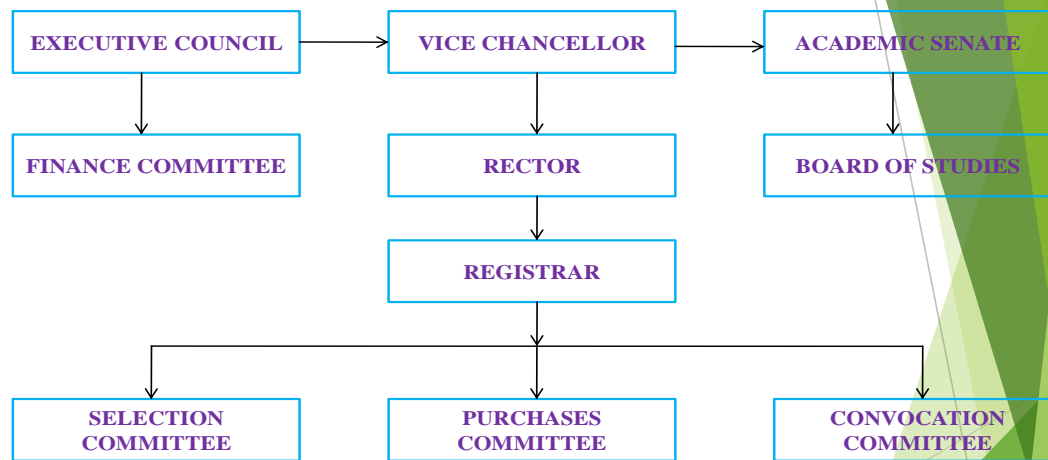


TAYLOR'S FUNCTIONAL ORGANISATION

RC = ROUTE CLERK SD = SHOP DISCIPLINARIAN GB = GANG BOSS INSP. = INSPECTOR
IC = INSTRUCTION CLERK TCC = TIME & COST CLERK RB = REPAIR BOSS

COMMITTEE ORGANIZATION :

A committee organization represents a group of people with various kinds of knowledge, which is formally constituted to solve specific problems of the organization. A committee helps to gather collective ideas and information, and properly analyze them which helps to make strong managerial decisions and solve difficult problems. During the course of the operation committee organizational structure, various problems may arise in the organization, to solve such problems, the management constitutes committees by gathering the members from the concerned fields. And, in accordance with the provided information and suggestions from the committee members, the management takes decisions and solves problems. This helps to minimize the workload of top-level management.



COMMITTEE ORGANISATION IN A UNIVERSITY

Advantages of Committee Organizational Structure

1. Quality of Decision

Quality of decision is one of the major advantages of committee organization. Here, members have knowledge from various fields, and experiences are gathered. Through gathering collective ideas and analyzing them they come to the right decision for solving the complex problems.

2. Setting Objectives, Plans, and Policies

Every organization is formed with definite objectives, to achieve them, and it is necessary to formulate plans and policies. Committee provides the framework for setting organizational objectives. It also provides suggestions and information for making plans and policies to achieve defined objectives.

3. Participative Management

Committee organization ensures the participation of competent members in management. Here, all the members have the right to put their ideas and views into the decision-making process. The democratic process is taken into consideration in the decision-making.

4. Reduce Bias and Conflicts

The committee facilitates the development of relations among members and their relation with the line management. They help in maintaining close communication and transformation of information among

authorities. Thus, there is less probability of bias or decision-making mistakes. In a similar way, the development of mutual relationships helps to resolve conflicts among members.

5. Dealing with Complex Problems

Committee organization facilitates dealing with complex and difficult types of problems. In some situations, during operation, many complex or critical problems may arise in an organization. It is more difficult to solve such problems by line authority and even by the top management. In such cases, committees are formed by pooling experts from the concerned field so that it becomes easy to resolve such problems in a systematic manner.

6. Commitment to Implement

A committee is formed to resolve complex and difficult problems. Members of the committee are experienced experts in their own fields. Besides, expert representatives from top-level management are also involved in committees. They come to a conclusion after a detailed discussion and evaluation of the impact of alternative decisions.

7. Pooling Authorities

In the process of investigation and research, some authority of the top management is also shared among the committee members. The committee members can perform their work independently by remaining within the defined area.

All the members have equal authority in the committee. Thus, executive levels come to a conclusion with the help and mutual consent of all the committee members.

Disadvantages of Committee Organizational Structure

1. Creating Conflict

Conflict is common in committees because of more heads. In some situations, committee organization creates confusion or conflicts in the decision-making process. Ideas or views of a member may be in conflict with the views of other members.

2. Delay in Decision

The committee members take more time to discuss the various factors of a problem. The valuable time the committee members spent on the discussion. The delay in the decision may result in an extra financial burden to the management.

3. Probability of Diversion

In some cases, committee discussion may be diverted to other subject matter. In such a situation, committee members can not come to a conclusion within the given time frame. They have to meet many times to come to a suitable outcome.

4. Tendency of Shifting

It is common to shift the tendency of decisions to committees. When the executives feel difficult to take a decision on important problems, they often shift it to the committee. This attitude of line authorities minimizes their initiative and creativity, which provides a negative impact on organizational performance.

5. Lack of Secrecy

Maintaining secrecy of internal matters is difficult in committee organization. All the members of the committee discuss the problems in detail and in the process they get knowledge about internal matters of the organization. Thus, there is more probability of leakage of internal plans and strategies of the organization.

6. Distribution of Responsibility

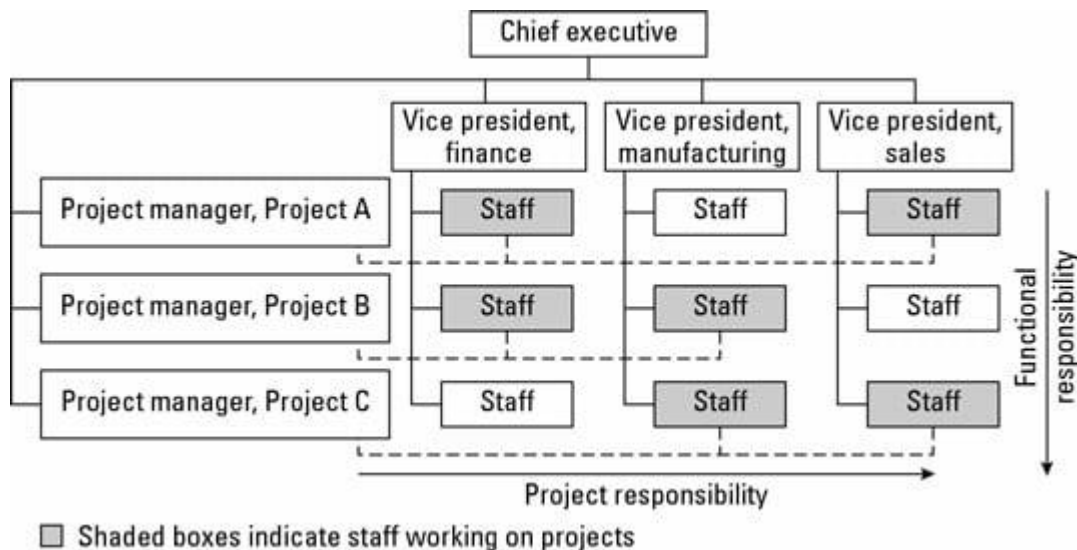
In committee organizations, most of the members are concerned about the decision-making process. In some situations, the committee may take the wrong decision and in such a case no members individually take responsibility for the wrong decision on behalf of all the members. Everyone wants to shift the responsibility to other members of the committee.

7. Splits Accountability

In a committee organization, nobody is held accountable for a decision made by a committee. A committee's decision is known as nobody's decision just because it is everybody's decision. Problems in the organization may arise when any mistake is made in the decision-making process. And, nobody wants to take full responsibility for the mistake on behalf of all members of the committee.

MATRIX ORGANISATION:

Matrix organisation is the latest form of organisation that is a combination of functional and project organisation. In such organisations there are two lines of authority, the functional part of the organisation and project management part of the organisation and they have vertical and horizontal flow of authority, respectively.



Advantages of Matrix Organisation

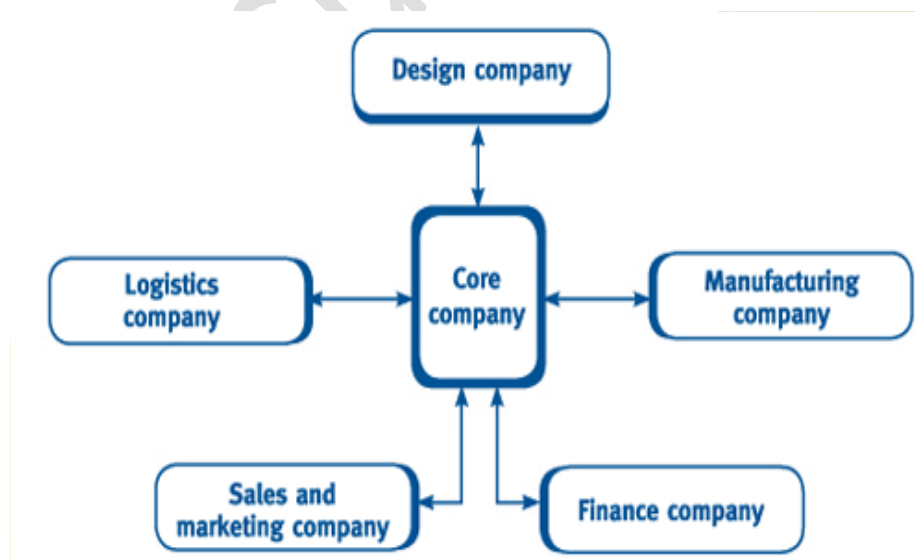
1. Since the matrix organisation is a combination of functional and project management teams, there is an improved coordination between the vertical and horizontal functions.
2. Employees are motivated as everyone will be working towards one project.

Disadvantages of Matrix Organisation

1. Due to the presence of vertical and horizontal communication, there will be increased cost and paperwork.
2. Having multiple supervisors for the workers leads to confusion and difficulty in control.

VIRTUAL ORGANISATION STRUCTURE :

A virtual organization is an alliance of separate individuals, business units or companies, all with different core competencies, working together to bring a project to market faster. These projects are usually initiated to serve a particular market opportunity.



CELLULAR ORGANIZATIONAL STRUCTURE :

Cellular organizational structure (also known as a **cellular organization, cellular system, nodal organization, nodal structure**, et cetera) is set up in such a way that it mimics how [natural systems](#) within [biology](#) work, with individual 'cells' or 'nodes' working somewhat independently to establish goals and tasks, administer those things, and [troubleshoot](#) difficulties." These cells exist in a broader network in which they frequently communicate with each other, exchanging information, in a more or less even organizational playing field. Numerous examples have existed both in [economic](#) terms as well as for groups working towards other pursuits.

TEAM ORGANISATIONAL STRUCTURE :

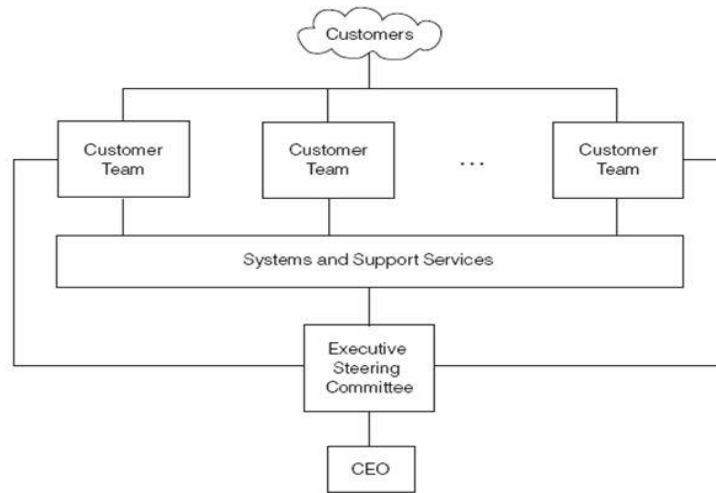
A team organizational structure is a structure in which different work teams are created to achieve common organizational goals. This structure emphasizes the creation of work teams instead of departments.

The [concept of team](#) structure breaks down departmental barriers and [decentralizes](#) the decision-making authority to the level of the work teams. The teams are created at the operating levels to improve productivity and enhance employee performance.

Team-based organizational structure is one of the modern [organizational structures](#) that has greater flexibility and effectively aligns with modern business settings. It is not like traditional structures which were less flexible and more permanent.

In this team structure, [the top manager](#) formulates plans, and team members decide how to accomplish them. They are given the necessary authority to make decisions at team levels. [This enables managers](#) to give more focus on other strategic activities however the manager should review or supervise the performance of different work teams.

Team-Based Organization Chart



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BOUNDARYLESS ORGANIZATION :

A **Boundaryless Organization** is a contemporary approach in [organizational design](#). In a boundaryless organization, the boundaries that divide [employees](#) such as hierarchy, job function, and geography as well as those that distance companies from [suppliers](#) and [customers](#) are broken down. A boundaryless organization seeks to remove vertical, horizontal, and external barriers so that employees, [managers](#), customers, and suppliers can work together, share ideas, and identify the best ideas for the [organization](#). Boundaryless organizations share many of the characteristics of flat organizations. Some believe that the boundaryless organization is the perfect [organizational structure](#) for the 21st century.^[1]

The concept was pioneered by well-known management thinker and former General Electric chairman Jack Welch, who wanted to break down existing barriers between different parts. While traditional organizational structures have defined vertical and horizontal borders and hierarchies, boundaryless organisations are defined specifically by a lack of structures and an approach to business that is based on the free flow of information and ideas to drive innovation, efficiency and growth in a world that's constantly changing. Adaptability and flexibility are important criteria of boundaryless organisations. Boundaryless organizations will often make use of the latest technology and tools to facilitate the breaking down of traditional borders, such as virtual collaboration and flexible working. With regard to employees, they may have more responsibility for their own projects and targets and be more able to achieve results in

a way that's appropriate for the project at hand. Because many boundaryless organizations are dispersed across geographic borders, employees may be from different cultures and countries but must work together. Because of this, boundaryless organizations require a strong set of core values and a strong vision.

INVERTED PYRAMID :

A **reverse hierarchy** (or **inverted pyramid**) is a conceptual [organizational structure](#) that attempts to "invert" or otherwise "reverse" the classical pyramid of [hierarchical organizations](#).

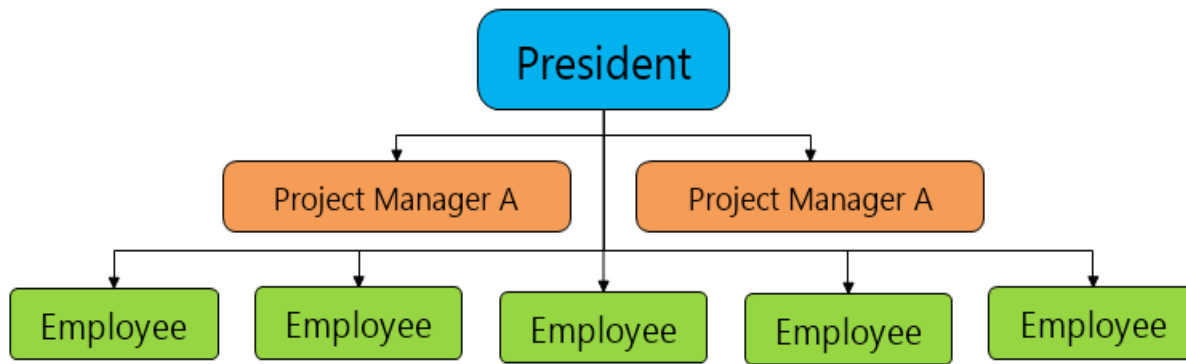
In the proposed structure, key decisions are made by the [employees](#) in direct contact with customers, while progressively senior management positions provide support and help to the customer-facing employees.

The term "invert the pyramid" is attributed to Jan Carlzon, who transformed SAS airlines by giving front line employees authority to make decisions on the spot.^[2] The creation of the reverse hierarchy has been attributed to the [Nordstrom](#) retail organization.^[1] Other notable adopters of this structure include the [United Parcel Service](#) and Canadian Imperial Bank of Commerce.



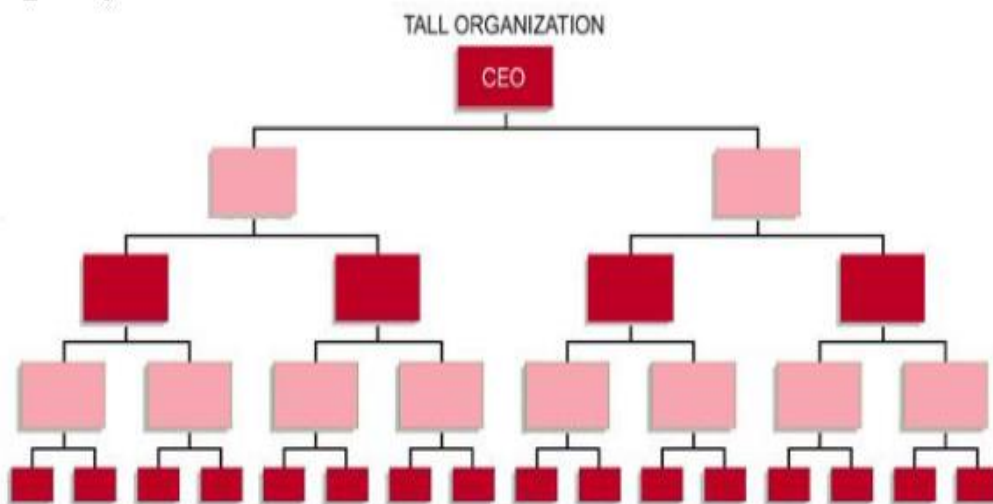
FLAT ORGANIZATIONS :

Which have relatively few or even one level of management. Flat is also known as wider span of control



TALL ORGANIZATIONS :

Tall organizations have many levels of management. Tall organization involves narrow span of management.



LEAN ORGANIZATIONAL STRUCTURE :

A **lean organizational structure** refers to a structure that creates maximum value for the customer while using fewer resources. An organization with such a structure encourages its employees to focus on value streams and find ways to eliminate waste than an organization with a traditional structure. An organization with a lean organizational structure also allows its employees flexibility, while a traditional structure makes its members focus more on their respective jobs. Hence a traditional structure has more job classifications compared to a lean structure. Accordingly, employees in a traditional structure do not interact more with people from other departments, as in the case of a lean organization.

Importance of Value Stream

All members in an organization with a lean structure focus on the **value stream** used to deliver goods and services to customers. Value stream refers to the series of activities required in designing, producing, and providing goods and services from a customer's perspective. It should be viewed as the value derived from a company's goods and services as seen by a customer. When employees in a lean organization focus on how they can put effort into impacting the value stream, they develop ways to improve processes and avoid waste.

ORGANIZATIONAL BEHAVIOR

MEANING & DEFINITION :

Organizational Behavior is concerned with the understanding, prediction and control of human behavior in organizations. It focuses on the individuals, the groups and the organization and also on their interaction relationships. It is the study and application of knowledge about how people act with organizations. It is a human tool for human benefit. It applies broadly to the behavior of people in all types of organizations. Wherever organizations are, there is a need to understand organizational behavior.

According to Fred Luthans, “Organizational behavior is directly concerned with the understanding, production and control of human behavior in organizations.”

Historical Background of Organizational Behavior (OB)

1. Pre-Industrial Revolution:

- Work was informal, craft-based, and small-scale.
- No formal organizational theories existed.

2. Industrial Revolution:

- Introduction of factories led to structured management.
- **Frederick Taylor** developed **Scientific Management**, focusing on efficiency but ignoring human needs.

3. Human Relations Movement (1920s-1930s):

- **Hawthorne Studies** by Elton Mayo highlighted the importance of social relationships and employee satisfaction.
- Mary Parker Follett emphasized collaboration and group dynamics.

4. Mid-20th Century:

- **Maslow's Hierarchy of Needs** explained motivation.
- **McGregor's Theory X and Y** explored employee assumptions.
- **Kurt Lewin** studied leadership and change management.

5. Late 20th Century:

- **Systems Theory** viewed organizations as open systems.
- **Contingency Theory** stressed situational management.
- Focus on behavioral economics, organizational learning, and planned change.

6. 21st Century:

- Focus on globalization, diversity, technology, employee well-being, ethics, and agility in organizations.

From task efficiency to understanding human behavior, OB evolved into a multidisciplinary field addressing both individual and organizational needs.

NATURE :

The nature/ characteristics of OB are as given below:

1. OB is a part of general management and not the whole of management. It represents behavioral approach to management.
2. OB contains a body of theory, research and application associated with a growing concern for people at the work place. It helps in understanding human behavior in work organizations.
3. OB is a human tool for human benefit. It helps in predicting the behavior of individuals.
4. OB is inter-disciplinary field of study. It tries to synthesize knowledge drawn from various behavioral and social sciences such as Psychology, Sociology, Anthropology, Political-science, Economics, etc. In fact, OB is an applied behavioral sciences.
5. OB involves three levels of analysis of behavior-individual behavior, group behavior and behavior of the organization itself.
6. OB is an action-oriented and goal-directed discipline. It provides a rational thinking about people and their behavior
7. OB is both a science and an art. The systematic knowledge about human behavior is a science. The application of behavioral knowledge and skills clearly leans towards being an art.
8. OB seeks to fulfil both employees' needs and organizational objectives.

SCOPE OF OB

“OB is a field of study that investigates the impact, that individuals, groups, and structure have on behavior within organizations, for the purpose of applying such knowledge towards improving an organization's effectiveness”.

The scope of OB involves three levels of behavior in organizations: individuals, groups and structure.

1. Individual Behavior

- (i) Personality
- (ii) Perception
- (iii) Values and Attitudes
- (iv) Learning

(v) Motivation

2. Group Behavior

(i) Work groups and group dynamics

(ii) Dynamics of conflict

(iii) Communication

(iv) Leadership

(v) Morale

3. Organization: Structure, Process and Application

(i) Organizational Climate

(ii) Organizational Culture

(iii) Organizational Change

(iv) Organizational Effectiveness

(v) Organizational Development

IMPORTANCE OF ORGANIZATION BEHAVIOR/ WHY TO STUDY OB :

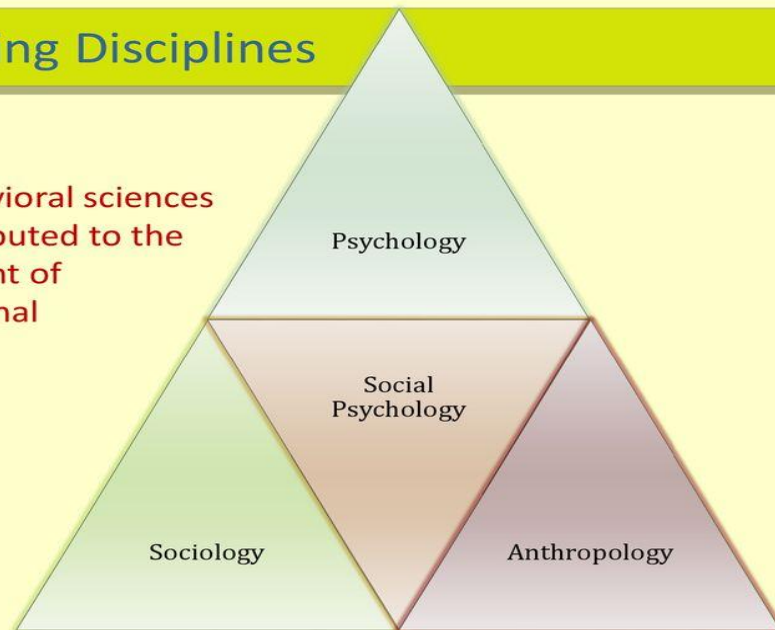
1. It builds better relationship by achieving, people, organizational, and social objectives.
2. It covers a wide array of human resource like Behavior, training and development, change management, leadership, teams etc.
3. It brings coordination which is the essence of management.
4. It improves goodwill of the organization.
5. It helps to achieve objectives quickly.
6. It makes optimum utilization of resources.
7. It facilitates motivation.
8. It leads to higher efficiency.
9. It improves relations in the organization.
10. It is multidisciplinary in the sense that applies different techniques, methods, and theories to evaluate the performances.

LINKAGE WITH OTHER FIELDS

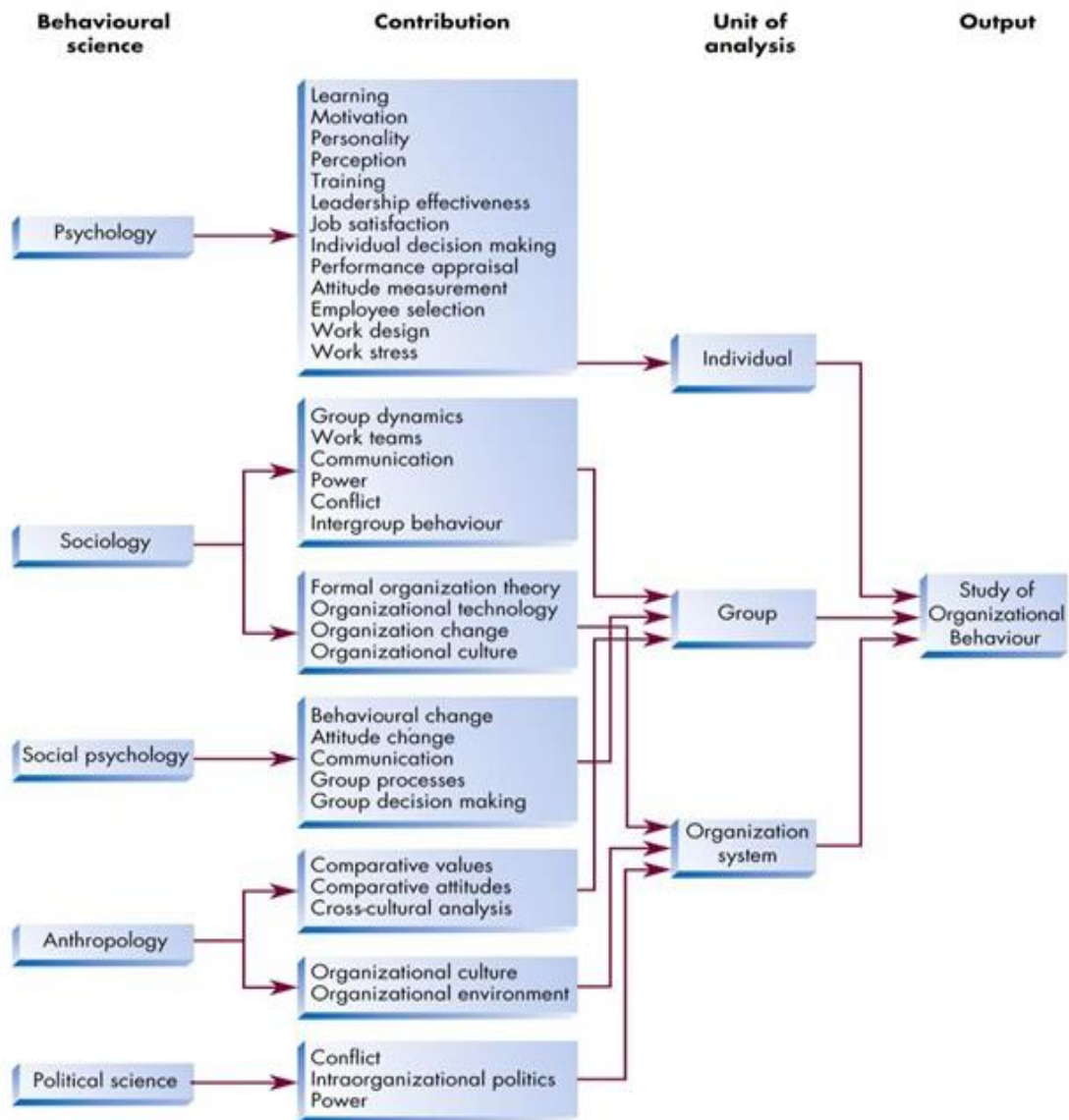
Organizational behavior is a multidisciplinary subject because it has borrowed concepts and theories from other fields like Psychology, Sociology, Political science, Anthropology, Economics, Technology, Environmental science, and science. Organizational behavior is basically an applied behavioral science.

Contributing Disciplines

Many behavioral sciences
have contributed to the
development of
Organizational
Behavior



Kusuma Kumari





Psychology:

The term 'psychology' originates from the Greek language 'Psyche' meaning 'soul' or 'heart' and Organizational behavior is a scientific field that explores human behavior mainly concerned with the psychology of the individuals. Industrial psychology can be defined as “**Industrial Psychology** is a scientific study of employees, workplaces, organizations and Organizational behavior. Industrial psychology is also known as work psychology. Organizational psychology helps in improving the workplaces, satisfaction and motivation levels of the employees, and helping the overall productivity of the organization.”

Sociology:

According to Dictionary of the social sciences, sociology is “the study of society, patterns of social relationships, social interaction, and culture that surrounds everyday life.” From the definition it is very much clear that sociology also has a major impact on the study of Organizational behavior. Max Weber defines sociology as, “a science which attempts the interpretive understanding of social action in order thereby to arrive at a causal explanation of its course and effects.”

Anthropology:

It is “the [science](#) of humanity, which studies human beings in aspects ranging from the [biology](#) and evolutionary [history](#) of *Homo sapiens* to the features of society and [culture](#) that decisively distinguish humans from other animal species.”

Therefore, Anthropology deals with the relationships between people and their environment and anthropology contributes to understanding the cultural impact on Organizational behaviour, the impact of value structures, expectations, emotions, unity and interaction.

Also, **University of Florida** defines, “Anthropology is the study of humankind. Of all the disciplines that examine aspects of human existence and accomplishments, only Anthropology explores the entire panorama of the human experience from human origins to contemporary forms of culture and social life.” Eric Wolf said, “‘Anthropology’ is less a subject matter than a bond between subject matters. It is part history, part literature; in part natural science, part social science; it strives to study men both from within and without; it represents both a manner of looking at men and vision of men – the most scientific of the humanities, the most humanist of sciences.”

Political Science

Political science has some fascinating implications in researching Organizational behavior as it helps in understanding how and why people gain control, political actions, decision-making, conflict, interest group activity and creation of coalitions. And the same is also true of major areas of Organizational behaviour.

It has been stated many times that political parties and government are actively active in many of the activities of the ORGANIZATION.

Economics

Lionel Robbins stated the term economics as, “the science which studies human behavior as a relationship between ends and scarce means which have alternative uses”. Economics tackles the problem of scarce resources and limitless uses or restricted resources and infinite desires. In addition to this, it studies the growth, distribution, and consumption of goods and services. And studying different economic subfields helps to illustrate the Organizational actions in a very useful way, such as understanding the dynamics of the labor market, efficiency, human resource planning and forecasting, and cost benefit analysis.

Science:

Scientific approaches are the foundation of organization's actions. Organizational behavior is based on

the systematized analysis of data, actions, their relationships and predictions. New research methods help to learn modern analytical tools and techniques and to apply them.

Technology:

Technological progress often impacts employee behaviour. Because we live in an era of information technology in which technology plays a very important role, to understand the Organizational actions, the study of technological development becomes important because people are affected by technological growth. Technology influences consumer behaviour, manufacturing practices, and storage and distribution activities. To match the pace people need to be educated and/or technically qualified about technological development.

Engineering:

Engineering too plays significant role in the study of Organizational behavior. Certain topics are very common in both engineering as well as Organizational behavior.

Medicine:

Medicine has a link to researching human behavior in the workplace, as stress has become a very common issue in organizations as well as in people employed in organizations. To control the causes and consequences of stress, since it is important for the well-being of both the individual and the organizations. Medicine helps with treating emotional disorders as well as emotional related problems. Finally, it can be inferred that the Organizational conduct is given a multidisciplinary focus.

APPROACHES TO ORGANISATIONAL BEHAVIOUR

1. Contemporary Approach

- **Definition:** Modern approaches to OB that integrate insights from psychology, sociology, economics, and technology.
- **Key Features:**
 - Focus on **flexibility, innovation, and collaboration** in dynamic environments.
 - Emphasizes employee **engagement, well-being, and diversity management**.
 - Explores the impact of **globalization and technological advancements**, such as artificial intelligence and remote work.
- **Example:** Agile frameworks used in organizations to adapt quickly to changes.

2. Human Resource Approach

- **Definition:** Treats employees as valuable assets and focuses on their development and satisfaction.
- **Key Features:**
 - Importance of **employee motivation, training, and career development**.
 - Encourages **participative management**, where employees are involved in decision-making.
 - Promotes **work-life balance** and addresses individual needs.
- **Example:** Implementation of performance-based incentives and mentorship programs.

3. Contingency Approach

- **Definition:** Suggests that there is no single best way to manage an organization; the best approach depends on situational factors.
- **Key Features:**
 - Emphasizes **adaptability** to environmental conditions, organizational size, and task complexity.
 - Managers must analyze the situation and apply appropriate leadership styles or strategies.
 - Rejects "one-size-fits-all" theories.
- **Example:** A company uses a democratic leadership style for creative projects and autocratic leadership for crises.

4. Systems Approach

- **Definition:** Views the organization as an interrelated system where different components work together to achieve goals.
- **Key Features:**
 - Focuses on the interaction between various subsystems (e.g., HR, production, marketing).
 - Stresses the importance of external factors (e.g., market trends, regulations) on organizational behavior.
 - Highlights the need for **feedback loops** to maintain balance and improve processes.
- **Example:** A supply chain system that integrates procurement, production, and distribution to optimize efficiency.

5. Productivity Approach

- **Definition:** Concentrates on improving organizational output through optimal use of resources.
- **Key Features:**

- Measures performance in terms of **efficiency** (cost and time savings) and **effectiveness** (achieving goals).
- Encourages processes like **quality control**, **lean management**, and **employee empowerment**.
- Balances **financial goals** with employee satisfaction.
- **Example:** Implementing Six Sigma to enhance product quality and minimize waste.

These approaches together provide a holistic understanding of how organizations can manage behavior to adapt, grow, and achieve their objectives effectively.

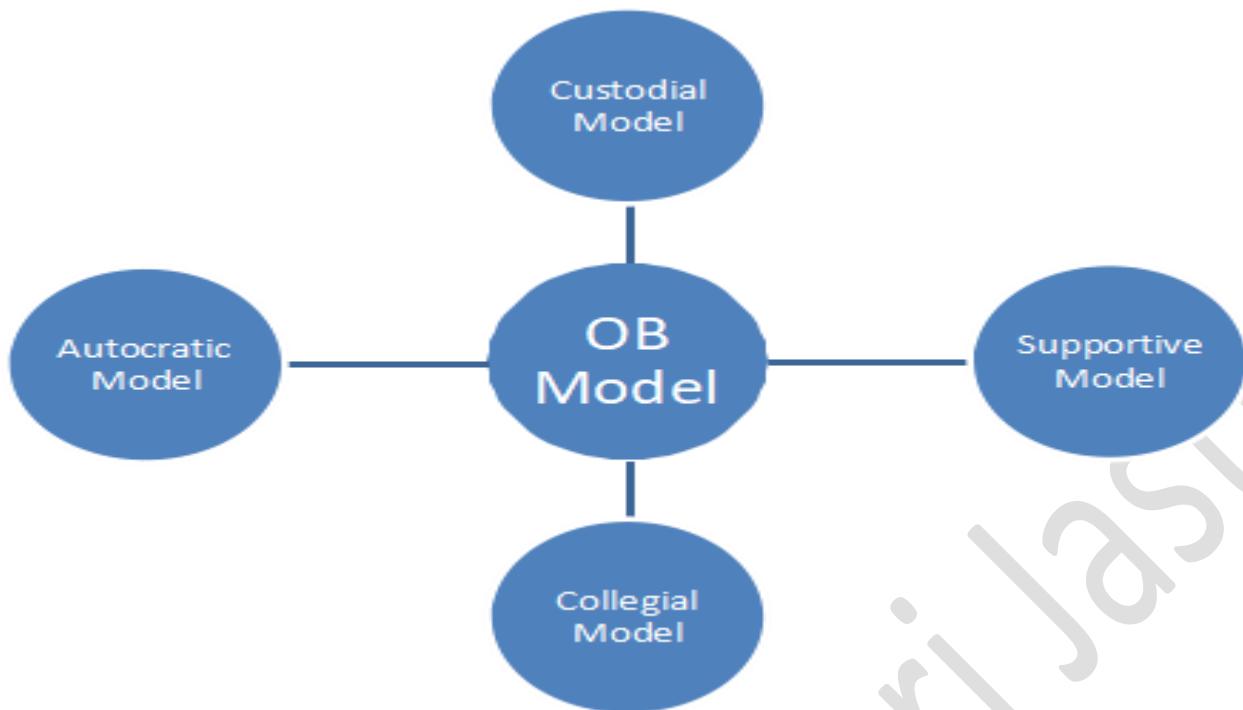
MODELS OF ORGANISATIONAL BEHAVIOUR

Every organization develops a particular type of culture or value system or a model according to which people of an organization are supposed to behave. And the system is developed by taking into account the assumptions of the management regarding people, mission and management vision. The assumptions on which an organization's culture is based vary greatly from one organization to another, and so do the ORGANIZATIONAL BEHAVIOUR MODELS.

In the starting of civilized human society, there were two forms of strategies for the people in action, one says "trust anyone unless there is proof to the contrary" and an additional says "trust no one unless there is evidence to the contrary." Obviously, in such organizations the interactions between people take place differently according to these two approaches.

"McGregor" specified "theories X and Y and each theory makes assumptions which are quite contrary to each other"; Argyris specified "the concept of immaturity and maturity of people which also provides two opposite views about the people". Ergo, Models of Organizational behavior built on the basis of different decisions or assumptions represent great variations. O B models that are in practice, however, show some sort of continuum between these two opposite poles, although they tend to lean towards a specific pole. "Davis" has described four OB models which are as follows:

- 1. Autocratic**
- 2. Custodial**
- 3. Supportive**
- 4. Collegial.**



Autocratic Model

In the autocratic model there is managerial orientation toward power. Managers see power as the only way to get the job done, and employees are forced to obey orders which lead to high boss dependence. The Organizational mechanism is largely formalized; power is delegated by the right of command to the individuals to whom it refers. The model is largely based on the “Theory of X assumptions of Mc Gregor where the human beings are taken inherently distasteful to work and try to avoid responsibility”. In this model employees are closely and strictly supervised in order to attain desired performance. Employees are supposed to obey the order of the managers and there is no place for employee's suggestion in this model which sometimes results in minimal performance.

Custodial Model

Under this model, the key goal relating to management is to use money or resources to support workers. Employee works towards security attainment and in return organization uses the organization's economic resources to benefit the organization's employees which lead to high employee dependence on organization.

Employee Organizational reliance reduces personal dependence on boss. Employees in this model feel satisfied when working and their performance level is a little higher than the autocratic Organizational model but overall performance is not that good.

This model is similar to the more satisfying and dissatisfying Herzberg theory.

Employees get sufficient respect and Organizational protection according to this model, they feel satisfied but they are not given any kind of authority to determine what benefits or incentives they will

receive. This model is quite common in many Indian business Organizations.

Supportive Model

In this supportive model managers are very supportive towards employees. Here Managerial leadership is the key criterion of Organizational behavior, rather than using money or influence or authority. The main goal is to assist employees in achieving results with the aid of employee involvement and participation in managerial decision making process.

The model is based on "Likert's supporting partnership values, which is the fundamental component of his program 4(participatory)." "Likert" notes that full manager-employee interactions will occur. The job of the manager is to support and inspire the subordinates to carry out their mission, rather than closely supervise them. In this model, employee output is much higher than the autocratic and custodial model, because employees have a sense of belonging due to managers' positive attitude towards them.

Collegial Model

This model is an extension of the positive model. Within this model all employees work for a common target. Collegial meaning implies a community of shared-intentioned individuals. Therefore, the collegial model, suggests the concept of a partnership in which a high degree of understanding is established between the two in order to accomplish common objectives. This model requires less guidance and control from the side of management. And the organization's environment is so favorable that Regulation is essentially carried out by team members by self-discipline. Collegial model is more useful where there is flexibility in behaviour, an intellectual environment and considerable freedom of employment.

FOUR MODELS OF ORGANIZATIONAL BEHAVIOR

	<u>AUTOCRATIC</u>	<u>CUSTODIAL</u>	<u>SUPPORTIVE</u>	<u>COLLEGIAL</u>
Basis of Model	Power	Economic resources	Leadership	Partnership
Managerial Orientation	Authority	Money	Support	Teamwork
Employee Orientation	Obedience	Security and benefits	Job performance	Responsible behavior
Employee Psychological Result	Dependence on boss	Dependence on organization	Participation	Self-discipline
Employee needs met	Subsistence	Security	Status and recognition	Self-actualization
Performance Results	Minimum	Passive co-operation	Awakened drives	Moderate enthusiasm

These OB models are based on the individual characteristics and how they could perform better. One model cannot be adapted in all situations and at all stages and managers cannot assume that a particular model is best suited for all purposes and all situations.

UNIT-IV

PERCEPTION, PERSONALITY, ORGANISATION CLIMATE & CULTURE

PERCEPTION:

Perception is the process through which individuals interpret sensory information to understand their environment.

Factors Influencing Perception can be categorized into

- 1. The Situation**
- 2. The Target**
- 3. The Perceiver.**

1. The Situation

The context or environment in which perception occurs has a significant impact. Situational factors include **time, work setting, and social setting.**

a) Time

- Time influences perception by creating urgency or relaxation.
- For example, deadlines might make a person perceive events more critically than during periods without time constraints.
- Morning perceptions may differ from evening ones due to varying energy levels or moods.

b) Work Setting

- The physical and organizational work environment affects perception.
- A noisy, cluttered workplace might hinder clear perception, while a well-organized setting facilitates better interpretation.
- Organizational hierarchy, policies, and culture also shape how people perceive their roles and relationships.

c) Social Setting

- The social context, including interactions with others, affects how we interpret behavior or events.
- For example, an individual's behavior at a casual social gathering may be perceived differently than the same behavior in a formal meeting.

2. The Target

The object or person being perceived (the target) significantly influences perception. Characteristics of the target include:

a) Size

- Larger or more prominent objects or individuals are more noticeable and tend to be perceived more distinctly.
- For example, a large billboard grabs more attention than a small poster.

b) Intensity

- Stimuli with greater intensity (brighter colors, louder sounds, stronger smells) are more likely to catch attention.
- Example: A loudspeaker announcement stands out in a quiet room.

c) Background

- The setting or backdrop in which the target exists affects perception.
- For instance, a bright object in a dark room is easily noticeable, while it may blend in with a similarly lit background.

d) Novelty

- New or unusual objects or behaviors are more likely to attract attention.
- Example: A unique dress at a formal event is more noticeable than standard formal wear.

e) Proximity

- Objects or people closer to the perceiver are noticed and interpreted more readily.
- Example: In a crowded room, individuals near the perceiver are more likely to be observed.

f) Motion

- Moving objects are more likely to attract attention than stationary ones.
- Example: A moving car in a parking lot is noticed faster than parked cars.

3. The Perceiver

The individual interpreting the sensory inputs also influences perception, as it depends on personal characteristics such as attitudes, motives, interests, experience, and expectations.

a) Attitudes

- A person's attitudes shape how they view situations or people.
- For example, someone with a positive attitude toward teamwork may perceive group discussions more favorably.

b) Motives

- Motivations or desires influence perception by directing focus toward relevant stimuli.

- Example: A job seeker may be more attentive to job-related advertisements than others.

c) Interests

- Personal interests guide attention and perception.
- Example: A sports enthusiast is more likely to notice news about games or players than someone uninterested in sports.

d) Experience

- Past experiences shape how people interpret current events or behaviors.
- Example: Someone who has experienced workplace conflict may perceive minor disagreements as significant.

e) Expectations

- Preconceived ideas or stereotypes influence perception by shaping how we interpret stimuli.
- Example: If a manager expects an employee to perform poorly, they may perceive their work less favorably regardless of actual performance.

Perception is influenced by a dynamic interaction between **situational factors**, the **characteristics of the target**, and the **personal characteristics of the perceiver**. Understanding these factors can improve interpersonal communication, reduce misunderstandings, and enhance decision-making in personal and professional settings

PERCEPTUAL SELECTIVITY

Perceptual selectivity refers to the process by which individuals filter and focus on specific stimuli from their environment while ignoring others.

Factors influencing Perceptual Selectivity

The process of Perceptual Selectivity is influenced by **external attention factors** and **internal set factors** as described below:

1. External Attention Factors

These are characteristics of the stimuli themselves that make certain stimuli stand out and capture attention.

a) Intensity:

- Stimuli with higher intensity (e.g., loud sounds, bright lights) are more likely to draw attention than those with low intensity.

b) Size:

- Larger objects or stimuli tend to attract more attention compared to smaller ones.

c) Contrast:

- A stimulus that stands out against its background, such as a bright color on a dull background, is more noticeable.

d) Repetition:

- Repeated exposure to a stimulus can increase its likelihood of being noticed, as it reinforces its presence in the environment.

e) Motion:

- Moving stimuli are more likely to be noticed compared to static ones, as the human perceptual system is particularly sensitive to movement.

f) Novelty:

- New or unusual stimuli capture attention more easily because they deviate from what is expected.

g) Familiarity:

- Stimuli that are familiar to the observer can also draw attention due to recognition and relevance.

2. Internal Set Factors

These are intrinsic to the individual and affect how they perceive and respond to stimuli.

a) Learning:

- Past experiences and acquired knowledge influence what people pay attention to. For example, expertise in a specific field can make related stimuli more noticeable.

b) Expectations:

- Preconceived ideas or anticipation of certain stimuli can direct attention toward expected features while ignoring the unexpected.

c) Motivation:

- Personal interests, needs, or goals influence perceptual selectivity. For example, a thirsty person is more likely to notice water-related cues.

d) Personality:

- An individual's traits, such as introversion or extroversion, can affect how they engage with their environment. Extroverts may notice social cues more, while introverts might focus on abstract or solitary stimuli.

By understanding these factors, we can better comprehend how attention and perception work and how to design environments or messages to align with perceptual tendencies.

PERCEPTUAL ORGANISATION

Perceptual organization refers to the way information is received by our senses and interpreted to make it meaningful. A lot of what we know about perceptual organization comes from Gestalt psychology. Gestalt psychologists believe that the human brain perceives a stimulus as a whole and not as the sum of its parts.

Although research shows perceptual organization applies to all the senses, it has been most studied for visual perception. Visual perception is a process of grouping the elements of an object together to determine the meaning of the object as a whole.

Perceptual organization theory is based on Six rules or principles.

Six Gestalt Principles or Laws are:

- Law of similarity
- Law of prägnanz
- Law of proximity
- Law of continuity
- Law of closure
- Law of common region

1. Law of Similarity

The law of similarity states that similar things tend to appear grouped together. Grouping can occur in both visual and auditory stimuli.

2. Law of Prägnanz

The law of prägnanz is sometimes referred to as the law of good figure or the law of simplicity. This law holds that when you're presented with a set of ambiguous or complex objects, your brain will make them appear as simple as possible.³ For example, when presented with the Olympic logo, you see overlapping circles rather than an assortment of curved, connected lines.

The word *prägnanz* is a German term meaning "good figure."

3. Law of Proximity

According to the law of proximity, things that are close together seem more related than things that are spaced farther apart.⁴

In the image at the top of the page, the dots on the left appear to be part of one grouping while those on the right appear to be part of another. Because the objects are close to each other, we group them together.

4. Law of Continuity

The law of continuity holds that points that are connected by straight or curving lines are seen in a way that follows the smoothest path. In other words, elements in a line or curve seem more related to one another than those positioned randomly.

5. Law of Closure

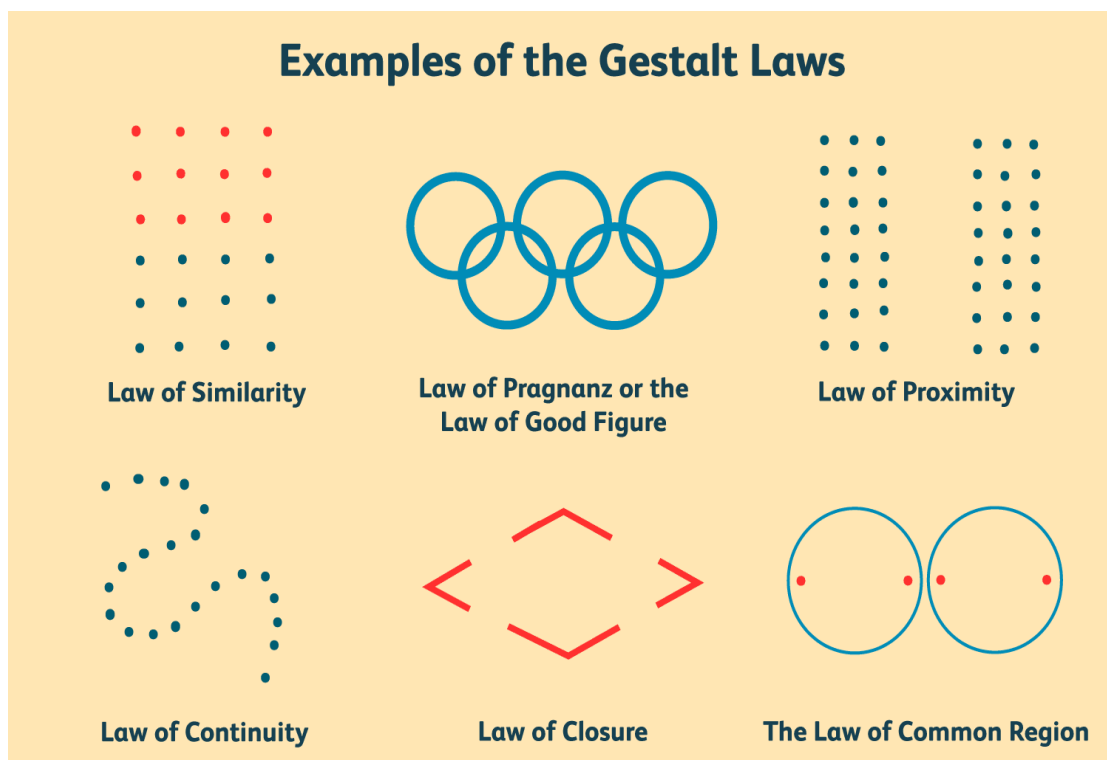
According to the law of closure, we perceive elements as belonging to the same group if they seem to complete some entity.¹ Our brains often ignore contradictory information and fill in gaps in information. In the image at the top of the page, you probably see the shape of a diamond because your brain fills in the missing gaps in order to create a meaningful image.

6. Law of Common Region

The Gestalt law of common region says that when elements are located in the same closed region, we perceive them as belonging to the same group.¹

Look at the last image at the top of the page. The circles are right next to each other so that the dot at the end of one circle is actually closer to the dot at the end of the neighboring circle. But despite how close those two dots are, we see the dots *inside* the circles as belonging together.

Creating a clearly defined boundary can overpower other Gestalt laws such as the law of proximity.



PERSONALITY

Definitions:

Gordon Allport: "Personality is the dynamic organization within the individual of those psychophysical systems that determine their unique adjustments to their environment."

Raymond Cattell: "Personality is that which permits a prediction of what a person will do in a given situation."

Personality Determinants :

Personality is shaped by a complex interplay of various factors. Here's a detailed breakdown of the primary determinants:

1. Biological Factors

Biological factors lay the foundation for personality. They include genetic, neurological, and physical influences:

- **Heredity:**
 - Genes inherited from parents influence temperament and certain personality traits like extroversion, agreeableness, and emotional stability.
 - Twin studies have demonstrated the significant role of genetics in personality.
- **Physical Features:**
 - Appearance, body structure, and physical disabilities can affect personality. For example, a tall person may exude confidence due to societal perceptions, while physical disabilities might foster resilience or insecurity depending on the environment.
- **Brain Structure and Chemistry:**
 - Neurotransmitters and hormones (like dopamine and serotonin) regulate mood, behavior, and stress responses.
 - Differences in brain regions like the amygdala (emotion regulation) and prefrontal cortex (decision-making) shape how individuals respond to situations.
- **Endocrine System:**
 - Hormonal imbalances can influence mood and behavior (e.g., high cortisol levels are linked to stress and anxiety).

2. Cultural Factors

Culture is a powerful determinant, influencing values, norms, and behavior:

- **Shared Beliefs and Practices:**
 - Culture dictates what behaviors are acceptable and rewarded, influencing how individuals express themselves. For example, collectivist cultures value harmony, while individualistic cultures promote self-expression.

- **Socialization:**
 - Through rituals, education, and interactions, individuals internalize cultural norms that shape their attitudes, beliefs, and goals.
- **Ethnicity and Traditions:**
 - Ethnic backgrounds influence personality by instilling specific traditions, languages, and values.
- **Impact of Globalization:**
 - As cultures blend due to globalization, individuals may adopt hybrid identities, reflecting a mix of traditional and modern influences.

3. Family Factors

The family environment plays a crucial role in the early formation of personality:

- **Parenting Style:**
 - Authoritative parenting fosters confidence and independence, while authoritarian or neglectful parenting can lead to fearfulness or insecurity.
- **Birth Order:**
 - Firstborns often develop leadership qualities, while younger siblings may be more sociable or rebellious due to differential parental expectations.
- **Family Environment:**
 - Warm, supportive environments encourage trust and optimism, whereas dysfunctional families may lead to anxiety, aggression, or low self-esteem.
- **Socioeconomic Status (SES):**
 - Wealthier families may foster ambition and confidence, while those with financial struggles might instill resilience or stress-related traits.

4. Social Factors

Interactions with society and peer groups significantly shape personality:

- **Socialization Process:**
 - Schools, workplaces, and social groups teach norms, values, and roles that individuals adopt into their personalities.
- **Peer Influence:**
 - Peer groups impact personality, especially during adolescence, where conformity or rebellion can shape traits like openness or introversion.
- **Community and Social Institutions:**

- Religious organizations, clubs, and community activities provide frameworks for moral and social behavior.
- **Technology and Media:**
 - Social media and entertainment influence self-image, aspirations, and values, shaping personality in subtle ways.

5. Situational Factors

Situations and environments bring out different facets of an individual's personality:

- **Role Expectations:**
 - People adapt their behavior based on the roles they play (e.g., professional, friend, parent), reflecting situational aspects of personality.
- **Environmental Context:**
 - Stressful situations may lead to anxiety or resilience, while supportive environments encourage confidence and innovation.
- **Life Events:**
 - Significant events like marriage, job loss, or trauma can cause shifts in personality. For example, adversity may foster greater empathy or bitterness depending on the individual.
- **Temporal Influence:**
 - Personality may change over time due to changing circumstances or age-related maturity.

Interplay of Factors

While each determinant significantly influences personality, they rarely act in isolation. The combined effect of biological predispositions, cultural expectations, family upbringing, social influences, and situational dynamics creates the unique personality of an individual.

BIG FIVE PERSONALITY MODEL (FIVE-FACTOR MODEL)

The Big Five Personality Model is a widely accepted framework that categorizes human personality into five broad dimensions. These traits are considered universal and capture the essence of individual differences in personality. The model is often remembered using the acronym **OCEAN** (Openness, Conscientiousness, Extraversion, Agreeableness, Neuroticism).

1. Openness to Experience

- **Definition:** Reflects the degree of intellectual curiosity, creativity, and preference for novelty and variety.
- **Characteristics:**
 - **High Openness:** Imaginative, adventurous, open to new ideas, and curious about the world.
 - **Low Openness:** Practical, routine-oriented, and resistant to change.
- **Examples:**
 - High: Enjoys exploring new cultures and trying innovative solutions.
 - Low: Prefers tradition and familiarity, avoiding unconventional experiences.

2. Conscientiousness

- **Definition:** Describes a person's level of organization, dependability, and discipline.
- **Characteristics:**
 - **High Conscientiousness:** Organized, goal-oriented, detail-focused, and reliable.
 - **Low Conscientiousness:** Impulsive, disorganized, and less focused on long-term goals.
- **Examples:**
 - High: Completes tasks ahead of deadlines, keeps environments tidy.
 - Low: Frequently procrastinates and struggles with follow-through.

3. Extraversion

- **Definition:** Indicates how outgoing, energetic, and social a person is.
- **Characteristics:**
 - **High Extraversion:** Sociable, talkative, assertive, and enjoys group activities.
 - **Low Extraversion (Introversion):** Reserved, quiet, prefers solitary activities, and requires less social stimulation.
- **Examples:**
 - High: Thrives in team-based work or public speaking settings.
 - Low: Prefers working independently or in quiet environments.

4. Agreeableness

- **Definition:** Reflects interpersonal orientation—how cooperative, compassionate, and trusting a person is.
- **Characteristics:**
 - **High Agreeableness:** Empathetic, helpful, kind, and cooperative.
 - **Low Agreeableness:** Competitive, critical, skeptical, and sometimes manipulative.
- **Examples:**
 - High: Easily resolves conflicts and builds harmonious relationships.
 - Low: More likely to challenge others and focus on self-interest.

5. Neuroticism

- **Definition:** Measures emotional stability and tendency toward negative emotions.
- **Characteristics:**
 - **High Neuroticism:** Prone to anxiety, mood swings, irritability, and stress.
 - **Low Neuroticism (Emotional Stability):** Calm, resilient, secure, and less prone to emotional fluctuations.
- **Examples:**
 - High: Easily upset by criticism or unforeseen challenges.
 - Low: Handles stress well and remains composed under pressure.

Applications of the Big Five Model

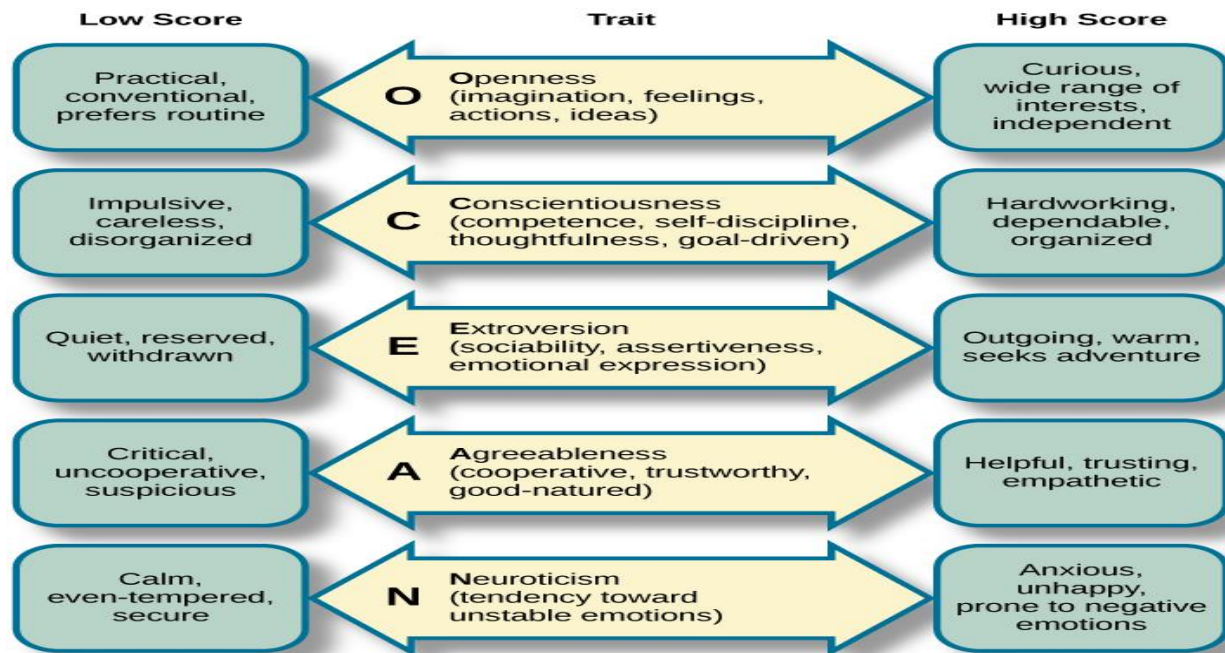
1. **Workplace:** Used in hiring, team-building, and leadership assessments to match personality traits with job roles.
2. **Psychology:** Aids in understanding individual differences and tailoring therapeutic approaches.
3. **Personal Development:** Helps individuals identify strengths and areas for improvement.
4. **Research:** Provides a robust framework for studying personality across cultures and contexts.

The Big Five traits are not rigid categories but exist on a spectrum, meaning individuals can exhibit varying degrees of each trait depending on the situation.



Big Five Personality Traits

Trait	Description
Openness	Being curious, original, intellectual, creative, and open to new ideas.
Conscientiousness	Being organized, systematic, punctual, achievement-oriented, and dependable.
Extraversion	Being outgoing, talkative, sociable, and enjoying social situations.
Agreeableness	Being affable, tolerant, sensitive, trusting, kind, and warm.
Neuroticism	Being anxious, irritable, temperamental, and moody.



USES OF PSYCHOMETRIC TESTS

Psychometric tests are tools designed to measure individuals' mental capabilities, personality traits, attitudes, and other psychological characteristics. They are widely used across various domains for different purposes. In organizations, psychometric tests are used as powerful tools to assess and understand

employees' abilities, personalities, and behaviors. It helps in unbiased evaluation of multiple parameters, such as logical reasoning, industry-specific aptitude, role-specific qualities, personality type and more.

Key uses of Psychometric Tests :

1. Recruitment and Selection

- **Assessing Job Fit:** Psychometric tests help identify candidates with the right cognitive abilities, attitudes, and personality traits suited to specific job roles.
- **Reducing Hiring Bias:** By providing objective and standardized assessments, these tests minimize the influence of subjective judgments in hiring decisions.
- **Evaluating Soft Skills:** Tests can assess crucial soft skills such as problem-solving, communication, teamwork, and adaptability.

2. Training and Development

- **Identifying Training Needs:** Psychometric assessments help pinpoint employees' strengths and weaknesses, aiding in the creation of targeted training programs.
- **Career Development and Planning:** These tests provide insights into employees' interests and aptitudes, helping in mapping out their career progression within the organization.

3. Performance Management

- **Appraising Employee Performance:** Psychometric tests provide deeper insights into an employee's motivation, competencies, and emotional intelligence, supporting more accurate performance evaluations.
- **Promotion and Succession Planning:** They help in identifying high-potential employees and assessing their readiness for higher responsibilities and leadership roles.

4. Leadership Development

- **Assessing Leadership Potential:** Psychometric assessments evaluate key leadership traits such as decision-making skills, emotional intelligence, and conflict resolution abilities.
- **Customized Development Programs:** These tests help design personalized development plans for current and future leaders based on their strengths and areas for improvement.

5. Team Building and Conflict Resolution

- **Improving Team Dynamics:** Understanding employees' personalities and work styles aids in building balanced and high-performing teams.
- **Managing Conflicts:** By identifying the root causes of conflicts and providing insights into individual behavior, psychometric tests facilitate effective conflict resolution strategies.

6. Employee Retention and Engagement

- **Job Satisfaction and Cultural Fit:** Assessments can be used to understand employees' values, motivations, and work preferences, ensuring alignment with organizational culture.
- **Boosting Employee Engagement:** They help identify factors that drive motivation and engagement, enabling organizations to implement strategies to improve overall job satisfaction.

7. Talent Management and Workforce Planning

- **Strategic Talent Placement:** Organizations can use psychometric tests to strategically place employees in roles that match their skills and capabilities.
- **Future Workforce Planning:** Psychometric data can help in predicting future trends, planning workforce requirements, and developing talent for critical roles.

8. Employee Well-being and Mental Health

- **Understanding Employee Stress Levels:** Psychometric assessments provide insights into employees' stress tolerance, coping mechanisms, and emotional resilience, helping organizations design effective well-being programs.
- **Improving Emotional Intelligence:** By enhancing self-awareness and empathy, these tests promote better interpersonal relationships and a more supportive work environment.

9. Change Management

- **Evaluating Adaptability:** During organizational changes, psychometric tests assess employees' readiness and adaptability, helping in planning change management strategies.
- **Supporting Transitions:** Understanding employees' attitudes towards change helps in designing communication and support mechanisms during transitions.

10. Personal and Professional Development

- **Self-Reflection and Growth:** Individuals can use psychometric assessments to understand their strengths, weaknesses, and growth areas, enhancing both personal and professional development.
- **Enhancing Emotional Intelligence:** These tests help individuals recognize their emotional responses and improve emotional regulation, positively impacting work relationships.

11. Research and Academia

- **Studying Human Behavior:** Researchers use psychometric tests to study psychological traits, behaviors, and their impact on performance, mental health, and social interactions.
- **Developing Theories and Models:** They are used to test and validate theories in psychology, organizational behavior, and human resource management.

Psychometric tests help organizations align their human resource practices with business goals, improve employee productivity and engagement, and build a more cohesive and dynamic work culture.

ORGANIZATIONAL CULTURE

Definition :

Organizational culture is the set of values, beliefs, attitudes, and behaviors that define a company's work environment. It is also known as corporate culture.

Functions :

1. **Guides employee behavior** : Organizational culture influences how employees are expected to behave in the workplace.
2. **Shapes company personality** : It's the personality of the company, and it shows up in how employees interact with each other and represent the company.
3. **Improves employee retention** : A strong organizational culture can improve employee retention.
4. **Improves brand identity** : A strong organizational culture can improve brand identity.
5. **Improves engagement** : A strong organizational culture can improve engagement.
6. **Provides consistency and direction** : A strong organizational culture can provide consistency and direction, guide decisions and actions, and help reach the company's potential.

Factors affecting Organizational Culture :

Organizational culture affects the way people and groups interact with each other, with clients, and with stakeholders. Also, it's influenced by many factors and can affect a firm's outcome and success. Some of these effective factors include :

1. **Leadership** : Leadership is the most vital factor affecting organizational culture. The type of leadership within a firm shapes its cultural setting, the behavior of its workers, and, finally, the company's performance. Leaders are like role models for staff, and they set an example for how to behave in the workplace. The way leaders act, make decisions, communicate, and treat staff reflects the type of culture they want to create. For example, if a leader values open communication, teamwork, and giving staff power, it will foster a culture of collaboration and inclusivity.
2. **Vision, Mission, and Values** : The firm's vision, mission, and values often serve as a map that guides its culture. They define why a firm exists, what it hopes to achieve, and the principles it upholds. If a firm likes to explore new ideas and take risks, it will likely create a culture that helps creativity and experimentation. In contrast, if a firm prioritizes stability and even performance. It may develop a culture that stresses following strict rules and policies and avoiding risks.

3. **Management Policies :** The policies and practices laid down by the regime greatly affect corporate culture. Policies about recruitment, performance reviews, staff rewards, office timings, leave, and other related matters affect how workers perceive the firm's culture. A fair and transparent policy system can build a culture of trust and mutual respect. In contrast, a vague or conflicting policy system can lead to a culture of skepticism and uncertainty. Policies supporting worker development, such as training and education programs, can foster a learning culture.
4. **Organizational Structure :** The organizational structure, whether hierarchical, flat, or matrix, is vital in defining its culture. Hierarchical firms may foster a more formal, bureaucratic culture where decision-making power resides at the top. Flat layouts can promote a culture of empowerment, where everyone can contribute ideas and decisions are made more.
5. **Size of the Organization :** The size of a firm also affects its culture. Smaller firms tend to have a more flexible, family-like culture, with direct contact and union. In contrast, larger firms may have more formalized procedures and roles. This leads to a culture where standardization and process efficiency are highly valued.
6. **Industry Requirements :** The industry in which a firm operates, impacts its culture. For example, high-risk firms like oil and gas often have a culture that heavily stresses safety. Firms like advertising and technology may boost a culture of invention, innovation, and risk-taking.
7. **Workforce Demographics :** Staff demographics, such as age, gender, ethnicity, and academic setup, can shape corporate culture. A diverse staff can bring in various perspectives, fostering a culture of inclusion, innovation, and adaptability. Meanwhile, firms with less distinct might have a more homogenous culture.
8. **Economic Environment :** The economic climate can affect corporate culture. In times of financial downturn, firms may make a culture focused on cost-cutting and efficiency. Conversely, during good times, firms may focus more on growth and invention, fostering a more entrepreneurial culture.
9. **Technology :** The technology a firm uses can shape its culture greatly. Firms that use cutting-edge technology often have a culture of innovation and steady learning. Joint tools can also foster a culture of teamwork and open contact. Conversely, firms using ancient technology may struggle with a culture immune to change.
10. **Employee Engagement Initiatives :** The presence (or lack thereof) of staff-related steps can also affect a firm's culture. Firms that rank these steps tend to have a culture of liking and exposure. These firms often see higher levels of job delight, raised productivity, and lower turnover rates.
11. **Mergers and Acquisitions :** When a firm merges with or acquires another, it may also get its culture. If the cultures of the two companies are diverse, it can create cultural clashes, resulting in

reduced staff morale and output. Thus, viewing cultural compatibility is vital during mergers and acquisitions.

12. **Corporate Social Responsibility (CSR)** : Firms that stress CSR tend to foster a culture of ethical conduct and drive among their workers. The staff in these firms often feel a sense of pride and dignity, knowing that their work contributes to societal good.
13. **Physical Environment** : The physical work climate can also shape a firm's culture. For instance, an open office layout can promote a culture of clarity and union, whereas a formal cubicle-style office might foster a more individualistic culture. Even aspects like lighting, color schemes, and room temperature can subtly affect the mood and behavior of workers.
14. **Performance Metrics and Rewards** : The way a company measures performance and rewards its staff has a big impact on its culture. If the focus is on individual accomplishments and winning, the culture will likely be competitive. On the other hand, if teamwork and cooperation are rewarded, it encourages a collaborative culture.

ORGANIZATIONAL CLIMATE

Definition : Organizational climate is the collective perception of employees regarding the work environment and its various characteristics, such as policies, practices, and leadership style. It reflects how employees experience the organizational culture on a day-to-day basis, shaping their attitudes, motivation, and overall job satisfaction. This climate is influenced by factors such as communication openness, trust levels, leadership behavior, and the support provided to employees.

In essence, organizational climate is the “mood” or “atmosphere” within an organization, which can either positively or negatively impact employees' performance, engagement, and retention. Unlike organizational culture, which focuses on shared values and beliefs, climate emphasizes how these values are perceived and felt in the work environment.

Dimensions of Organizational Climate :

Rensis Likert, a renowned organizational psychologist, identified specific dimensions of organizational climate that are often used to evaluate the management style, communication, and cultural atmosphere within a company. Here are the key dimensions Likert highlighted :

1. **Leadership Process**

- This dimension examines the style and nature of leadership in the organization. It addresses *how* leaders interact with their teams, how supportive they are, and the degree to which they influence others positively or negatively.
- Leadership can range from authoritarian (where leaders make most decisions without input) to participative (where leaders seek input from employees and foster a collaborative environment).

2. Motivational Forces

- This dimension looks at what drives and motivates employees in their work. It considers whether the organization relies more on external motivators (like bonuses or fear of penalties) or internal motivators (such as job satisfaction, growth opportunities, and recognition).
- An organization with strong motivational forces will inspire employees to take pride in their work and stay committed. This might involve a balance between rewards and fostering a sense of purpose and belonging.

3. Communication Process

- Communication refers to how information is shared within the organization. Effective communication can empower employees, keep them informed, and encourage a transparent culture.
- Communication styles can range from restricted (where only certain people have access to information, often leading to a top-down approach) to open (where information flows freely and employees are encouraged to communicate ideas and concerns).

4. Decision-making Process

- This dimension focuses on how decisions are made within the organization, specifically who is involved in making them. In some organizations, decisions are very centralized (top management only), while in others, decisions are decentralized, with employees having significant input.
- When decision-making is decentralized, employees feel more valued and involved, which can lead to greater engagement and innovative ideas.

5. Goal Setting

- Goal setting involves how clear and consistent the organization's objectives are. Clear, achievable goals help employees understand what is expected and give them a sense of direction.
- Goals should align with the organization's overall mission, be realistic, and be communicated clearly so that employees can work towards them confidently.

6. Control Processes

- This dimension examines how the organization manages performance and enforces standards. It includes monitoring employee work, setting performance standards, and maintaining quality control.
- Control can be rigid (strict oversight with little flexibility) or flexible (more autonomy for employees, allowing them to manage their tasks creatively while still meeting standards).

7. Performance Goals and Standards

- Here, the focus is on the expectations for performance, how high the standards are, and how they are communicated. Clear standards help employees understand what is considered acceptable performance and allow them to strive for excellence.
- Performance standards should be realistic and fair to encourage continuous improvement without creating excessive pressure.

Likert's framework provides a way to assess and understand the organizational climate and how it affects employee satisfaction, motivation, and performance.

UNIT-5

INTERPERSONAL SKILLS, TEAMS AND GROUPS, BUSINESS ETHICS

Communication

Communication is the process of 'transmitting information, ideas, emotions, and messages from one person or group to another'.

The Communication Process

Effective communication is essential for understanding and collaboration. It consists of several key components, each playing a specific role in ensuring that the intended message is successfully delivered and understood. These components are:

1. Sender

The sender is the originator of the message. This individual or entity initiates communication by formulating the idea or information they wish to share. The sender plays a crucial role in ensuring clarity and purpose in the communication process.

2. Message

The message is the core content of the communication. It is the idea, thought, or information that the sender wants to convey to the receiver.

3. Encoding

Encoding is the process of converting the sender's ideas into a form that can be transmitted. This involves selecting the appropriate words, symbols, gestures, or visuals to express the message.

4. Channel

The channel is the medium through which the encoded message is transmitted from the sender to the receiver. Channels can be verbal, non-verbal, written, or digital.

5. Receiver

The receiver is the person or group for whom the message is intended. They are responsible for interpreting and making sense of the message.

6. Decoding

Decoding is the process by which the receiver interprets the sender's message. It involves making sense of the encoded symbols, words, or visuals.

7. Feedback

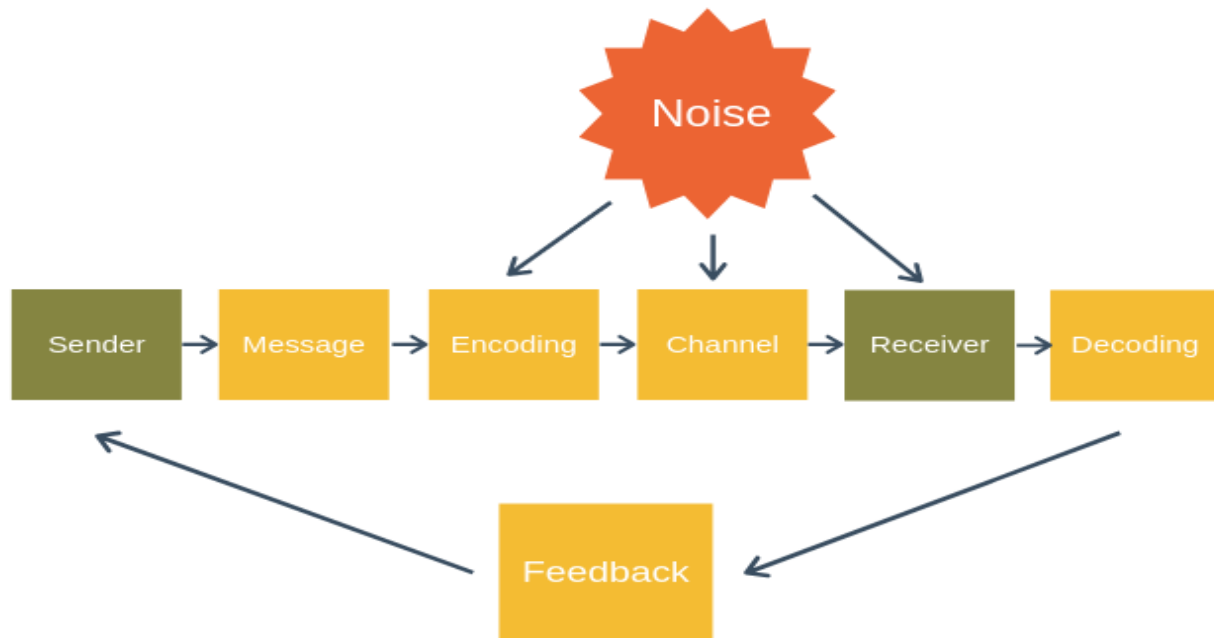
Feedback is the receiver's response to the sender's message. It is critical to ensuring that the communication loop is complete and effective.

8. Noise

Noise refers to any interference or barrier that distorts the clarity or accuracy of the message during transmission. It can occur at any stage of the communication process.

- Active listening, clear articulation, and choosing the right channel can minimize noise.

Communication Process



Example of Communication Process

1. **Sender:** A manager decides to communicate a new policy to the team.
2. **Message:** The details of the new policy.
3. **Encoding:** The manager drafts an email, choosing clear and professional language.
4. **Channel:** The email is sent through the company's communication platform.
5. **Receiver:** The employees receive the email.
6. **Decoding:** Employees read and interpret the email based on their understanding.
7. **Feedback:** Employees reply with questions or comments for clarification.
8. **Noise:** An ambiguous section in the email causes confusion, which is later clarified through feedback.

Communication Channels

A **communication channel** is the medium or pathway through which information, ideas, or messages are transmitted between a sender and a receiver. It serves as the vehicle that facilitates the exchange of information, whether it is verbal, written, non-verbal, or digital.

Types of Communication Channels

1. Verbal Communication

This involves the use of spoken words to convey messages and ideas. It is often the most direct and immediate form of communication.

- **Examples:** Conversations, speeches, meetings, phone calls.

2. Non-Verbal Communication

Non-verbal communication includes all forms of communication without spoken or written words. It significantly enhances or contradicts verbal messages.

a. Body Language

- Movements, gestures, and postures that convey emotions or intentions.
- **Examples:** Crossed arms (defensiveness), leaning forward (interest), or slouched shoulders (disinterest).

b. Eye Contact

- Direct eye contact can indicate confidence, engagement, or interest.
- Avoidance of eye contact may signify discomfort, shyness, or deception.

c. Facial Expressions

- Facial expressions often communicate emotions more effectively than words.
- **Examples:** Smiling (happiness), frowning (displeasure), raised eyebrows (surprise).

d. Posture

- The way a person stands or sits can reflect their attitude or mood.
- **Examples:** Upright posture (confidence), slouched posture (boredom or low energy).

3. Written Communication

Involves transmitting information through written symbols, often structured and documented.

- **Examples:** Emails, reports, letters, memos.
- **Best suited for:** Formal communications, legal documentation, and detailed instructions.

4. Digital Communication Channels

With the advancement of technology, digital channels have become pivotal in modern communication.

a. Video Conferencing

- Platforms like Zoom, Microsoft Teams, or Google Meet allow real-time virtual interaction.
- **Advantages:** Combines verbal and non-verbal elements, facilitates remote collaboration.

b. Phone Calls

- Traditional but effective for direct conversations and immediate responses.
- **Best suited for:** Quick updates, clarifications, or urgent issues.

c. SMS (Short Message Service)

- Text messaging for brief and concise communication.
- **Advantages:** Quick and unobtrusive, useful for updates or reminders.

d. Social Media

- Platforms like Facebook, Twitter, LinkedIn, and Instagram are widely used for both personal and professional communication.
- **Advantages:** Wide reach, instant dissemination of information, interactive.
- **Best suited for:** Marketing, community engagement, and public relations.

e. Intranet

- A private network within an organization for internal communication.
- **Best suited for:** Sharing policies, announcements, and internal resources.

f. Newsletters

- Periodic publications, often digital, used to update or inform stakeholders.
- **Advantages:** Regular updates, accessible format, professional tone.

5. Unofficial Communication

Informal communication often occurs outside the formal structure of an organization or process.

- **Examples:** Water cooler conversations, casual chats, social gatherings.
- **Advantages:** Builds relationships, encourages open dialogue, and fosters trust.

Each communication channel has its strengths and ideal use cases. Effective communication often involves combining multiple channels to ensure clarity, efficiency, and engagement. The choice of channel depends on the message, audience, context, and desired outcome.

Communication Barriers

Communication barriers are obstacles that can hinder the effective exchange of information between individuals or within organizations. These barriers can arise from interpersonal dynamics or organizational structures and processes. Below is an in-depth explanation of various types of barriers:

1) Interpersonal Communication Barriers :

Interpersonal communication barriers occur during the direct exchange of information between individuals. These barriers can prevent mutual understanding and reduce the effectiveness of communication.

a) Filtering: Filtering occurs when a sender manipulates the message to make it appear more favorable to the receiver.

- **Example:** An employee might withhold negative feedback from their manager, fearing repercussions.

b) Emotions: Emotional states, such as anger, stress, or excitement, can affect how messages are sent and received.

- **Example:** A person might misinterpret neutral feedback as criticism if they are already feeling insecure.

c) Information Overload: When too much information is shared at once, the receiver may struggle to process it effectively.

- **Example:** An overloaded inbox can lead to missed or misunderstood emails.

d) Defensiveness: When individuals perceive communication as a threat, they may become defensive and resist the message.

- **Example:** A team member may react defensively to constructive criticism, assuming it's a personal attack.

e) Language: Differences in language, jargon, or dialects can make it difficult for the sender and receiver to understand each other.

- **Example:** Technical jargon used in IT may confuse non-technical stakeholders.

f) National Culture: Cultural differences in communication styles, norms, and expectations can create barriers.

- **Example:** In some cultures, indirect communication is preferred, while others value directness.

2) Organizational Barriers :

Organizational barriers stem from the structure, policies, and culture of an organization, which can impede effective communication.

a) Hierarchical Barriers : Communication may be hindered by rigid hierarchical structures within an organization.

- **Example:** Employees may be hesitant to share feedback with upper management.

b) Organizational Policies: Overly strict or unclear communication policies can discourage employees from engaging in dialogue.

- **Example:** Policies requiring all communication to go through specific channels may delay decision-making.

c) Lack of Proper Channels: Ineffective or insufficient communication channels can lead to breakdowns in message transmission.

- **Example:** Important updates shared only via email might not reach employees who don't regularly check it.

d) Power Dynamics: Power imbalances in the workplace may make employees reluctant to share honest feedback.

- **Example:** Junior employees might fear voicing disagreements with senior leadership.

e) Organizational Culture: A culture that discourages feedback, transparency, or open communication can act as a significant barrier.

- **Example:** In a blame-oriented culture, employees might avoid reporting mistakes.

f) Physical Barriers: Physical separation between team members, such as remote working or dispersed offices, can hinder effective communication.

- **Example:** Misalignment in time zones may delay responses in global teams.

To overcome communication barriers, individuals and organizations need to adopt a proactive approach by identifying potential obstacles and implementing appropriate solutions. Effective communication requires clarity, openness, and adaptability, both at interpersonal and organizational levels.

[Teams and Groups shared in ppt]

Transactional Analysis (TA)

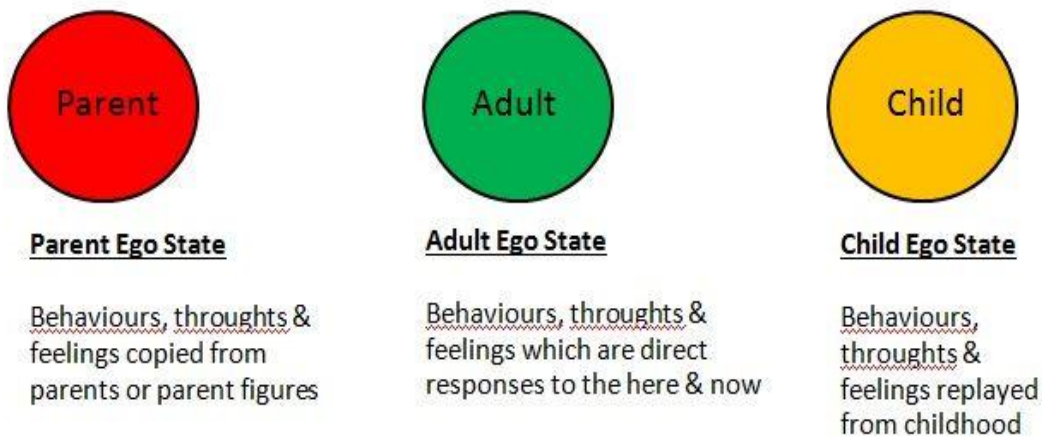
Transactional Analysis (TA) is a psychological framework that delves into the examination and study of interpersonal transactions between individuals. These transactions encompass the myriad ways in which people communicate and interact with one another. By analyzing these transactions, valuable insights can be gained into both individual and group behaviour. Originally developed by Dr Eric Berne, a notable psychotherapist, TA emerged from his observations of patients who appeared to possess multiple “selves,” each expressing themselves in unique ways. Over time, Thomas A. Harris popularized TA and expanded its applications.

At its core, TA posits that individuals have a complex nature, characterized by various aspects or states within them. These different aspects are commonly referred to as ego states. To truly grasp the essence of TA, it is important to consider these ego states alongside concepts such as life positions (fundamental attitudes towards oneself and others) and types of transactions (the intricate patterns and dynamics of interpersonal interactions). The transactional analysis offers a comprehensive lens through which interpersonal behaviour can be analyzed and understood. By exploring how individuals interact, communicate, and relate to one another, TA provides a valuable framework for unravelling the complexities of human relationships.

Ego States

An ego state refers to the unique behavioural makeup of an individual, encompassing consistent patterns of thoughts, emotions, and actions. Three distinct types of ego states exist within the framework of Transactional Analysis :

TA Concepts -Ego States



1. **Parental Ego State:** The parental ego state develops as a result of internalizing the values and behaviours observed in one's parents during childhood. Operating from the parental ego state, individuals tend to exhibit traits such as being protective, authoritative, impatient, and morally upright. They may offer advice, clichés, and judgments, often with an unwavering conviction. Engaging with someone in their parent ego state can be challenging, as they rely on rules, regulations, and expressions of disapproval. It's important to note that the parental ego state can manifest in two subtypes: nurturing and critical. The nurturing parent is inclined to offer support and encouragement, while the critical parent tends to be evaluative and fault-finding.
2. **Adult Ego State:** The adult ego state is characterized by a rational, analytical approach to decision-making. It involves impartially weighing the pros and cons of a situation, relying on logical reasoning and factual information. The adult ego state reflects a state of balanced maturity, where individuals draw upon the lessons and experiences of their emotional childhood (child ego state) and the knowledge accumulated from their parental ego state. In the adult ego state, individuals evaluate situations based on reason and adaptability to the realities of adulthood.
3. **Child Ego State:** The child's ego state is influenced by emotions, spontaneity, anxiety, fear, and a desire for conformity. It reflects the experiences and conditions of early childhood. Operating from the child's ego state, individuals are more receptive to change, seek guidance from others, and may not

possess a strong self-regulatory ability. The child's ego state has three distinct variations: natural, adaptive, and rebellious. The natural child is characterized by affection, impulsiveness, self-indulgence, and spontaneity. The adaptive child tends to conform to the expectations and demands of parents or authority figures. On the other hand, the rebellious child expresses emotions such as anger, fear, and frustration, often challenging rules and boundaries.

Life Positions

Life positions, also known as psychological positions, refer to the dominant philosophies or outlooks that individuals develop early in life based on their continuous experiences. These positions are intimately tied to an individual's sense of identity, self-worth, and their perception of others. Life positions profoundly shape how individuals behave and interact with others. Within Transactional Analysis, there are four distinct life positions:

1. **"I Am O.K. You Are O.K.":** The ideal life position is rooted in rationality and the adult ego state. This life position typically emerges after individuals have had numerous positive experiences within their families and society. Those who adopt this position exude confidence, competence, and a genuine belief that life is worth living. They approach problem-solving constructively and exhibit a high level of cooperation and collaboration. Managers who embrace this life position delegate authority effectively, maintain emotional control, and display empathy towards others.
2. **"I Am O.K. You Are Not O.K.":** This life position is commonly found among individuals who feel victimized or persecuted. They perceive the world as their enemy, often stemming from experiences of severe mistreatment during childhood, particularly by their parents. Such individuals tend to assign blame to others for their misfortunes and struggle to trust people. Managers who embody this life position tend to prioritize tasks over relationships, showing little regard for the emotions and feelings of others. They resist delegating authority, viewing decentralization as a potential threat.
3. **"I Am Not O.K. You Are O.K.":** Individuals adopting this life position feel powerless and inferior in comparison to others. They frequently engage in chronic complaining and dissatisfaction. Managers with this life position heavily emphasize interpersonal relationships, as their actions are guided by their own emotions and feelings. They may use their negative emotions as a justification for acting out against others. Their behaviour can be unpredictable and erratic.
4. **"I Am Not O.K. You Are Not O.K.":** This is a desperate life position typically observed in individuals who have experienced severe neglect from their parents and have been raised by servants or other caretakers. They exhibit indifference towards people and objects, perceiving life as lacking worth.

Types of Transactions

Transactions can be classified into two main types based on the ego states of the individuals involved:

1. **Complementary Transactions:** In complementary transactions, the stimulus and response patterns align or run parallel between ego states. This means that the communication is considered complete as the expected response is received. There are nine possible complementary transactions, including adult-adult, parent-child, adult-parent, adult-child, parent-parent, parent-adult, child-parent, child-adult, and child-child transactions. Among these, adult-adult and parent-child transactions are generally considered the most desirable. Both individuals engage in rational behaviour in adult-adult transactions, leading to effective communication. Parent-child transactions can relieve subordinates from excessive burden and pressure, but relying solely on this type of transaction may hinder their independent decision-making and growth.
2. **Cross Transactions:** Cross-transactions occur when the stimulus and response lines do not align. This means that the expected response is not received, leading to a mismatch in communication. For instance, a manager may intend to interact with a subordinate on an adult-to-adult basis, but the subordinate responds from a child-to-parent perspective. Cross-transactions are typically considered undesirable as they impede effective communication and hinder further interaction.

Advantages of Transactional Analysis

Transactional Analysis (TA) offers numerous advantages that promote personal growth, effective interpersonal relationships, and organisational development. Some key benefits are:

1. **Positive Thinking:** TA facilitates the development of a positive mindset, shifting individuals from negative emotions and attitudes to positive ones. By utilizing techniques such as stroking, positive reinforcement, active listening, and team structuring, TA helps individuals cultivate optimistic thinking, leading to improved problem-solving abilities and fostering a constructive outlook.
2. **Interpersonal Effectiveness:** One of the core strengths of TA lies in enhancing interpersonal relationships. It provides a comprehensive framework for understanding oneself and others, enabling managers to gain valuable insights into the ego states of individuals involved in transactions. This understanding helps managers set aside biases, communicate more effectively, and approach issues with objectivity. By appreciating the attitudes and feelings of their subordinates, managers can foster positive working relationships, ultimately enhancing organizational effectiveness.
3. **Motivation:** TA can be a powerful tool for satisfying human needs and driving motivation. Through complementary transactions and positive strokes, managers can create an enriching work environment. By aligning individuals with activities that provide them with positive reinforcement, TA

helps enhance job satisfaction and boosts motivation. Moreover, TA assists managers in adapting their leadership styles to suit the specific needs of their teams and the situation at hand, further motivating employees.

4. **Organisational Development:** TA has valuable applications in various aspects of organisational development. It helps establish and maintain adult-adult transactions, encouraging respectful and collaborative communication across the organisation. By recognizing and nurturing the natural child within individuals, TA promotes creativity, enthusiasm, and a sense of playfulness. Additionally, TA aids in identifying and resolving cross transactions, reducing destructive game playing, and fostering genuine encounters and intimacy within teams. Furthermore, it supports the development of supportive systems, policies, and work environments that facilitate growth, productivity, and employee well-being.

Business Ethics

Business ethics refers to the moral principles and standards that guide behavior in the world of business. It involves understanding and addressing the ethical dilemmas that arise in business environments to ensure that actions and decisions are not only legally compliant but also morally sound. Here's a brief overview :

Key Components of Business Ethics:

1. **Integrity:** Acting honestly and consistently with ethical principles.
2. **Fairness:** Treating all stakeholders (employees, customers, suppliers) justly and equitably.
3. **Transparency:** Being open about business practices and decisions.
4. **Accountability:** Taking responsibility for the consequences of business actions.
5. **Respect for Stakeholders:** Valuing the interests and well-being of all affected parties.

Business Ethics in Marketing and Advertising

Business Ethics in Marketing and Advertising is a critical subject that examines the moral principles guiding how companies promote their products or services. Ethical marketing ensures companies build trust with their customers and create long-term value rather than focusing solely on short-term gains. Below are key aspects and considerations:

Principles of Ethical Marketing and Advertising:

- **Honesty:** Marketing should present products truthfully without exaggeration or false claims.
- **Transparency:** Businesses should disclose important information, including terms, conditions, and limitations.
- **Respect:** Ads should avoid offensive content and respect cultural, gender, and societal sensitivities.

- **Fairness:** Companies should not exploit vulnerable populations, such as children or low-income groups.
- **Responsibility:** Marketers should ensure that their campaigns do not promote harmful behaviors or products.

Common Ethical Issues in Marketing and Advertising:

a. Deceptive Advertising:

- Misleading claims about a product's quality, benefits, or features.
- Using doctored images or exaggerated outcomes.
- Omitting crucial facts to make a product seem more appealing.

b. Manipulative Tactics:

- Playing on consumers' fears, insecurities, or emotional vulnerabilities.
- Excessive pressure to make immediate purchases (e.g., "limited-time offers").
- Exploiting psychological tricks, like scarcity or social proof.

c. Targeting Vulnerable Audiences:

- Ads aimed at children using cartoons or characters to promote unhealthy snacks.
- Aggressive marketing of potentially harmful products, such as alcohol, tobacco, or fast food, to vulnerable groups.

d. Greenwashing:

- Making unsubstantiated claims about a product being eco-friendly.
- Overemphasizing minor environmental benefits while ignoring larger negative impacts.

e. Cultural Insensitivity:

- Using stereotypes or inappropriate cultural references in campaigns.
- Failing to consider diverse global or local audience perspectives.

Ethical Frameworks in Marketing and Advertising:

Adopting frameworks like **Corporate Social Responsibility (CSR)** and aligning with established guidelines can guide companies. For example:

- **American Marketing Association (AMA) Code of Ethics:** Focuses on transparency, fairness, and respect for all stakeholders.
- **International Chamber of Commerce (ICC) guidelines on advertising:** Set global standards to ensure honest and socially responsible marketing.

Benefits of Ethical Marketing and Advertising:

- **Customer Trust:** Ethical marketing builds brand credibility and customer loyalty.
- **Employee Satisfaction:** Teams are proud to work for a morally responsible company.
- **Avoid Legal Risks:** Reduces the likelihood of lawsuits or regulatory penalties.

- **Long-Term Success:** Ethical practices contribute to sustained growth and reputation.

Business Ethics in Finance and Accounting

Business Ethics in Finance and Accounting focuses on maintaining integrity, transparency, and fairness in financial decision-making and reporting. Ethical practices in these fields are vital to building trust among stakeholders, including investors, employees, and regulatory bodies. Below are key aspects and considerations:

Principles of Ethical Finance and Accounting:

- **Honesty:** Financial statements must be truthful and free from misrepresentation or omissions.
- **Transparency:** Organizations should openly disclose all relevant financial information.
- **Accountability:** Financial professionals must take responsibility for their decisions and actions.
- **Fairness:** Ensure all stakeholders are treated equitably.
- **Compliance:** Follow laws, regulations, and industry standards such as Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS).

Common Ethical Issues in Finance and Accounting:

a. Misrepresentation of Financial Information:

- Manipulating earnings to meet performance targets (earnings management).
- Underreporting expenses or liabilities to inflate profits.
- Overstating assets or revenues to mislead investors.

b. Insider Trading:

- Using non-public, material information to trade stocks for personal gain.
- Sharing confidential financial data with unauthorized parties.

c. Fraudulent Practices:

- Creating fake invoices, transactions, or entities to misappropriate funds.
- Misusing corporate funds for personal expenses.

d. Conflict of Interest:

- Prioritizing personal or organizational gain over ethical obligations.
- Auditors compromising their impartiality due to close relationships with clients.

e. Tax Evasion and Avoidance:

- Engaging in illegal practices to avoid paying taxes.
- Exploiting loopholes in tax laws that, while legal, may be ethically questionable.

f. Excessive Risk-Taking:

- Engaging in high-risk financial activities without adequately informing stakeholders.

- Ignoring long-term consequences for short-term profits.

Ethical Frameworks and Standards:

Ethical finance and accounting rely on adherence to professional codes and frameworks:

1. **The Code of Ethics for Professional Accountants** (by IFAC): Emphasizes integrity, objectivity, and professional behavior.
2. **Sarbanes-Oxley Act (SOX)**: U.S. legislation aimed at improving financial disclosures and preventing corporate fraud.
3. **Corporate Governance Frameworks**: Define responsibilities for financial transparency and accountability within organizations.

Benefits of Ethical Practices:

- **Enhanced Trust**: Ethical conduct builds investor and public confidence.
- **Regulatory Compliance**: Avoids legal penalties, fines, or reputational damage.
- **Long-Term Stability**: Reduces financial risks associated with fraud or unethical practices.
- **Improved Corporate Reputation**: Ethical companies attract investors, customers, and employees.