LESSON 7: CONCEPT OF DIRECTING/LEADING FUNCTION

JAGO, 1982 - Good leaders are made, not born. If you have the desire and willpower, you can become an effective leader. Good leaders develop through a never-ending process of self-study, education, training, and experience.

BASS THEORY OF LEADERSHIP - states that there are three basic ways to explain how people become leaders.

LEADERSHIP THEORIES:

a) **Trait Theory** - Some personality traits may lead people naturally into leadership roles.
b) **Great Events Theory** - A crisis or important event may cause a person to rise that occasion, which brings out extraordinary leadership qualities in an ordinary person.
c) **Transformational or Process Leadership Theory** - People can choose to become leaders. People can learn leadership skills. It is the most widely accepted theory today and the premise on which this leadership guide is based.

ISSUES OF LEADERSHIP

1. Failure to communicate
2. Lack of Accountability
3. Fear of firing
4. Lack of Alignment
5. Lack of Clear Vision
6. Poor execution
7. A company culture by default

LEADERSHIP STYLE

1. **Democratic Leadership (Commonly Effective)** is exactly what it sounds like- the leader makes decisions based on the input of each member.
2. **Autocratic Leadership (Rarely Effective)** is the inverse of democratic leadership. In this leadership style, the leader makes decisions without taking input from anyone who reports to them.
3. **Laissez-Faire Leadership (Sometimes Effective)** The French term —laissez faire‖ literally translates to —let them do‖, and leaders who embrace it afford nearly all authority to their employees.
4. **Strategic Leadership (Commonly Effective)** Strategic leaders sit at the intersection between a company's main operations and its growth opportunities. He or she accepts the burden of executive interests while ensuring that current working conditions remain stable for everyone else.
5. **Transformational Leadership (Sometimes Effective)** is always —transforming‖ and improving upon the company's conventions.
6. **Transactional Leadership (Sometimes Effective)** Transactional leaders are common today. These managers reward their employees for precisely the work they do.
7. **Coach-Style Leadership (Commonly Effective)** Similarly, to a sports team's coach, this leader focuses on identifying and nurturing the individual strengths of each member on his or her team.
8. **Bureaucratic Leadership (Rarely Effective)** Bureaucratic leaders go by the books. This style of leadership might listen and consider the input of employees- unlike autocratic leadership- but the leader tends to reject an employee's input if it conflicts with company policy or past practices.

MOTIVATION - crucial role of management is to motivate and develop their workforce to ensure that they are as productive and creative as possible.

Professor Herzberg defined motivation as: —*The will to work due to enjoyment of the work itself*.

MOTIVATION is what influences individuals to behave in a certain way and combined with individual skill and ability results in performance.

Motivation helps people:

1. achieve their goals
2. gain a positive perspective on their private and working lives
3. create the power to change
4. manage their own development
5. build positive self-esteem

CLASSIFICATION OF MOTIVATION are INTRINSIC and EXTRINSIC

1. **INTRINSIC** – motivation comes from within the person themselves.

   Employees may be intrinsically motivated if:

   a) the job is challenging, stimulating, and interesting
   b) they can see the result of their efforts
   c) they can control the way they work
   d) they see that their work helps others

2. **EXTRINSIC** – comes from outside of the person. Good performance is rewarded with benefits and/or recognition. Pay and bonuses are obvious examples of rewards and may compensate for any lack of satisfaction from the work itself. Employees are usually motivated by a combination of both intrinsic and extrinsic motivation.

MOTIVATIONAL THEORIES BASIC TYPES OF MOTIVATIONAL THEORIES

1. **CONTENT THEORIES** – The content theories find the answer to what motivates an individual and is concerned with individual needs and wants. Deals with "what" motivates people.

A. **MASLOWS HIERARCHY OF NEEDS** – Proposed by Abraham Maslow, his hypothesis was that unsatisfied needs act as motivators. This means that employers must have a holistic approach to motivation recognizing that motivation may come from a satisfactory work/life balance.

B. **HERZBERG MOTIVATION HYGIENE THEORY** -Proposed by Frederick Herzberg. His hypothesis is that removing factors causing dissatisfaction in the workplace does not automatically cause satisfaction. He believes that employers need to seek out factors which positively increase satisfaction.

C. **MCCLENAD"S NEEDS THEORY** - Proposed by psychologist David McClelland, who believed that the specific needs of the individual are acquired over a period and gets molded with one's experience of the life. McClelland's Needs Theory is sometimes referred to as Three Need theory or Learned Needs Theory.

MCCLELLAND HAS IDENTIFIED THREE BASIC MOTIVATING NEEDS:

1. **Need for Power (n-pow)** - Power is the ability to induce or influence the behavior of others. The people with high power needs seek high-level positions in the organization, to exercise influence and control over others.

2. **Need for Affiliation (n-affil)** - People with high need for affiliation derives pleasure from being loved by all and tend to avoid the pain of being rejected. People with these needs like to maintain the pleasant social relationships, enjoy the sense of intimacy, and like to help and console others at the time of trouble.

3. **Need for Achievement (n-ach)** - McClelland found that some people have an intense desire to achieve. High achievers take the moderate risks, i.e. a calculated risk while performing the activities in the management context. This is opposite to the belief that high achievers take high risk.

D. **ALDERFER"SERG THEORY**- An American psychologist Clayton Paul Alderfer had proposed this theory and believed that each need carries some value and hence can be classified as lower-order needs and higher-order needs.

AIDERFER"S ERG THEORY IS THE EXTENSION OF MASLOW'S NEEDS HIERARCHY,

1. **Existence Needs** - The existence needs comprise of all those needs that relate to the physiological and safety aspects of human beings and are a prerequisite for the survival.

2. **Relatedness Needs** - The relatedness needs refer to the social needs that an individual seeks to establish relationships with those for whom he cares.

3. **Growth Needs** - The growth needs cover Maslow's self-actualization needs as well as a part of esteem needs which are internal to the individual, such as a feeling of being unique and personnel growth. Growth needs are those needs that influence an individual to explore his maximum potential in the existing environment.

2. **PROCESS THEORIES** – Address more the issues relating to "how" the process works and sustains itself over time, such as factors that determine the degree of effort, the continuation of effort or the modification of effort.

A. **VROOM"S EXPECTANCY THEORY**- Proposed by Victor. H. Vroom, who believed that people are motivated to perform activities to achieve some goal to the extent they expect that certain actions on their part would help them to achieve the goal. This theory is built around the concept of valence, instrumentality, and expectancy and, therefore, is often called as VIE THEORY.

- **VALENCE** - It refers to the value that an individual place on a particular outcome or strength of an individual's preference for the expected rewards of the outcome. -

- **EXPECTANCY** - Expectancy, another factor that determines the motivation, refers to the probability that a particular action will lead to the desired outcome.

B. **ADAM"S EQUITY THEORY**- Proposed by John Stacey Adams, posits that people maintain a fair relationship between the performance and rewards in comparison to others
There are three types of exchange relationships that arise when individual input/outcomes are compared with that of the other persons.

1. **OVERPAID INEQUITY** - When an individual perceives that his outcomes are more as compared to his inputs, in relation to others.

2. **UNDERPAID EQUITY** - When an individual perceives that his outcomes are less as compared to his inputs, in relation to others.

3. **EQUITY** - An individual perceives that his outcomes in relation to his inputs are equal to those of others.

C. **REINFORCEMENT THEORY-** Proposed by B.F. Skinner and his associates, this theory posits that behavior is the function of its consequences,

FOUR (4) MOST IMPORTANT ISSUES IN MOTIVATION

1. CROSS- CULTURAL CHALLENGES

a) Today's global business environment
b) Maslow's hierarchy of needs theory do not work for other cultures
c) Herzberg's motivator (intrinsic) factor may be universal

2. MOTIVATING PARTICULAR GROUPS OF WORKERS

a) Motivating diverse workforce
1. It requires managers in terms of flexibility. Lifestyle is an important factor.
2. Compressed workweek – a workweek where employees work longer hours per day but fewer days per week
3. Flexible work hours (flextime) – is a scheduling system in which employees are required to work on several hours a week, but are free, within limits, to vary the hours of work.
4. Job sharing – is a practice of having two or more people split a full-time job.
5. Telecommunicating – is a job approach where employees work at home and are linked to the workplace by computer and modern technologies.

b) Motivating professionals
1. Job challenge
2. Organizational support of their work
3. Work itself
4. Motivating contingent/temporary workers
5. Contingent workers do not have the security or stability that permanent employees do
6. Motivating low skilled, minimum wages employees
7. Using recognition programs and sincere appreciation

3. DESIGNING APPROPRIATE REWARDS PROGRAMMES

a. Open book management
   1. Open financial statement in front of employees in front of employees to motivate them to make better decisions
   2. Goal is to get employees to think like an owner by seeing the result their decisions have on financial results.
b. Employee recognition program
c. Pay for performance

4. MOTIVATING IN CHALLENGING ECONOMIC CIRCUMSTANCES

a) Layoffs
b) Tight budgets
c) Minimal or no pay raises
d) No bonuses
e) Long working hour

LESSON 8: CONCEPT OF CONTROLING FUNCTION

CONTROLLING - is the **managerial functions** of planning, staffing, organizing, implementing, and directing. It is one of the key factors for performing basic functions for future actions as it identifies and reduces the chance of committing errors by providing preventive measures.

IMPORTANCE OF CONTROLING

1. **Accomplishing Organizational Goals** - Since controlling function identifies corrective action and deviation, this serves as a guide to progress towards the main goal of an organization itself.
2. **Judging Accuracy of Standards**- Standard is a set of rules and regulations being given by the organization for authoritative purpose. A good control system could be equated to verify the accuracy and objectivity because it also helps in the review and revision of standards. Hence, it takes the major place in the organization and in its workplace.
3. **Improving Employee Motivation**- This ensures that each employee knows well in advance what they expect, and their expected performance based on the standards that they should appraise to.
4. **Ensuring Order and Discipline**- Pervasive function of a manager creates an environment of order and discipline to the part of the employees and therefore run-down dishonest behavior. To minimize it, computer monitoring is used a part of control system to track down and find out dishonesty and fraud.
5. **Making Efficient Use of Resources** -Each activity is performed by following the predetermines standards, norms, rules, and regulations. This will further ensure that the resources are used efficiently and effectively for the availability of the resources on the next operation.

RELATIONSHIP BETWEEN PLANNING AND CONTROLLING

1. **Planning Originates Controlling** -When it comes to planning the objectives are aligned to pursue these goals and indeed control is a must. So, planning originates Controlling.

2. **Controlling Sustains Planning** - Controlling manage the course of planning since it would be useless if there is no power of directing something. Controlling guides, the spots where planning is needed.
3. **Controlling Provides Information for Planning** -In controlling the actual performance is likely to meet standards and records the deviations, if any. The collected information that was gathered through exercising the control can be used for planning.
4. **Planning and Controlling are Interrelated**: Planning is one of the important functions of management other than organizing, staffing etc. are arranged for implementing plans. While control records the actual performance and correlate it with the standard set. Proper corrective measures are taken to develop performance in future. Planning comes first and control must be the last one. Both are dependent upon each other.
5. **Planning and Control are Forward Looking**: are concerned with the future activities of the business that it goes overboard to what is usual. Planning is always for the future and control guides the path that the planning must take. No one can control the past; it is the future that can be controlled by planning. Their combined efforts will result to a maximum output with minimum cost. Both systematic planning and organized controls are essential to achieve the organizational goals.

MANAGEMENT CONTROL SYSTEM is a control system that is designed to bring the different activities as one in organization to fulfill overall objectives. It simply describes the design, connection and operation of different planning and control frameworks within management.

Management – It is defined as a process consisting of activities, planning, organizing, staffing, and controlling to achieve the specific goals. Management includes guidance and monitoring of the resources as well.

Control – It is one of the functions of management. It refers to the process of examination and corrective action.

1. Setting a goal and establishing desired objectives.
2. Measuring the achievements of goals and objectives.
3. Comparing the achieved goals and objectives with the original goals and objectives.

System - A set of detailed methods, procedures and routines created to carry out a specific activity, perform a duty or solve a problem or you could view them as an organized, purposed structure that consists of interrelated and interdependent elements.

a. **Formal Control System** - The controls are laid down by the management in writing to influence the behavior of employees in achieving organization's goals.
b. **Unformal Control System** - These are unwritten, people-initiated mechanisms that influence the behavior of individuals or groups in business units.

CONTROL POINTS – those are tools for business process management.

FINANCIAL CONTROLS Are the strategies, approaches, and means by which an organization traces and controls the distribution of its monetary assets.

OBJECTIVES OF FINANCIAL CONTROLS

1. **PREPARATION OF BUDGET** -Helps the organization prepare budgets for a specific department. A financial plan will give a basis to compare actual performance with standard performance.
2. **MAINTENANCE OF ADEQUATE CAPITAL** -Way to maintain adequate capital. A proper application of financial control will help determine the adequacy of the organization's capital.
3. **MAXIMIZATION OF PROFIT** -Obtain funds from cheaper sources and to apply the said funds efficiently to lead to profit maximization.
4. **ECONOMIC USE OF RESOURCES** -Aims to monitor financial activities to prevent leakage of funds, cash inflows and outflows are observed.
5. **SURVIVAL OF BUSINESS** -A good, continuous financial control system will make an organization productive. They help the management prepare the budget for a department. Budgets provide a basis to compare actual performance with standard performance.

BEHAVIORAL CONTROL – it is centering on referring to the facts that they need to do, controlling their actions inside the environment where they are involve to do such things, this kind of control.

The behavioral control factors fall into the categories of:

1. **Type of instructions given** — generally subject to the business's instructions about when, where, and how to work.
2. **Degree of instruction** — the more detailed the instructions, the more control the business exercises over the worker.
3. **Evaluation systems** — the measurement done if the goals are met.
4. **Training** — if the business provides the worker with training on how to do the job, this indicates that the business wants the job done in a particular way.

OPERATIONAL CONTROL – it involves control over intermediate-term operations and processes but not business strategies. Operational control systems ensure that activities are consistent with established plans.