

UNIT 1

Definition of Management

Management is what A manager does

It is an art of taking work done through others

it is the art and science of decision making and leader ship

Deep co-ordination of human resources and factors of production

Types of Managers

The four most common types of managers are **top-level managers**, **middle managers**, **first-line managers**, and **team leaders**. These roles **vary** not only in their **day-to-day responsibilities**, but also in their **broader function** in the organization and the **types of employees they manage**.

Top-Level Managers

Top-level managers are those who represent the highest level of executive management. Top-level managers often have the word **“chief”** in their job titles, such as **chief executive officer**, **chief financial officer**, and so on.

These managers help sustain the company’s **growth** and **execute plans** over the **long term**. They make **major business decisions** — such as **launching a new product** or **restructuring departments** — with the goal of seeing the company thrive, not just in the moment but into the future. Additional duties of top-level managers might include facilitating **strategic partnerships** with other companies or deciding to take a company public.

Middle Managers

Middle managers usually report to the top-level managers, yet they still have a lot of autonomy to **make decisions within their area or department** of the company. These managers often have job titles that include the word **“director.”** They may also be **department heads**.

Middle managers tend to **function as points of contact between first-line managers and top-level management**, ensuring that the two groups maintain productive two-way communication. Middle managers may **help develop or implement plans** to help top-level managers address obstacles or achieve certain business goals. Additional core duties can include **mentoring lower-level managers** and **helping them prepare for career advancement**.

First-Line Managers

This role represents an entry-level position for management professionals. First-line managers work directly with non-management employees and project team members. Their overarching role is to supervise employee productivity and hold employees accountable for achieving company goals.

Generally, first-line managers handle internal work only. In other words, they are not responsible for larger-scale business decisions, like whether to take the company public, rebrand, or partner with another business. However, the first-line manager’s core

responsibilities can include communicating concerns to middle managers, acting as liaisons for addressing employee needs.

Team Leaders

Team leaders are managers who specialize in a particular task, product, or project. Their role is to oversee all the logistics of their assignment, which may include completing a project on time, onboarding new employees, and assigning specific tasks to various team members.

Mintzberg Management Roles

Mintzberg managerial roles comprise a variety of responsibilities that are attributed to a manager across divisions. Some of these responsibilities are communication, [time management](#), conflict resolution, and decision-making. Mintzberg studied different types of organizations (a consulting firm, a school, a tech firm, a consumer goods manufacturer, and a hospital) and identified 10 roles of a manager. He divided them into three categories:

- **Interpersonal roles** relating to a manager's authority in an organization
- **Informational roles** involving communicating important information and data
- **Decisional roles** concerning decision-making, negotiations, and implementation

INTERPERSONAL ROLES:

1. FIGUREHEAD

As the Figurehead, a manager is responsible for official and social duties that reflect their status and authority in the organization. It's about building a strong relationship with peers and subordinates. You can become a good role model by being empathetic and compassionate.

2. LEADER

The Leader inspires, encourages, and builds morale. Managers build lasting relationships with team members by monitoring their performance and coaching them when needed. [Emotional intelligence](#) can help you develop a trust-based relationship with your team.

3. LIAISON

A manager has to exchange information with various departments and teams as well as with external stakeholders. Liaising with other organizations, competitors, and government representatives is equally important for professional development.

INFORMATIONAL ROLES:

1. MONITOR

The Monitor is responsible for gathering intel for sustained competitive advantage. To do that, a manager has to assess the market for changes and collect relevant data that could impact the organization. These are stages in the process of strategic management that helps an organization to survive the competition.

2. DISSEMINATOR

The Disseminator communicates useful and relevant information to team members and subordinates. It's important to invite feedback, ideas, and views from each employee to keep an open channel of communication.

3. SPOKESPERSON

Convey important information about the organization to external stakeholders. This could be for PR purposes, addressing government policies, or dealing with suppliers. You must have a clear idea of your company's brand image to become a successful spokesperson.

DECISIONAL ROLES:

1. ENTREPRENEUR

Be prepared to take initiative as part of your managerial duties. Initiate projects and address concerns with effective problem-solving skills. Icebreakers and team-building activities will help you connect with your team.

2. DISTURBANCE HANDLER

The Disturbance Handler ensures that everything runs smoothly. Key responsibilities include resolving conflicts with mentoring sessions, identifying areas for improvement, and addressing gaps in [teamwork](#).

3. RESOURCE ALLOCATOR

The Resource Allocator is concerned with fund allocation, cutting costs, and distributing resources across the organization. You have to apportion available resources such as funding, human resources, and materials where needed.

4. NEGOTIATOR

A successful negotiation leads to a win-win outcome. A manager has to participate in negotiations with team members and other stakeholders to reach a favorable outcome for both parties. This role distinguishes you from other managers because you have to consider your team's best interests.

Functions of Management

There are basically five primary functions of management. These are:

1. Planning
2. Organizing
3. Staffing
4. Directing
5. Controlling

1. Planning

Planning is future-oriented and determines an organization's direction. It is a rational and systematic way of making decisions today that will affect the future of the company. It is a kind of organized foresight as well as corrective hindsight. It involves predicting of the future as well as attempting to control the events. It involves the ability to foresee the effects of current actions in the long run in the future. An effective planning program incorporates the effect of both external as well as internal factors.

2. Organizing

Organizing requires a formal structure of authority and the direction and flow of such authority through which work subdivisions are defined, arranged and coordinated so that each part relates to the other part in a united and coherent manner so as to attain the prescribed objectives.

Thus the function of organizing involves the determination of activities that need to be done in order to reach the company goals, assigning these activities to the proper personnel, and delegating the necessary authority to carry out these activities in a coordinated and cohesive manner.

3. Staffing

Staffing is the function of hiring and retaining a suitable work-force for the enterprise both at managerial as well as non-managerial levels. It involves the process of recruiting, training, developing, compensating and evaluating employees and maintaining this workforce with proper incentives and motivations. Since the human element is the most vital factor in the process of management, it is important to recruit the right personnel.

This function is even more critically important since people differ in their intelligence, knowledge, skills, experience, physical condition, age and attitudes, and this complicates the function.

4. Directing

The directing function is concerned with leadership, communication, motivation, and supervision so that the employees perform their activities in the most efficient manner possible, in order to achieve the desired goals.

The **leadership** element involves issuing of instructions and guiding the subordinates about procedures and methods.

The **communication** must be open both ways so that the information can be passed on to the subordinates and the feedback received from them.

Motivation is very important since highly motivated people show excellent performance with less direction from superiors.

5. Controlling

The function of control consists of those activities that are undertaken to ensure that the events do not deviate from the pre-arranged plans. The activities consist of establishing standards for work performance, measuring performance and comparing it to these set standards and taking corrective actions as and when needed, to correct any deviations.

Admin vs Management

Management

Management is defined as the process of administering an organization or a business. The manager can control or guide the employees to reach the tasks/ goals assigned to them. A manager is responsible for handling, guiding, and supervising the employees so that the organization runs smoothly and efficiently. Management is important for every company and organization as each department has to be managed differently. There are three significant kinds of management styles, i.e., autocratic management style, democratic management style, and laissez-faire management style. One of the important examples of management is how a CEO of the company manages all the departments differently.

Administration

The administration is the process of managing the responsibilities and duties provided to the employees. An administrator is responsible for the smooth and efficient running of an organization. He/ she also make sure that the employees work efficiently so that the company yields profit. Administrators are the intermediaries between employees and senior management. They help in motivating and inspiring the employees so that they can reach their goals. Some of the administrative skills include communication, multi-tasking, responsibility, time management, etc. Well, there are several differences between management and administration. So, let us discuss them.

MANAGEMENT	ADMINISTRATION
Management is defined as the process of administering an organization.	On the other hand, the administration is defined as the process of managing the roles and responsibilities provided to the employees.

A manager controls and guides the employees to achieve the tasks assigned to them.	An administrator inspires and motivates the employees to achieve their goals.
Management can be considered as a skill wherein the people are organized, and the resources are put to work in an efficient way.	Administration can be considered as a process wherein the policies are set up and followed.
The authority of a manager is from the lower to middle level.	The authority of an administrator is only to the upper level.
A manager makes sure that the employees follow the policies.	On the other hand, an administrator makes sure that the policy is effectively formulated.
A manager has an executive role.	An administrator has a decisive role.
A manager works under an administrator.	An administrator does not work under anyone; rather, he/ she has complete control over the activities.
A manager manages the work of the employees.	An administrator is responsible for creating policies and following them.
Management is applied to business organizations.	The administration is applied to several areas like government offices, enterprises, hospitals, educational organizations, etc.
A manager decides that who has to do the work and how they will do it.	An administrator decides that what must be done and when it must be done.

Evolution of Management

Management thought is regarded as an evolutionary concept. The contributors to management theory include management philosophers, management practitioners, and scholars. Modern management is based on the strong foundation laid down by the management thinkers from the past events.

To understand the entire concept of evolution of the management thought, the topic is divided into 4 major stages, which are as follows:

- Pre-scientific management period
- Classical theory
- Neo-classical theory (or behaviour approach)

- Bureaucratic Model of Max Weber

Pre-Scientific Management Period

As the industrial revolution occurred in the 18th century, there was a huge impact on management. The scenario changed the method of raising capitals, organizing labor, and goods' production for the individuals and businesses. Entrepreneurs then had access to production factors like land, labor, and capital. The final step was only to make some effort to combine these factors to achieve the target successfully.

But, after the industrial revolution, the newer dimension taken by management is because of the involvement of certain notable personalities who introduced some effective ideas and approaches for giving management an acceptable and precise direction. Here is a brief on some of the personalities and their theories:

The Classical Theory

Robert Owens, Charles Babbage, and other prominent personalities are regarded as management's pioneers. However, their contribution to the evolution of management is lower. Further, by the last decade of the 19th century, the science of management began, and with it, some professionals like H. L. Grant, F. W. Taylor, Emerson, and others entered for the establishment of scientific management.

Further, during the classical period, management thought focused on standardization, job content, labor division, and scientific approaches for the organization. It also related closely to the industrial revolution and the rise of large-scale enterprises.

The Neo-Classical Theory

This duration of the evolution of management thought is a better version of classical theory. It is a modified version of classical theory with several improvements. The classical theory focused mainly on the areas of job including physical resources and their management, but Neoclassical theory focuses on employee relationships in the work ecosystem.

The Bureaucratic Model

Max Weber, a German sociologist, proposed the bureaucratic model. This includes a system of labour division, rules, authority hierarchy, and employees' placement based on their technical capabilities.

Planning

Planning is the conscious, systematic process of making decisions about goals and activities that an organization will pursue in the future.

Nature of planning

Planning is goal oriented - Plans arise from objectives. Objectives provide guidelines for planning.

It is a primary function – Planning provides the basis foundation from which all future management functions arise.

It is persuasive - It is required at all levels of management. It is not an exclusive function of any management level or department. Managers have to plan for every change that occurs in an organization. However, the scope of planning differs at all levels and among different department.

It is mental activity - Planning is a mental process involving - imagination, foresightedness and sound judgment. Plans are based on careful analysis of internal and external factors influencing business activities. It is carried out in a logical and systematic manner.

It is a continuous process - It is an ongoing process of adapting the organization with the changes in business environment. Since a business exist in a dynamic environment it is necessary to continuously plan based on changing business needs and situations.

It involves choice - it is essentially a choice among various alternative course of action. A manager has to select the best alternative after careful analysis and evaluation.

It is forward looking - Planning means looking ahead and preparing for the future. It involves analysis of the future needs and requirements of the business and preparing for it.

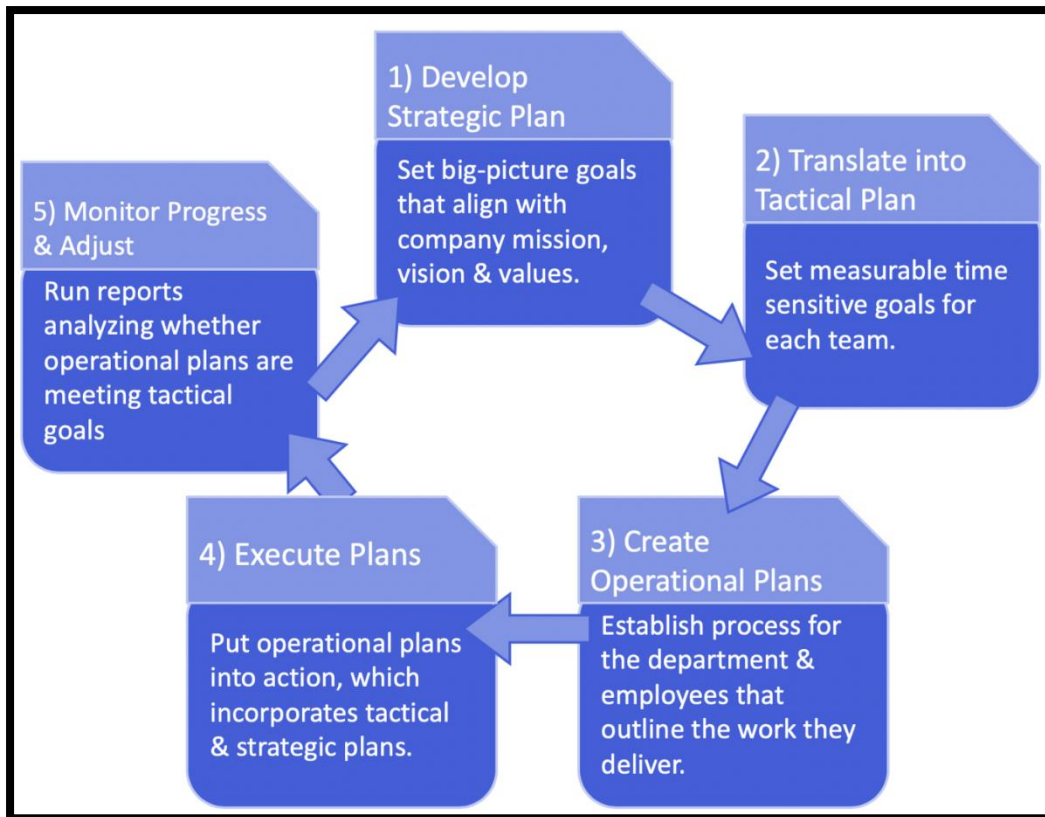
It is flexible - Planning is based on future forecast of events and situations. Since future is uncertain, plans are flexible enough to adapt with future change of events.

It is an integrated process - Plans are structured in a systematic and logical sequence where each plan or step is highly inter-dependent and mutually supportive.

It includes effective and efficient dimensions - Plans aim at optimum utilization of resources to be efficient and are based on predetermined objectives to measure effectiveness of the plan.

Steps in Planning

The organizational planning process includes five phases that, ideally, form a cycle.



1. Develop the strategic plan

Steps in this initial stage include:

- Review your mission, vision, and values
- Gather data about your company, like performance-indicating metrics from your sales department
- Perform a SWOT analysis; take stock of your company's strengths, weaknesses, opportunities, and threats
- Set big picture goals that take your mission, vision, values, data, and SWOT analysis into account

2. Translate the strategic plan into tactical steps

At this point, it's time to create tactical plans. Bring in middle managers to help do the following:

- Define short-term goals—quarterly goals are common—that support the strategic plan for each department, such as setting a quota for the sales team so the company can meet its strategic revenue goal
- Develop processes for reviewing goal achievement to make sure strategic and tactical goals are being met, like running a CRM report every quarter and submitting it to the Chief Revenue Officer to check that the sales department is hitting its quota

- Develop contingency plans, like what to do in case the sales team's CRM malfunctions or there's a data breach

3. Plan daily operations

Operational plans, or the processes that determine how individual employees spend their day, are largely the responsibility of middle managers and the employees that report to them. For example, the process that a sales rep follows to find, nurture, and convert a lead into a customer is an operational plan. Work schedules, customer service workflows, or [GDPR policies that protect prospective customers' information](#) all aid a sales department in reaching its tactical goal—in this case, a sales quota—so they fall under the umbrella of operational plans.

This stage should include setting goals and targets that individual employees should hit during a set period.

Managers may choose to set some plans, such as work schedules, themselves. On the other hand, individual tasks that make up a sales plan may require the input of the entire team. This stage should also include setting goals and targets that individual employees should hit during a set period.

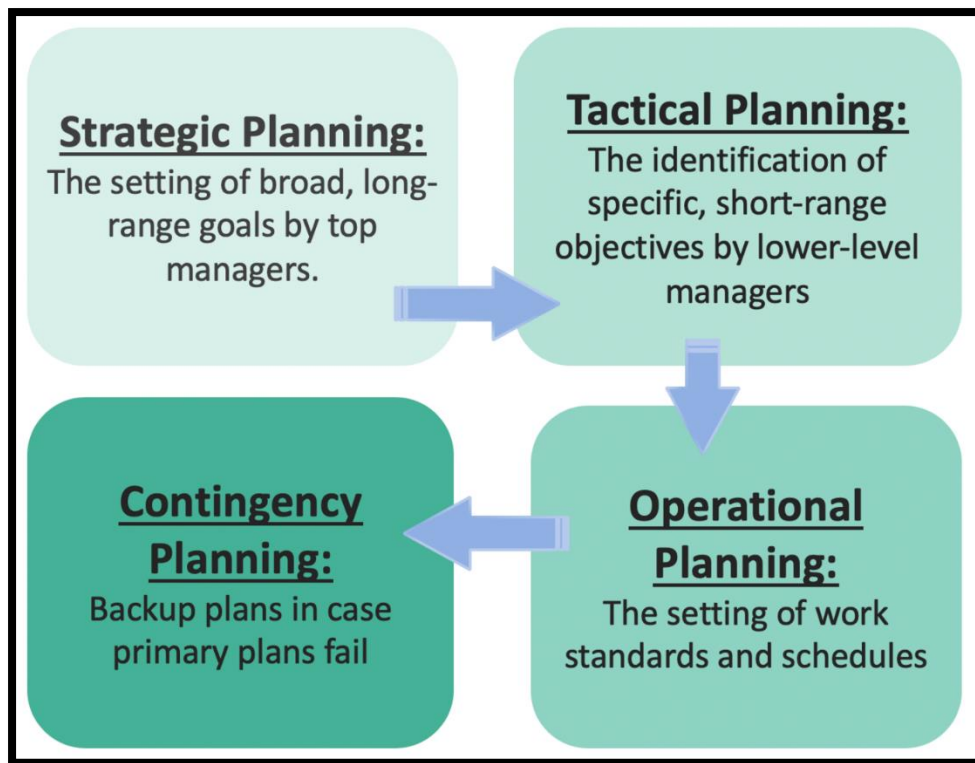
4. Execute the plans

It's time to put plans into action. Theoretically, activities carried out on a day-to-day basis (defined by the operational plan) should help reach tactical goals, which in turn supports the overall strategic plan.

5. Monitor progress and adjust plans

No plan is complete without periods of reflection and adjustment. At the end of each quarter or the short-term goal period, middle managers should review whether or not they hit the benchmarks established in step two, then submit data-backed reports to C-level executives. For example, this is when the manager of the sales department would run a report analyzing whether or not a new process for managing the sales pipeline helped the team reach its quota. A marketing team, on the other hand, might analyze whether or not their efforts to optimize advertising and landing pages succeeded in generating a certain number of leads for the sales department.

Types of planning



Strategic

A strategic plan is the company's big picture. It defines the company's goals for a set period of time, whether that's one year or ten, and ensures that those goals align with the company's mission, vision, and values. Strategic planning usually involves top managers, although some smaller companies choose to bring all of their employees along when defining their mission, vision, and values.

Tactical

The tactical strategy describes how a company will implement its strategic plan. A tactical plan is composed of several short-term goals, typically carried out within one year, that support the strategic plan. Generally, it's the responsibility of middle managers to set and oversee tactical strategies, like planning and executing a marketing campaign.

Operational

Operational plans encompass what needs to happen continually, on a day-to-day basis, in order to execute tactical plans. Operational plans could include work schedules, policies, rules, or regulations that set standards for employees, as well as specific task assignments that relate to goals within the tactical strategy, such as a protocol for documenting and addressing work absences.

Contingency

Contingency plans wait in the wings in case of a crisis or unforeseen event. Contingency plans cover a range of possible scenarios and appropriate responses for issues varying from personnel planning to advanced preparation for outside occurrences that could negatively impact the business. Companies may have contingency plans for things like how to respond to a natural disaster, malfunctioning software, or the sudden departure of a C-level executive.

Planning Process



(1) **Establishment of objectives:** It involves identification of goals and objectives of the organization by carefully examining the internal and external environment affecting the business.

(2) **Developing premises:** Premises are assumptions about the environment in which plans are made and implemented. Thus assumptions about market demand, cost of raw material, technology to be used, population growth, government policy etc. are to be made while formulating a plan.

(3) **Evaluating and selection of alternatives:** Changes in the external environment pose different alternatives for organizations to carry out a particular task. Different alternatives are evaluated against factors like costs, risks and benefits involved in following a specific course of action and the best alternative is chosen.

(4) **Formulating derivative plans:** Derivative plans are secondary plans formulated to support the basic plan. E.g. Detailed plans formulated for various departments, units, activities etc. Derivative plans indicate the time schedule and sequence of performing various tasks.

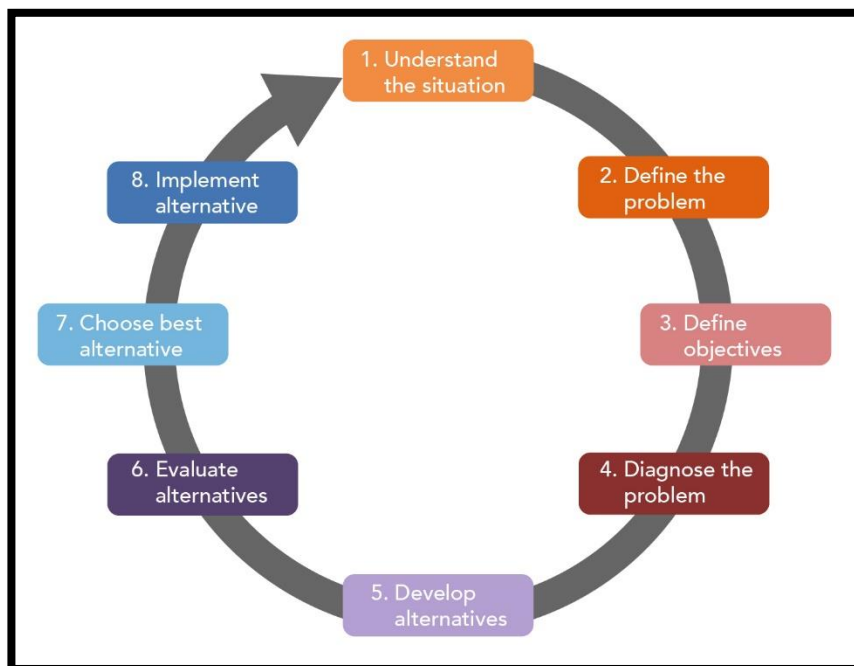
(5) **Securing cooperation and participation:** Manager must involve people from various departments and take their suggestions and criticisms to rectify the defects in the plan if any. Participation of employees in formulation of plans motivates them to carry out the plan with best of their abilities.

(6) **Providing for follow up:** Plans are constantly reviewed to ensure their relevance and effectiveness with the changing dynamics in the business environment. It helps to develop sound plans for the future and avoiding mistakes that surface after or while implementing a plan.

Decision Making

Management decision making is choosing a course of action after considering different options to accomplish an organization's goals. Management involves problem-solving, budgeting, coaching, planning, organizing, staffing, controlling.

Decision Making Process



- Step 1: Identify the decision – Define the problem and determine if a decision is required.
- Step 2: Gather relevant information – This step involves gathering internal and external data. Gather internal information with self-assessment and consider your motivations. Capture external information colleagues, online, books, and other resources.
- Step 3: Identify the alternatives – Identify and list all possible courses of action as they arise.
- Step 4: Weigh the evidence – Visualize the possible consequences of taking each course of action, drawing on your information and emotions. Consider if the situation in Step 1 would be addressed or solved with each alternative. Rank your possible decisions based upon your value system.
- Step 5: Choose among alternatives – Select the best course of action to take. It may even be a combination of other options.
- Step 6: Take action – Implement your decision.
- Step 7: Review your decision and its consequences - Last, evaluate the results of your decision and determine if it addressed the issue identified in Step 1.

Techniques for Decision Making

Marginal Analysis

Marginal analysis helps organizations allocate resources to increase profitability and benefits and reduce costs. An example from indeed.com is if a company has the budget to hire an employee, a marginal analysis may show that hiring that person provides a net marginal benefit because the ability to produce more products outweighs the increase in labor costs.

SWOT Diagram

This tool helps a manager study a situation in four quadrants:

- Strengths: Where does the organization excel compared to its competition? Consider the internal and external strengths.

- Weaknesses: What could the organization improve?
- Opportunities: How can the organization leverage its strengths to create new avenues for success. How could addressing a specific weakness provide a unique opportunity?
- Threats: Determine what obstacles prevent the organization from achieving its goals.

Group Discussions

Brainstorming

Delphi technique

Marginal Analysis

Cost-Benefit Analysis

Ratio Analysis

Financial Analysis

Break-even Analysis

Operations research

Pareto Analysis: The Pareto Principle helps identify changes that will be the most effective for an organization. It's based on the principle that 20 percent of factors frequently contribute to 80 percent of the organization's growth.

UNIT 2

Nature of Organizing

• Identification of activities • Grouping of activities • Accumulation of resources • Defining hierarchy of positions • Assignment of jobs • Establishing authority and responsibility relationship • Evaluation of performance

Organization Levels

The three levels of influence are the individual, the group, and the organization. The three levels are interconnected.

The Individual

The individual level includes each individual person within an organization. Each individual acts differently which affects group dynamics and the organization as a whole. If there are a

lot of happy and efficient individuals, the work environment will be an efficient and productive one. However, if there are a lot of negative and disgruntled individuals, it can create a toxic environment.

It is impossible for a company to study each individual employee's behaviour, however, it is important for a company to create guidelines and expectations that will attract employees with desirable behaviours. For example, a company may hire employees based on their personality or how they answer behavioral based interview questions. At the same time, companies can help influence individual behaviour. They do this by creating a code of conduct, establishing policy and procedure guidelines, and by developing incentives and consequences.

The Group

The group level includes any groups within an organization. Groups can range in size from a couple people working together, to a large group with dozens or hundreds of members. As we just discussed, individuals can affect a group and a group can affect an organization. And at the same time, a group can affect individuals and an organization can affect a group. Imagine organizational behaviour as a large spider web over each organization. The spider web connects each level of influence with the two others, creating a pathway between each one.

The Organization

Finally, the organization level incorporates the organization as a whole. In case you haven't picked up on the trend, it's important to point out that the organization impacts the individual and group behaviour and that individual and group behaviour impacts an organization.

Span of Management

Depending upon the complexity of organisational activities and relationships amongst superiors and subordinates, it becomes important the superiors manage an optimum number of subordinates that result in optimum organisational output. All the subordinates cannot be managed by one superior. There has to be a limit on the number of subordinates who can be effectively managed by one superior.

The number of subordinates that a superior can effectively supervise is known as span of management or span of control.

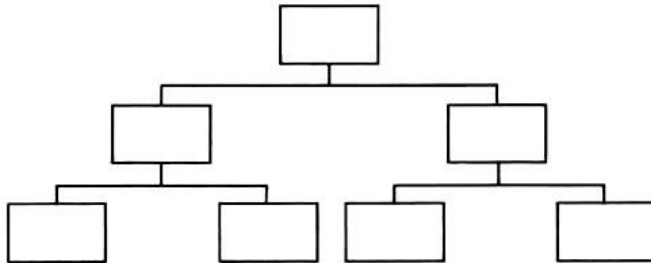
Depending on the number of employees that can be supervised or controlled by managers, there can be two kinds of structures in the organisation:

I. Tall structures, and

II. Flat structures.

I. Tall structures:

These structures are found in classical bureaucratic organisations. In this structure, a manager can supervise less number of subordinates. He can, therefore, exercise tight control over their activities. This creates large number of levels in the organisation. This is also known as narrow span of control. A tall structure or a narrow span of control appears like this.



Merits of a Tall Structure:

1. Managers can closely supervise activities of the subordinates.
2. There can be better communication amongst superiors and subordinates.
3. It promotes personal relationships amongst superiors and subordinates.
4. Control on subordinates can be tightened in a narrow span.

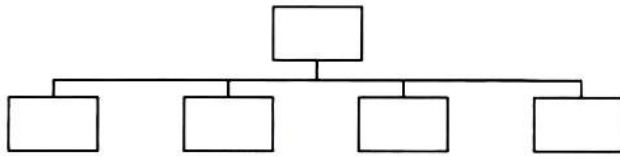
Limitations of a Tall Structure:

1. It creates many levels in the organisation structure which complicates co-ordination amongst levels.
2. More managers are needed to supervise the subordinates. This increases the overhead expenditure (salary etc.). It is, thus, a costly form of structure.
3. Increasing gap between top managers and workers slows the communication process.
4. Decision-making becomes difficult because of too many levels.

II. Flat Structures:

These structures have a wide span of control. When superior supervises a larger number of subordinates, flat structure is created with lesser number of hierarchical levels.

A structure where span of control for each managerial position is 4 appears as follows:

**Merits of a Flat Structure:**

1. There is low cost as less number of managers can supervise organisational activities.
2. The decision-making process is effective as superiors delegate authority to subordinates. They are relieved of routine matters and concentrate on strategic matters. The decision-making is decentralised.
3. Subordinates perform the work efficiently since they are considered worthy of doing so by the superiors.
4. There is effective communication as the number of levels is less.
5. It promotes innovative abilities of the top management.

Limitations of a Flat Structure:

1. Superiors cannot closely supervise the activities of employees.
2. Managers may find it difficult to co-ordinate the activities of subordinates.
3. Subordinates have to be trained so that dilution of control does not affect organisational productivity.

Factors Determining Span

The span of management can be determined on the basis of a number of relationships that a manager can manage. These are:



1. **Capacity of Superior:** Here the capacity means the ability of a superior to comprehend the problems quickly and gel up with the staff such that he gets respect from all. Also, the communication skills, decision-making ability, controlling power, leadership skills are important determinants of supervisory capacity. Thus, a superior possessing such capacity can manage more subordinates as compared to an individual who lack these abilities.
2. **Capacity of Subordinate:** If the subordinate is trained and efficient in discharging his functions without much help from the superior, the organization can have a wide span. This means a superior can manage a large number of subordinates as he will be required just to give the broad guidelines and devote less time on each.
3. **Nature of Work:** If the subordinates are required to do a routine job, with which they are well versed, then the manager can have a wider span. But, if the work is complex and the manager is required to give directions, then the span has to be narrower. Also, the change in the policies affects the span of management. If the policies change frequently, then the manager needs to devote more time and hence the span would be narrow whereas if the policies remain stable, then a manager can focus on a large number of subordinates. Likewise, policies technology also plays a crucial role in determining the span.
4. **Degree of Decentralization:** If the manager delegates authority to the subordinates then he is required to give less attention to them. Thus, higher the degree of decentralization, the wider is the span of management. But in case, subordinates do not have enough authority, then the manager is frequently consulted for the clarifications, and as a result superior spends a lot of time in this.
5. **Planning:** If the subordinates are well informed about their job roles, then they will do their work without consulting the manager again and again. This is possible only because of the standing plans that they follow in their repetitive decisions. Through a proper plan, the burden of a manager reduces manifold and can have a wider span of management.
6. **Staff Assistance:** The use of staff assistance can help the manager in reducing his workload by performing certain managerial tasks such as collecting information, processing communications and issuing orders, on his behalf. By doing so, the managers can save their time and the degree of span can be increased

7. **Supervision from Others:** The classical approach to the span of management, i.e., each person should have a single supervisor is changing these days. Now the subordinates are being supervised by other managers in the organization such as staff personnel. This has helped the manager to have a large number of subordinates under him.
8. **Communication Techniques:** The mode of communication also determines the span of management. If in the manager is required to do a face to face communication with each subordinate, then more time will be consumed. As a result, the manager cannot have a wider span. But in case, the communication is in writing and is collected through a staff personnel; the manager can save a lot of time and can have many subordinates under him.

Organisational Design

Organisational design is the process of aligning the structure of an organisation with its objectives, with the ultimate aim of improving efficiency and effectiveness. Work can be triggered by the need to improve service delivery or specific business processes, or as a result of a new mandate.

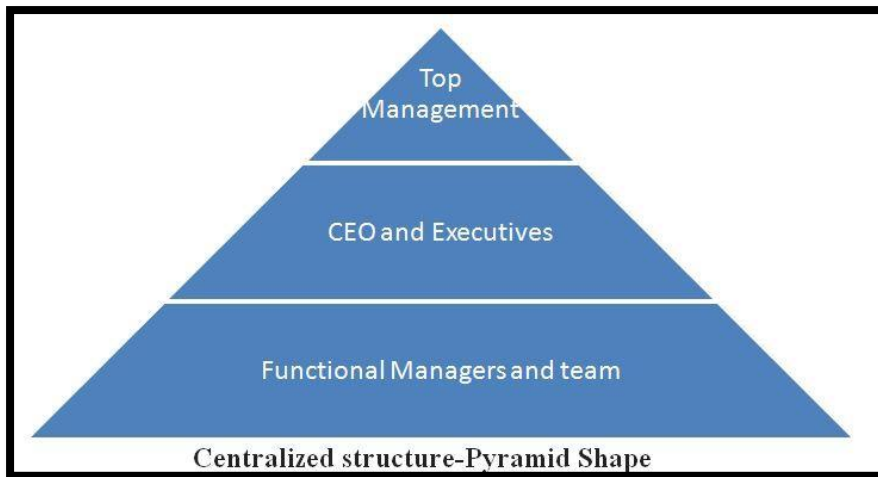
More than designing a structure, it involves:

- Understanding the imperative for change and the environment
- Understanding the business processes, workflows, roles and responsibilities, volumes of work, activity analysis and resources
- Designing and testing new models or structures
- Planning and managing the transition from the old structure to the new
- Implementing and monitoring the change

Organizational Structure

1. Centralized Structure

In this type of organizational structure, all decisions, as well as processes, are defined; and handled by the top management. Employees and managers are responsible for the successful implementation of decisions and have to follow them. The employees low in the chain of command play a minimal role in the process of decision-making. Few real-life examples of such organizations are Army, companies like Flipkart, Apple, McDonald's, etc. where the power of decision-making is held at the top level and there is a wide chain or hierarchy of managers and subordinates. Thus, the centralized structure has a top-down approach for decision flow.



Pros and Cons of Centralized Organization Structure:

PROS	CONS
<ul style="list-style-type: none"> • Clear communication and chain of command 	<ul style="list-style-type: none"> • Dictatorship in terms of Leadership
<ul style="list-style-type: none"> • Cost reduction i.e. administrative cost 	<ul style="list-style-type: none"> • Work delays due to dependency on management
<ul style="list-style-type: none"> • Fast implementation of decisions 	<ul style="list-style-type: none"> • Employees feel disconnected in result reduce work efficiency
<ul style="list-style-type: none"> • Improved work quality and reduction in task replication 	<ul style="list-style-type: none"> • Lack of authority in Managers

2. Decentralized Organization Structure

In such type of organizations, day-to-day tasks and the decision-making processes are delegated to the supervisors at the middle and lower level by the top management for fast and effective decisions and to improve efficiency. By letting the middle and lower level executives jump in the process of decision-making, the top management can focus on other major decisions. This also increases the responsibility and accountability of the employees.



Pros and Cons of Decentralized Organisation Structure:

PROS	CONS
<ul style="list-style-type: none">• Better customer service	<ul style="list-style-type: none">• Difficult coordination
<ul style="list-style-type: none">• Better staff motivation	<ul style="list-style-type: none">• Expensive process
<ul style="list-style-type: none">• Quick decisions	<ul style="list-style-type: none">• Unnecessary cost increase due to benefits by external factors
<ul style="list-style-type: none">• Effective Communication	
<ul style="list-style-type: none">• Improved Supervision and control	

For Example; Mark, the HR Manager at ABC Company, has to finalize a deal with a vendor at a job portal for hiring and, for this, he negotiates best prices with discounts to close the deal. If his organization is a centralized one, then he will first seek senior management permission to finalize the deal and wait for their approval. If there is a delay rendered by the management part, he might lose the deal. However, if his company is decentralized, then, he has authority to close the deal all by himself with the vendor without seeking any approval from the management which, in turn, results in finalizing cost-effective and quick decision-making.

Line and Staff Organization

In a centralized structure, decisions are made by the managers and the decisions are flown downward through the enterprise. However, as an organization grows in scope, complexity increases, they need to be flexible with the control as centrally applied. The principle of line-staff organization introduces this flexibility into hierarchical lines of authority, in a try to maintain a unified command structure.

Line groups are engaged in tasks that focus on the technical core of the firm. They are involved in achieving the primary objective of the enterprise. Line groups have the final decision-making authority in relation to the technical organizational purposes.

Staff groups are in tasks that provide support to the line groups. Their work is like that of advisory (legal), service (human resource), or control (the accounting) groups. Staff groups support those who are engaged in the central productive activity of the enterprise. They back up their work. Staff groups help the organization in analysing, researching, counselling, monitoring, and evaluating activities.

Difference 1. Purpose

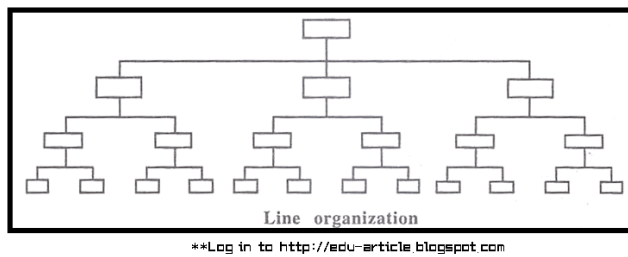
Line Organization's purpose is to work directly toward the organisational goals, while staff advises, assists, and back to the line group to work towards the set goals. This is the main difference.

Difference 2. Authority

Yet another important difference is authority. Line authority is considered or visualised as the formal authority which is created by the organisational hierarchy. Staff groups do not get any such recognition.

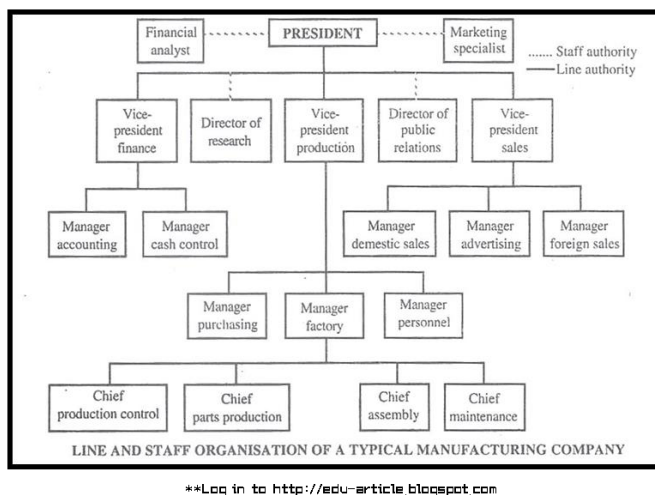
An organization structure which is composed of only line executives is termed as a line organization.

Imaginary structure of such an organization may be as under:



An organization structure which is composed of both line executives and staff executives is termed as line and staff organization.

An imaginary structure of such a type is shown below;



Delegation of Authority

The delegation of authority refers to the division of labor and decision-making responsibility to an individual that reports to a leader or manager.

It is the organizational process of a manager dividing their own work among all their people. It involves giving them the responsibility to accomplish the tasks that are delegated to them in the way they see fit.

Along with responsibility, they also share the corresponding amount of authority. This ensures that tasks can be completed efficiently and that the individual feels actually responsible for their completion.

On one level, delegation is just dividing work into tasks that others can do.

At its best, delegation is empowering people to do the work they are best suited to. It allows them to invest themselves more in the work and develop their own skills and

abilities. It also allows the manager to do other important work that might be more strategic or higher-level.

In other words, delegated authority is more than just parsing out work. It is truly sharing responsibility, ownership, and decision-making. Delegated authority is shared authority.

Delegating authority can also improve efficiency by making more employees accountable for their own work and activities. Less time and energy is spent on monitoring and micro-managing employees who are capable and competent. Your team becomes more capable and able to achieve higher performance as a result.

Delegation is about entrusting another individual to do parts of your job and to accomplish them successfully.

Differences between centra and de-centra

BASIS FOR COMPARISON	CENTRALIZATION	DECENTRALIZATION
Meaning	The retention of powers and authority with respect to planning and decisions, with the top management, is known as Centralization.	The dissemination of authority, responsibility and accountability to the various management levels, is known as Decentralization.
Involves	Systematic and consistent reservation of authority.	Systematic dispersal of authority.
Communication Flow	Vertical	Open and Free
Decision Making	Slow	Comparatively faster
Advantage	Proper coordination and Leadership	Sharing of burden and responsibility
Power of decision making	Lies with the top management.	Multiple persons have the power of decision making.
Implemented when	Inadequate control over the organization	Considerable control over the organization

BASIS FOR COMPARISON	CENTRALIZATION	DECENTRALIZATION
Best suited for	Small sized organization	Large sized organization

The points given below are noteworthy, so far as the difference between centralization and decentralization is concerned:

1. The unification of powers and authorities, in the hands of high-level management, is known as Centralization. Decentralization means dispersal of powers and authorities by the top level to the functional level management.
2. Centralization is the systematic and consistent concentration of authority at central points. Unlike, decentralization is the systematic delegation of authority in an organization.
3. Centralization is best for a small sized organization, but the large sized organization should practice decentralization.
4. Formal communication exists in the centralized organization. Conversely, in decentralization, communication stretches in all directions.
5. In centralization due to the concentration of powers in the hands of a single person, the decision takes time. On the contrary, decentralization proves better regarding decision making as the decisions are taken much closer to the actions.
6. There are full leadership and coordination in Centralization. Decentralization shares the burden of the top level managers.
7. When the organization has inadequate control over the management, then centralization is implemented, whereas when the organization has full control over its management, decentralization is implemented.

Definition of power

Power is the ability to influence other people. It refers to the capacity to affect the behaviour of the subordinate with the control of resources. It is an exchange relationship that occurs in transactions between an agent and a target. The agent is the person who uses the power and target is the receipt of the attempt to use power.

Distinction between Power, Authority and Influence

Power is the ability to influence someone else. Influence is the process of affecting the thoughts, behaviour and feelings of another person. Authority is the right to influence another person. Authority is a legitimate right to influence others.

- (1) Authority is right to influence others but power is ability to influence people.
- (2) Authority is legitimate while power is not.
- (3) Authority confers legitimacy to power but power itself need not be legitimate.

Sources (Base) of Power

According to French and Raven, a manager derives power from five sources : Reward, Coercive, Legitimate, Referent and Expert power.

Reward Power

It is based on the agent's/manager's ability to control rewards the target/employee wants. The common, e.g., of it are managers control rewards of salary increases, bonuses and promotions. This power is based on old saying that 'wealth is power'.

Coercive Power

It is opposite of reward power. It is based on a manager's ability to cause an unpleasant experience for its people. In organizational situation, it may be in the form of action for or threat for dismissal, suspension, or demotion, for the people working in organization.

Legitimate Power

It is based on position and mutual agreement. Both the agent and target agree that the agent has the right to influence the employees. It is in the form of authority which is delegated to the positions of organizational members.

Referent Power

It is an elusive power that is based on interpersonal attraction. Charismatic individuals are often thought to have referent power. Here, people take somebody as ideal and behave accordingly upto a certain stage.

Expert Power

It exists when the agent has information or knowledge that the target needs. It is based on the proverb, "knowledge in power". Three conditions to be fulfilled are :

- (1) The target must trust that the information given by the agent is accurate and correct.
- (2) The information should be relevant and useful to the target.
- (3) The target must consider the agent as an expert.

Acquisition of Power

Some people enjoy more power than others because :

1. Extraordinary Works : Doing things in a non-routine or extraordinary works contribute to power. For example, negotiating a new contract, developing a new product, or formulating a new programme.

2. Visible Activities : Even extraordinary activities not known to others do not generate much power. Therefore, activities need to be visible or known to others. Activities announced and appreciated by the people of higher echelons bring more power.

3. Cultivate Right People : Individuals can also increase their personal power by developing their interpersonal relationships with their superiors, subordinates and peers.

4. Coalitions : Coalescing is yet another way to earn power. The philosophy behind joining together is gaining increased capability to influence others.

5. Co-opt : Individuals can increase their personal power by co-opting people or groups. Co-opting, seeks to eliminate threats and opposition to an individual's base of power.

Personal and Position Power

Doing extraordinary things contribute much to personal power. It is possible for a person to affect the behaviour of others even when he does not have any formal authority. They do so because of superior qualities. The basis of such personal power lies in the competence, charisma and leader-like qualities of the person concerned.

Legitimate power is power that is based on position. Authority confers legitimacy to power. Authority is an institutionalised form of power vested in a position or office. Position power is an exercise of the authority delegated to a person.

Empowerment

A primary goal of employee empowerment is to give workers a greater voice in decisions about work-related matters. Their decision-making authority can range from offering suggestions to exercising veto power over management decisions. Although the range of decisions that employees may be involved in depends on the organization, possible areas include: how jobs are to be performed, working conditions, company policies, work hours, peer review, and how supervisors are evaluated.

Many experts believe that organizations can improve productivity through employee empowerment. This occurs in one of two main ways. First, empowerment can strengthen motivation by providing employees with the opportunity to attain intrinsic rewards from their work, such as a greater sense of accomplishment and a feeling of importance. In some cases, intrinsic rewards such as job satisfaction and a sense of purposeful work can be more powerful than extrinsic rewards such as higher wages or bonuses. Motivated employees clearly tend to put forth more effort than those who are less motivated. The second means by which employee empowerment can increase productivity is through better decisions. Especially when decisions require task-specific knowledge, those on the front line can often better identify problems.

Groups and Teams

A group is a collection of individuals who coordinate their efforts, while a team is a group of people who share a common goal. While similar, the two are different when it comes to decision-making and teamwork.



In a work group, group members are independent from one another and have individual accountability. On the other hand, in a team, team members share a mutual accountability and work closely together to solve problems. These dynamics inform the way tasks are handled and overall collaboration.

What is a group?

In short, a group is a number of people who work together. They have individual goals that they work toward collectively. While groups work toward separate goals, they have a related interest or identity that brings them together.



There are two types of groups: informal groups and formal groups. Informal groups are formed naturally around common interests, identities, or social goals. Formal groups are created by company leaders to perform a specific task for an organization.

Group advantages

There is some debate about whether groups or teams are better. The reality is, both have advantages and disadvantages, and it's up to you to decide which one is best for your needs. Here are some advantages of groups:

- Groups build temporary relationships: Since groups focus on individual members working in parallel to one another, they build temporary working relationships such as short-term external projects or temporary internal consulting.
- Groups are great for efficiency: While teams work to create efficiency for the greater good, groups focus on individual [efficiency](#). This can improve effectiveness when looking at individual work and larger group objectives.
- Groups focus on individual growth: Since groups support individual work, they also focus on individual growth. This can be seen in the form of individual experts rather than a team of experts.

While working in a group environment has its advantages, it also has some disadvantages, too. Let's look at some reasons why working in a group might not be right for you.

Read: Efficiency vs. effectiveness in business: Why your team needs both

Group drawbacks

While groups support individual work and career growth, they don't share all of the advantages of working in a team setting. These disadvantages include not connecting work to goals and the lack of team bonding.

Here are some disadvantages of working in a group:

- Groups can alienate individuals: Since groups work individually, there isn't as much time spent on team building. This lack of teamwork can alienate individuals and cause communication issues.
- Groups don't support organizational goals: Likewise, this lack of teamwork can cause a gap in organizational clarity. This makes it difficult to connect work to organizational goals and objectives.

These disadvantages are why some organizations prefer working in teams. That's why it's important to also understand the advantages and disadvantages of teams.

What is a team?

A team is a number of people who work together to accomplish a shared purpose or goal. Each team is the sum of its parts, which means members of the team rely on one another to accomplish the outcome.



Teams work together to solve problems, create new products, and other functions such as aligning passions and purpose. There are a few different types of teams, including cross-departmental teams, process teams, and self-managed teams. Each of these differs slightly but shares similar advantages and disadvantages.

Team advantages

Working in a team environment has many advantages that all come back to working toward the same goals and supporting members in a shared experience. Many organizations work in a team setting vs. a group setting as they prefer the advantages of collaboration. These include improved productivity and quicker problem solving.

Here are some advantages of working in a team:

- Teams build on collaboration and synergy: Teamwork can increase collaboration and synergy. These help support the overall goal and can aid in communication and organizational transparency.
- Teams encourage group productivity: While groups aid in efficiency, teams have the advantage when it comes to productivity. This is because team members support each other's work and help solve the overall problem, making the actual [work more productive](#).
- Teams are better for [problem solving](#): It's true that the more people brainstorm together, the better. This is why teamwork can help solve problems quicker and more effectively the first time around.

The advantages of working in teams can help organizations thrive thanks to teamwork and communication. That said, there are some disadvantages you should consider as well.

Team drawbacks

While teams have a variety of advantages, they also have some disadvantages. These disadvantages include struggling to support individual growth and efficiency issues.

Here are some disadvantages of working in a team:

- Teams don't always focus on individual growth: While not always the case, some teams struggle with fostering individual growth. This is because results are most commonly focused on the greater good than what's best for each person.
- Teams may struggle with efficiency: Teams have the advantage of productivity, though they can struggle with efficiency if the right organizational processes are not put into place. This can cause work to take longer than expected and deadlines to be missed.

While teams might struggle with these disadvantages, there are ways to minimize the effects with the right processes and leadership. The key is to facilitate organizational clarity that supports both teams and individuals.

Dynamics of informal Groups

Informal groups almost always arise if opportunities exist. If management prescribes production norms that the group considers unfair, the group's recourse is to adopt less demanding norms and to use its ingenuity to discover ways in which it can sabotage management's imposed standards. Thus they counteract the tendency of the organization to get more output from the workers.

Informal groups have a powerful influence on the effectiveness of an organization. But the informal group's role is not limited to resistance. The impact of the informal group upon the larger formal group depends on the norms that the informal group sets. So the informal group can make the formal organization more effective, too.

A norm is an implied agreement among the group's membership regarding how members in the group should behave. From the perspective of the formal group, norms generally fall into three categories-positive, negative, and neutral.' In other words, norms either support, obstruct, or have no effect on the aims of the larger organization.

For example, if the informal group in Jeff's shop set a norm supporting high; output, that norm would have been more powerful than any attempt by Jeff to force compliance with the standard. The reason is simple, yet profound.

The norm is of the group members own choice, and is not one imposed upon them, There is a big motivational difference between being told what to do and being anxious to do it.

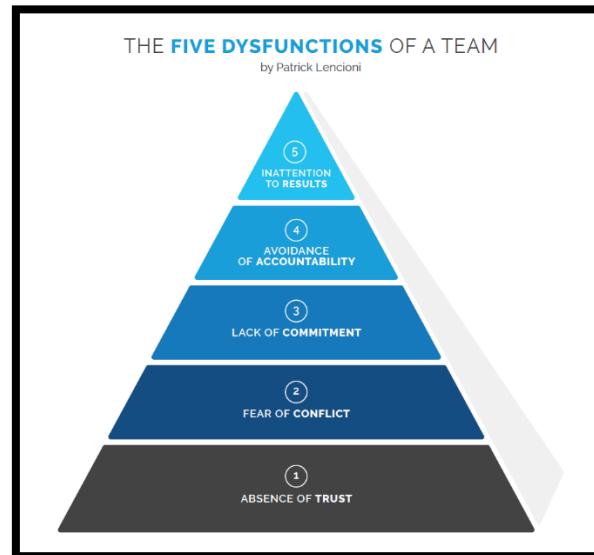
If Jeff had been aware of group dynamics, he might have realized that informal groups can be either his best friend or his worst enemy. He should' have been sensitive to the informal groups within his area and he should have cultivated their goodwill and cooperation and made use of the informal group leadership.

That is, he should have wooed the leadership of the informal group and enlisted the support of its membership to achieve the formal organization's aims.

For harnessing the power of informal groups one should have:

1. An understanding of group dynamics and,
2. An ability to bring about changes in informal group norms that positively reinforce the formal organization's goals.

Dysfunctions of Groups and Teams



The five dysfunctions are:

1. **Absence of Trust.** Teams who lack trust conceal weaknesses and mistakes, hesitate to ask for help, jump to conclusions about the intentions of others, hold grudges and dread meetings.
2. **Fear of Conflict.** A lack of trust leads to the fear of conflict. In these companies, employees worry more about politics and personal risk management than solving problems. Meetings are often boring because controversial topics are avoided.

3. **Lack of Commitment.** When teams become conflict-avoidant, a fear of failure develops. These teams have difficulty making decisions and second guess themselves.
4. **Avoidance of Accountability.** Second-guessing and a lack of common objectives then leads to an inability to develop standards for performance. Team members miss deadlines and deliver mediocre work.
5. **Inattention to results.** When teams lack focus and clear objectives, team members stagnate, become distracted, and focus on themselves.

The bottom of the pyramid and the launchpad for all five dysfunctions is an absence of trust. While an absence of trust is something that could have occurred in any company at any time, ensuring trust among your team is more important than ever in today's work environment.

Teams in Modern Work Place

Team building is key in the modern workplace – here are a few reasons why:

- Boosting Communication Among the Entire Team. Flexible working is fundamental to the modern workplace, with digital devices enabling employees to work whenever, wherever.
- Enhancing the Manager-Employee Relationship.
- Caring for the Culture.

The Role of Teamwork in a Modern Global Organization:

- Many businesses rely on successful teamwork to reach company goals and objectives.
- While more organizations have gone global, good teamwork has become increasingly imperative, since employees with differing skill sets and ideas may be scattered on different continents.
- Circumstances may call for these global employees to share what information they have in each location in order to strategize, innovate and bring to market a company's products or services; teamwork, therefore, plays a variety of important roles in a business.

Organizational Effectiveness:

- Teamwork plays a vital role in organizational effectiveness, which determines how effective a company can be in its many facets.

- These facets can include internal communication, communication with investors or shareholders, new product launches and customer service. Depending on the nature of your business, you may depend on different teams working together to ensure that these facets are conducted successfully
- This way, a single employee or poorly functioning team will be unable to guarantee an organization's effectiveness.

The Modern Rules for Teamwork in the Workplace:

- Do you really want to build a team that not only helps your organization grow but also keeps an attitude to overcome any obstacles?
- Every organization wants its team to work collaboratively and persistently towards its goals and vision.
- Not many succeed in building a team and often employees fail to give their best irrespective of their talents

Tips to strengthen team relationships-

- Communicate with your teammates.
- Trust and respect your teammates
- Share ideas and support each other.
- Give and accept constructive criticism.
- Recognize the good work of your team member. o Have a proportionate division of work tasks.

UNIT 3

Organizational Behaviour

Organizational Behaviour (OB) is the study of human behaviour in organizational settings, the interface between human behaviour and the organization, and the organization itself.

Organizational behaviour is the study of both group and individual performance and activity within an organization.

This area of study examines human behaviour in a work environment and determines its impact on job structure, performance, communication, motivation, leadership, etc.

It is the systematic study and application of knowledge about how individuals and groups act within the organizations where they work. OB draws from other disciplines to create a unique field.

Nature & Scope of OB

Organizational behaviour has emerged as a separate field of study. The nature it has acquired is identified as follows :

1. A Separate Field of Study and not a Discipline Only

By definition, a discipline is an accepted science that is based on a theoretical foundation. But, O.B. has a multi-interdisciplinary orientation and is, thus, not based on a specific theoretical background. Therefore, it is better reasonable to call O.B. a separate field of study rather than a discipline only.

2. An Interdisciplinary Approach

Organizational behaviour is essentially an interdisciplinary approach to study human behaviour at work. It tries to integrate the relevant knowledge drawn from related disciplines like psychology, sociology and anthropology to make them applicable for studying and analysing organizational behaviour.

3. An Applied Science

The very nature of O.B. is applied. What O.B. basically does is the application of various researches to solve the organizational problems related to human behaviour. The basic line of difference between pure science and O.B. is that while the former concentrates on fundamental researches, the latter concentrates on applied researches. O.B. involves both applied research and its application in organizational analysis. Hence, O.B. can be called both science as well as art.

4. A Normative Science

Organizational Behaviour is a normative science also. While the positive science discusses only cause effect relationship, O.B. prescribes how the findings of applied researches can be applied to socially accepted organizational goals. Thus, O.B. deals with what is accepted by individuals and society engaged in an organization. Yes, it is not that O.B. is not normative at all. In fact, O.B. is normative as well that is well underscored by the proliferation of management theories.

5. A Humanistic and Optimistic Approach

Organizational Behaviour applies humanistic approach towards people working in the organization. It, deals with the thinking and feeling of human beings. O.B. is based on the belief that people have an innate desire to be independent, creative and productive. It also realizes that people working in the organization can and will actualize these potentials if they are given proper conditions and environment. Environment affects performance of workers working in an organization.

6. A Total System Approach

The system approach is one that integrates all the variables, affecting organizational functioning. The systems approach has been developed by the behavioural scientists to analyse human behaviour in view of his/her socio-psychological framework. Man's socio-psychological framework makes man a complex one and the systems approach tries to study his/her complexity and find solution to it.

Scope of Organizational Behaviour

The three internal organizational elements viz., people, technology and structure and the fourth element, i.e., external social systems may be taken as the scope of O.B.

1. People

The people constitute the internal social system of the organization. They consist of individuals and groups. Groups may be large or small, formal or informal, official or unofficial. They are dynamic. They form, change and disband. Human organization changes everyday. Today, it is not the same as it was yesterday. It may change further in the coming days. People are living, thinking and feeling being who created the organization and try to achieve the objectives and goals. Thus, organizations exist to serve the people and not the people exist to serve the organization.

2. Structure

Structure defines the sole relationship of people in an organization. Different people in an organization are given different roles and they have certain relationship with others. It leads to division of labour so that people can perform their duties or work to accomplish the organizational goal. Thus, everybody cannot be an accountant or a clerk. Work is complex and different duties are to be performed by different people. Some may be accountant, others may be managers, clerks, peons or workers. All are so related to each other to accomplish the goal in a co-ordinated manner. Thus, structure relates to power and duties. One has the authority and others have a duty to obey him.

3. Technology

Technology imparts the physical and economic conditions within which people work. With their bare hands people can do nothing so they are given assistance of buildings, machines, tools, processes and resources. The nature of technology depends very much on the nature of the organization and influences the work or working conditions. Thus, technology brings effectiveness and at the same restricts people in various ways.

4. Social System

Social system provides external environment which the organization operates. A single organization cannot exist also. It is a part of the whole. One organization cannot give everything and therefore, there are many other organizations. All these organizations influence each other. It influences the attitudes of people, their working conditions and above all provides competition for resources and power.

O.B. is the study of human behaviour at work in organizations. Accordingly, the scope of O.B. includes the study of individuals, groups and organization/structure. Let us briefly reflect on what aspects each of these three cover.

Individuals

Organizations are the associations of individuals. Individuals differ in many respects. The study of individuals, therefore, includes aspects such as personality, perception, attitudes, values, job satisfaction, learning and motivation.

Groups of Individuals

Groups include aspects such as group dynamics, group conflicts, communication, leadership, power and politics and the like.

Environmental & Organizational Context

Organizational context is another communication variable that influences the content and presentation of both internal and external communications. Organizations—or any group of people working together—may be flat or hierarchical in structure; informal or formal in image; and small, medium, or large in size. All of these characteristics make up the organizational context which, in turn, influences communication expectations and your communication choices for both internal and external communications.

Internal Communications

Consider how your group or organization functions internally in terms of sanctioned communication. A flat organization is one in which communication among all participants is encouraged. Employees at all levels have relatively equal communication access to each other as well as to the person in charge. A hierarchical organization has more specific reporting and communication structures, in which employees may have defined avenues of communication.

External Communications

Understanding organizational context for internal communications will help you more effectively manipulate communication variables in external communications, if you are tasked with creating those communications. If the organization is relatively formal, then formality should be characteristic of external communication, using titles, spelling out words instead of using contractions, and using standard communication formats. If the organization is relatively informal, then you may want to use recipients' first names, less formal wording, and/or creative formats. External communication always should reflect the professional image that the group or organization wants to project. If in doubt, err on the side of formality.

Types of Organizational Environment

In an organization, every action of the management body is influenced by the environment.

Organizations have an external and internal environment;

a) Internal environment /Micro environment.

b) External environment t / Macro Environment.

- Internal environmental factors are events that occur within an organization.
- External environmental factors are events that take place outside of the organization and are harder to predict and control.

INTERNAL FACTORS:

- Financial resources like funding, investment opportunities and sources of income.
- Physical resources like company's location, equipment, and facilities.
- Human resources like employees, target audiences, and volunteers.

EXTERNAL FACTORS:

The external environment is further divided into two distinct segments:

1. General environment:
 - a. Economic Environment
 - b. Socio-Culture Environment
 - c. Political Legal Environment
 - d. Technological Environment
2. Task environment:
 - a. Customers
 - b. Suppliers
 - c. Competitors
 - d. Financial Institution
 - e. Government
 - f. Media

Nature & Importance of Perception

(Trouble free)

Perceptual Selectivity

Under the process of perception it has been pointed out that it is a selective process. In everybody's environment there are various stimuli. These stimuli are in the form of objects, events and people. An individual cannot get attracted towards all these stimuli. He is attracted towards only those stimuli which interest him. The stimuli towards which he gets attracted are selected and the others get ignored.

For example, when we read a newspaper we get attracted towards only some of the news and ignore the remaining news.

Factors :

These factors are related to the external environment or stimuli. These factors are in reality the characteristics of the stimuli. It is only these characteristics of the stimuli that attract a person and he selects them, otherwise he overlooks them. The following are the chief external factors that influence perceptual selectivity:

1.Size: Size means the big or small size of the stimuli. Generally, it has been observed that stimuli which have a large size attract people quickly. There is a greater possibility of the perception of such stimuli being selected. For example, when we read a book, it has two types of written words, e.g., headings which are printed in big letters while their explanation is written in small letters. The moment we open a book our attention immediately goes towards the headings and not the explanation that follows them. In the context of business we find big sized advertisement attracting people quicker than the small-sized advertisement.

2.Intensity: Intensity means that some stimuli are brighter, louder, stronger in odour and more colourful than the others. Somebody gets attracted to a loud sound than a lower sound. Similarly brighter stimuli attract people more. For example, bright packing in business, loud advertisement, loud speaking by a supervisor- all these things are done so that the people get attracted to them.

3.Repetition: Repetition factor indicates that the repetition of a stimuli has a particular attraction. It is on the basis of this principle that the businessmen display the advertisement of their products repeatedly. When a particular stimulus repeatedly appears before us, it is natural that we start taking interest in it. A person desirous of getting a job meets the personnel manager time and again. In this case we find this factor of repetition at work.

4.Motion: This factor tells us that people get attracted more to the moving stimuli instead of The fixed stimuli. That is why there is a greater possibility of perception about the moving stimuli and their selection. We usually find flashing neon sign boards displayed in the market, at the cross-roads, etc. The advertising material remains in motion in these advertisements. People moving about during the night get attracted towards them. This is an attractive medium of advertisement.

5.Contrast: Contrast means when a stimulus in its own group appears to be different. Every stimulus is looked at in the context of its background. Here background means the group of which the stimulus happens to be a part. If a member of a group appears to be different from the other members, the perceiver will be attracted towards it.

For example, in the following two diagrams, the squares given in the centre are of the same size but when we look at the central square in Fig. A it looks a little small and when the same square in the Fig. B is looked at, it appears big. Therefore, it is clear that a stimulus (object, event or person) appears different in a different background. The use of background is made in order to make a stimulus attractive for the people.

6. Novelty and Familiarity: The factor of novelty and familiarity plays an important role in the selection of stimuli. Novelty means the presence of new stimuli in the existing environment. For example, if a foreign lecturer is appointed to teach Management Concept and Organisational Behaviour in a class, he will attract students' attention towards him. This is an example of creating novelty in an old environment in order to attract the attention of the perceivers.

Similarly, if a well known or familiar author goes to different colleges/universities to teach the same subject he will also attract students' attention. This is an example of attracting the attention of the perceivers by sending a known or familiar person in a new environment.

Attribution Theory

Attribution theory, proposed by Fritz Heider (1958), is a social psychology theory that deals with how individuals relate and make sense of the social world. More specifically, it is concerned with how people translate events around them and how their translations affect their thinking and behaviour.

How does Attribution Theory Work?

The Attribution Theory is concerned with how individuals perceive the information they receive, interpret events, and how these form causal judgements.

No individual would take an action or decision without attributing it to a cause or factor.

According to Heider, this is aimed at assessing the explanation that people give to certain behaviours, it considers how individuals interpret their behaviours.

The theory of attribution posits that attribution, whether done internally or externally, has great influence on how people feel and relate to others.

Heider says that all behaviour is considered to be determined by either internal or by external factors:

- **External Attribution (Situational Attribution):** Causality is assigned to an outside factor, agent or force. Outside factors fall outside your control. You perceive you have no choice. So your behaviour is influenced, limited or even completely determined by influences outside your control. Therefore you feel not responsible. A generic example is the weather.
- **Internal Attribution (Dispositional Attribution):** Causality is assigned to an inside factor, agent or force. Inside factors fall inside your own control. You can choose to behave in a particular way or not. So your behaviour is not influenced, limited or even completely determined by influences outside your control. Therefore you feel responsible. A typical example is your own intelligence.

This is also dependent on individual personality and cognitive behaviours.

As a complex psychological process, there have been diverse attempts to explain this concept using many theories.

From an attribution theory perspective, individuals exhibit creativity when dealing with others people and external factors.

What are the Steps in the Attribution Theory Process?

There is a three-stage process underlying attribution:

1. **Perception.** Observe. The person must perceive or observe the behaviour.
2. **Judgment.** Determine deliberateness. The person must believe that the behaviour was intentionally performed.
3. **Attribute.** The person must determine if he believes the other person was forced to perform the behaviour (in which case the cause is attributed to the situation) or not (in which case the cause is attributed to the other person).

Diff between personality & attitude

Definition

Personality is the combination of characteristics or qualities such as a set of behaviours, cognitions, and emotional patterns that form an individual's distinctive character. On the other hand, attitude is the opinion or standpoint one has towards something or someone. This explains the basic difference between personality and attitude.

Significance

To explain it further, the personality, on the whole, can define the kind of a person (makes each person a unique individual) while attitude only defines the standpoint of someone regarding a particular thing or a person.

Traits

Psychological traits play a major part in constructing one's personality while experiences play a major role in defining someone's attitudes. This is a main difference between personality and attitudes.

Change

Another important difference between personality and attitude is that changing one's personality is difficult and takes time since it is a construction of many psychological attributes such as traits, attitudes, qualities etc. However, attitudes are prone to change since they are directly related to one's experiences and opinions.

Conclusion

Personality and attitude are often used terms among people in the society. They are two different attributes in a person. Since personality is a collection of one's qualities, characteristics, feeling and attitudes one can easily discern the type of person someone is. But by knowing their attitudes toward various things one cannot easily learn one's personality. Therefore, the main difference between personality and attitude is that personality is the combination of one's qualities, character traits, principles, cognition etc. whereas attitude is the standpoint or the opinion one has towards something

PERSONALITY VERSUS ATTITUDE	
PERSONALITY	ATTITUDE
Combination of characteristics or qualities such as a set of behaviours, cognitions, and emotional patterns that form an individual's distinctive character	Opinion or standpoint one has towards something or someone
Can define the kind of a person	Only defines the standpoint of someone regarding a particular thing
Psychological traits play a major part in constructing one's personality	Experiences play a major role in defining someone's attitudes
Changing one's personality is difficult and takes time since it is a construction of many psychological attributes such as traits, attitudes, qualities, etc.	Attitudes are prone to change since they are directly related to one's experiences and opinions
	Visit www.PEDIAA.com

Johari Window

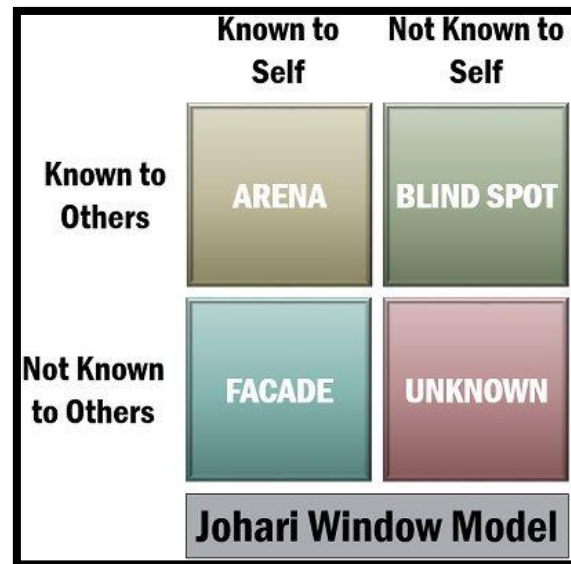
Johari window is a psychological tool to self-assess one's behaviour as well as the relationship with others, through feedback or disclosure. It is one of the most effective means of self-analysis by considering the other's perspective to understand oneself in a better way.

It helps in determining the areas of expertise or strengths, the shortcomings, the scope of development and challenge to be faced.

Johari Window Model

The model consists of four quadrants, each of which determines a different combination. These combinations are a result of facts known or unknown by oneself about himself along with the facts known or unknown to others.

To better understand this model, let us go through the following four possible combinations of the Johari Window Model:



- **Arena:** The arena or open area represents everything which is made public or is commonly known oneself and to others too. It includes a person's behaviour, attitude, skills, strengths, weaknesses, etc.
- **Blind Spot:** The area of talent or a specific trait or behaviour of a person which can be positive or negative, known to others; however, the person himself is unaware of it.
- **Facade:** It is a hidden area which is secretly known to the person alone, i.e. his feeling, emotions, ideas, etc., while others are unaware of it.
- **Unknown Area:** The area which remains undiscovered by the person himself or herself and also hidden from others, is termed as unknown areas. This area consists of new opportunities and scope for development along with threats and uncertainties.

Need for Johari Window

Johari window is one of the most useful tools for organizations to become successful and succeed over its competitors. To learn about its other advantages, read below:



Self-Awareness: It acts as a self-analysis tool. Thus, making oneself aware of his strengths, weaknesses, opportunities and threats by considering the views of others too.

Cordial Relationships: It helps to improve the interpersonal relations since everyone gets to know each other in a better way and each focus on self-improvement.

Improves Communication: Johari window paves the way for open interaction and develops understanding among the managers and the subordinates.

Team Development: Strong [team building](#) is difficult if the team members are not familiar with each other. This model enhances the interpersonal relationship among the team members by making each familiar with the others in the team.

Personal Development: It provides scope for betterment since the blind area reveals those unknown facts which are known to others but may have been ignored by the individual himself. These facts are sometimes related to the individual's attitude, habits, behaviour which needs to be mended.

Group Dynamics: The Johari window encourages open conversations and feedback within a group. This enhances group performance and develops a mutual understanding among the group members by eliminating the problem areas and misunderstandings.

Application of Johari Window in Business

Johari window serves as an essential tool to analyse the employees' potential, work on organizational relations and improve team performance.

The other people associated with the [business](#) also contributes to organizational improvement and development. These are the financial institutions, shareholders, customers, suppliers, etc.

Taking into consideration the known and unknown facts by the company and the customers, the Johari window provides us with the four quadrants.

Transactional Analysis

Transactional Analysis theory supports understanding ego states (Parent, Adult, Child) which give a deep understanding into one's behaviors. This helps to decode communication patterns

to resolve emotional problems to bring a change within while improving communication with self and our understanding of the world.

3 ego states of Transactional analysis:

Ego states are a consistent set of patterns. A human may choose to feel, think, or behavior in any one/all of the following states.

Parent: One responds the way a parent/caregiver would.

Adult: One responds in the here and now in a straightforward manner.

Child: One responds with the emotions experienced as a child.

Key concepts of transactional analysis:

1) Ego States or the Parent-Adult-Child (PAC) Model

Behaviors learned from parents, experienced as a child, or in the present.

2) Life Positions

Positions we take early on based on psychological patterns.

3) Life Scripts

A Life Plan that one believes in.

4) Transactions and Strokes

Understand communication style, different types of strokes.

5) Games

An ongoing set of transactions with a predictable outcome.

Nature & Dimensions of Attitudes

Attitudes are evaluations people make about objects, ideas, events, or other people. Attitudes can be positive or negative. **Explicit Attitudes** are conscious beliefs that can guide decisions and behavior. **Implicit Attitudes** are unconscious beliefs that can still influence decisions and behavior. Attitudes can include up to three components: cognitive, emotional, and behavioral.

Example: Jane believes that smoking is unhealthy, feels disgusted when people smoke around her, and avoids being in situations where people smoke.

Nature of Attitude

- Attitudes are a complex combination of things we tend to call personality, beliefs, values, behaviors, and motivations.
- An attitude exists in every person's mind. It helps to define our identity, guide our actions, and influence how we judge people.
- Although the feeling and belief components of attitude are internal to a person, we can view a person's attitude from his or her resulting behavior.
- Attitude helps us define how we see situations, as well as define how we behave toward the situation or object.
- Attitude provides us with internal cognitions or beliefs and thoughts about people and objects.
- Attitudes cause us to behave in a particular way toward an object or person.

Dimensions of Attitudes

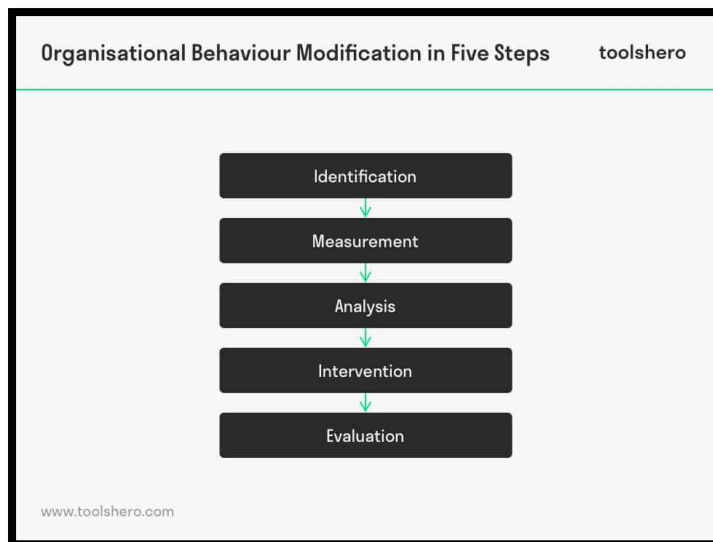
Researchers study three dimensions of attitude: strength, accessibility, and ambivalence.

- **Attitude Strength:** Strong attitudes are those that are firmly held and that highly influence behavior. Attitudes that are important to a person tend to be strong. Attitudes that people have a vested interest in also tend to be strong. Furthermore, people tend to have stronger attitudes about things, events, ideas, or people they have considerable knowledge and information about.
- **Attitude Accessibility:** The accessibility of an attitude refers to the ease with which it comes to mind. In general, highly accessible attitudes tend to be stronger.
- **Attitude Ambivalence:** Ambivalence of an attitude refers to the ratio of positive and negative evaluations that make up that attitude. The ambivalence of an attitude increases as the positive and negative evaluations get more and more equal.

Behavioural Modification

Organisational Behaviour Modification (OBM) is a technique for personnel management that focuses on improving observable and measurable work-related behaviour. Organisational Behaviour Modification argues for intervention to encourage desired performance behaviour and discourage undesired behaviour.

Five steps are followed in changing undesired behaviour. These steps are further clarified below.



1. Identification of critical behaviour

To apply Organisational Behaviour Modification, it's important to identify negative behaviour. These have significant influence on employees' performance. Employees can be involved in various behaviours in the organisation.

Some behaviours are critical, such as absence or presence, tardiness or speed, complaints or constructive criticism, and carrying or neglecting to carry out a certain task or procedure.

There are also behaviours that aren't critical, such as a bad attitude or being silly. Critical behaviour can be identified by speaking to the employee concerned and his/ her direct supervisor. A systematic behaviour audit can also be used to identify such behaviour.

2. Measuring behaviour

After a negative behaviour has been identified, it is measured in terms of the rate at which it occurs.

When the number of cases falls within the acceptable limit (such as the absence through illness with one percent), it is not necessary to take action.

If the number of cases exceeds this limit, the behaviour must be altered. Behaviour can be measured by observing and counting it or by retrieving this from records.

3. Functional analysis of behaviour

Functional analysis encompasses a detailed investigation of the current behaviour of the employees to determine which consequences the specific behaviours cause.

But also which circumstances lead to this. It determines one of the most practical problems when using an Organisational Behaviour Modification approach to change critical performance behaviour.

However, the functional analysis often reveals that only the contingent consequences are identified.

Furthermore, functional analysis also reveals that there are many competing unforeseen events for each organisational behaviour.

Therefore, the analysis must not be misled by the contingent consequences that initially appear to influence the critical behaviour.

4. Intervention

Identification of certain behaviour and the factors that cause such behaviour will determine the development of a suitable intervention strategy.

Intervention is action that is taken to change undesired critical behaviour. The main goal is to reinforce and expedite desired performance behaviour and weaken undesired behaviour.

There are various intervention strategies that can be used, but the most important ones are based on the reinforcement principles. The selected strategies must be suitable for the situation and yield the desired result.

5. Systematic evaluation

The last step in Organisational Behaviour Modification is the systematic evaluation that assesses whether the intervention strategies are effective. This given the fact that the basic goal of Organisational Behaviour Modification is to change undesired behaviour to improve performance.

Changed behaviour can be compared to baseline behaviour and deviations can be observed. In case of a positive change, this suggests that the strategies are successful. However, if the change isn't positive, this could mean more suitable strategies are required.

To implement Organisational Behaviour Modification, the following matters are important. You must choose a suitable reward or punishment, encourage the behaviour you really want to see, give sufficient feedback, the rewards must be proportional to the right action, regularly plan rewards and make these visible to the recipient and to others.

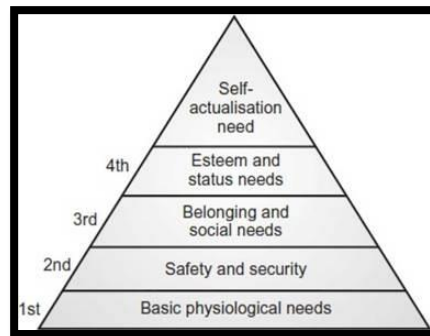
UNIT 4

Theories of Motivation

The earliest studies of motivation involved an examination of individual needs. Specifically, early researchers thought that employees try hard and demonstrate goal-driven behavior in order to satisfy needs. At the time, researchers developed theories to understand what people need. Four theories may be placed under this category: Maslow's hierarchy of needs, ERG theory, Herzberg's two-factor theory, and McClelland's acquired-needs theory.

Maslow need of hierarchy

Abraham Maslow is well renowned for proposing the Hierarchy of Needs Theory in 1943. This theory is a classical depiction of human motivation. This theory is based on the assumption that there is a hierarchy of five needs within each individual. The urgency of these needs varies. These five needs are as follows-



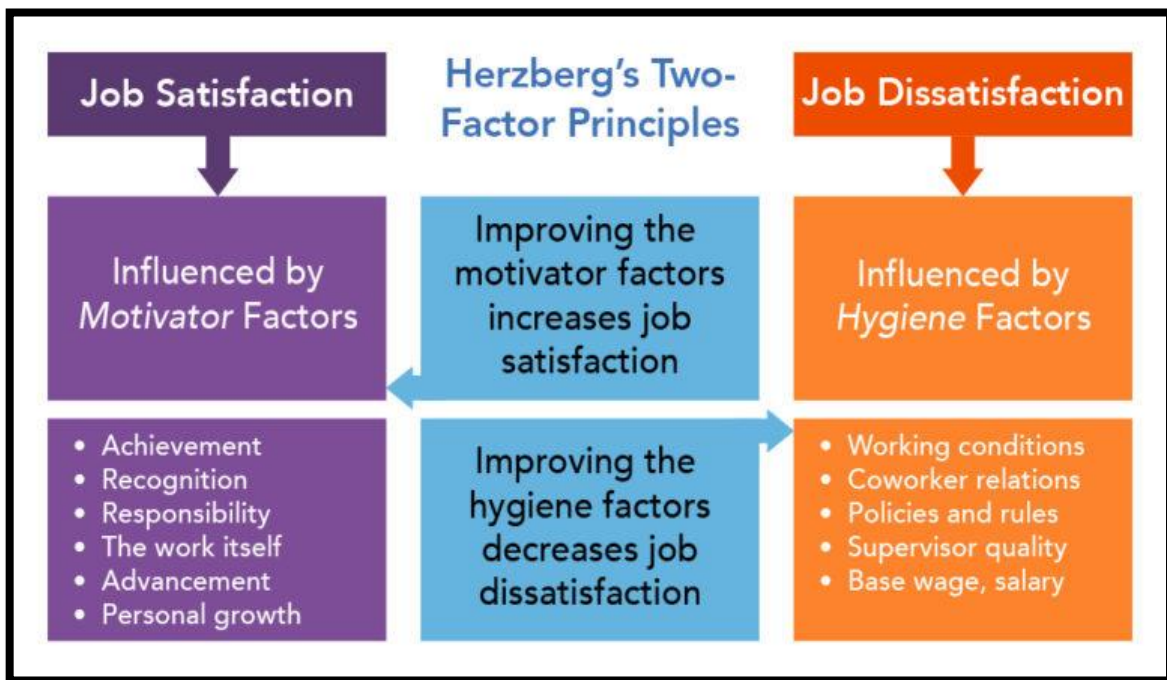
1. **Physiological needs-** These are the basic needs of air, water, food, clothing and shelter. In other words, physiological needs are the needs for basic amenities of life.
2. **Safety needs-** Safety needs include physical, environmental and emotional safety and protection. For instance- Job security, financial security, protection from animals, family security, health security, etc.
3. **Social needs-** Social needs include the need for love, affection, care, belongingness, and friendship.
4. **Esteem needs-** Esteem needs are of two types: internal esteem needs (self- respect, confidence, competence, achievement and freedom) and external esteem needs (recognition, power, status, attention and admiration).
5. **Self-actualization need-** This include the urge to become what you are capable of becoming / what you have the potential to become. It includes the need for growth and self-contentment. It also includes desire for gaining more knowledge, social-service, creativity and being aesthetic. The self- actualization needs are never fully satiable. As an individual grows psychologically, opportunities keep cropping up to continue growing.

According to Maslow, individuals are motivated by unsatisfied needs. As each of these needs is significantly satisfied, it drives and forces the next need to emerge. Maslow grouped the five needs into two categories - **Higher-order needs** and **Lower-order needs**. The physiological and the safety needs constituted the lower-order needs. These lower-order needs are mainly satisfied externally. The social, esteem, and self-actualization needs constituted the higher-order needs. These higher-order needs are generally satisfied internally, i.e., within an individual. Thus, we can conclude that during boom period, the employees lower-order needs are significantly met.

Herzberg Two Factor theory

Herzberg set out to determine the effect of attitude on motivation, by simply asking people to describe the times when they felt really good, and really bad, about their jobs. What he found was that people who felt good about their jobs gave very different responses from the people who felt bad.

The results from this inquiry form the basis of Herzberg's Motivation-Hygiene Theory, which hypothesized that are two different sets of factors governing job satisfaction and job dissatisfaction: "hygiene factors," or extrinsic motivators and "motivation factors," or intrinsic motivators.



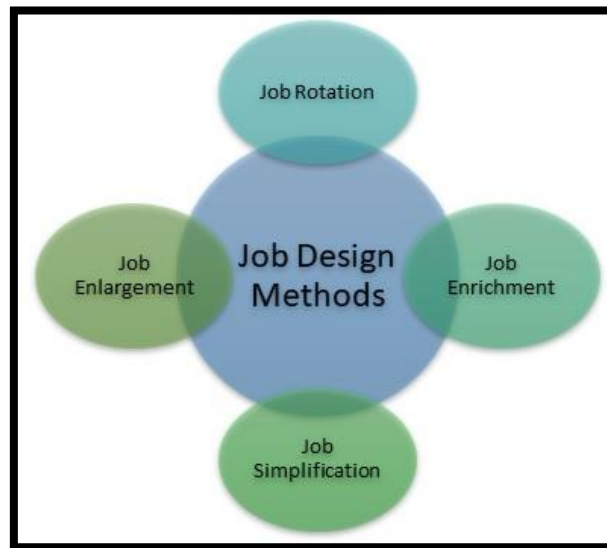
Hygiene factors, or extrinsic motivators, tend to represent more tangible, basic needs—i.e., the kinds of needs included in the existence category of needs in the ERG theory or in the lower levels of Maslow's hierarchy of needs. Extrinsic motivators include status, job security, salary, and fringe benefits. It's important for managers to realize that not providing the appropriate and expected extrinsic motivators will sow dissatisfaction and decrease motivation among employees.

Motivation factors, or intrinsic motivators, tend to represent less tangible, more emotional needs—i.e., the kinds of needs identified in the "relatedness" and "growth" categories of needs in the ERG theory and in the higher levels of Maslow's hierarchy of needs. Intrinsic motivators include challenging work, recognition, relationships, and growth potential. Managers need to recognize that while these needs may fall outside the more traditional scope of what a workplace ought to provide, they can be critical to strong individual and team performance.

Job Design

Job Design means outlining the task, duties, responsibilities, qualifications, methods and relationships required to perform the given set of a job. In other words, job design encompasses the components of the task and the interaction pattern among the employees, with the intent to satisfy both the organizational needs and the social needs of the jobholder.

There are several important methods and techniques that the management uses while designing the jobs.



1).**Job Simplification:** The foremost requirement for a job design is to define clearly the task an individual is supposed to perform. A task is the piece of work assigned to the individual and who has to perform it within the given time limits.

2) **Job Rotation:** The management must decide on the level of motivation that is required to be enforced on an individual to get the work completed successfully. Thus, the managers must design the jobs that motivate his employees.

3) **Job Enrichment:** The managers must decide critically on the amount of resources that needs to be allocated to perform a particular type of a job. Thus, the efforts should be made to make an optimum utilization of organizational resources while designing the job so that the organization does not suffer any dilemma due to the shortage of its resources.

4) **Job Enlargement:** When the jobs are assigned to the individual, he agrees to do it because of the rewards attached to it. Thus, the manager must include in the job design the compensation, bonuses, incentives, benefits and other remuneration method for the employees.

Job designs contribute to high performance:

Through job design, organizations try to raise productivity levels by offering non-monetary rewards such as greater satisfaction from a sense of personal achievement in meeting the

increased challenge and responsibility of one's work. Job design is affected by organizational, environmental and behavioural factors.

Goal Setting for high performance

Performance goals are short-term objectives set for specific duties or tasks in your current job position. o These goals help employees know what is expected of them in their position and help ensure management that employees are focused on the right things.

The conditions for goals setting to lead to higher performance:

There are necessary conditions that must be met to make goals effective in invoking motivation through the above mechanisms:

- Goal acceptance/goal commitment
- Goal specificity
- Goal difficulty
- Feedback on progress toward the goal

The importance of setting goals:

- Setting goals helps trigger new behaviors, helps guides your focus and helps you sustain that momentum in life.
- Goals also help align your focus and promote a sense of self-mastery. In the end, you can't manage what you don't measure and you can't improve upon something that you don't properly manage

4 Types of goals:

There are four different types of goals:

- stepping stone goals
- short term goals
- long term goals
- Lifetime goals.

Socio Technical Design

The socio-technical systems theory states that, when designing an organizational system, both social and technical are important parts of a complex system that must be considered. These elements are interdependent.

The theory states that any organization consists of interacting sub-systems. Within any organization are people with capabilities who work towards goals, follow processes, use technology, operate within a physical infrastructure, and share certain cultural assumptions and norms.

Failing to consider both social and technological aspects hinders the ability to effectuate change within the organization. Understanding and improvement requires the input of all key stakeholders throughout the system.

Sociotechnical refers to the interrelatedness of *social* and *technical* aspects of an organization. Sociotechnical theory is founded on two main principles:

- One is that the **interaction** of social and technical factors creates the conditions for successful (or unsuccessful) organizational performance. This interaction consists partly of linear "cause and effect" relationship and partly from "non-linear", complex, even unpredictable relationships. Whether designed or not, both types of interaction occur when socio and technical elements are put to work.
- The corollary of this, and the second of the two main principles, is that **optimization** of each aspect alone (socio or technical) tends to increase not only the quantity of unpredictable, "un-designed" relationships, but those relationships that are injurious to the system's performance.

Therefore, sociotechnical theory is about *joint optimization*,^[5] that is, designing the social system and technical system in tandem so that they work smoothly together. Sociotechnical theory, as distinct from sociotechnical systems, proposes a number of different ways of achieving joint optimization.

Leader Vs Manager

A leader is someone whom people follow or someone who guides or directs others. A manager is someone who is responsible for directing and controlling the work and staff in an organization, or of a department within it.

The main difference between the two is that a leader works by example, while a manager dictates expectations. If a manager goes against the rules, that will tarnish his position as a manager. If a leader goes against the example he or she is trying to set, that will be seen as a setback. Following are a few subtle differences between the two –

- A leader is an innovator and creator whereas a manager is a commander.
- A leader can't be a manager but the opposite is possible, a manager is more than a leader.
- A leader does what is right, while the manager makes things right.
- A leader deals with change whereas a manager plans for a change.
- A leader gives direction to do something whereas the manager plans for everything that is to be done.
- A leader encourages people whereas the manager controls people.
- A leader handles communication, credibility, and empowerment whereas a manager deals with organizing and staffing.



Sl. No.	Dimensions	Management	Leadership
1	Meaning	The act of managing people	The act of leading people
2	Boundary	Centers on an organization	centers around a group of people
3	Role	A manager has to assume the role of a leader to drive his subordinates	A leader not only manages but also influences his followers
4	Style	Use a combination of different managerial tools to get results	influences followers to voluntarily chase the goal
5	Nature	It is a whole process	It is a part of management
6	Planning	Makes plans & policies	Executes plans and policies
7	Location	Stays at higher levels	Stays at the operative levels
8	Direction	Mangers issues direction	Leaders receives direction
9	Position	Hold formal position	Hold informal position

Leadership Styles

1. Democratic Leadership

Commonly Effective

Democratic leadership is exactly what it sounds like — the leader makes decisions based on the input of each team member. Although he or she makes the final call, each employee has an equal say on a project's direction.

Democratic leadership is one of the most effective leadership styles because it allows lower-level employees to exercise authority they'll need to use wisely in future positions they might hold. It also resembles how decisions can be made in company board meetings.

For example, in a company board meeting, a democratic leader might give the team a few decision-related options. They could then open a discussion about each option. After a discussion, this leader might take the board's thoughts and feedback into consideration, or they might open this decision up to a vote.

2. Autocratic Leadership

Rarely Effective

Autocratic leadership is the inverse of democratic leadership. In this leadership style, the leader makes decisions without taking input from anyone who reports to them. Employees are neither considered nor consulted prior to a change in direction, and are expected to adhere to the decision at a time and pace stipulated by the leader.

An example of this could be when a manager changes the hours of work shifts for multiple employees without consulting anyone — especially the affected employees.

Frankly, this leadership style stinks. Most organizations today can't sustain such a hegemonic culture without losing employees. It's best to keep leadership more open to the intellect and perspective of the rest of the team.

3. Laissez-Faire Leadership

Sometimes Effective

If you remember your high-school French, you'll accurately assume that laissez-faire leadership is the least intrusive form of leadership. The French term "laissez-faire" literally translates to "let them do," and leaders who embrace it afford nearly all authority to their employees.

In a young startup, for example, you might see a laissez-faire company founder who makes no major office policies around work hours or deadlines. They might put full trust into their employees while they focus on the overall workings of running the company.

Although laissez-faire leadership can empower employees by trusting them to work however they'd like, it can limit their development and overlook critical company growth opportunities. Therefore, it's important that this leadership style is kept in check.

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.

This is a desirable leadership style in many companies because strategic thinking supports multiple types of employees at once. However, leaders who operate this way can set a dangerous precedent with respect to how many people they can support at once, and what the best direction for the company really is if everyone is getting their way at all times.

5. Transformational Leadership

Sometimes Effective

Transformational leadership is always "transforming" and improving upon the company's conventions. Employees might have a basic set of tasks and goals that they complete every week or month, but the leader is constantly pushing them outside of their comfort zone.

When starting a job with this type of leader, all employees might get a list of goals to reach, as well as deadlines for reaching them. While the goals might seem simple at first, this manager might pick up the pace of deadlines or give you more and more challenging goals as you grow with the company.

This is a highly encouraged form of leadership among growth-minded companies because it motivates employees to see what they're capable of. But transformational leaders can risk losing sight of everyone's individual learning curves if direct reports don't receive **the right coaching** to guide them through new responsibilities.

6. Transactional Leadership

Sometimes Effective

Transactional leaders are fairly common today. These managers reward their employees for precisely the work they do. A marketing team that receives a scheduled bonus for helping generate a certain number of leads by the end of the quarter is a common example of transactional leadership.

When starting a job with a transactional boss, you might receive an incentive plan that motivates you to quickly master your regular job duties. For example, if you work in marketing, you might receive a bonus for sending 10 marketing emails. On the other hand, a transformational leader might only offer you a bonus if your work results in a large number of newsletter subscriptions.

Transactional leadership helps establish roles and responsibilities for each employee, but it can also encourage bare-minimum work if employees know how much their effort is worth all the time. This leadership style can use incentive programs to motivate employees, but they

should be consistent with the company's goals and used in addition to *unscheduled* gestures of appreciation.

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. They also focus on strategies that will enable their team to work better together. This style offers strong similarities to strategic and democratic leadership, but puts more emphasis on the growth and success of individual employees.

Rather than forcing all employees to focus on similar skills and goals, this leader might build a team where each employee has an area of expertise or skillset in something different. In the long run, this leader focuses on creating strong teams that can communicate well and embrace each other's unique skillsets in order to get work done.

A manager with this leadership style might help employees improve on their strengths by giving them new tasks to try, offering them guidance, or meeting to discuss constructive feedback. They might also encourage one or more team members to expand on their strengths by learning new skills from other teammates.

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.

You may run into a bureaucratic leader at a larger, older, or traditional company. At these companies, when a colleague or employee proposes a strong strategy that seems new or non-traditional, bureaucratic leaders may reject it. Their resistance might be because the company has already been successful with current processes and trying something new could waste time or resources if it doesn't work.

Employees under this leadership style might not feel as controlled as they would under autocratic leadership, but there is still a lack of freedom in how much people are able to do in their roles. This can quickly shut down innovation, and is definitely not encouraged for companies who are chasing ambitious goals and quick growth.

Leadership Theories

The Great Man Theory believes that the inherent traits that one is born with contribute to great leadership. Situational Theory recommends leaders to adopt a leadership style

depending on the situation at hand, while the Behavioral Theory is all about the learning the skills necessary to become a good leader.

1) **Great Man Theory:** According to the Great Man Theory (which should perhaps be called the Great Person Theory), leaders are born with just the right traits and abilities for leading – charisma, intellect, confidence, communication skills, and social skills. The theory suggests that the ability to lead is inherent – that the best leaders are born, not made. It defines leaders as valiant, mythic, and ordained to rise to leadership when the situation arises. The term “Great Man” was adopted at the time because leadership was reserved for males, particularly in military leadership.

2) **Trait Theory:** The Trait Theory is very similar to the Great Man Theory. It is founded on the characteristics of different leaders – both the successful and unsuccessful ones. The theory is used to predict effective leadership. Usually, the identified characteristics are compared to those of potential leaders to determine their likelihood of leading effectively

Scholars researching the trait theory try to identify leadership characteristics from different perspectives. They focus on the physiological attributes such as appearance, weight, and height; demographics such as age, education, and familial background; and intelligence, which encompasses decisiveness, judgment, and knowledge.

3) **Contingency Theory:** The Contingency Theory emphasizes different variables in a specific setting that determine the style of leadership best suited for the said situation. It is founded on the principle that no one leadership style is applicable to all situations.

Renowned leadership researchers Hodgson and White believe that the best form of leadership is one that finds the perfect balance between behaviors, needs, and context. Good leaders not only possess the right qualities but they’re also able to evaluate the needs of their followers and the situation at hand. In summary, the contingency theory suggests that great leadership is a combination of many key variables.

4) **Situational Theory:** The Situational Theory is similar to the Contingency Theory as it also proposes that no one leadership style supersedes others. As its name suggests, the theory implies that leadership depends on the situation at hand. Put simply, leaders should always correspond their leadership to the respective situation by assessing certain variables such as the type of task, nature of followers, and more.

Hersey and Blanchard classified maturity into four different degrees

- M1 – Team members do not possess the motivation or tactical skills to complete necessary jobs.
- M2 – Team members are willing and ambitious to achieve something, but they lack the necessary ability.
- M3 – Team members possess the skills and capacity to accomplish tasks, but they’re not willing to take accountability.
- M4 – Team members possess all the right talents and are motivated to complete projects.

5) **Behavioral Theory:** In Behavioral Theory, the focus is on the specific behaviors and actions of leaders rather than their traits or characteristics. The theory suggests that effective leadership is the result of many learned skills. Individuals need three primary skills to lead their followers – technical, human, and conceptual skills. Technical skills refer to a leader's knowledge of the process or technique; human skills means that one is able to interact with other individuals; while conceptual skills enable the leader to come up with ideas for running the organization or society smoothly.

Leadership skills development process

Analysing the employee

The first step is to understand what kind of a person an employee is. The answer to this question might help to determine what kind of leadership style the employee will relate to, and which leadership skills might be the most relevant to that employee.

Goals, purposes, and expectations

The employee's personal goals, purpose and expectations need to be analysed, as they need to be married not just to the employee's professional goals, but also to that of the company.

An alignment of all three is pertinent to hit that sweet spot, in building leadership skills programmes for different employees.

Analysing their strengths and weaknesses

No leader is born with all the right skills to succeed. It takes time and effort to improve leadership skills, and it begins with a thorough examination of the employee's strengths and weaknesses. A strong knowledge of their inborn abilities means that the company can put them to work, while an understanding of their weaknesses provides the company with areas they can improve on. Addressing their shortcomings leads to true growth, which needs to be addressed in the leadership skills development process.

Deviation from the traditional leadership skills development process

Once the strengths and weaknesses of the employees have been taken into account, it's time to move away from the traditional leadership skills model.

A new leadership skills development process

To compete in today's business sphere, companies must shift toward a lean and simplified approach in developing their leadership skills development process. Shifting to a clear and concise leadership skills development process can help companies acclimate to a rapidly changing environment and focus on outcomes, rather than sticking too rigidly to definitions that already exist.

Cross-Cultural Leadership

Understanding of how individuals of different cultures interact with each other is very important. Not all individuals can adapt to the leadership styles expected in a different culture whether that culture is organizational or national. In a fast-paced business environment, developing a richer understanding and sensitivity to other cultures is a skill that leaders must possess. Learn to be effective in a cross-cultural setting.

Why we need Cross-Cultural Leadership?

As workforces become increasingly multicultural and businesses continue to expand overseas, the homogenous workforce has become a thing of the past. In such a global economy, cross-cultural leadership skills are critically important. Global markets are increasingly taking advantage of the strength and economic advantages of a diverse global workforce. Most of the companies operate on international projects with multi-cultural teams located in multiple countries. It is also common to find such projects led by Project Managers who come from many different countries that add diversity to the teams and creates a need for a greater amount of collaboration and need for leadership at multiple levels.

Today's international organizations require leaders who can adjust to different environments quickly and work with partners and employees of other cultures. As firms move from regional to trans-global enterprise models, leadership must provide the bridge between cultural diversity and business goals achievement. The ability of a leader to motivate diverse teams to manage change effectively is a critical issue in the international environment. It cannot be assumed that a manager who is successful in one country will be successful in another.

What is Cross-Cultural Leadership?

Cross-cultural psychology attempts to understand how individuals of different cultures interact with each other. Cross-cultural leadership is the way to understand leaders who work in the newly globalized market. Cross-cultural leadership involves the ability to influence and motivate people's attitudes and behaviors in the global community to reach a common organizational goal.

GLOBE authors describe organizational leadership as "the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members" and their definition for culture includes

“shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives and are transmitted across age generations.”

Women Leadership

Unlike male leaders, the reference point for a good leadership has been inadequately defined for women leaders. The traditional and concretely defined gender roles in the society have also influenced the research and findings on women leadership, a role, which is divorced from the stereotype roles identified for women. So, it becomes rather challenging for a woman to first reach a position of leadership and then struggle for acceptance and credibility as a leader.

However, it is never easy for a women leader to get accepted by male subordinates, in the bargain they end up compromising on their leadership behaviors to make them more acceptable and less intimidating for the male subordinates. This leaves a very narrow scope of what is acceptable and what is not from a female leader. For example, an aggressive and direct behavior from a male leader is appreciated but a similar approach from a woman leader is termed as unnecessarily dominating. Similarly, if the woman leader displays the feminine behavior of nurturing and care, they are looked upon as lacking firmness and assertiveness.

However there are certain clear benefits of a women leader as well, what a male leader needs to learn through deliberate efforts comes naturally to woman leaders like Emotional Intelligence, coaching and mentoring instincts, collaboration and participation etc. since, women leaders can collaborate effectively, they face relatively lesser challenges in managing teams separated by function and location. With their high emotional intelligence, they also understand the motivational factors of subordinates better and can also manage appropriately their diverse culture and backgrounds.

The women leaders face greater and bigger challenges than male leaders as they also have to battle against perceptions. With more women taking up leadership roles, the hitherto unknown issues and challenges of a leadership position are now beginning to surface. The increasing stress level and dual responsibility of work and home with the constant pressure of proving herself, makes life difficult for them. However with a more sensitized organization and support extended by family, women leaders are also proving themselves as able and competent visionaries

UNIT 5

There are 4 types of organizational communication

- Formal and informal communication.
- Directional communication.
- Internal and external communication.
- Oral and written communication.

The modern tools of communication:

- Social Media
- Social Media – Direct Message
- Instant Message
- SMS Text Messaging
- Email Marketing
- Direct Email
- Blogging
- Voice Calling
- Video Chat
- Video Marketing
- Live Web Chat
- Virtual Reality

The 7 barriers to effective communication

- Physical Barriers.
- Perceptual Barriers.
- Emotional Barriers.
- Cultural Barriers.
- Language Barriers.
- Gender Barriers.
- Interpersonal Barriers.

Requirements of Effective Control

Control is necessary in every organization to ensure that everything is going properly.

1. Reflecting Organizational Needs

All control systems and techniques should reflect the jobs they are to perform. There may be several control techniques which have general applicability such as, budgeting, costing, etc.

2. Forward Looking

Control should be forward looking. Though many of the controls are instantaneous, they must focus attention as to how future actions can be conformed with plans.

3. Promptness in

An ideal control system detects deviations promptly and forms the manager concerned to take timely actions.

4. Pointing out Exceptions at Critical Points

Control should point exception at critical points and suggest whether action is to be taken for deviations or not some deviations in the organizations have no impact while others, through very little in quantity, may have great significance. Thus control system should provide formation for critical point control and control on exception.

5. Objectives

The control should be objective, definite and determinable in a clear and positive way. The standards of measurement should be quantified as far as possible. If they are not quantifiable, such as training effectiveness etc. they must be determinable and verifiable.

6. Flexible

Control should be flexible so that it remains workable in the case of changed plans, unforeseen circumstances or outright failures.

7. Economical

Control should be economical and must be worth its costs. Economy is relative, since the benefits vary with the importance of the activity, the size of the operation, the expense that might be incurred in the absence of control and the contribution the control system can make.

8. Simple

Control system must be simple and understandable so that all managers can use it effectively.

9. Motivating

Control system should motivate both controller and controlled.

10. Reflecting

The control system should reflect organisational pattern by focusing attention on positions in organisation structure through which deviations are corrected.

Control Techniques

I. Cost Control:

Cost control is a control of all the costs of an enterprise in order to achieve cost effectiveness in business operations. Cost can be classified as fixed cost, variable cost, semi-variable cost. The fixed costs are incurred over a period of time and are not directly related to production.

These costs remain the same even if there is an increase or decrease in production. Variable costs, on the other hand, change in the proportion of output. Semi-variable costs are fixed as well as variable in nature. Some costs may be incurred continuously, others now and then and still others only deemed to be incurred (depreciation).

There may be different methods of recording cost for various products. In each method, classification, recording and allocation of expenses may be done differently. In each method there will be a system where deviations in standard or budgeted costs and actual costs will be reported to the concerned officials for taking corrective measures.

The cost standards are fixed for each product or activity and actual cost records are also sent to the in-charge of the product or activity. In case of any deviation in cost, immediate remedial measures are taken up. The regular cost control system will help in keeping cost under check.

II. Production Planning and Control:

Production planning and control is an important task of production manager. It has to see that production process is properly decided in advance and is carried out as per plan. Production planning is the function of looking ahead, anticipating difficulties to be faced and the likely remedial steps to remove them. Production control, on the other hand, guides and directs flow of production so that products are manufactured in a best way and conform to a planned schedule and are of the right quality. Control facilitates the task of manufacturing and sees that everything goes as per the plans.

Following techniques are helpful, in production planning and control:

(a) Routing:

It is the determination of exact path which will be followed in production. It is the selection of the path from where each unit will have to pass before reaching the final stage. Route determines the best and cheapest sequence of operations to be followed.

(b) Scheduling:

It is the determining of time and date when each operation is to be commenced and completed. The time and date for manufacturing each component is fixed in such a way that assembling for final product is not delayed in any way.

(c) Despatching (Implementation):

It refers to the process of actually ordering the work to be done. It involves putting the plan into effect by issuing orders. It is concerned with starting the process and operations on the basis of route sheets and schedule charts.

(d) Follow up and Expediting:

It is related to evaluation and appraisal of work performed. This is an important function of production control. If goods are to be produced as per the plans' then a proper follow up of work is essential to see whether production schedule is properly adhered to or not. In case there are any bottlenecks then these must be removed in time.

(e) Inspection:

The purpose of inspection is to see whether the products manufactured are of requisite quality or not. It is carried on at various levels of production process so that predetermined standards of quality are achieved. In case the products are not of proper quality then immediate steps are taken to correct things.

III. Inventory Control:

Helps in controlling Inventory control or materials management connotes inventory costs controlling the kind, amount, location and timing of various commodities used in and produced by the industrial enterprises. It is the control of materials in such a manner that it ensures maximum return on working capital. Inventory control is necessary for the smooth and uninterrupted functioning of production department. Its main purpose is to maintain an adequate supply of correct material at the lowest total cost.

Inventory control is exercised at three stages:

- (i) Purchasing of materials
- (ii) Storing of materials
- (iii) Issuing of materials.

IV. Break Even Analysis:

These days a great deal of importance is given to cost- volume-profit relationship. An effort is made to study the general effect of the different levels of activity upon total revenue and total cost with the help of revenues output function and cost volume function respectively. This technique measures profits corresponding to the different levels of output. The study of cost-volume-profit relationship is frequently referred to as break-even analysis.

The term break-even analysis is used in two senses-narrow sense and broad sense. In its broad sense, break-even analysis refers to the study of relationship between costs, volume and profit at different levels of sales or production. In its narrow sense, it refers to a technique of determining that level of operations where total revenues equal total expenses i.e. the point of no profit, no loss.

V. Profit and loss control:

Profit and loss control is a simple and commonly used overall control device to find out the immediate revenue or cost factors responsible for either the success or failure of an enterprise. As a control device it is regarded very effective in certain respects because enables the management to influence in advance revenues, expenses and consequently even profits.

The sales, expenses and profit of different departments or for different products are compared with that of other departments or products. The department or product becomes a cost centre. The in-charge of the department is responsible for its performance. Even historical comparison is done to assess the performance. In case there are deviations in performance then immediate steps are taken to rectify them.

VI. Statistical Data Analysis:

Statistical data analysis is an important control technique. This analysis is possible by means of comparison of ratios, percentages, averages, trends etc. of different periods with a view to pinpoint deviations and causes. This method of control is very useful in case of inventory control, production control and quality control.

The minimum and maximum control limits are fixed and deviations within these limits are allowed but if variations go beyond prescribed parameters then immediate steps are taken to correct them. Statistical control charts are prepared with the help of collected data and permissible limits are plotted. A look at the chart will give an idea to the viewer if everything is going as per the plans or not. So analysis of data is a good device of control.