**Unit 2**

**Management:**

**Meaning of Management:**

Traditionally in the earlier days, management was defined as “The art of getting things done through others”. This definition was given by Mary Parker Follet.

However, coming to the present age the scope of management has definitely widened and encompasses in it a wide array of functions. The modern definition of management according to Koontz and O’ Donnel says that “to manage is to forecast, to plan, to organize, to command, to co-ordinate and to control”.

**Features/Characteristics of Management:**

**1. Continuous Process:**Management is a continuous process. It means that the process of business management goes on until the company exists, as it helps in achieving the organizational goals. Every manager of an organization has to perform the different functions of management in a series (planning, organizing, staffing, directing, and controlling).

**2. Goal-oriented:**Every organization has a set of predetermined goals or objectives that it aims to accomplish during its existence. Every organization has different goals. Hence, management helps these organizations in fulfilling their goals by utilizing the given limited resources in the best optimum manner. **For example,**If the objective of Airtel is to add a billion Airtel Xtreme customers in a year, then all of its managerial activities will be directed toward the achievement of this objective.

**3. All Pervasive:**The process of business management is universal in nature. Every organization, whether small scale, large scale, economic, social, etc., uses the process of management at every level or stage. Besides, the activities involved in the management of an organization are common for all whether it is a social, political, or economic enterprise.

**4. Dynamic Function:**There are different internal and external factors that affect the working of an organization. An organization has to change and adapt itself on the basis of changing environment to accomplish the organizational goals and objectives. Hence, management is a dynamic function.

**5. Management is a**[**Group**](https://www.geeksforgeeks.org/types-of-groups/)**Activity:**Management involves a group of people performing managerial activities. The functions of management can be executed only when every individual performs his/her role their respective status and department. And as the result of management affects every individual and every department of an organization, it always refers to a group effort.

**6. Management is an Intangible Force:**Management is a function that cannot be physically seen but its presence can be felt by watching the orderliness and coordination in work environment and happy faces of the employees when the task is completed.

**7. Balancing effectiveness and efficiency:** Effectiveness means achieving targets and objectives on time. Efficiency refers to optimum or best utilization of resources. Management always tries to balance both in order to get the work done successfully.

**Functions of Management:**

1. **Planning:** It is the basic function of management. It deals with chalking out a future course of action deciding in advance the most appropriate course of actions for achievement of pre-determined goals. Thus, planning is a systematic thinking about ways means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human and non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

## Organizing

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals. To organize a business involves determining and providing human and non-human resources to the organizational structure. Organizing as a process involves:

* + Identification of activities.
  + Classification of grouping of activities.
  + Assignment of duties.
  + Delegation of authority and creation of responsibility.
  + Coordinating authority and responsibility relationships.

## Staffing

It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. **The main purpose of staffing is to put right man/woman on right job**  i.e [Manpower Planning](https://www.managementstudyguide.com/manpower-planning.htm) (estimating man power in terms of searching, choose the person and giving the right place).

* + Recruitment, Selection Placement.
  + [Training Development](https://www.managementstudyguide.com/management_functions.htm/training-and-development.htm).
  + [Remuneration](https://www.managementstudyguide.com/management_functions.htm/employee-remuneration.htm).
  + [Performance Appraisal](https://www.managementstudyguide.com/management_functions.htm/performance-appraisal.htm).
  + Promotions Transfer.

## Directing

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion and action of people, because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inter-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals. Direction has following elements:

1. **Supervision-** implies overseeing the work of subordinates by their superiors. It is the act of watching directing work workers.
2. [**Motivation**](https://www.managementstudyguide.com/management_functions.htm/what_is_motivation.htm)**-** means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.
3. [**Leadership-**](https://www.managementstudyguide.com/management_functions.htm/leadership_basics.htm) may be defined as a process by which manager guides and influences the work of subordinates in desired direction.
4. [**Communications**](https://www.managementstudyguide.com/management_functions.htm/understanding-communication.htm)**-** is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

## Controlling

Controlling maybe defined as comparison of actual performance with the planned performance. If there is any difference or deviation between the two, management needs to find out the reasons for such differences by taking corrective actions to stop/control those reasons so that in future these deviations won’t emerge again and there is a match between the actual and the planned performance.

Therefore controlling has following steps:

1. Establishment of standard performance.
2. Measurement of actual performance.
3. Comparison of actual performance with the standards and finding out deviation if any.
4. Corrective action.

## Principles of Management by Henri Fayol:

**Who was Henri Fayol ?**

Father of the general principle of management, ***Henry [Fayol](https://www.geeksforgeeks.org/fayol-vs-taylor-a-comparison/" \t "_blank)***was a **French industrialist**. He joined a French mining company in 1860 as an engineer and rose to the position of its managing director in **1888**. At that time, his company was at the **stage of bank insolvency**. With broad administrative experience, 'Fayol' contributed a lot to his company. When he retired in the year **1918**, the company was in excellent condition. Henri Fayol recognized the **need for**[**Principles of Management**](https://www.geeksforgeeks.org/nature-and-significance-of-principles-of-management). He identified**14 Principles of Management**.

## ****Division of Work****

This means assigning the work to a person for which he is best suited to perform. The application of this principle helps the mangers to improve productivity and profitability. As the work is divided according to their specialization, it results in less wastage of resources.

## 2. Authority and Responsibility

According to this principle, there should be a **proper balance between authority and responsibility.** Authority means power to take decisions and responsibility means obligations to complete the job assigned on time.

Authority without responsibility leads to irresponsible behavior, while responsibility without authority will make a person ineffective.

**For example,** if a foreman is given the responsibility to produce 50 units per day, then he must be given the required authority to achieve this target. If he is not given authority to draw raw material from the stores, then he cannot be blamed.

## 3. Discipline

Discipline refers to **obedience to the rules and regulations of the organization.** Discipline requires good supervision at all levels of management. According to Fayol,**good supervision at all levels, clear and fair rules,**and a built-in system of penalties will help to maintain discipline. It is a must for all levels of management.

## 4. Unity of Command

According to this principle, **each subordinate should receive orders and be accountable to only one superior.** No person can serve several masters at the same time. If an**employee gets orders from two superiors at the same time, then the principle of**[**unity of command**](https://www.geeksforgeeks.org/difference-between-unity-of-command-and-unity-of-direction)**is violated,**and he will find it very difficult to decide who he has to obey first. So, to avoid confusion, employees should receive an order from one superior.

## 5. Unity of Direction

According to this principle, one unit means one plan i.e., the efforts of all the members and employees of the organization must be directed towards one goal i.e., the achievement of common goal. The application of this principle leads to co-ordination.

## 6. Subordination of Individual Interest to General Interest

According to this principle, while arriving at any decision, the interest of the organization as a whole must prevail over the interest of the individual. For example, if an employee wants to change his working hours, no such change should be allowed for his convenience unless other workers are also prepared for this change.

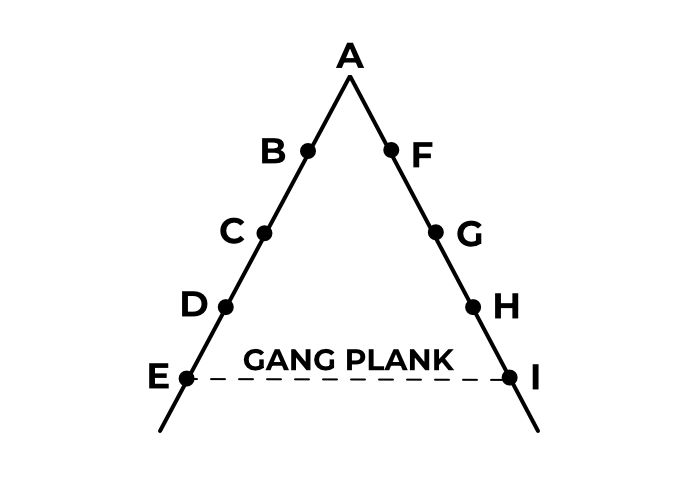
## 7. Remuneration of Employees

According to this principle, employees in the organization must be paid fairly or adequately to give them maximum satisfaction. If employees are under paid they will not be satisfied and an unsatisfied person can never contribute his maximum.

## 8. Centralization and Decentralization

[Centralization](https://www.geeksforgeeks.org/centralization-and-decentralization) refers to the concentration of authority at the top level, and decentralization means distribution of authority or power at all levels of management. According to this principle, there should be a **proper balance between centralization and decentralization. A company must not be completely centralized or completely de-centralized but there must be a combination of both depending upon the nature and size of the organization.**

## 9. Scalar Chain



According to this principle, there is a scalar chain of authority and communication that moves in a straight line **from the superior to the lowest subordinate.** Henri Fayol **permitted a shortcut of chain in case of urgency known as *gang plank.*** Gang plank allows direct communication between two employees of the same level.

**For example,** E wants to communicate with I for some important work. The **message should orderly move from E to D, then to C, B, A, and then down from A to F then to G, H and finally to I.** This will take lots of time so to avoid this delay in work, **Fayol suggested the concept of Gang Plank.** In this concept 'E' can communicate directly with 'I' on an urgent matter. Thus, the **gang plank allows two employees of the same level to communicate directly with each other.**

## 10. Order

According to this principle, there should be a proper place for everything and everyone. Henri Fayol emphasized on two types of order:**material order** and**social order**. In material order, there **must be a**[**plan**](https://www.geeksforgeeks.org/types-of-plans-standing-plan-and-single-use-plan/)**for everything**. It ensures to fix a place for various material tools, whereas in social order, there must be an **appointed place for every employee**, which ensures a proper and fixed place/cabin for each employee.

## 11. Equity

According to this principle, there **should not be any discrimination amongst employees based on religion, caste, language, or nationality.** Equity ensures [**coordinated**](https://www.geeksforgeeks.org/coordination-types-need-significance-and-constraints)**relations between superiors and subordinates.** It leads to the smooth and successful working of the enterprise. It**improves satisfaction and motivation of the employee,** creating relation between manager and employees.

## 12. Tenure

According to this principle, employees should be appointed after keeping in mind the principles of recruitment and selection. However, once they are appointed, their services should be stable and there **should not be frequent terminations and transfers.**

## 13. Initiative

According to this principle, workers should encourage and should be given an opportunity to take initiative in making and executing the plan. Henri Fayol suggested that **employees at all levels should be encouraged to take initiative in work.** It motivates employees to work better and to take more interest in the organization. This **increase the mental growth and feeling of belongingness in employees.**

## 14. Esprit De Corps (Union is strength)

According to this principle, management should take reasonable steps to develop a sense of belongingness and a feeling of [team spirit amongst employees](https://www.geeksforgeeks.org/team-building-activities-for-work). In order to achieve the best possible result, individual and group efforts need to be integrated. For this purpose, a manager **should replace 'I' with 'We'**in his conversations to bring a team spirit among the employees. This will develop an atmosphere of mutual trust.

**Principles of Scientific Management:**

**What is Scientific Management?**

The use of scientific principles and techniques in various managerial functions is known as scientific management. It is the art of knowing exactly what you want your employees to do and seeing that they do it in the best and cheapest ways. It involves the study of each activity in detail and doing the work in such a manner so that work can be completed effectively and efficiently.

***Frederick Winslow Taylor(1856-1915)***

F.W Taylor was an **American mechanical engineer** who started his career as a mechanic and rose to the position of chief engineer in **Bethlehem Steel Company, USA**. He found that the main cause of inefficiency and wastage in factories was **ignorance on the part of both workers and management** because of the use of Traditional, unscientific rules and rule of thumb. Taylor defined management as '**'the art of knowing exactly what you want men to do and seeing that they do it in the best and cheapest way.''** He stated that the best management was a true science based upon certain defined laws, rules, and principles. He was the **first who laid emphasis on the importance of a scientific approach to managing an enterprise** instead of the hit and trial method. His philosophy and ideas are given in his book,**'Principles of Scientific Management'.** For his contribution, he is also known as the **Father of Scientific Management**.

F.W. Taylor's scientific management is based on the following four principles:

**1. Science, not Rule of Thumb**

Taylor recommended that rule of thumb should be replaced by science. The decisions should be made on the basis of facts, rather than on opinions and beliefs. He also said that science helps in developing efficiency.

1. **Harmony, Not Discord**

Taylor was of the view that managers and workers should have harmonious relations between them. Both the groups should have a good understanding between them. They should not distrust each other rather they should realize that they have a common interest i.e., the growth of the organization.

**3. Cooperation, Not Individualism**

According to this, there should be cooperation between management and workers instead of individualism. Both management and workers should realize that they need each other. For achieving this principle, management should welcome the constructive ideas and suggestions of the workers. The workers should be praised and rewarded for the suggestions given if their suggestions were helpful.  On the other hand, workers should avoid unreasonable demands and strikes and should work effectively and efficiently to achieve organizational goals.

**4. Development of Workers to their Greatest Efficiency and Prosperity**

Taylor was also of the view that the work given to an employee should compliment with his/her physical and mental abilities. This provides job satisfaction and development of both the organization and employees.

**Techniques of Scientific Management:**

Techniques of scientific management mean the methods which help in the application of management. In order to implement principles of scientific management, Taylor suggested the following techniques:

**1. Functional Foremanship:**

According to this technique, the work of supervision is divided into several specialized foremen. Taylor believes that one foreman is not an expert in all aspects of work. Therefore, each worker should be supervised by several foremen. Those who are specialized in their respective fields. This technique will improve the quality of supervision and will also improve the quality of work and efficiency of workers. Taylor suggested that 8 specialists out of these 4 will be responsible for looking after the planning work, and the other four will be responsible to supervise and executing of work.

**Planning Incharge**

* **Route clerk:** This foreman lays down the sequence of operation in which work is to be carried out. Workers are expected to do their work strictly according to the route sheet.
* **Instruction card clerk:**This foreman prepares the instruction card for the workers. These cards contain information about the nature of the work, the procedure of doing work, the material to be used, and detail about the machine.
* **Time and cost clerk:**This foreman fines the standard time for completion of work and he also keeps a record of the cost of operation.
* **Disciplinarian:**This clerk is responsible for maintaining discipline and systematic performance of the job. He enforces the rules and regulations in the organization.

**Production Incharge**

* **Speed boss:**He is responsible for ensuring the work is done well on time. To get the work completed in time, he examines that all the workers are performing their job at the required speed.
* **Gang boss:**He is responsible for arranging and keeping tools, machines and materials ready for operation.
* **Repair boss:**He is responsible to ensure the proper working condition of the machine and tools.
* **Inspector:**He is responsible for the quality of work. He brings a quality consciousness to the mind of workers.

**2. Standardization and Simplification of Work:**

Standardization means fixing standards for everything. To attain standard production, the standard of performance is established for the workers. Standard of work means standard set for material, machine method, and condition of work. Simplification refers to eliminating unnecessary varieties, sizes, and grades of the product. It results in saving the cost of labour, cost of machines, and tools. It also brings economy in turnover and operation. It facilitates better control of activities.

**3. Work-study:**

Work-study means systematic and critical assessment of all the operational functions in the organization. The main objective of the work-study is to improve efficiency by making optimum utilization of resources. Taylor believes that efficiency can be increased endlessly. He has divided his work-study into four parts:

* **Method Study:**It is a concern with finding 'one best way' of doing a job. The main aim of this technique is to improve work methods to minimize the cost of products and maximize the satisfaction of customers.
* **Motion Study:**This study refers to making a thorough analysis of various motions being performed by a worker while he is doing a particular job. The main purpose of motion study is to detect and eliminate unnecessary movement, and to find out the best method of doing a particular job.
* **Time Study:**It is the technique that is used to determine the standard time taken by a worker. It helps in determining how much work an employee should be able to do in a given period.
* **Fatigue Study:** It refers to determining the amount and frequency of rest intervals required in completing a work. Fatigue means tiredness from physical and mental work. Taylor suggested that a person gets tired when he works continuously without a break. So, he must be provided with a rest interval to regain his lost stamina. Fatigue study also helps in maintaining the operational efficiency of the worker.

**4. Differential Price Wage System:**

This is a system in which efficient and inefficient workers are paid at different rates. According to Taylor, financial incentives act as a motivator. Under this technique, first of all, a standard task is established, and then two rates are fixed. Higher rates for those workers who produce more than the standard, and a low rate for those workers who do not produce above or equal to the standard.

**5. Mental Revolution:**

It means a total change in the attitude of workers and management towards one another from competition to cooperation. Both should realize that they require one another, and both of them should aim to increase their profit. Mental revolution requires that management should create suitable working conditions, and they should do their work with full devotion.

**Decision Making Process:**

**Decision-making** is an integral part of everyday life and a crucial component of management in organizations. It involves selecting the best action from various options by considering resources, outcomes, and personal preferences. This process includes **identifying a situation, gathering and analyzing information, evaluating the pros and cons, and choosing a path forward.** Decisions, whether made through rational analysis or instinct, significantly affect all involved parties.

Effective decision-making, which entails evaluating all possible outcomes and choosing the most beneficial one, is essential for personal, professional, and organizational success. Conversely, poor decisions can lead to losses and tarnish reputations. Thus, developing a structured approach to decision-making is vital for achieving favorable outcomes.

**7 Effective Steps of Decision-Making**

**1. Identifying the Decision**

The initial step in decision-making is identifying the precise issue that needs resolution or the query that demands an answer. It's essential to accurately define the decision at hand. Incorrectly identifying the problem or choosing an overly broad issue can derail your decision-making efforts from the get-go. For goals associated with the decision, ensure they are quantifiable and bound by time.

**2. Collecting Relevant Information**

Once the decision has been identified, the next phase involves collecting relevant information to that decision. This includes an internal review to understand past successes and failures within your organization that relate to your decision. Additionally, acquiring information from external sources, such as academic research, market analysis, or possibly feedback from consulting services, is crucial. However, be wary of information overload, as it can overwhelm and complicate the decision-making process.

**3. Exploring Possible Alternatives**

Armed with the relevant data, it's now time to outline potential solutions to your problem. Typically, there are several avenues to consider for achieving a goal. For instance, if the aim is to boost social media engagement, alternatives could range from investing in paid social ads, tweaking your organic social media tactics, or employing a blend of both strategies.

**4. Evaluating the Alternatives**

Having pinpointed several potential solutions, the next step involves assessing the merits and demerits of these alternatives. Review past instances of success within similar contexts, and analyze your organization’s past achievements and setbacks. Evaluate the risks associated with each option against the potential benefits.

**5. Making a Choice**

This stage is where the actual decision is made. Ideally, by this point, you've clearly identified the decision to be made, gathered all necessary information, and considered various possible directions. Now, you're equipped to make an informed choice.

**6. Implementing the Decision**

With the decision made, it's time to act. Formulate a plan to bring your decision to fruition. Create a detailed project plan based on your decision, assigning specific tasks to members of your team to execute the plan effectively.

**7. Evaluating the Outcome**

After a set period, which was determined in the first step, revisit your decision to evaluate its effectiveness. Did it address the problem? Did it achieve the intended goal? If the answer is yes, document the successful strategies for future reference. If not, take this as a learning opportunity to refine your decision-making process for future endeavors.

**Organizational Structure:**

Organizational Structure is the framework within which managerial and operating task are performed to achieve desired objectives. It establishes relationship between people, work and resources.

* 1. **Formal Organizational Structure**: When the managers are carrying on an organizing process, then as a result of this organizing process an organizational structure is created to achieve systematic workings and efficient utilization of resources. This type of structure is known as formal organizational structure.

**Features of Formal Organizational Structure**:

* It is created intentionally by the process of organizing
* The purpose of formal organizational structure is to achieve organizational goals
* In this structure, each individual is assigned a specific job.
* It results in creation of superior subordinate relations.
* In formal organization, every individual is assigned a fixed authority or decision making hour.

1. **Functional Structure:** When the activities or jobs are grouped keeping in mind the functions, then it is called functional structure. For example, all the jobs related to production are grouped under production department, jobs related to sales are grouped under sales department and so on.
2. **Divisional Structure:** When the organization is large in size and is producing more than one type of product, then activities related to one product are grouped under one department. For example if an organization is producing soap, textiles, medicines, cosmetics etc. then activities related to medicines will be grouped under medicine department, all activities of textiles in textile department and so on.
3. **Project Organizational Structure:** A project organization is that structural design which is established to handle a specific project by using a team of specialists drawn from different departments of the parent organization under the stewardship of a project manager. Any major work could be regarded as a project, for example, the construction of a building structure, launching of a new product etc. A project organization is usually structured to facilitate planning and designing of the specific project and its completion on stipulated time schedule.
4. **Matrix Organizational Structure:** A matrix organization is a hybrid form of structural design in which project and functional structures overlap. Instead of separating project groups as in the case with project organization- the matrix organization superimposes the project groups on the functional structure. The project and functional lines of authority are overlaid and shared both by the functional and project managers, and employees have a dual membership in the functional group as well as in the project group.
5. **Network Organizational Structure:** In a network structural design, some or many operating functions are contracted out to the other independent organizations which are required to co-ordinate their activities in consultation with the personnel at the headquarters of the network organization. This structural design is also sometimes called a modular organization. The well- known example of a company that operates as a network is Nike. Nike is essentially a product development and marketing company that has outsourced most of the other functions to companies around the world for manufacturing its athletic footwear.
   1. **Informal Organizational Structure:** In the informal organizational structure, individuals are assigned various job decisions while working at those job positions, the individuals interact with each other and develop some social and friendly groups in the organization. This network of social and friendly groups forms another structure which is called informal organizational structure.

**Features of the Informal Organizational Structure:**

* Informal Organizational structure gets created automatically without any efforts of managers.
* Informal structure is formed by the employees to get psychological satisfaction
* Informal organizational structure do not follow any fixed path of flow of authority or communication.
* Source of information cannot be known under informal structure as any person can communicate with anyone in the organization
* The existence of informal organizational structure depends on the formal organizational structure.

**Maslow’s Need Hierarchy Theory:**

Maslow’s Hierarchy of Needs is a motivational theory in psychology proposed by **Abraham Maslow**. It organizes human needs into five levels: **physiological**, **security**, **social**, **esteem**, and **self-actualization**. Often visualized as a **pyramid**, this hierarchy suggests that **human motivation** progresses from basic survival needs to complex psychological and self-fulfillment goals

**1. Physiological needs** are biological requirements for human survival, e.g., air, food, drink, shelter, clothing, sleep, etc.

Our most basic need is for physical survival, and this will be the first thing that motivates our behavior. Once that level is fulfilled, the next level up is what motivates us, and so on. The human body cannot function optimally if physiological needs are not satisfied. Maslow considered physiological needs the most important as all the other needs become secondary until these needs are met. Once an individual’s physiological needs are satisfied, the need for security and safety becomes salient.

**2. Security needs** involve predictability, order, and control. These include job security, health, financial security, and freedom from harm.

Security needs can be fulfilled by the family and societal structures, such as law enforcement and medical care. For example, emotional security, physical safety, financial security (e.g., employment, social welfare), law and order, freedom from fear, social stability, property, health, and well-being (e.g., safety against accidents and injury). After physiological and safety needs have been fulfilled, the third level of human needs is social and involves feelings of belongingness.

**3**. **Social needs** reflect the human need for social connection, including friendship, family, and romantic relationships. A sense of belonging and acceptance is essential for psychological well-being and can even override security needs in some cases.

Examples of social needs include friendship, family, trust, acceptance, receiving and giving affection, and love.

**4. Esteem needs** include self-respect, achievement, and recognition from others.

Maslow classified esteem needs into two categories: (i) esteem for oneself (dignity, achievement, mastery, independence) and (ii) the desire for reputation or respect from others (e.g., status, recognition, and prestige).

Esteem is the typical human desire to be accepted and valued by others. People often engage in a profession or hobby to gain recognition, which gives them a sense of contribution or value.

Low self-esteem or an inferiority complex may result from imbalances during this level in the hierarchy. Maslow indicated that the need for respect or reputation is most important for children and adolescents and precedes real self-esteem or dignity.

***5*. Self-actualization needs** is the pursuit of realizing one’s full potential through personal growth, creativity, or achieving meaningful goals. Maslow described it as the desire ‘to become everything one is capable of becoming’.

This level of need refers to what a person’s full potential is and the realization of that potential. This need manifests uniquely in each person. For one, it might involve becoming an ideal parent; for another, it may be fulfilled through work, artistic expression, or invention. It reflects a commitment to authenticity and the pursuit of purpose.

**Communication:**

Communication means exchange of information, views, ideas, facts, opinions etc. between individuals or groups by different means i.e., spoken words, written words, diagrams, pictures or graphs and gestures.

Communication is a two way process as it begins with the sender and ends when the feedback comes from the receiver. Minimum two parties are involved in the process of communication i.e., the sender and the receiver.

**Importance of communication:**

1. **Helps in smooth working of an enterprise:** All interactions in the organization depends upon communication. Smooth working of an enterprise is possible only when there is no communication gap.
2. **Acts as basis for decision making:** For taking any major decisions or solving a problem in an organization there is a need to get the most accurate information and information moves in an organization only through communication.
3. **Helps to achieve co-ordination:** Organization involves different departments or units. Each one of them works in an independent manner. Communication provides them clarity of goals, targets to be achieved as well as manner of performance. Effective communication avoids chances of conflicts and helps to integrate activities of individuals and departments.
4. **Helps in better planning:** Planning can be effective if views, suggestions, observations of subordinates are known in advance. Reactions of subordinates help managers to identify weakness and merits of plans. Appraisal of plans helps planners to make good and effective plans.
5. **Base for action:** Communication acts as the base for any action. Starting of an activity begins with communication which brings information necessary to begin with.

**Types of Communication:**

* + 1. **Formal Communication:**

Flow or exchange of information according to chain of command is called formal communication. Formal communication represents official communication within an organization. Formal communication generally takes place in the written form such as issue of notice, letter, documents etc. Verbal or oral channels/medium are avoided as there is no record or proof of such communication.

Formal communication on the basis of direction flows in the direction upward, downward, horizontal and diagonal.

1. **Upward Communication:** Upward communication implies communication from lower levels of management to higher levels. This method of communication involves performance reports, suggestions, reactions, opinions, grievances or problems of employees.
2. **Downward Communication:** Downward communication means flow of information from top to lower levels i.e., from a superior to subordinates. In this communication, instructions are issued to subordinates to carry out the work. Modes of downward communication are order, policies, procedures, rules, instructions, letter, group meetings etc.
3. **Horizontal Communication:** Horizontal/Lateral communication means exchange of information between persons of same authority/level. Horizontal communication is communication between two managers, between two superiors and between two workmen and so on.
4. **Diagonal Communication:** Flow of communication between the persons of two departments, one holding a higher position than the other is known as diagonal communication. For example the salesman may request the production manager to modify the product design according to the requirement of the customer. Diagonal communication prevents delay in flow of information and helps in taking fast decisions.
   * 1. **Informal Communication:** Informal communication is the communication between different members of organization who are not officially attached to each other. Generally, friendly talks and non-official matters are discussed. The origin and flow of informal communication is difficult to trace. Hence, it is also known as grapevine. Informal communication spreads very rapidly among people but at the same time it may consist of half-truths and rumors passing between members of the organization.

**Formal Verses Informal Communication: \*\***

| **Basis for Comparison** | **Formal Communication** | **Informal Communication** |
| --- | --- | --- |
| **Meaning** | **A type of verbal communication in which the interchange of information is done through the pre-defined channels is known as formal communication.** | **A type of verbal communication in which the interchange of information does not follow any channels i.e. the communication stretches in all directions.** |
| **Another Name** | **Official Communication** | **Grapevine communication** |
| **Reliability** | **More** | **Comparatively less** |
| **Speed** | **Slow** | **Very Fast** |
| **Evidence** | **As the communication is generally written, documentary evidence is present.** | **No documentary evidence.** |
| **Time Consuming** | **Yes** | **No** |
| **Advantage** | **Effective due to timely and systematic flow of information.** | **Efficient because employees can discuss work related problems, this saves time and cost of the organization.** |
| **Disadvantage** | **Distortion due to long chain of communication.** | **Spread of rumors** |
| **Secrecy** | **Full secrecy is maintained.** | **It is difficult to maintain the secrecy.** |
| **Flow of Information** | **Only through predefined channels.** | **Can move freely.** |

**Leadership:**

The process of influencing the behavior of people towards achievement of organizational goals is known as Leadership. It indicates the ability of an individual to maintain good interpersonal relations with followers and motivate them to contribute to achieving organizational objectives. An individual who has the attributes of leadership is known as a leader.

**What are the Qualities of a Good Leader?**

Any professional who becomes a leader must know what is leadership in terms of the traits they must possess. Here are some of the necessary [qualities of a good leader](https://emeritus.org/in/learn/top-qualities-of-a-good-leader/):

**1. Integrity**

Leaders value virtuousness and honesty. Furthermore, they also surround themselves with like-minded people who believe in them and their vision.

**2. Inspiration**

Leaders are self-motivating, and this makes them great influencers. They are a good inspiration to their team members and help others to understand their roles in a bigger context.

**3. Communication Skills**

Leaders must possess great communication skills to enable their team members to understand their vision. They are also transparent with their team and share failures and successes with them.

**4. Vision**

What is leadership without the vision for company growth? Leaders, therefore, need to be visionaries. They must have a clear idea of what they want and how to achieve it. This is essential to steer their organization to the path of success.

**5. Resilience**

Leaders challenge the status quo. Hence, they never give up easily. They also have unique ways to solve a problem.

**6. Empathy**

A leader should be an emotional and empathetic fellow because it will help them develop a strong bond with their team. Empathy, in fact, will help a leader address the problems, complaints, and aspirations of their team members.

**7. Fairness**

Although empathy is an important quality a leader must imbibe, getting clouded by emotions while making an important business decision can be potentially problematic. Hence, a good leader should balance empathy with fairness.

**8. Intelligence**

A good leader must be intelligent enough to arrive at business solutions to difficult problems. Furthermore, a leader should be analytical and should weigh the pros and cons before making a decision.

**9. Creativity**

An effective leader is also someone open to new ideas, possibilities, and perspectives. They are always ready to listen, observe, and willing to change. They are also out-of-the-box thinkers and encourage their teams to do so.

**10. Patience**

Successful leaders understand that a business strategy takes time to develop and bear results. Additionally, they believe that continuous improvement and patience are the key to growth.

**11. Flexible**

Leaders understand the concept of continuous improvement but they also know that adaptability will lead them to success. Nothing goes as planned. Hence, being flexible and intuitive helps a manager to hold his ground during complex situations.

**Different Leadership Styles:**

**1. Democratic Leadership**

A democratic leadership style is where a leader makes decisions based on the input received from team members. It is a collaborative and consultative leadership style where each team member has an opportunity to contribute to the direction of ongoing projects. However, the leader holds the final responsibility to make the decision.

Democratic leadership is one of the most popular and effective leadership styles because of its ability to provide lower-level employees a voice making it equally important in the organization. The democratic leadership style encourages creativity and engagement of team members, which often leads to high job satisfaction and high productivity. However, establishing a consensus among team members can be time-consuming and costly, especially in cases where decisions need to be made swiftly.

**2. Autocratic Leadership**

Autocratic leadership is the direct opposite of democratic leadership. In this case, the leader makes all decisions on behalf of the team without taking any input or suggestions from them. The leader holds all authority and responsibility. They have absolute power and dictate all tasks to be undertaken. There is no consultation with employees before a decision is made. After the decision is made, everyone is expected to support the decision made by the leader. There is often some level of fear of the leader by the team.

The autocratic type of leadership style can be very retrogressive as it fuels employee disgruntlement since most decisions would not be in the employees’ interests.

However, autocratic leadership can be an effective approach in cases where the leader is experienced and knowledgeable about the circumstances surrounding the decision in question and where the decision needs to be made swiftly.

**3. Laissez-Faire Leadership**

Laissez-faire leadership is accurately defined as a hands-off or passive approach to leadership. Instead, leaders provide their team members with the necessary tools, information, and resources to carry out their work tasks. The “let them be” style of leadership entails that a leader steps back and lets team members work without supervision and free to plan, organize, make decisions, tackle problems, and complete the assigned projects.

The laissez-faire leadership approach is empowering to employees who are creative, skilled, and self-motivated. The level of trust and independence given to the team can prove to be uplifting and productive and can lead to job satisfaction.

At the same time, it is important to keep such a type of leadership in check as chaos and confusion can quickly ensue if the team is not organized. The team can end up doing completely different things contrary to what the leader expects.

**4. Transformational Leadership**

Transformational leadership is all about transforming the business or groups by inspiring team members to keep increasing their bar and achieve what they never thought they were capable of. Transformational leaders expect the best out of their team and push them consistently until their work, lives, and businesses go through a transformation or considerable improvement.

Transformational leadership is about cultivating change in organizations and people. The transformation is done by motivating team members to go beyond their comfort zone and achieve much more than their perceived capabilities. To be effective, transformational leaders should possess high levels of integrity, emotional intelligence, a shared vision of the future, empathy, and good communication skills.

Such a style of leadership is often associated with high growth-oriented organizations that push boundaries in innovation and productivity. Practically, such leaders tend to give employees tasks that grow in difficulty and deadlines that keep getting tighter as time progresses.

**5. Transactional Leadership**

Transactional leadership is more short-term and can best be described as a “give and take” kind of transaction. Team members agree to follow their leader on job acceptance; therefore, it’s a transaction involving payment for services rendered. Employees are rewarded for exactly the work they would’ve performed. If you meet a certain target, you receive the bonus that you’ve been promised. It is especially so in sales and marketing jobs.

Transactional leadership establishes roles and responsibilities for each team member and encourages the work to be completed as scheduled. There are instances where incentive programs can be employed over and above regular pay. In addition to incentives, there are penalties imposed to regulate how work should be done.

**6. Bureaucratic Leadership**

Bureaucratic leadership is a “go by the book” type of leadership. Processes and regulations are followed according to policy with no room for flexibility. Rules are set on how work should be done, and bureaucratic leaders ensure that team members follow these procedures meticulously. Input from employees is considered by the leader; however, it is rejected if it does not conform to organizational policy. New ideas flow in a trickle, and a lot of red tape is present. Another characteristic is a hierarchical authority structure implying that power flows from top to bottom and is assigned to formal titles.

Bureaucratic leadership is often associated with large, “century-old” organizations where success has come through the employment of traditional practices. Hence, proposing a new strategy at these organizations is met with fierce resistance, especially if it is new and innovative. New ideas are viewed as wasteful and ineffective, or even downright risky.