

# **UCS1704 – Management and Ethical Practices**

**UNIT – II  
Organizing  
Nature and Purpose of Organizing**

**Semester – VII**

**Dr. G. Raghuraman, Associate Professor/CSE**



# Formal Organization

- The Formal Organization is a system of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability.

*Louis Allen*

- Formal Organization is a system of consciously coordinated activities of two or more persons toward a common objective.

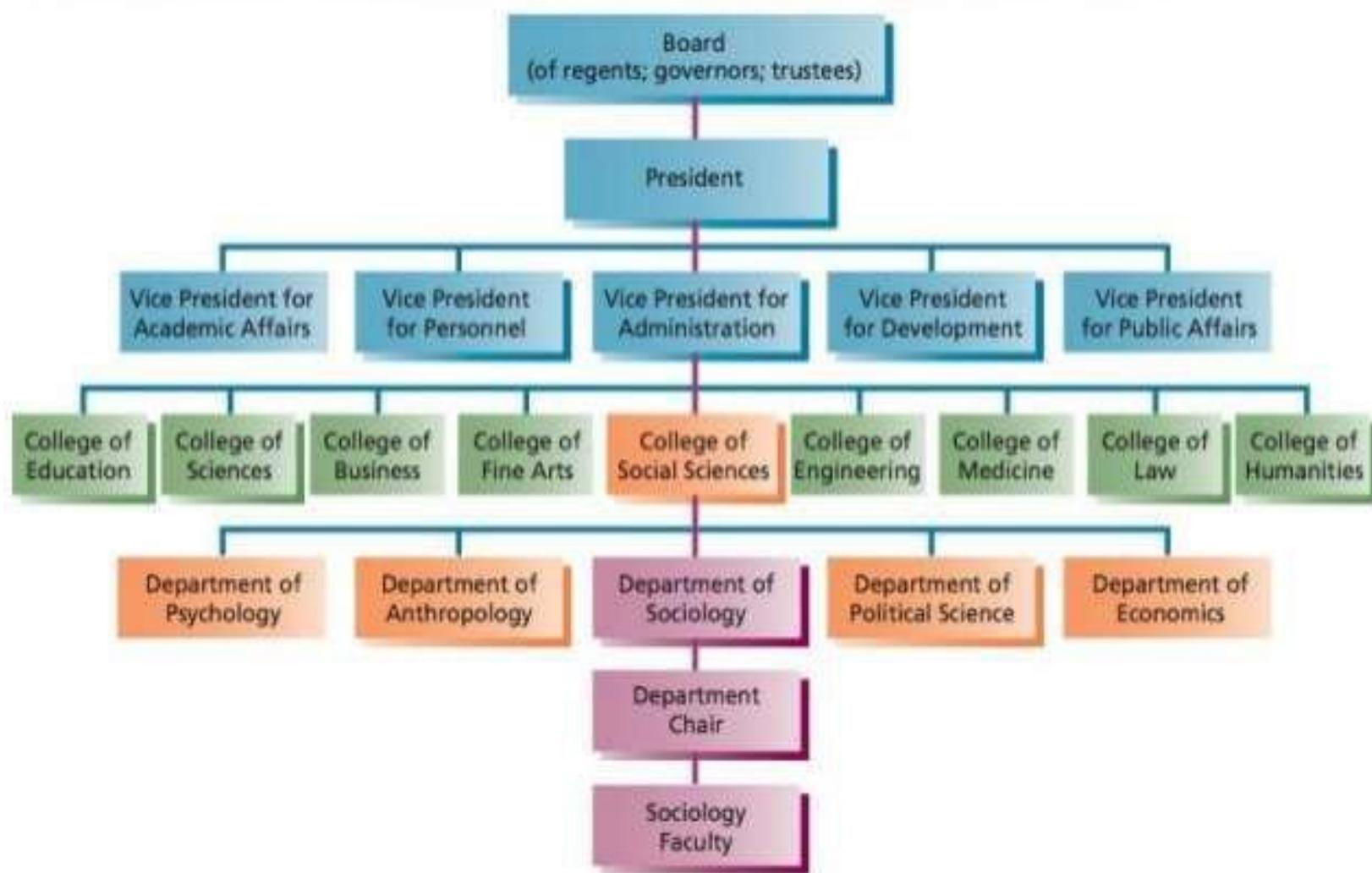
*Chester Barnard*

# Formal Organization

- The formal organization is a goal-oriented entity that exist to accurate the efforts of individuals and it refers to the structure of jobs and positions with clearly defined functions, responsibilities and authorities



# Formal Organization



# *Objectives of Formal Organization*

- **To facilitate the accomplishment of the goals of the organization**
- **To facilitate the coordination of various activities**
- **To aid the establishment of logical authority relationship**
- **To aid the establishment of division of labor**
- **Create group cohesiveness**



# *Characteristics of Formal Organization:*

## **1. Well defined rules and regulations**



# *Characteristics of Formal Organization:*

## 2. Arbitrary structure



# *Characteristics of Formal Organization:*

## **3. Determined objectives and policies**



# *Characteristics of Formal Organization:*

## **4. Limitation on the activities of the individual**



# *Characteristics of Formal Organization:*

## **5. Strict observance of the principle of coordination**



# *Characteristics of Formal Organization:*

## **6. Messages are communicated through vertical chain**



# *Characteristics of Formal Organization:*

## **7. Status symbol**



# *Functions of Formal Organization:*



- **Set specific Goals for organization**
- **Establishing working relationship**
- **Create group cohesiveness**
- **Organizational Development**
- **Discipline**
- **Human Resource Development**

# Benefits:

## b) Social Aspects of benefits:

- **Many different branches appeal to different interests**
- **Social Status**
- **See interesting places and people**

## a) Financial Aspects of benefits:

- **Security**
- **Slow but steady promotion**
- **Commissioned ranks open to men and women graduates**
- **Can't be fired**
- **Good retirement benefits**

# *Limitations of Formal Organization:*

- **Limited Flexibility**
- **Slowness of processing**
- **Communication Barrier**
- **Quality of decision**
- **Slowness in Problem detection & processing**



# Informal Organization

- An Informal organization is an aggregate of interpersonal relationships without any conscious purpose but which may contribute to joint results.

*Chester Barnard*

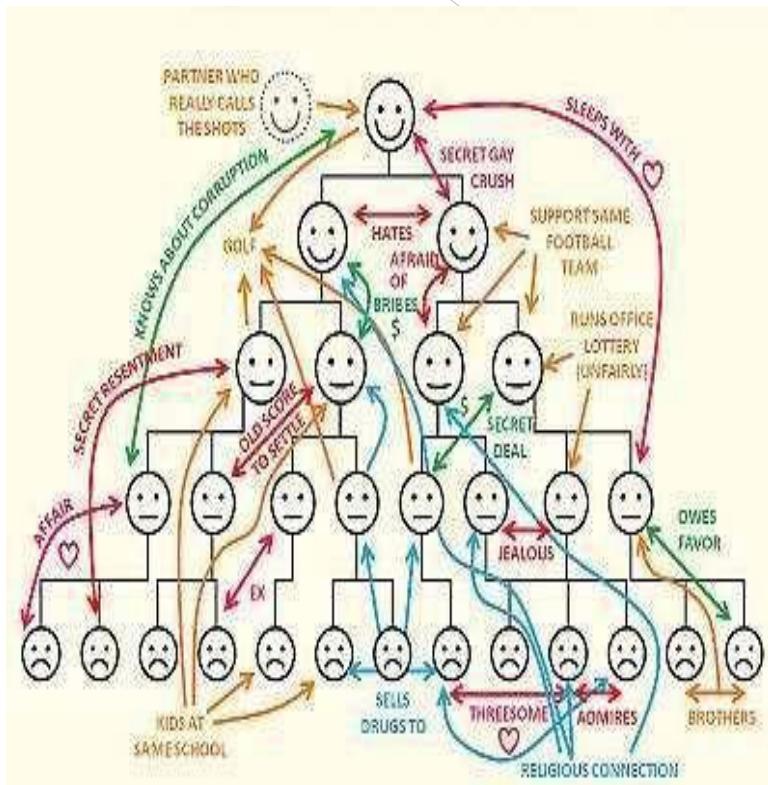
- Informal organization is a network of interpersonal relationship that arise when people associate with one another .

*Keith Davis*

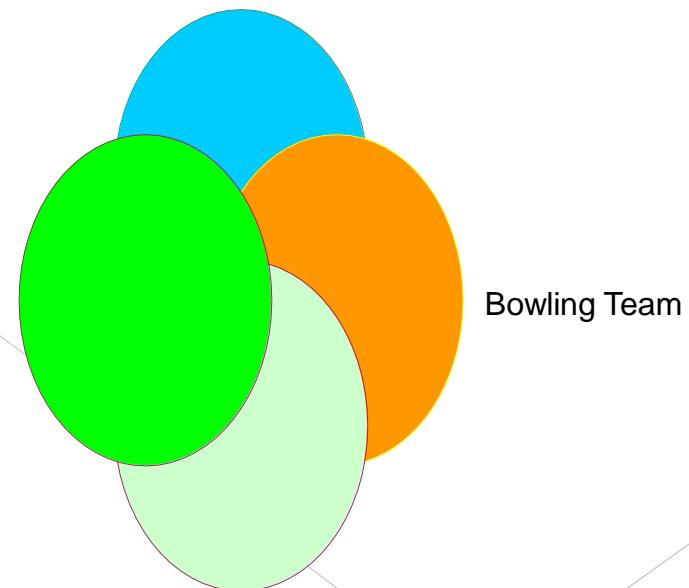
# Informal Organization

- The ***informal organization*** is the interlocking social structure that governs how people work together in practice.
- It is the aggregate of behaviors, interactions, norms, personal and professional connections through which work gets done and relationships are built among people who share a common organizational affiliation or cluster of affiliations.

# Informal Organization



Chess group



Morning coffeeee regulars

# Informal Organization



The leader of an informal organization is elected by the members of the groups for different reasons such as age, seniority, technical, competence, work location, and responsive personality, etc. depending upon the work situation.

## **Role of Informal Leader:**

- a) To help the group reach its goals, and
- b) To maintain and enhance group life.

# *Characteristics of Informal Organization:*

- Evolving constantly
- Grass roots
- Dynamic and responsive
- Excellent at motivation
- Requires insider knowledge to be seen
- Treats people as individuals
- Flat and fluid
- Trust and reciprocity
- Difficult to pin down
- Essential for situations that change quickly or are not yet fully understood



# *Functions of Informal Organization:*

- Perpetuate the cultural and social values



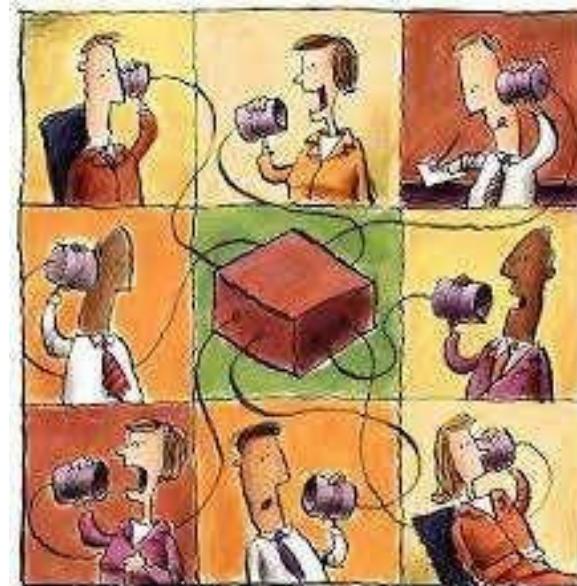
# *Functions of Informal Organization:*

- Provide social status and satisfaction



# *Functions of Informal Organization:*

- Promote communication among members



# *Functions of Informal Organization:*

- Provide social control



# *Benefits of Informal Organization:*

- Better Total System
- Lighter workload for management
- Work group satisfaction
- A safety valve for emotions
- Cohesiveness
- Fill up gaps
- Channel of employee communication
- To plan and act more carefully
- Encourage Cooperation
- Understanding and Dealing with the Environmental Crisis
- Encourage improved management practice



# *Problems Associated with Informal Organization:*

- 1) **Resistance to change**
- 2) **Role conflict**
- 3) **Rumor**
- 4) **Conformity**
- 5) **Undermine discipline**
- 6) **Power politics**
- 7) **Interpersonal and  
intergroup conflicts**



# By Definition:

Informal

- *does not have its own rules and regulation*
  - *has no system of co-ordination and authority*
  - *doesn't have any superior-subordinate relationship or any specific and well-defined objectives*
  - *communication is done through the grapevine*
- 

Formal

- *has its own rules and regulation that must be followed by the members (employees and managers)*
- *has a system of co-ordination and authority.*
- *has a clear superior-subordinate relationship*
- *the objectives are specific and well-defined*
- *all the members are given specific duties and responsibilities.*

## Formed by Whom:

Formal

- formed by the top level management

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Informal

- formed by social forces within the formal organization

# Rules and Regulations:

Informal

- The members of an informal organization do not have to follow any rules and regulations

Formal

- The members have to follow certain rules and regulations. These rules are available in writing (documented). They are made by a formal authority (superiors). If the members follow these rules properly, then they will be rewarded. However, if they do not follow these rules, they will be punished.

## Duties and Responsibilities:

Formal

- the duties, responsibilities, authority and accountability of each member is well-defined

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Informal

- there are no fixed duties, responsibilities, authority, accountability, etc. for the members

# Objectives/Goals:

Formal

- the objectives or goals are specific and well-defined
  - The main objectives are productivity, growth, and expansion
- 

Informal

- the objectives are not specific and well-defined
- The main objectives are friendship, security, common interest, individual and group satisfaction, etc

## Benefits:

Formal

- The members get financial benefits and perks like wages or salaries, bonus, travelling allowances, health insurance, etc.

Informal

- 
- The members get social and personal benefits like friend circle, community, groups, etc.

# Others:

## Formal

- stable
- uses formal channels of communication.
- shown on the organization chart

## Informal

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- not stable
- uses informal channels of communication (i.e. grapevine)
- not shown on the organization chart

# **UCS1704 – Management and Ethical Practices**

**UNIT – II**

**Line and Staff Authority, Departmentation**

**Semester – VII**

**Dr. G. Raghuraman, Associate Professor/CSE**



# OUTLINE

## **Defining Organizational Structure**

- Discuss the traditional and contemporary views of work specialization, chain of command, and span of control.
- Describe each of the five forms of departmentalization.
- Explain cross-functional teams.
- Differentiate, authority, responsibility, and unity of command.
- Tell what factors influence the amount of centralization and decentralization.
- Explain how formalization is used in organizational design.

# OUTLINE (cont'd)

## Organizational Design Decisions

- Contrast mechanistic and organic organizations.
- Explain the relationship between strategy and structure.
- Tell how organizational size affects organizational design.
- Discuss Woodward's findings on the relationship of technology and structure.
- Explain how environmental uncertainty affects organizational design.

# OUTLINE (cont'd)

## Common Organizational Designs

- Contrast the three traditional organizational designs.
- Explain team, matrix, and project structures.
- Describe the design of virtual and network organizations.
- Discuss the organizational design challenges facing managers today.

# Defining Organizational Structure

- **Organizational Structure**
  - The formal arrangement of jobs within an organization.
- **Organizational Design**
  - A process involving decisions about six key elements:
    - ❖ Work specialization
    - ❖ Departmentalization
    - ❖ Chain of command
    - ❖ Span of control
    - ❖ Centralization and decentralization
    - ❖ Formalization

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## **Purposes of Organizing**

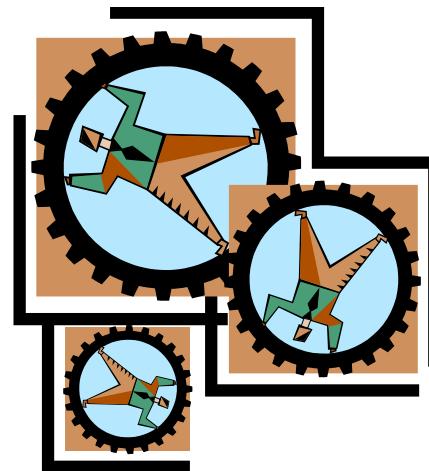
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- **Divides work to be done into specific jobs and departments.**
- **Assigns tasks and responsibilities associated with individual jobs.**
- **Coordinates diverse organizational tasks.**
- **Clusters jobs into units.**
- **Establishes relationships among individuals, groups, and departments.**
- **Establishes formal lines of authority.**
- **Allocates and deploys organizational resources.**

# Organizational Structure

- **Work Specialization**

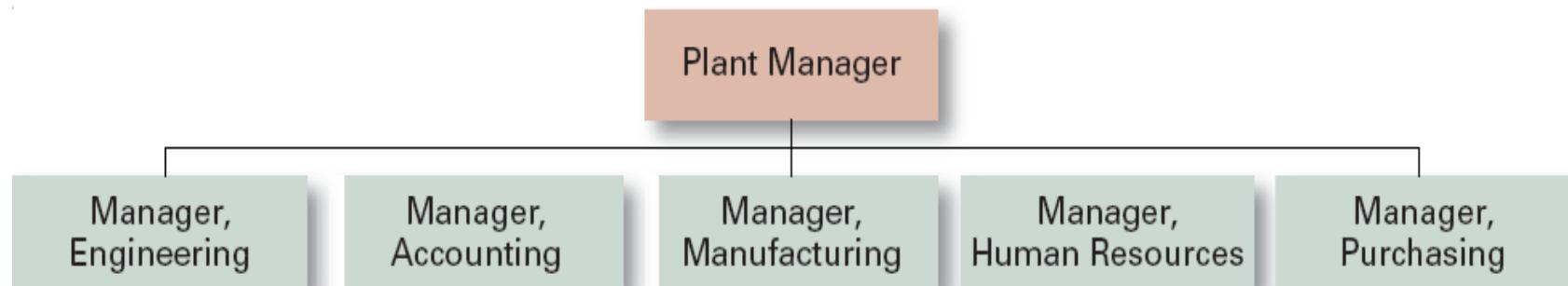
- The degree to which tasks in the organization are divided into separate jobs with each step completed by a different person.
- Overspecialization can result in human diseconomies from boredom, fatigue, stress, poor quality, increased absenteeism, and higher turnover.



# Departmentalization by Type

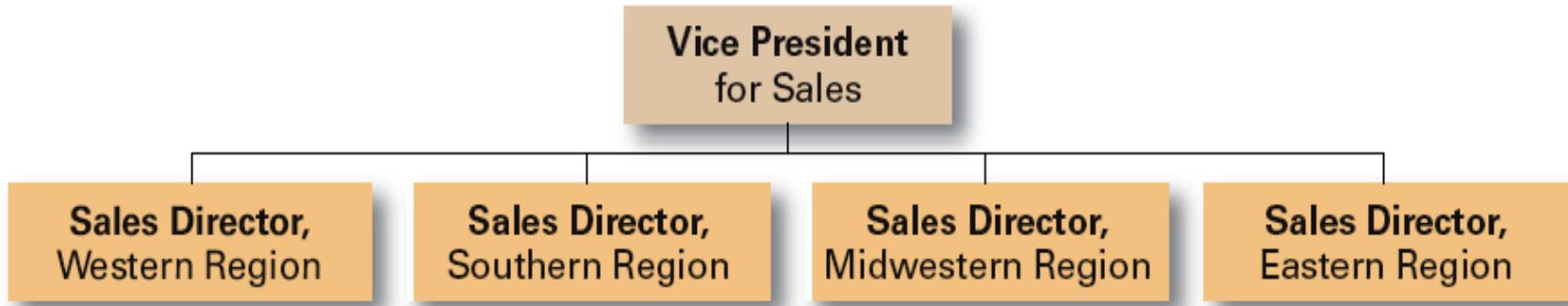
- **Functional**
  - Grouping jobs by functions performed
- **Product**
  - Grouping jobs by product line
- **Geographical**
  - Grouping jobs on the basis of territory or geography
- **Process**
  - Grouping jobs on the basis of product or customer flow
- **Customer**
  - Grouping jobs by type of customer and needs

# Functional Departmentalization



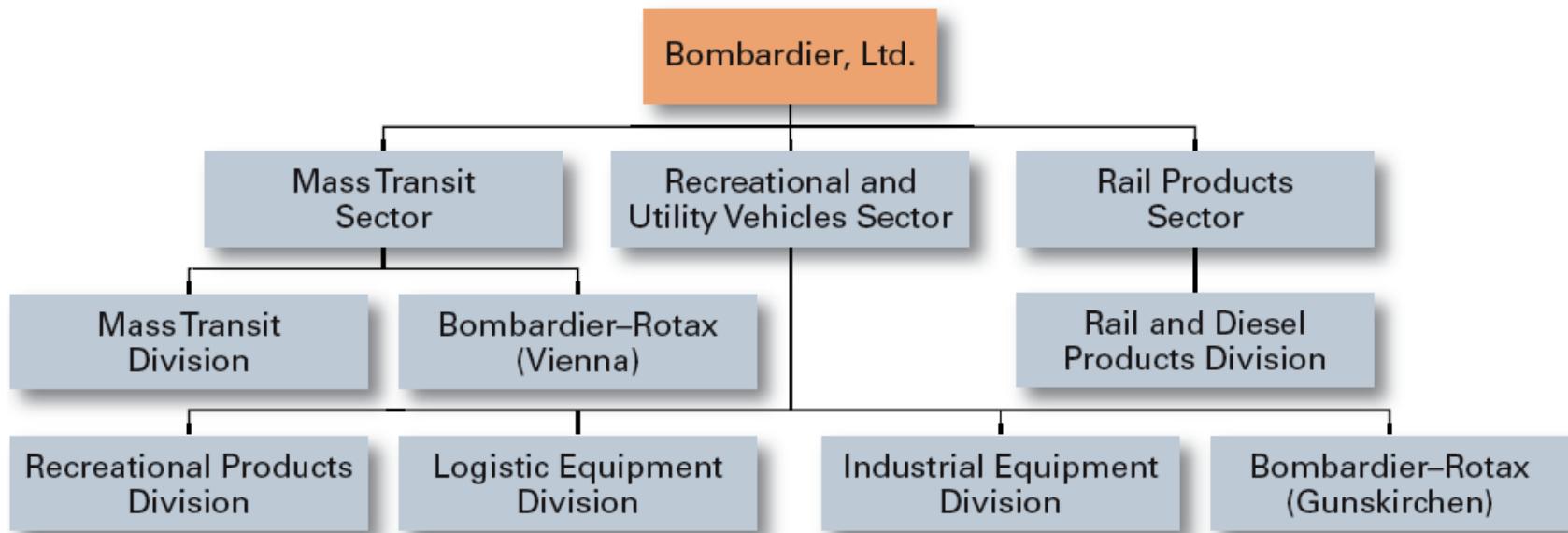
- **Advantages**
  - Efficiencies from putting together similar specialties and people with common skills, knowledge, and orientations
  - Coordination within functional area
  - In-depth specialization
- **Disadvantages**
  - Poor communication across functional areas
  - Limited view of organizational goals

## Geographical Departmentalization



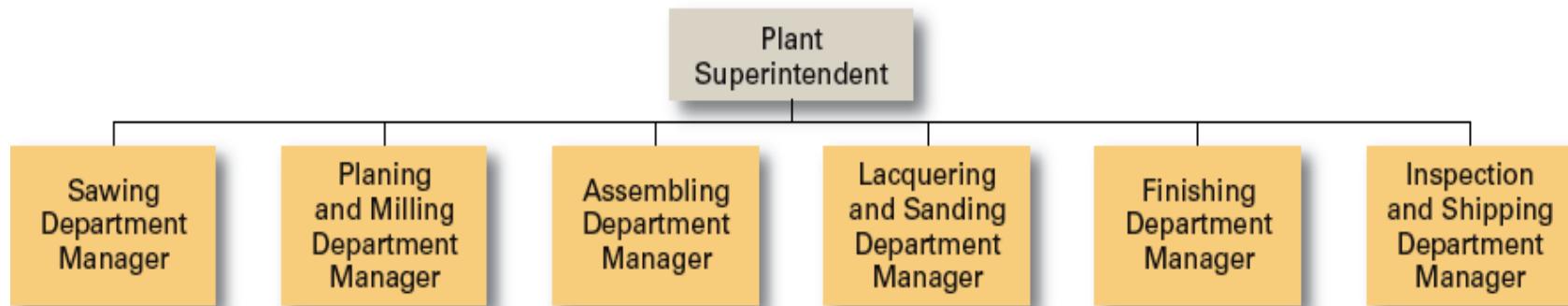
- **Advantages**
  - More effective and efficient handling of specific regional issues that arise
  - Serve needs of unique geographic markets better
- **Disadvantages**
  - Duplication of functions
  - Can feel isolated from other organizational areas

# Product Departmentalization



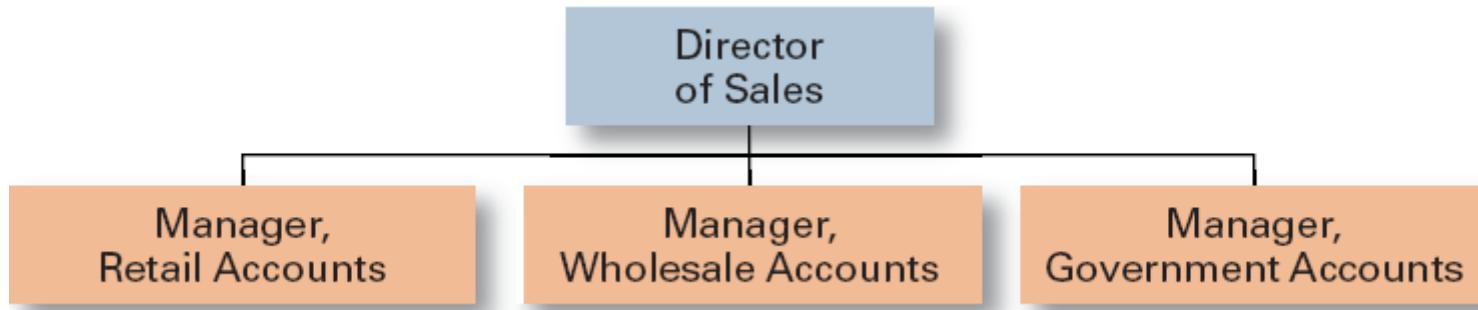
- + Allows specialization in particular products and services
- + Managers can become experts in their industry
- + Closer to customers
- Duplication of functions
- Limited view of organizational goals

## Process Departmentalization



- + More efficient flow of work activities
- Can only be used with certain types of products

## Customer Departmentalization



- + Customers' needs and problems can be met by specialists
- Duplication of functions
- Limited view of organizational goals

# Organization Structure (cont'd)

- **Chain of Command**

- The continuous line of authority that extends from upper levels of an organization to the lowest levels of the organization and clarifies who reports to who.



# Organization Structure (cont'd)

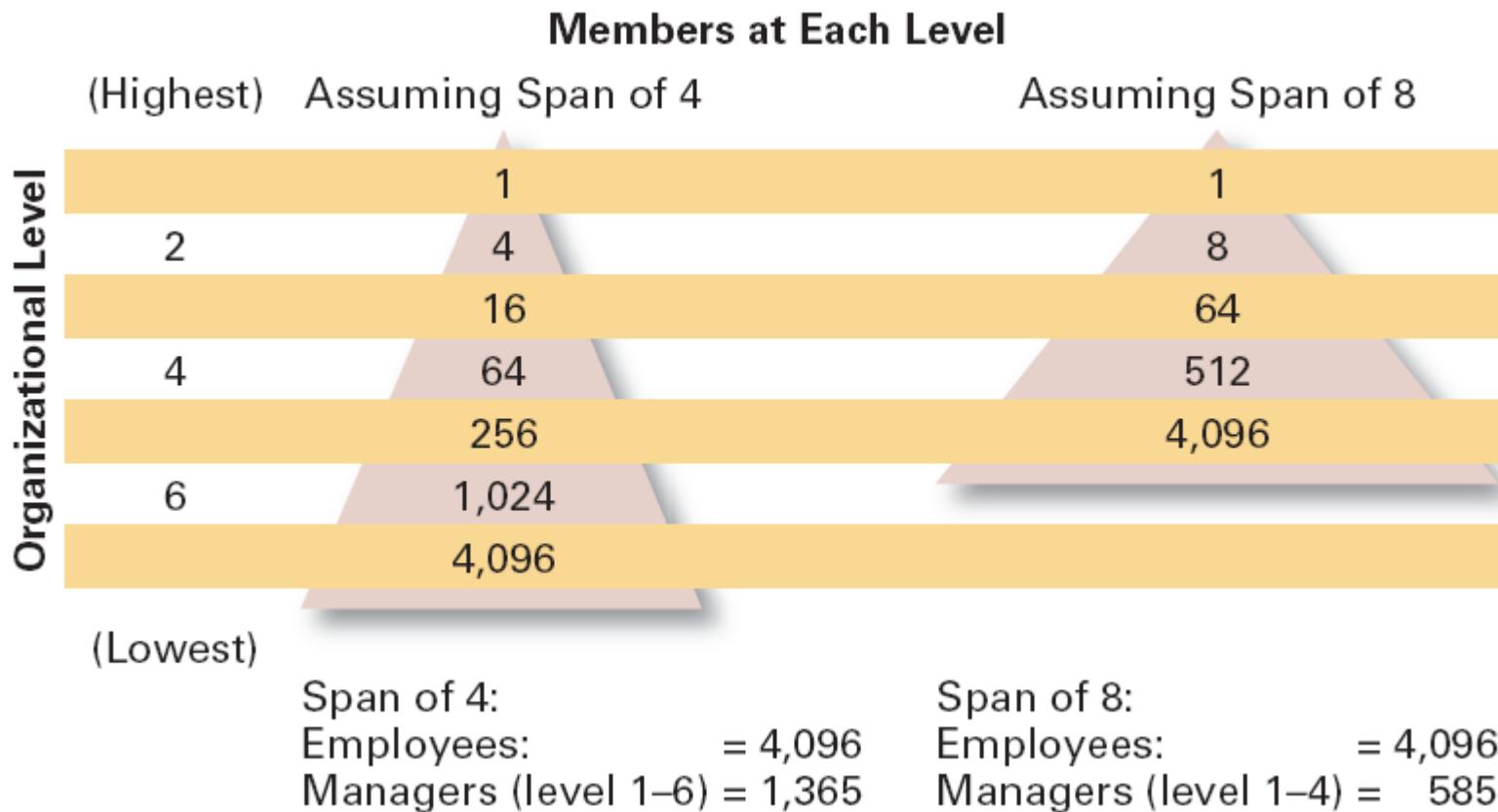
- Authority
  - The rights inherent in a managerial position to tell people what to do and to expect them to do it.
- Responsibility
  - The obligation or expectation to perform.
- Unity of Command
  - The concept that a person should have one boss and should report only to that person.

# Organization Structure (cont'd)

- **Span of Control**

- The number of employees who can be effectively and efficiently supervised by a manager.
- Width of span is affected by:
  - ❖ Skills and abilities of the manager
  - ❖ Employee characteristics
  - ❖ Characteristics of the work being done
  - ❖ Similarity of tasks
  - ❖ Complexity of tasks
  - ❖ Physical proximity of subordinates
  - ❖ Standardization of tasks

## Contrasting Spans of Control



# Organization Structure (cont'd)

- **Centralization**
  - The degree to which decision-making is concentrated at a single point in the organizations.
    - ❖ Organizations in which top managers make all the decisions and lower-level employees simply carry out those orders.
- **Decentralization**
  - Organizations in which decision-making is pushed down to the managers who are closest to the action.
- **Employee Empowerment**
  - Increasing the decision-making authority (power) of employees.

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## **Factors that Influence the Amount of Centralization**

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- **More Centralization**

- Environment is stable.
- Lower-level managers are not as capable or experienced at making decisions as upper-level managers.
- Lower-level managers do not want to have a say in decisions.
- Decisions are relatively minor.
- Organization is facing a crisis or the risk of company failure.
- Company is large.
- Effective implementation of company strategies depends on managers retaining say over what happens.

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## **Factors that Influence the Amount of Centralization**

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- **More Decentralization**

- Environment is complex, uncertain.
- Lower-level managers are capable and experienced at making decisions.
- Lower-level managers want a voice in decisions.
- Decisions are significant.
- Corporate culture is open to allowing managers to have a say in what happens.
- Company is geographically dispersed.
- Effective implementation of company strategies depends on managers having involvement and flexibility to make decisions.

# Organization Structure (cont'd)

- **Formalization**
  - The degree to which jobs within the organization are standardized and the extent to which employee behavior is guided by rules and procedures.
    - ❖ Highly formalized jobs offer little discretion over what is to be done.
    - ❖ Low formalization means fewer constraints on how employees do their work.

# **UCS1704 – Management and Ethical Practices**

**UNIT – II  
Delegation of Authority**

**Semester – VII**

**Dr. G. Raghuraman, Associate Professor/CSE**



# LEARNING OUTLINE

*Follow this Learning Outline as you read and study this chapter.*

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# Effective Delegation

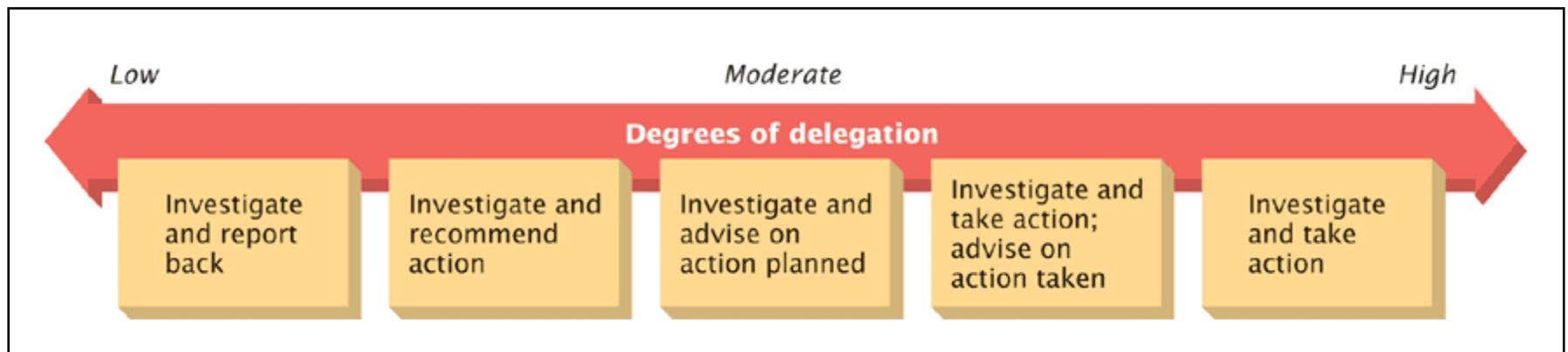
- **Delegation**
  - Assigning various degrees of decision-making authority to lower-level employees.
- **The Advantages of Delegation**
  - Frees up managerial time for other important tasks.
  - Serves as a training and development tool for lower-level managers.
  - Increases subordinates' commitment by giving them challenging assignments.

# **Effective Delegation** (*cont'd*)

- **Barriers to Delegation**

- Belief that only you can do the job right.
- Lack of confidence and trust in subordinates.
- Low self-confidence.
- Fear of being called lazy.
- Vague job definition.
- Fear of competition from subordinates.
- Reluctance to take risks that depend on others.
- Lack of early warning controls.
- Poor example of bosses who do not delegate.

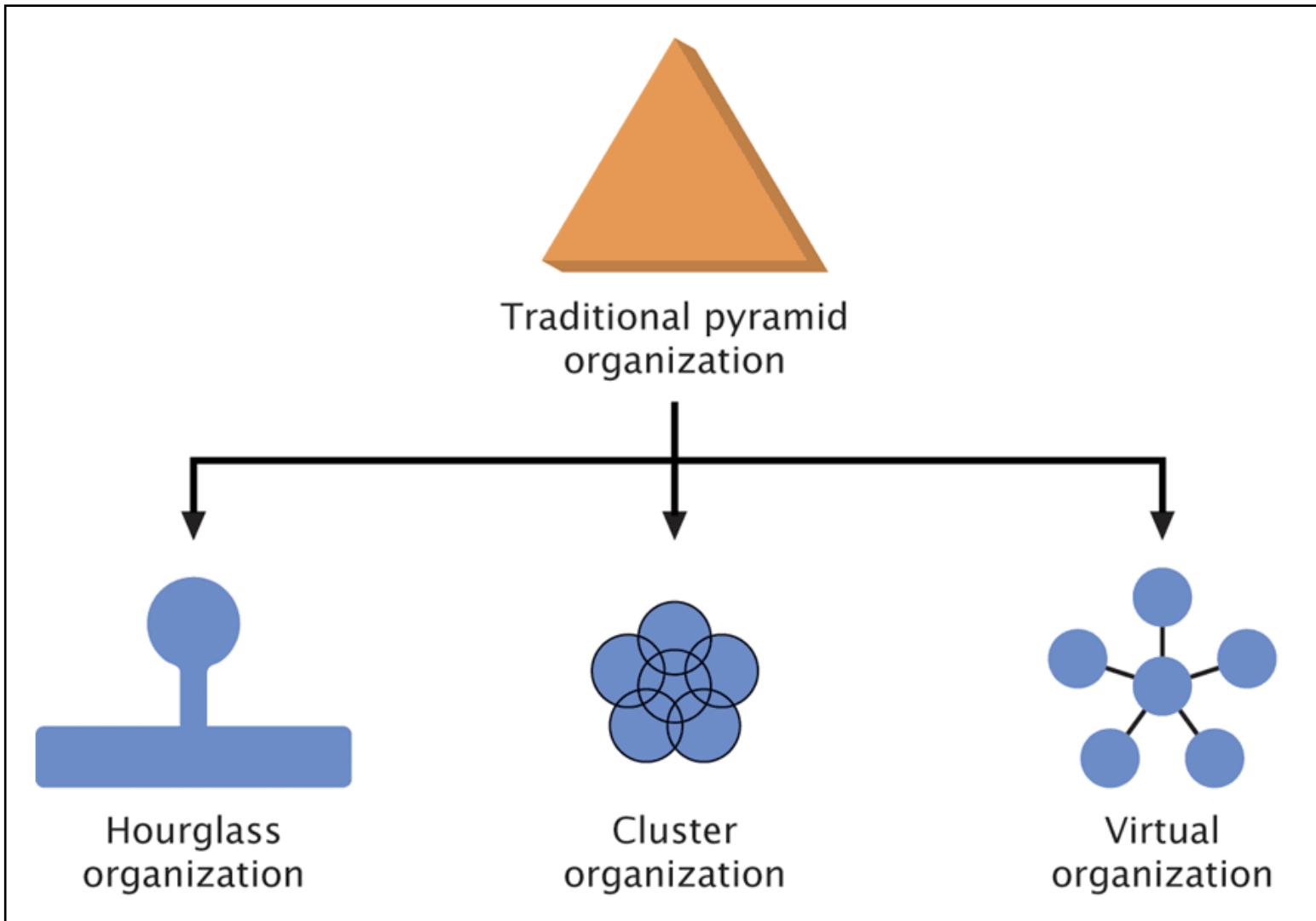
# Delegation Continuum



# The Changing Shape of Organizations

- Characteristics of New Organizations
  - Fewer organizational layers
  - More teams
  - Smallness within bigness
- New Organizational Configurations
  - Hourglass organization: a three-layer structure with constricted middle (management) layer.
  - Cluster organization: collaborative structure in which teams are the primary unit.
  - Virtual organizations: internet-linked networks of value-adding subcontractors.

# Reshaping the Traditional Pyramid Organization



# Organizational Design Decisions

- Mechanistic Organization
  - A rigid and tightly controlled structure
    - ❖ High specialization
    - ❖ Rigid departmentalization
    - ❖ Narrow spans of control
    - ❖ High formalization
    - ❖ Limited information network (downward)
    - ❖ Low decision participation
- Organic Organization
  - Highly flexible and adaptable structure
    - ❖ Non-standardized jobs
    - ❖ Fluid team-based structure
    - ❖ Little direct supervision
    - ❖ Minimal formal rules
    - ❖ Open communication network
    - ❖ Empowered employees

## Mechanistic versus Organic Organization

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### Mechanistic

- High specialization
- Rigid departmentalization
- Clear chain of command
- Narrow spans of control
- Centralization
- High formalization

### Organic

- Cross-functional teams
- Cross-hierarchical teams
- Free flow of information
- Wide spans of control
- Decentralization
- Low formalization

# Contingency Factors

- Structural decisions are influenced by:
  - Overall strategy of the organization
    - ❖ Organizational structure follows strategy.
  - Size of the organization
    - ❖ Firms change from organic to mechanistic organizations as they grow in size.
  - Technology use by the organization
    - ❖ Firms adapt their structure to the technology they use.
  - Degree of environmental uncertainty
    - ❖ Dynamic environments require organic structures; mechanistic structures need stable environments.

# Contingency Factors (cont'd)

- **Strategy Frameworks:**

- **Innovation**
  - ❖ Pursuing competitive advantage through meaningful and unique innovations favors an organic structuring.
- **Cost minimization**
  - ❖ Focusing on tightly controlling costs requires a mechanistic structure for the organization.
- **Imitation**
  - ❖ Minimizing risks and maximizing profitability by copying market leaders requires both organic and mechanistic elements in the organization's structure.

# Contingency Factors (cont'd)

- **Strategy and Structure**
  - Achievement of strategic goals is facilitated by changes in organizational structure that accommodate and support change.
- **Size and Structure**
  - As an organization grows larger, its structure tends to change from organic to mechanistic with increased specialization, departmentalization, centralization, and rules and regulations.

# Contingency Factors (cont'd)

- **Technology and Structure**

- Organizations adapt their structures to their technology.
- Woodward's classification of firms based on the complexity of the technology employed:
  - ❖ **Unit production** of single units or small batches
  - ❖ **Mass production** of large batches of output
  - ❖ **Process production** in continuous process of outputs
- Routine technology = mechanistic organizations
- Non-routine technology = organic organizations

## Woodward's Findings on Technology, Structure, and Effectiveness

	Unit Production	Mass Production	Process Production
Structural characteristics	Low vertical differentiation Low horizontal differentiation Low formalization	Moderate vertical differentiation High horizontal differentiation High formalization	High vertical differentiation Low horizontal differentiation Low formalization
Most effective structure	Organic	Mechanistic	Organic

# Contingency Factors (cont'd)

- Environmental Uncertainty and Structure
  - Mechanistic organizational structures tend to be most effective in stable and simple environments.
  - The flexibility of organic organizational structures is better suited for dynamic and complex environments.



# Common Organizational Designs

- Traditional Designs

- Simple structure

- ❖ Low departmentalization, wide spans of control, centralized authority, little formalization

- Functional structure

- ❖ Departmentalization by function

- Operations, finance, human resources, and product research and development

- Divisional structure

- ❖ Composed of separate business units or divisions with limited autonomy under the coordination and control the parent corporation.

# **Strengths and Weaknesses of Traditional Organizational Designs**

## **Simple Structure**

Strengths: Fast; flexible; inexpensive to maintain; clear accountability.

Weaknesses: Not appropriate as organization grows; reliance on one person is risky.

## **Functional Structure**

Strengths: Cost-saving advantages from specialization (economies of scale, minimal duplication of people and equipment) and employees are grouped with others who have similar tasks.

Weaknesses: Pursuit of functional goals can cause managers to lose sight of what's best for overall organization; functional specialists become insulated and have little understanding of what other units are doing.

## **Divisional Structure**

Strengths: Focuses on results—division managers are responsible for what happens to their products and services.

Weaknesses: Duplication of activities and resources increases costs and reduces efficiency.

# Contemporary Organizational Designs

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## Team Structure

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- What it is: A structure in which the entire organization is made up of work groups or teams.
- Advantages: Employees are more involved and empowered. Reduced barriers among functional areas.
- Disadvantages: No clear chain of command. Pressure on teams to perform.

## Matrix-Project Structure

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- What it is: A structure that assigns specialists from different functional areas to work on projects but who return to their areas when the project is completed. Project is a structure in which employees continuously work on projects. As one project is completed, employees move on to the next project.
- Advantages: Fluid and flexible design that can respond to environmental changes. Faster decision making.
  - Disadvantages: Complexity of assigning people to projects. Task and personality conflicts.

# Contemporary Organizational Designs

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## Boundaryless Structure

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- What it is: A structure that is not defined by or limited to artificial horizontal, vertical, or external boundaries; includes virtual and network types of organizations.
- Advantages: Highly flexible and responsive. Draws on talent wherever it's found..
  - Disadvantages: Lack of control. Communication difficulties..

# Organizational Designs (cont'd)

- Contemporary Organizational Designs

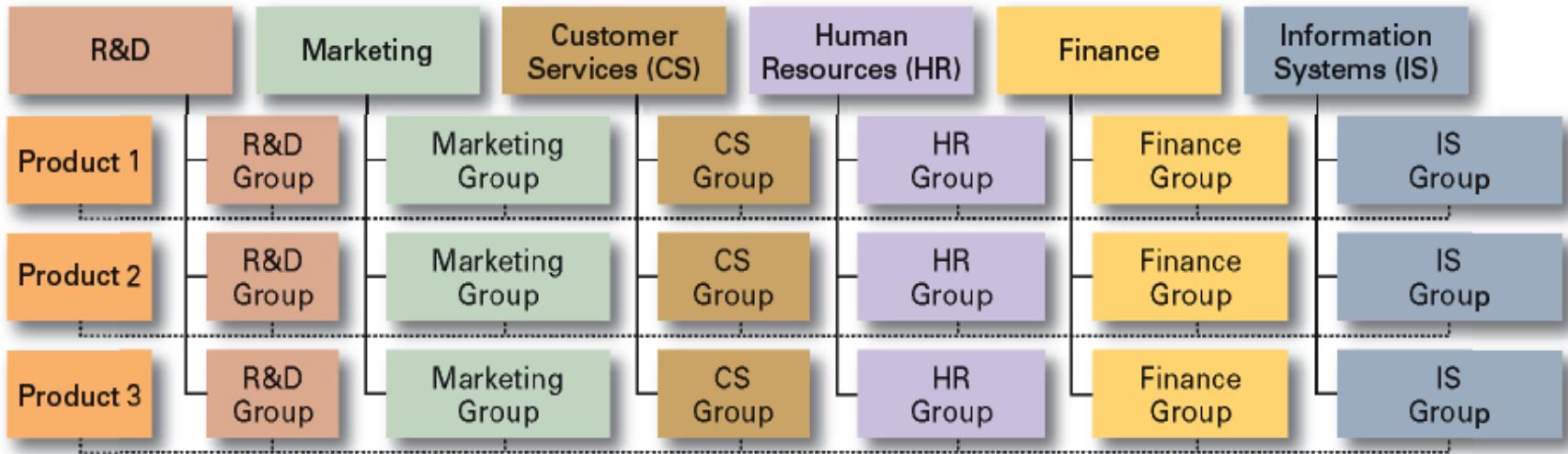
- Team structures

- ❖ The entire organization is made up of work groups or self-managed teams of empowered employees.

- Matrix and project structures

- ❖ Specialists from different functional departments are assigned to work on projects led by project managers.
    - ❖ Matrix and project participants have two managers.
    - ❖ In project structures, employees work continuously on projects; moving on to another project as each project is completed.

# An Example of a Matrix Organization



# Organizational Designs (cont'd)

- Contemporary Organizational Designs (cont'd)

- Boundaryless Organization

- ❖ An flexible and unstructured organizational design that is intended to break down external barriers between the organization and its customers and suppliers.
    - ❖ Removes internal (horizontal) boundaries:
      - Eliminates the chain of command
      - Has limitless spans of control
      - Uses empowered teams rather than departments
    - ❖ Eliminates external boundaries:
      - Uses virtual, network, and modular organizational structures to get closer to stakeholders.

# Removing External Boundaries

- **Virtual Organization**

- An organization that consists of a small core of full-time employees and that temporarily hires specialists to work on opportunities that arise.

- **Network Organization**

- A small core organization that outsources its major business functions (e.g., manufacturing) in order to concentrate what it does best.

- **Modular Organization**

- A manufacturing organization that uses outside suppliers to provide product components for its final assembly operations.

# Today's Organizational Design Challenges

- Keeping Employees Connected
  - Widely dispersed and mobile employees
- Building a Learning Organization
- Managing Global Structural Issues
  - Cultural implications of design elements

# Organizational Designs (cont'd)

- **The Learning Organization**

- An organization that has developed the capacity to continuously learn, adapt, and change through the practice of knowledge management by employees.
- Characteristics of a learning organization:
  - ❖ An open team-based organization design that empowers employees
  - ❖ Extensive and open information sharing
  - ❖ Leadership that provides a shared vision of the organization's future, support and encouragement
  - ❖ A strong culture of shared values, trust, openness, and a sense of community.

# Discussion

- Line organisational structure.
- Staff or functional authority organisational structure.
- Line and staff organisational structure.
- Flat and Tall organisational structure.
- Committee organisational structure.
- Divisional organisational structure.
- Project organisational structure.
- Matrix organisational structure.
- Hybrid organisational structure.

# **UCS1704 – Management and Ethical Practices**

**UNIT – II  
Centralization and Decentralization**

**Semester – VII**

**Dr. G. Raghuraman, Associate Professor/CSE**



# INTRODUCTION

- Henri Fayol (was a French mining engineer and director of mines who developed a general theory of business administration.)
- He and his colleagues developed this theory independently of scientific management.
- He was one of the most influential contributors to modern concepts of management.
- Fayol has introduced the 14th principles of management which are very dynamic in nature.
- Among those the 8th principle is CENTRALIZATION AND DECENRALIZATION.

# **What is Centralization & Decentralization**

- **Centralized organization:** the authority to make important decisions is retained by top level managers
- **Decentralized organization:** the authority to make important decisions is delegated to managers at all levels in the hierarchy.

# Forces for (de)centralisation

## Centralisation

- Organisational crisis
- Management desire for control
- Increase consistency, reduce costs

- Complexity – size, diversity
- Desire for empowerment

## Decentralisation

# **Delegation of Authority**

Reasons to Decentralize Authority:-

- It encourages the development of professional managers.
- Managers are able to exercise more autonomy but it can lead to a competitive climate.

# **Delegation of Authority cont..**

Reasons to Centralize Authority:-

1. When the managers are not skilled enough and would need further training which can be **expensive**.
2. When there are new administrative costs because **new divisions** need to be formed.
3. Decentralization can mean **duplication** of functions.

# Arguments for Centralization

- Centralization can facilitate coordination.
- Centralization can help ensure that decisions are consistent with organizational objectives.
- Centralization can avoid duplication of activities by various subunits within the organization.
- By concentrating power and authority in one individual or a management team, centralization can give top-level managers the means to bring about needed major organizational changes.

# Arguments for Decentralization

- Top management can become overburdened when decision-making authority is centralized.
- Motivational research favors decentralization.
- Decentralization permits greater flexibility—more rapid response to environmental changes.
- Decentralization can result in better decisions.
- Decentralization can increase control.

# **Limitations of Centralization**

- Development of low level managers are hampered. Opportunity given to exercise initiative and judgment is negligible.
- It is a costly affair and delays decision making .
- It creates problems of effective communication
- No scope of specialization as a person may have to look into many things

# Limitations of Decentralization

- It creates problems in coordination between different units of the organization.
- May result in higher administrative expenses as qualified managers are needed for different divisions
- Due to different policies and procedures of each unit in a decentralized organization inconsistencies may arise in organizational activities

# Examples of Centralized organisations

- **Dictatorship:** Dictatorships are usually ruled by a single powerful figure, the easy-to-spot sign of a centralized organization. If you can stop the leader, you can destroy the entire group.
- **Military:** Traditionally, the military has been the classic example of top-down or hierarchical management. The General orders the Captain who orders the Lieutenant who orders the...

# **Examples of Centralized organisations (Contd.)**

- **Government:** Governments are classic top-down structures lead by the President or Prime Minister, followed by Senators or Ministers who each have a team below them. Right at the bottom are the voters who get to have their say with a single vote every couple of years.
- **Television:** TV shows are created by centralized organizations that decide what we watch and when we watch it. And, if think literally about it, one message is sent down the airwaves for us to watch at the other end.

# Examples of Decentralized Organizations

- **Open Source Software:** There are two decentralized organization examples in the computing world. The first is Open Source Software. Think Linux. It's freely available, thousands of volunteers update it and nobody owns it.
- **Peer to Peer Software:** Peer to Peer software is uses bits of information contributed by many people. For example, Bit Torrent downloads a part of the overall file from numerous computers spread across the globe.

# Examples of Decentralized Organizations (Contd.)

- **Terrorist Cells:** Terrorist cells represent the best military decentralized organization example. And, this explains the difficulty the west has had in coming to terms with Al Qaeda, finding Osama Bin Laden and the war in Afghanistan. It's the centralized versus the decentralized.
- **The Internet:** This is the classic decentralized organization example of our time. It was deliberately created to overcome the limits of a centralized military command and the threat of missile attack. This decentralized structure is built upon the humble hyperlink that connects all the separate pages, websites and networks.

# The Decentralization of Coca-Cola

- Coca-Cola decentralized its organizational structure by cutting half of the staff at its Atlanta headquarters and moving the regional chieftains closer to their local markets. In India, decision making has been moved further down to different areas of that diverse country.



# **Equating a Ideal Organisation**

Balancing Centralization and Decentralization :

- Ideal balance entails:
  - Enabling middle and lower managers who are at the scene of the action to make important decisions
  - Allowing top managers to focus on long-term strategy making

# Examples of Fusion Organisation

- **Wikipedia:** Comprised of thousands of volunteers, Wikipedia is based on a wiki or open platform for editing the encyclopedia entries. A skeleton staff of employees oversee the venture.
- **Facebook:** Whilst the organization provide the platform for listings, users are free to post what they like within the guidelines set out by the platform owners.

## **Examples of Fusion Organisation (Contd.)**

- **Supermarkets:** The owners employ people to set up and stock the store. Users are free to wander and select the items of their choice.
- **Ebay:** Just like the supermarket, Ebay the company set up the infrastructure and users are free to list items, view items and bid for items.
- **Toyota:** Toyota employs over 300,000 people. And, they all belong to independent business units controlled by an overall corporation.

# Questions?

# **UCS1704 – Management and Ethical Practices**

**UNIT – II**

**Human Resource Management  
Planning, Recruitment and Selection**

**Semester – VII**

**Dr. G. Raghuraman, Associate Professor/CSE**



# OUTLINE

## **Why Human Resources Is Important: The HRM Process**

- Explain how an organization's human resources can be a significant source of competitive advantage.
- List eight activities necessary for staffing the organization and sustaining high employee performance.
- Discuss the environmental factors that most directly affect the HRM process.

# **OUTLINE (cont'd)**

## **Human Resource Planning; Recruitment/ Decruitment; Selection; Orientation; Training**

- Contrast job analysis, job description, and job specification.
- Discuss the major sources of potential job candidates.
- Describe the different selection devices and which work best for different jobs.
- Tell what a realistic job preview is and why it's important.
- Explain why orientation is so important.
- Describe the different types of training and how that training can be provided.

# OUTLINE (cont'd)

## **Employee Performance Management; Compensation/Benefits; Career Development**

- Describe the different performance appraisal methods.
- Discuss the factors that influence employee compensation and benefits.
- Describe skill-based and variable pay systems.
- Describe career development for today's employees.

## **Current Issues in Human Resource Management**

- Explain how managers can manage downsizing.
- Discuss how managers can manage workforce diversity.

# OUTLINE (cont'd)

## **Current Issues in Human Resource Management (cont'd)**

- Explain what sexual harassment is and what managers need to know about it.
- Describe how organizations are dealing with work-life balances.

# The Importance of Human Resource Management (HRM)

- As a necessary part of the organizing function of management
  - Selecting, training, and evaluating the work force
- As an important strategic tool
  - HRM helps establish an organization's sustainable competitive advantage.
- Adds value to the firm
  - High performance work practices lead to both high individual and high organizational performance.

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## **Examples of High-Performance Work Practices**

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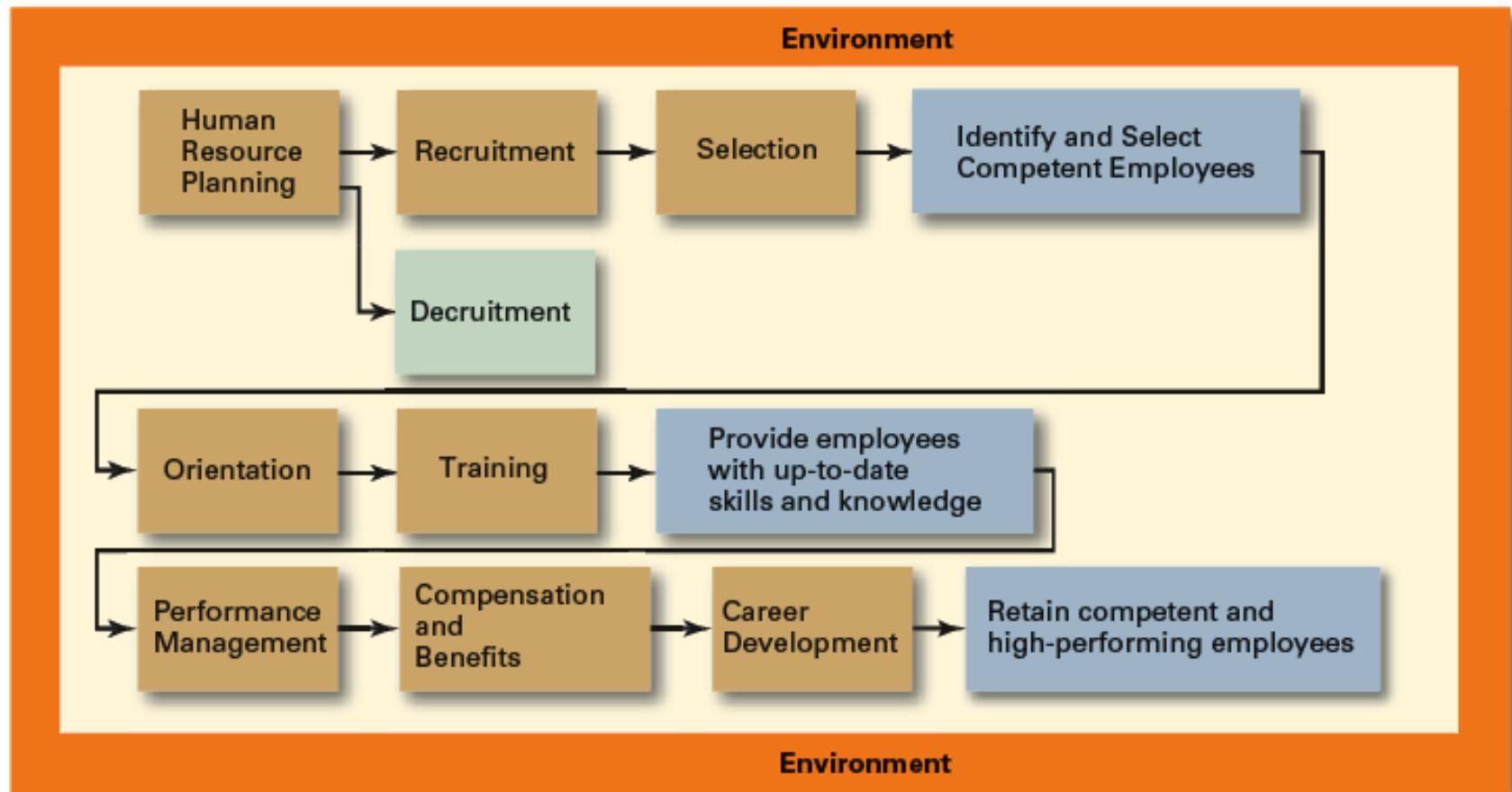
- Self-managed teams
- Decentralized decision making
- Training programs to develop knowledge, skills, and abilities
- Flexible job assignments
- Open communication
- Performance-based compensation
- Staffing based on person–job and person–organization fit

Source: Based on W. R. Evans and W. D. Davis, "High-Performance Work Systems and Organizational Performance: The Mediating Role of Internal Social Structure," *Journal of Management*, October 2005, p. 760.

# The HRM Process

- Functions of the HRM Process
  - Ensuring that competent employees are identified and selected.
  - Providing employees with up-to-date knowledge and skills to do their jobs.
  - Ensuring that the organization retains competent and high-performing employees who are capable of high performance.

# Human Resource Management Process



# Environmental Factors Affecting HRM

- Employee Labor Unions

- Organizations that represent workers and seek to protect their interests through collective bargaining.
  - ❖ Collective bargaining agreement
    - A contractual agreement between a firm and a union elected to represent a bargaining unit of employees of the firm in bargaining for wage, hours, and working conditions.

- Governmental Laws and Regulations

- Limit managerial discretion in hiring, promoting, and discharging employees.
  - ❖ Affirmative Action: the requirement that organizations take proactive steps to ensure the full participation of protected groups in its workforce.

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## **Major U.S. Federal Laws and Regulations Related to HRM**

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- 1963 Equal Pay Act
- 1964 Civil Rights Act, Title VII (amended in 1972)
- 1967 Age Discrimination in Employment Act
- 1973 Vocational Rehabilitation Act
- 1974 Privacy Act
- 1978 Mandatory Retirement Act
- 1986 Immigration Reform and Control Act
- 1988 Worker Adjustment and Retraining Notification Act
- 1990 Americans with Disabilities Act
- 1991 Civil Rights Act of 1991
- 1993 Family and Medical Leave Act of 1993
- 1996 Health Insurance Portability and Accountability Act of 1996
- 2003 Fair and Accurate Credit Transactions Act
- 2004 FairPay Overtime Initiative

# Managing Human Resources

- Human Resource (HR) Planning
  - The process by which managers ensure that they have the right number and kinds of people in the right places, and at the right times, who are capable of effectively and efficiently performing their tasks.
  - Helps avoid sudden talent shortages and surpluses.
  - Steps in HR planning:
    - ❖ Assessing current human resources
    - ❖ Assessing future needs for human resources
    - ❖ Developing a program to meet those future needs

# Current Assessment

- Human Resource Inventory

- A review of the current make-up of the organization's current resource status
- Job Analysis
  - ❖ An assessment that defines a job and the behaviors necessary to perform the job
    - Knowledge, skills, and abilities (KSAs)
  - ❖ Requires conducting interviews, engaging in direct observation, and collecting the self-reports of employees and their managers.

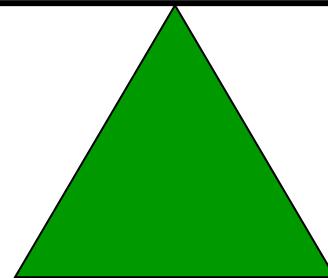
# Current Assessment (cont'd)

- Job Description
  - A written statement of what the job holder does, how it is done, and why it is done.
- Job Specification
  - A written statement of the minimum qualifications that a person must possess to perform a given job successfully.

# Meeting Future Human Resource Needs

**Supply of Employees**

**Demand for Employees**



## Factors Affecting Staffing

### Strategic Goals

Forecast demand for products and services

Availability of knowledge, skills, and abilities

# Recruitment and Decruitment

- Recruitment
  - The process of locating, identifying, and attracting capable applicants to an organization
- Decruitment
  - The process of reducing a surplus of employees in the workforce of an organization
- E-recruiting
  - Recruitment of employees through the Internet
    - ❖ Organizational web sites
    - ❖ Online recruiters

## **Major Sources of Potential Job Candidates**

Source	Advantages	Disadvantages
Internet	Reaches large numbers of people; can get immediate feedback	Generates many unqualified candidates
Employee referrals	Knowledge about the organization provided by current employee; can generate strong candidates because a good referral reflects on the recommender	May not increase the diversity and mix of employees
Company Web site	Wide distribution; can be targeted to specific groups	Generates many unqualified candidates
College recruiting	Large centralized body of candidates	Limited to entry-level positions
Professional recruiting organizations	Good knowledge of industry challenges and requirements	Little commitment to specific organization

## Decruitment Options

Option	Description
Firing	Permanent involuntary termination
Layoffs	Temporary involuntary termination; may last only a few days or extend to years
Attrition	Not filling openings created by voluntary resignations or normal retirements
Transfers	Moving employees either laterally or downward; usually does not reduce costs but can reduce intraorganizational supply-demand imbalances
Reduced workweeks	Having employees work fewer hours per week, share jobs, or perform their jobs on a part-time basis
Early retirements	Providing incentives to older and more senior employees for retiring before their normal retirement date
Job sharing	Having employees share one full-time position

# Selection

- Selection Process
  - The process of screening job applicants to ensure that the most appropriate candidates are hired.
- What is Selection?
  - An exercise in predicting which applicants, if hired, will be (or will not be) successful in performing well on the criteria the organization uses to evaluate performance.
  - Selection errors:
    - ❖ Reject errors for potentially successful applicants
    - ❖ Accept errors for ultimately poor performers

## Selection Decision Outcomes

		Selection Decision	
		Accept	Reject
Later Job Performance	Successful	Correct decision	Reject error
	Unsuccessful	Accept error	Correct decision

# Validity and Reliability

- **Validity (of Prediction)**
  - A proven relationship between the selection device used and some relevant criterion for successful performance in an organization.
    - ❖ High tests scores equate to high job performance; low scores to poor performance.
- **Reliability (of Prediction)**
  - The degree of consistency with which a selection device measures the same thing.
    - ❖ Individual test scores obtained with a selection device are consistent over multiple testing instances.

## Selection Devices

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- Application Forms
- Written Tests
- Performance Simulations
- Interviews
- Background Investigations
- Physical examinations



# Written Tests

- **Types of Tests**

- Intelligence: how smart are you?
- Aptitude: can you learn to do it?
- Attitude: how do you feel about it?
- Ability: can you do it now?
- Interest: do you want to do it?

- **Legal Challenges to Tests**

- Lack of job-relatedness of test items or interview questions to job requirements
- Discrimination in equal employment opportunity against members of protected classes

# Performance Simulation Tests

- Testing an applicant's ability to perform actual job behaviors, use required skills, and demonstrate specific knowledge of the job.
  - Work sampling
    - ❖ Requiring applicants to actually perform a task or set of tasks that are central to successful job performance.
  - Assessment centers
    - ❖ Dedicated facilities in which job candidates undergo a series of performance simulation tests to evaluate their managerial potential.

# **UCS1704 – Management and Ethical Practices**

**UNIT – II**

**Human Resource Management  
Training & Development, Current Issues**

**Semester – VII**

**Dr. G. Raghuraman, Associate Professor/CSE**



# Other Selection Approaches

- **Interviews**
  - Although used almost universally, managers need to approach interviews carefully.
- **Background Investigations**
  - Verification of application data
  - Reference checks:
    - ❖ Lack validity because self-selection of references ensures only positive outcomes.
- **Physical Examinations**
  - Useful for physical requirements and for insurance purposes related to pre-existing conditions.

## Suggestions for Interviewing

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1. Structure a *fixed set of questions* for all applicants.
2. Have *detailed information about the job* for which applicants are interviewing.
3. *Minimize any prior knowledge* of applicants' background, experience, interests, test scores, or other characteristics.
4. Ask *behavioral questions* that require applicants to give detailed accounts of actual job behaviors.
5. Use a *standardized evaluation form*.
6. *Take notes* during the interview.
7. *Avoid short interviews* that encourage premature decision making.

**Source:** Based on D.A. DeCenzo and S.P. Robbins, *Human Resource Management*, 7th ed. (New York Wiley: 2002, p. 200)

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## Examples of “Can’t Ask and Can Ask” Interview Questions for Managers\*

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### Can’t Ask

- **What’s your birth date? or How old are you?**
- **What’s your marital status? or Do you plan to have a family?**
- **What’s your native language?**
- **Have you ever been arrested?**

### Can Ask

- **Are you over 18?**
- **Would you relocate?**
- **Are you authorized to work in the United States?**
- **Have you ever been convicted of [fill in the blank]?—The crime must be reasonably related to the performance of the job.**

\* Note: Managers should be aware that there are numerous other “can and can’t ask” questions. Be sure to always check with your HR department for specific guidance.

## Quality of Selection Devices as Predictors

Selection Device	Position			
	Senior Management	Middle and Lower Management	Complex Nonmanagerial	Routine Work
Application form	2	2	2	2
Written tests	1	1	2	3
Work samples	—	—	4	4
Assessment center	5	5	—	—
Interviews	4	3	2	2
Verification of application data	3	3	3	3
Reference checks	1	1	1	1
Physical exam	1	1	1	2

Note: Validity is measured on a scale from 1 (highest) to (lowest). A dash means "not applicable."

# Other Selection Approaches (cont'd)

- Realistic Job Preview (RJP)
  - The process of relating to an applicant both the positive and the negative aspects of the job.
    - ❖ Encourages mismatched applicants to withdraw.
    - ❖ Aligns successful applicants' expectations with actual job conditions; reducing turnover.

# Orientation

- Transitioning a new employee into the organization.

- Work-unit orientation

- ❖ Familiarizes new employee with work-unit goals
- ❖ Clarifies how his or her job contributes to unit goals
- ❖ Introduces he or she to his or her coworkers

- Organization orientation

- ❖ Informs new employee about the organization's objectives, history, philosophy, procedures, and rules.
- ❖ Includes a tour of the entire facility

## Types of Training

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Type	Includes
General	Communication skills, computer systems application and programming, customer service, executive development, management skills and development, personal growth, sales, supervisory skills, and technological skills and knowledge
Specific	Basic life/work skills, creativity, customer education, diversity/cultural awareness, remedial writing, managing change, leadership, product knowledge, public speaking/presentation skills, safety, ethics, sexual harassment, team building, wellness, and others

Source: Based on "2005 Industry Report—Types of Training," *Training*, December 2005, p. 22.

## Employee Training Methods

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- **Traditional Training Methods**

- On-the-job
- Job rotation
- Mentoring and coaching
- Experiential exercises
- Workbooks/manuals
- Classroom lectures

- **Technology-Based Training Methods**

- CD-ROM/DVD/videotapes/ audiotapes
- Videoconferencing/ teleconferencing/ satellite TV
- E-learning

# Employee Performance Management

- **Performance Management System**

- A process of establishing performance standards and appraising employee performance in order to arrive at objective HR decisions and to provide documentation in support of those decisions.



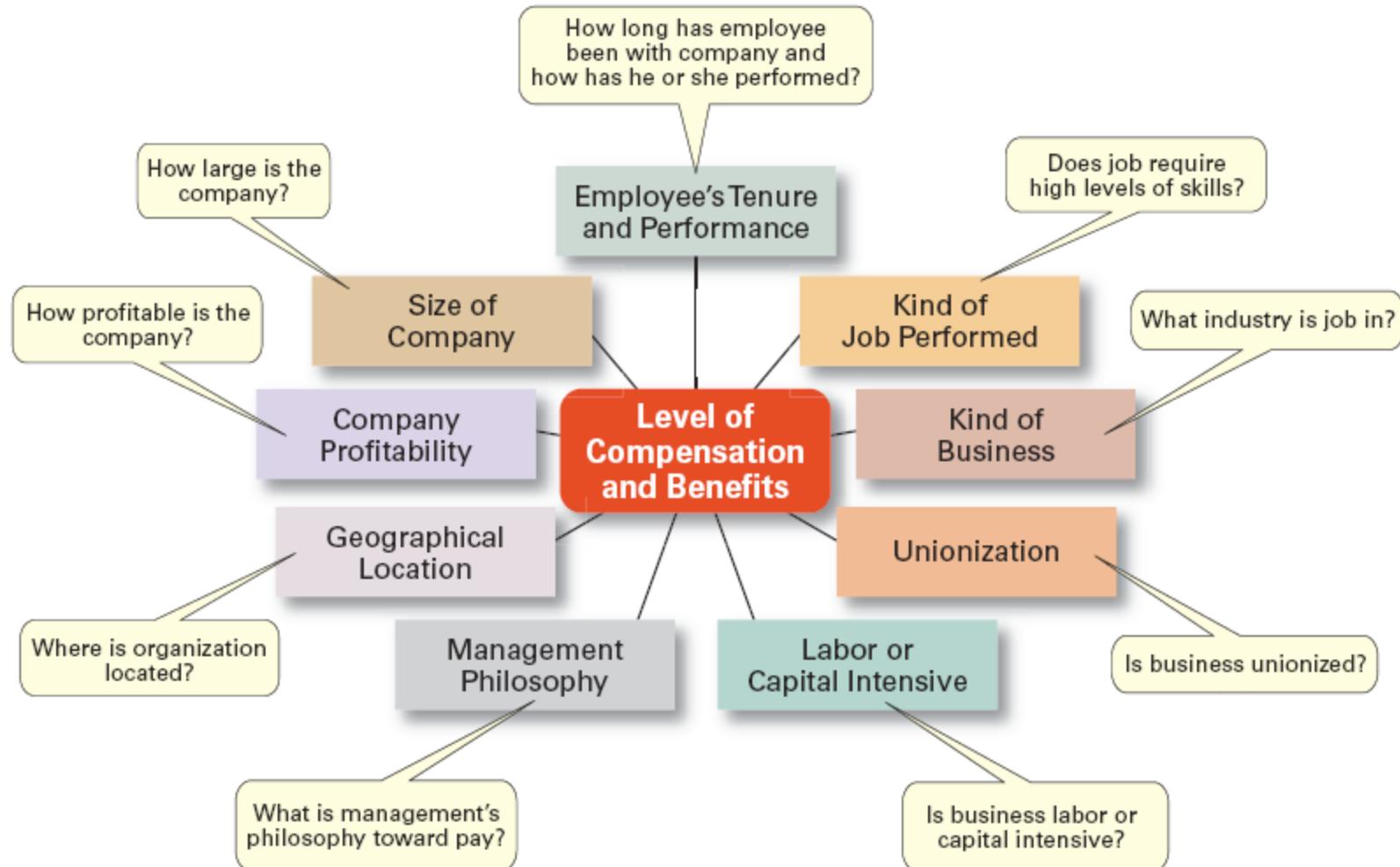
## Advantages and Disadvantages of Performance Appraisal Methods

Method	Advantage	Disadvantage
Written essays	Simple to use	More a measure of evaluator's writing ability than of employee's actual performance
Critical incidents	Rich examples; behaviorally based	Time-consuming; lack quantification
Graphic rating scales	Provide quantitative data; less time-consuming than others	Do not provide depth of job behavior assessed
BARS	Focus on specific and measurable job behaviors	Time-consuming; difficult to develop
Multiperson comparisons	Compares employees with one another	Unwieldy with large number of employees; legal concerns
MBO	Focuses on end goals; results oriented	Time-consuming
360-degree appraisals	Thorough	Time-consuming

# Compensation and Benefits

- Benefits of a Fair, Effective, and Appropriate Compensation System
  - Helps attract and retain high-performance employees
  - Impacts on the strategic performance of the firm
- Types of Compensation
  - Base wage or salary
  - Wage and salary add-ons
  - Incentive payments
  - Skill-based pay
  - Variable pay

# Factors That Influence Compensation and Benefits



**Sources:** Based on R.I. Henderson, Compensation Management, 6<sup>th</sup> ed. (Upper Saddle River, NJ: Prentice Hall, 1994), pp. 3–24; and A. Murray, "Mom, Apple Pie, and Small Business," Wall Street Journal, August 15, 1994, p. A1

# Career Development

- Career Defined
  - The sequence of positions held by a person during his or her lifetime.
  - The Way It Was
    - ❖ Career Development
      - Provided for information, assessment, and training
      - Helped attract and retain highly talented people
    - ❖ Now
      - Individuals—not the organization—are responsible for designing, guiding, and developing their own careers.
  - Boundaryless Career
    - ❖ A career in which individuals, not organizations, define career progression and organizational loyalty

## What College Graduates Want From Jobs

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### Top Factors for U.S. Students

- Work-life balance
- Annual base salary
- Job stability and security
- Recognition for a job done well
- Increasingly challenging tasks
- Rotational programs

### Top Factors for U.K. Students

- International career opportunities
- Flexible working hours
- Variety of assignments
- Paid overtime

Sources: Based on S. Shellenbarger, "Avoiding the Next Enron: Today's Crop of Soon-to-Be Grads Seeks Job Security," *Wall Street Journal Online*, February 16, 2006; "MBAs Eye Financial Services and Management Consulting," *HRMarketer.com*, June 7, 2005; and J. Boone, "Students Set Tighter Terms for Work," *FinancialTimes.com*, May 21, 2005.

## **Some Suggestions for a Successful Management Career**



# Current Issues in HRM

- Managing Downsizing

- The planned elimination of jobs in an organization
  - ❖ Provide open and honest communication.
  - ❖ Provide assistance to employees being downsized.
  - ❖ Reassure and counseling to surviving employees.

- Managing Work Force Diversity

- Widen the recruitment net for diversity
- Ensure selection without discrimination
- Provide orientation and training that is effective

# Current Issues in HRM (cont'd)

- Sexual Harassment

- An unwanted activity of a sexual nature that affects an individual's employment.
  - ❖ Unwanted sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when submission or rejection of this conduct explicitly or implicitly affects an individual's employment.
- An offensive or hostile environment
  - ❖ An environment in which a person is affected by elements of a sexual nature.

- Workplace Romances

- Potential liability for harassment

# Current Issues in HRM (cont'd)

- Work-Life Balance

- Employees have personal lives that they don't leave behind when they come to work.
- Organizations have become more attuned to their employees by offering **family-friendly benefits:**
  - ❖ On-site child care
  - ❖ Summer day camps
  - ❖ Flextime
  - ❖ Job sharing
  - ❖ Leave for personal matters
  - ❖ Flexible job hours

# Current Issues in HRM (cont'd)

- Controlling HR Costs
  - Employee health-care
    - ❖ Encouraging healthy lifestyles
      - Financial incentives
      - Wellness programs
      - Charging employees with poor health habits more for benefits
  - Employee pension plans
    - ❖ Reducing pension benefits
    - ❖ No longer providing pension plans

# **UCS1704 – Management and Ethical Practices**

**UNIT – II**

**Directing**

**Motivation – Theories & Techniques**

**Semester – VII**

**Dr. G. Raghuraman, Associate Professor/CSE**



# OUTLINE

## **What Is Motivation?**

- Define motivation.
- Explain motivation as a need-satisfying process.

## **Early Theories of Motivation**

- Describe Maslow's hierarchy of needs and how it can be used to motivate.
- Discuss how Theory X and Theory Y managers approach motivation.
- Describe Herzberg's motivation-hygiene theory.
- Explain Herzberg's views of satisfaction and dissatisfaction.

# OUTLINE (cont'd)

## Contemporary Theories of Motivation

- Describe the three needs McClelland proposed as being present in work settings.
- Explain how goal-setting and reinforcement theories explain employee motivation.
- Describe the job characteristics model as a way to design motivating jobs.
- Discuss the motivation implications of equity theory.
- Contrast distributive justice and procedural justice.
- Explain the three key linkages in expectancy theory and their role in motivation.

# OUTLINE (cont'd)

## **Current Issues in Motivation**

- **Describe the cross-cultural challenges of motivation.**
- **Discuss the challenges managers face in motivating unique groups of workers.**
- **Describe open-book management, employee recognition, pay-for-performance, and stock option programs.**

# What Is Motivation?

- Motivation
  - Is the result of an interaction between the person and a situation; it is not a personal trait.
  - Is the process by which a person's efforts are energized, directed, and sustained towards attaining a goal.
    - ❖ Energy: a measure of intensity or drive.
    - ❖ Direction: toward organizational goals
    - ❖ Persistence: exerting effort to achieve goals.
  - Motivation works best when individual needs are compatible with organizational goals.

# Early Theories of Motivation

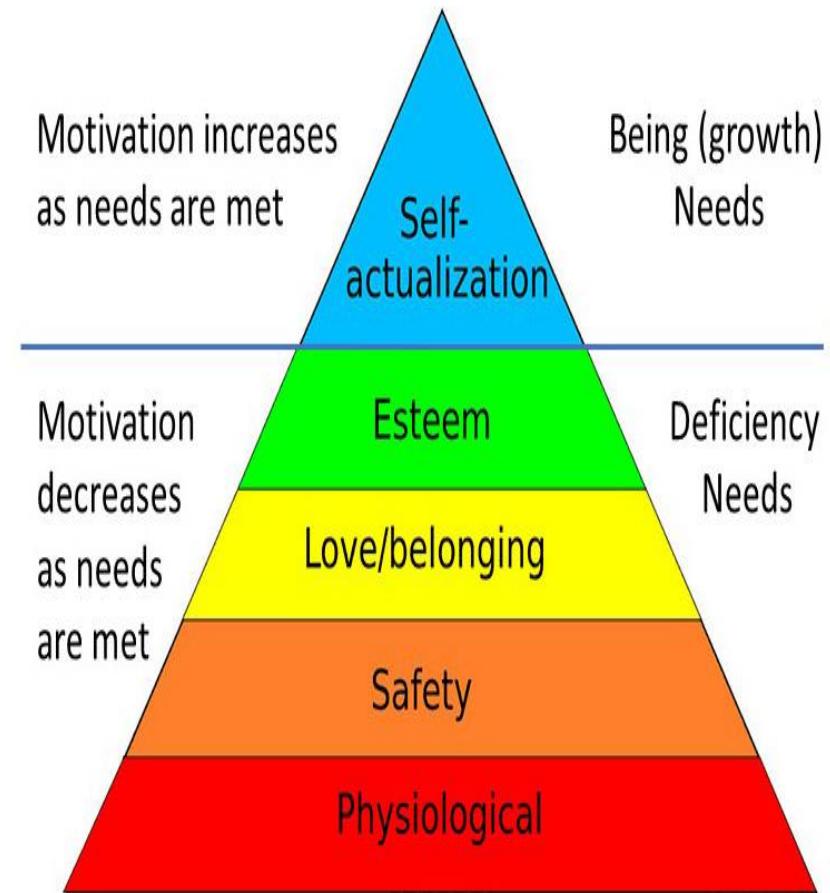
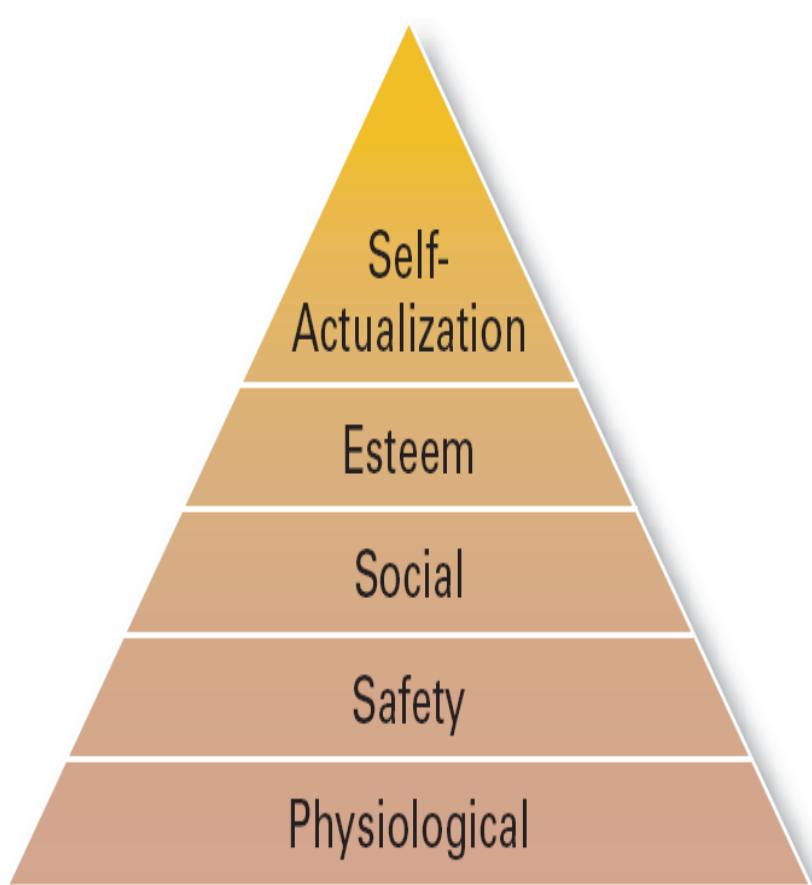
- Maslow's Hierarchy of Needs
- MacGregor's Theories X and Y
- Herzberg's Two-Factor Theory

# Early Theories of Motivation

- **Maslow's Hierarchy of Needs Theory**

- Needs were categorized as five levels of lower- to higher-order needs.
  - ❖ Individuals must satisfy lower-order needs before they can satisfy higher order needs.
  - ❖ Satisfied needs will no longer motivate.
  - ❖ Motivating a person depends on knowing at what level that person is on the hierarchy.
- Hierarchy of needs
  - ❖ Lower-order (external): physiological, safety
  - ❖ Higher-order (internal): social, esteem, self-actualization

## Maslow's Hierarchy of Needs



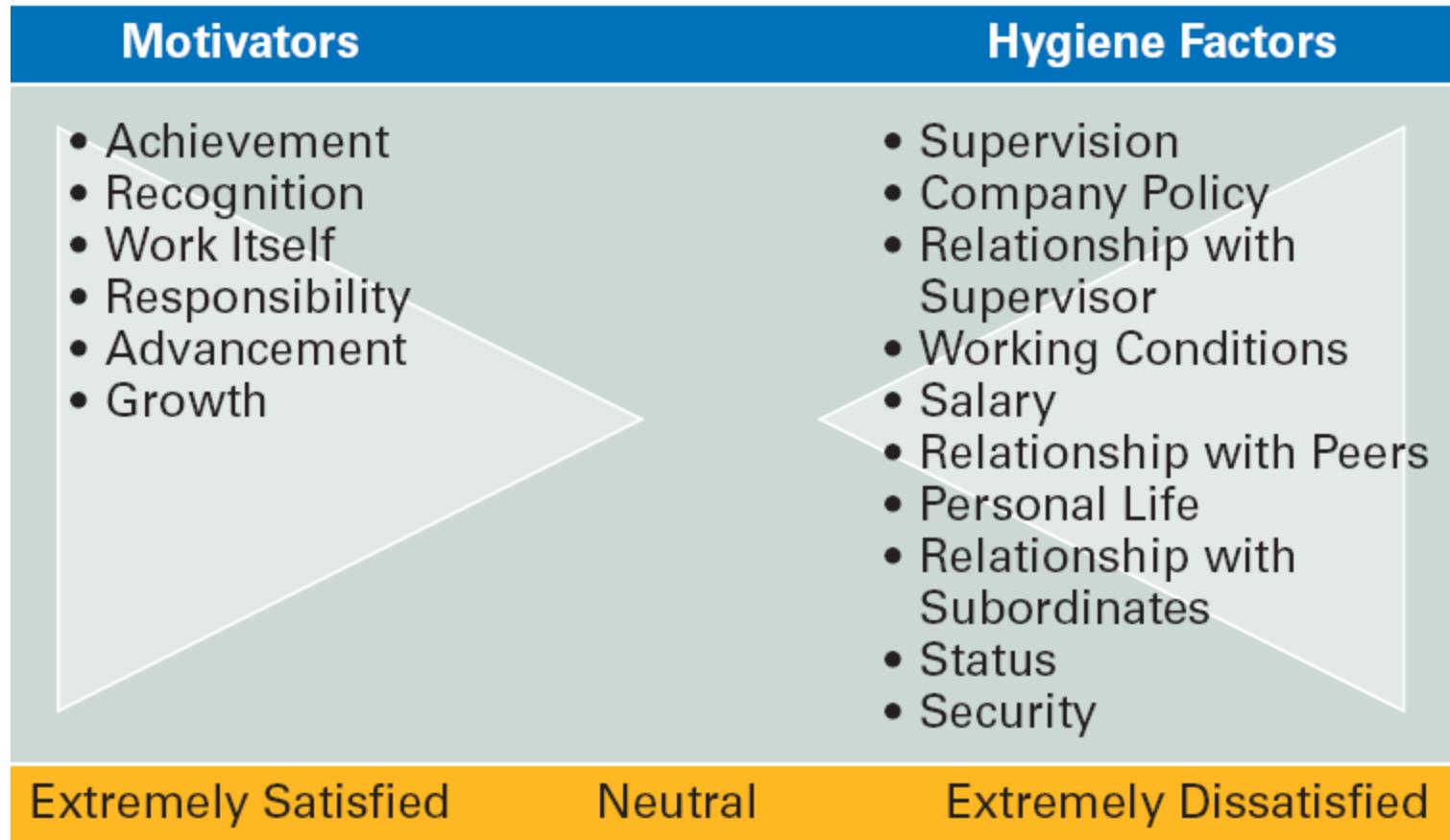
# Early Theories of Motivation (cont'd)

- McGregor's Theory X and Theory Y
  - Theory X
    - ❖ Assumes that workers have little ambition, dislike work, avoid responsibility, and require close supervision.
  - Theory Y
    - ❖ Assumes that workers can exercise self-direction, desire responsibility, and like to work.
  - Assumption:
    - ❖ Motivation is maximized by participative decision making, interesting jobs, and good group relations.

# Early Theories of Motivation (cont'd)

- Herzberg's Motivation-Hygiene Theory
  - Job satisfaction and job dissatisfaction are created by different factors.
    - ❖ **Hygiene factors:** extrinsic (environmental) factors that create job dissatisfaction.
    - ❖ **Motivators:** intrinsic (psychological) factors that create job satisfaction.
  - Attempted to explain why job satisfaction does not result in increased performance.
    - ❖ The opposite of satisfaction is not dissatisfaction, but rather no satisfaction.

## Herzberg's Motivation-Hygiene Theory



## Contrasting Views of Satisfaction-Dissatisfaction

### Traditional View

Satisfied

Dissatisfied

### Herzberg's View

#### Motivators

Satisfaction

No Satisfaction

#### Hygiene Factors

No Dissatisfaction

Dissatisfaction

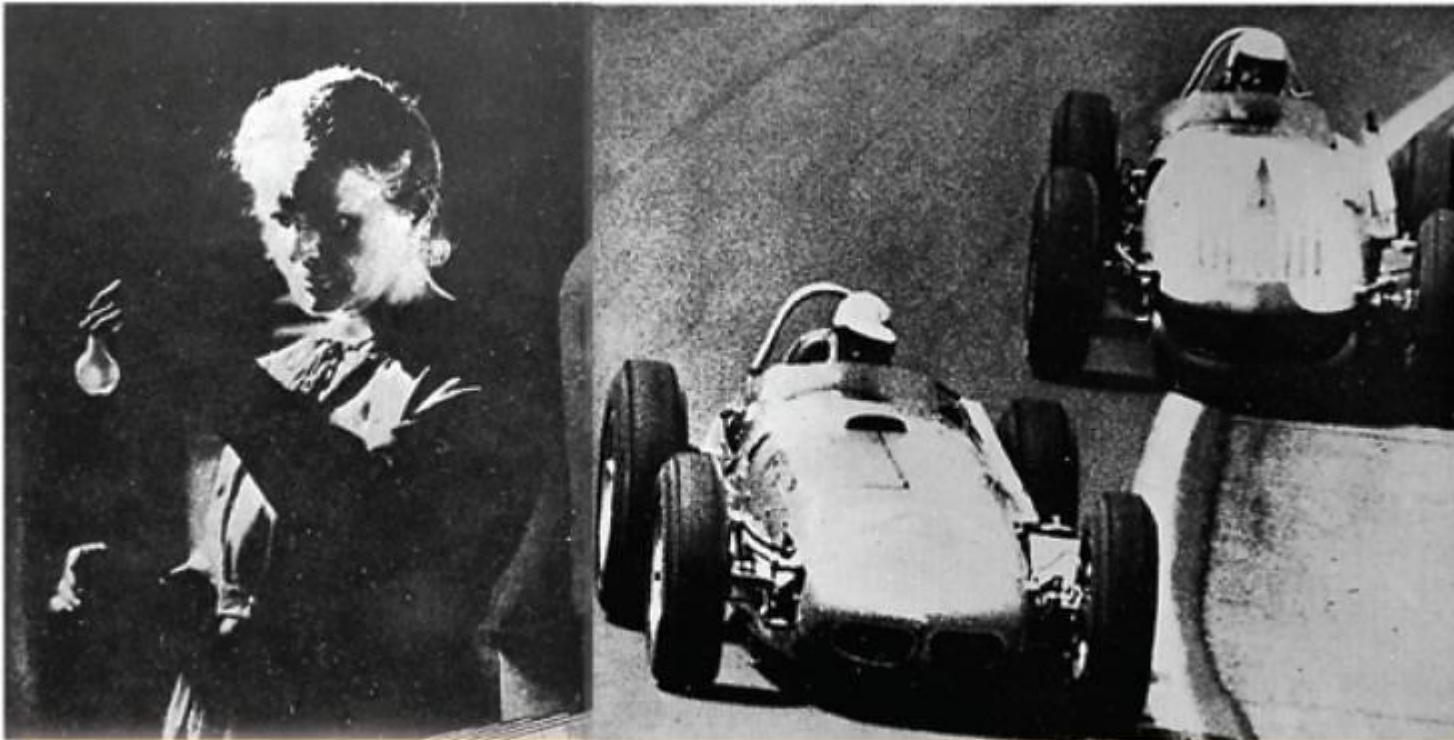
# Contemporary Theories of Motivation

- Three-Needs Theory
- Goal-Setting Theory
- Reinforcement Theory
- Designing Motivating Jobs
- Equity Theory
- Expectancy Theory

# Motivation and Needs

- Three-Needs Theory (McClelland)
  - There are three major acquired needs that are major motives in work.
    - ❖ Need for achievement (nAch)
      - The drive to excel and succeed
    - ❖ Need for power (nPow)
      - The need to influence the behavior of others
    - ❖ Need of affiliation (nAff)
      - The desire for interpersonal relationships

## Examples of Pictures Used for Assessing Levels of nAch, nAff, and nPow



nAch: Indicated by someone in the story wanting to perform or do something better.

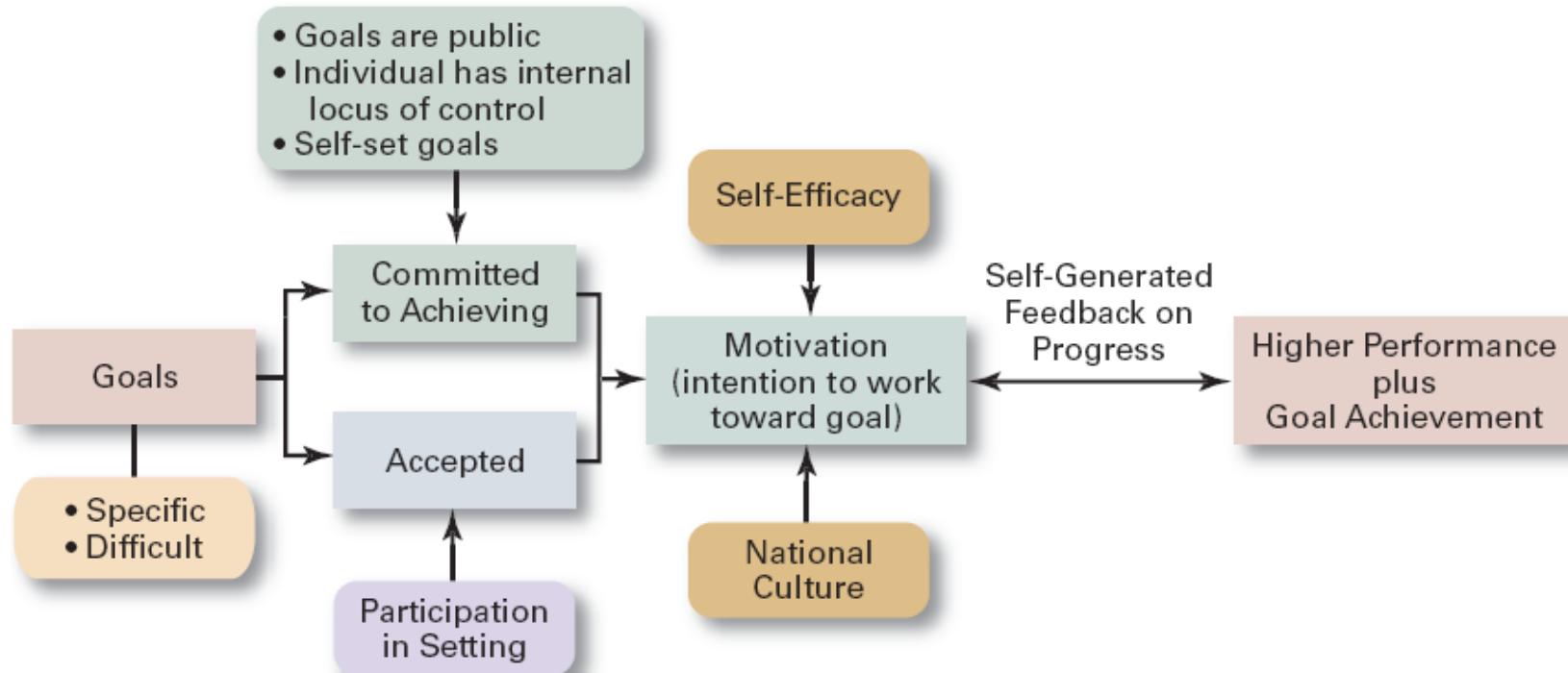
nAff: Indicated by someone in the story wanting to be someone else and enjoy mutual friendship.

nPow: Indicated by someone in the story desiring to have an impact or make an impression on others in the story.

# Motivation and Goals

- Goal-Setting Theory
  - Proposes that setting goals that are accepted, specific, and challenging yet achievable will result in higher performance than having no or easy goals.
  - Is culture bound to the U.S. and Canada.
- Benefits of Participation in Goal-Setting
  - Increases the acceptance of goals.
  - Fosters commitment to difficult, public goals.
  - Provides for self-feedback (internal locus of control) that guides behavior and motivates performance (self-efficacy).

# Goal-Setting Theory



# Motivation and Behavior

- Reinforcement Theory

- Assumes that a desired behavior is a function of its consequences, is externally caused, and if reinforced, is likely to be repeated.
  - ❖ Positive reinforcement is preferred for its long-term effects on performance
  - ❖ Ignoring undesired behavior is better than punishment which may create additional dysfunctional behaviors.

# Designing Motivating Jobs

- Job Design
  - The way into which tasks can be combined to form complete jobs.
  - Factors influencing job design:
    - ❖ Changing organizational environment/structure
    - ❖ The organization's technology
    - ❖ Employees' skill, abilities, and preferences
  - Job enlargement
    - ❖ Increasing the job's scope (number and frequency of tasks)
  - Job enrichment
    - ❖ Increasing responsibility and autonomy (depth) in a job.

# Designing Motivating Jobs (cont'd)

- Job Characteristics Model (JCM)

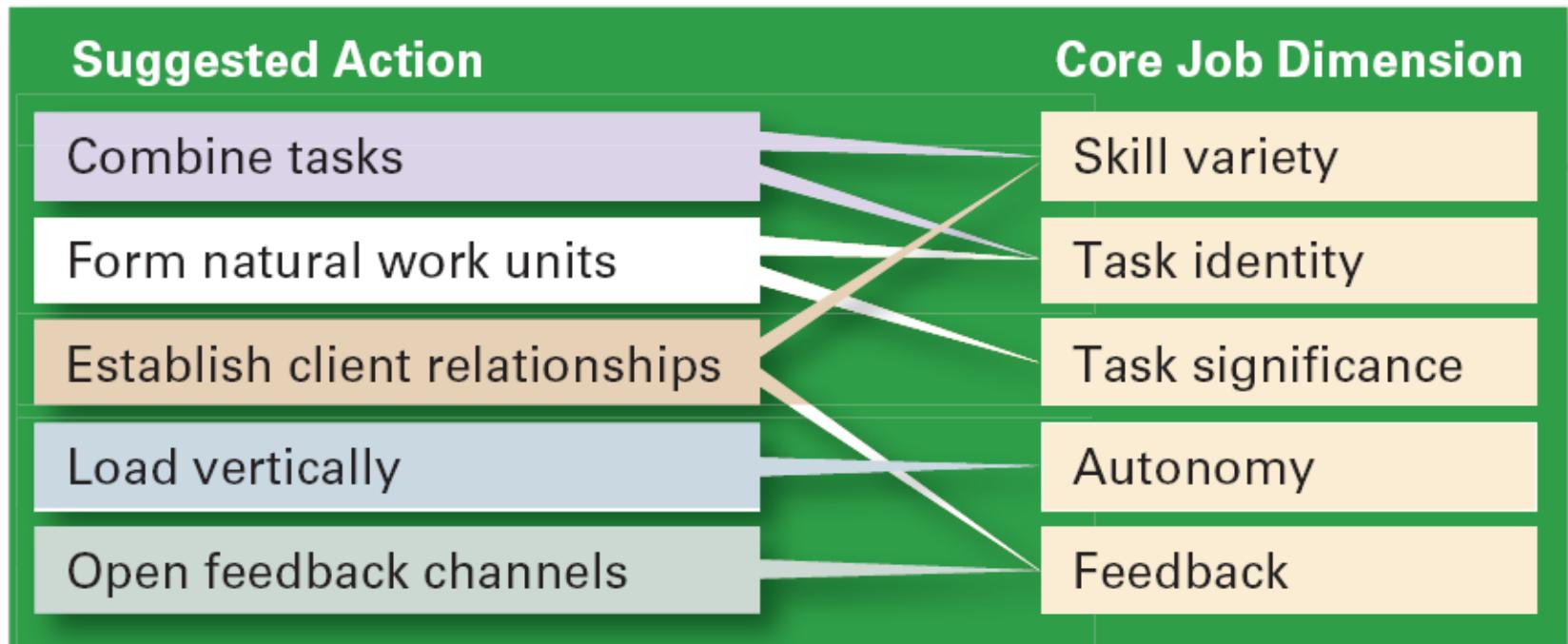
- A conceptual framework for designing motivating jobs that create meaningful work experiences that satisfy employees' growth needs.
- Five primary job characteristics:
  - ❖ **Skill variety:** how many skills and talents are needed?
  - ❖ **Task identity:** does the job produce a complete work?
  - ❖ **Task significance:** how important is the job?
  - ❖ **Autonomy:** how much independence does the jobholder have?
  - ❖ **Feedback:** do workers know how well they are doing?

# Job Characteristics Model



**Source:** J.R. Hackman and J.L. Suttle (eds.). *Improving Life at Work* (Glenview, IL: Scott, Foresman, 1977). With permission of the authors.

## Guidelines for Job Redesign



**Source:** J.R. Hackman and J.L. Suttle (eds.). *Improving Life at Work* (Glenview, IL: Scott, Foresman, 1977). With permission of the authors.

# Designing Motivating Jobs (cont'd)

- Suggestions for Using the JCM
  - Combine tasks (job enlargement) to create more meaningful work.
  - Create natural work units to make employees' work important and whole.
  - Establish external and internal client relationships to provide feedback.
  - Expand jobs vertically (job enrichment) by giving employees more autonomy.
  - Open feedback channels to let employees know how well they are doing.

# Motivation and Perception

- ## Equity Theory

- Proposes that employees perceive what they get from a job situation (outcomes) in relation to what they put in (inputs) and then compare their inputs-outcomes ratio with the inputs-outcomes ratios of relevant others.
  - ❖ If the ratios are perceived as equal then a state of equity (fairness) exists.
  - ❖ If the ratios are perceived as unequal, inequity exists and the person feels under- or over-rewarded.
  - ❖ When inequities occur, employees will attempt to do something to rebalance the ratios (seek justice).

# Motivation and Perception (cont'd)

- **Equity Theory (cont'd)**

- Employee responses to perceived inequities:
  - ❖ Distort own or others' ratios.
  - ❖ Induce others to change their own inputs or outcomes.
  - ❖ Change own inputs (increase or decrease efforts) or outcomes (seek greater rewards).
  - ❖ Choose a different comparison (referent) other (person, systems, or self).
  - ❖ Quit their job.
- Employees are concerned with both the absolute and relative nature of organizational rewards.

## Equity Theory

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Perceived Ratio Comparison <sup>a</sup>	Employee's Assessment
$\frac{\text{Outcomes A}}{\text{Inputs A}} < \frac{\text{Outcomes B}}{\text{Inputs B}}$	Inequity (underrewarded)
$\frac{\text{Outcomes A}}{\text{Inputs A}} = \frac{\text{Outcomes B}}{\text{Inputs B}}$	Equity
$\frac{\text{Outcomes A}}{\text{Inputs A}} > \frac{\text{Outcomes B}}{\text{Inputs B}}$	Inequity (overrewarded)

<sup>a</sup> Person A is the employee, and person B is a relevant other or referent.

# Motivation and Perception (cont'd)

- **Equity Theory (cont'd)**

- **Distributive justice**

- ❖ The perceived fairness of the amount and allocation of rewards among individuals (i.e., who received what).
      - Influences an employee's satisfaction.

- **Procedural justice**

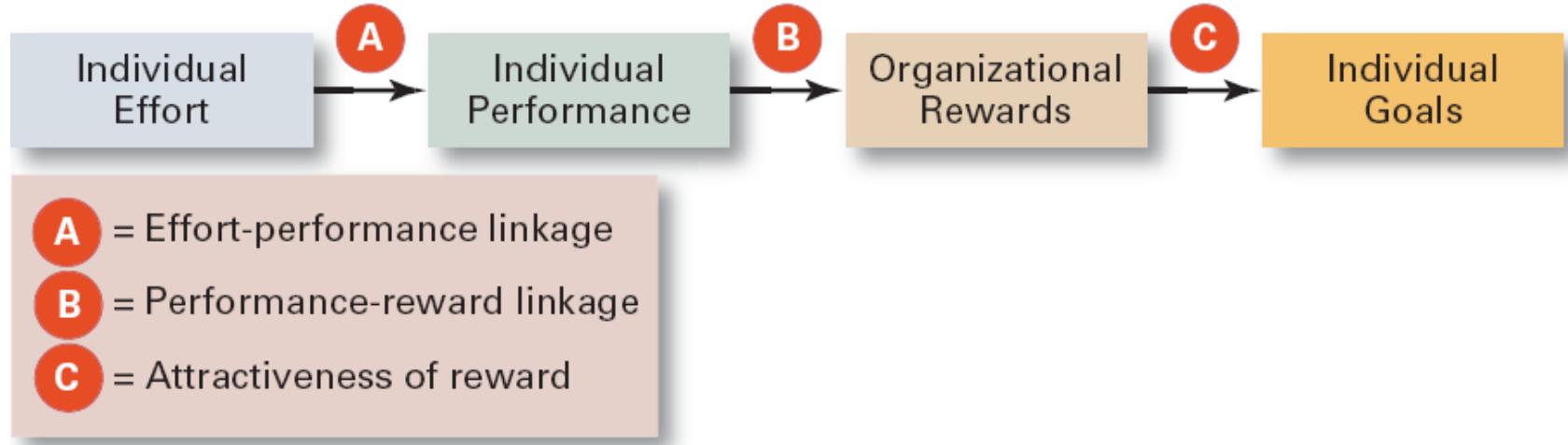
- ❖ The perceived fairness of the process used to determine the distribution of rewards (i.e., how who received what).
      - Affects an employee's organizational commitment.

# Motivation and Behavior

- **Expectancy Theory (Vroom)**

- States that an individual tends to act in a certain way based on the expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual.
- Key to the theory is understanding and managing employee goals and the linkages among and between effort, performance and rewards.
  - ❖ **Effort:** employee abilities and training/development
  - ❖ **Performance:** valid appraisal systems
  - ❖ **Rewards (goals):** understanding employee needs

## Simplified Expectancy Model



# Motivation and Behavior (cont'd)

- **Expectancy Relationships**

- **Expectancy (effort-performance linkage)**

- ❖ The perceived probability that an individual's effort will result in a certain level of performance.

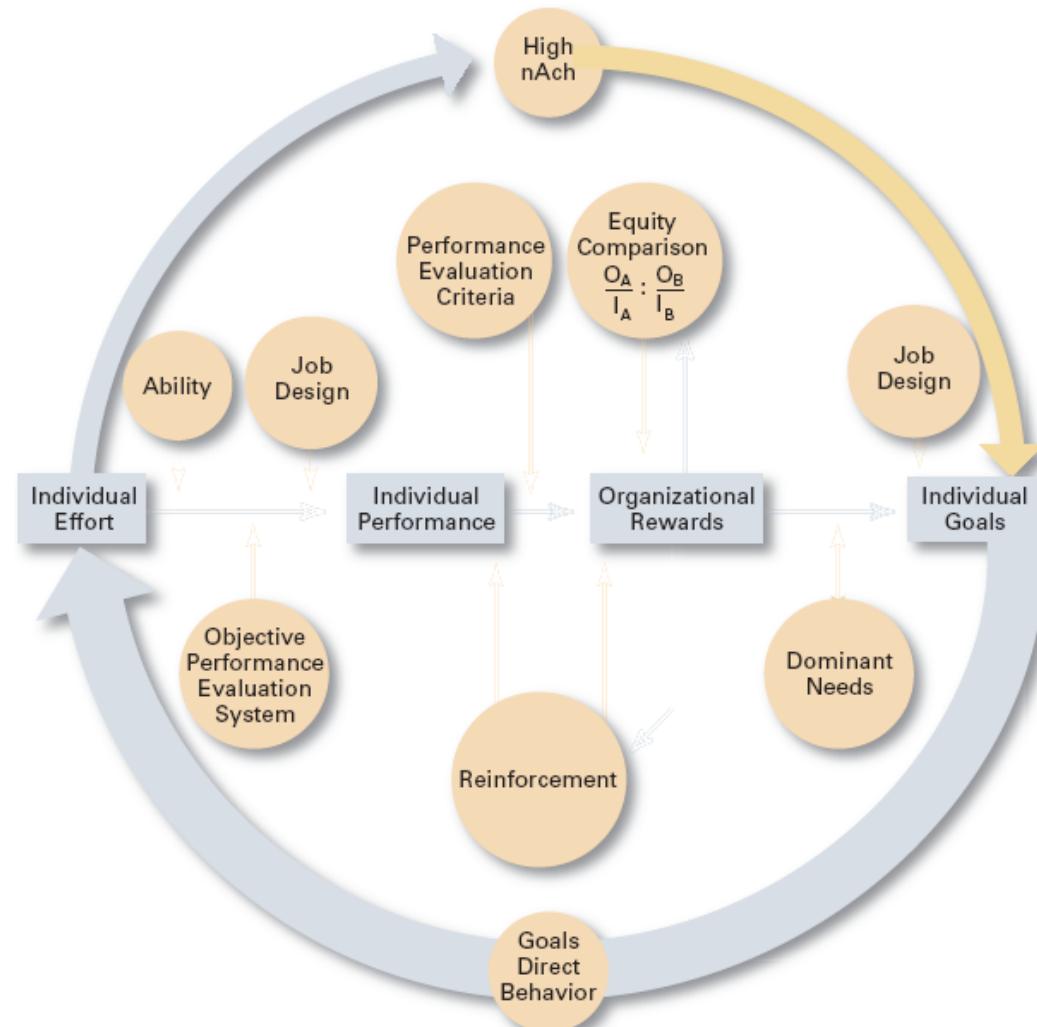
- **Instrumentality**

- ❖ The perception that a particular level of performance will result in the attaining a desired outcome (reward).

- **Valence**

- ❖ The attractiveness/importance of the performance reward (outcome) to the individual.

# Integrating Contemporary Theories of Motivation



# Current Issues in Motivation

- Cross-Cultural Challenges
  - Motivational programs are most applicable in cultures where ***individualism*** and ***quality of life*** are cultural characteristics
    - ❖ Uncertainty avoidance of some cultures inverts Maslow's needs hierarchy.
    - ❖ The need for achievement (nAch) is lacking in other cultures.
    - ❖ Collectivist cultures view rewards as “entitlements” to be distributed based on individual needs, not individual performance.
  - Cross-Cultural Consistencies
    - ❖ Interesting work is widely desired, as is growth, achievement, and responsibility.

# Current Issues in Motivation (cont'd)

- Motivating Unique Groups of Workers
  - Motivating a diverse workforce through flexibility:
    - ❖ Men desire more autonomy than do women.
    - ❖ Women desire learning opportunities, flexible work schedules, and good interpersonal relations.



# Current Issues in Motivation (cont'd)

- Flexible Work/Job schedules
  - Compressed work week
    - ❖ Longer daily hours, but fewer days
  - Flexible work hours (flexitime)
    - ❖ Specific weekly hours with varying arrival, departure, lunch and break times around certain core hours during which all employees must be present.
  - Job Sharing
    - ❖ Two or more people split a full-time job.
  - Telecommuting
    - ❖ Employees work from home using computer links.

# Current Issues in Motivation (cont'd)

- Motivating Professionals

- Characteristics of professionals

- ❖ Strong and long-term commitment to their field of expertise.
    - ❖ Loyalty is to their profession, not to the employer.
    - ❖ Have the need to regularly update their knowledge.
    - ❖ Don't define their workweek as 8:00 am to 5:00 pm.

- Motivators for professionals

- ❖ Job challenge
    - ❖ Organizational support of their work

# Current Issues in Motivation (cont'd)

- Motivating Contingent Workers
  - Opportunity to become a permanent employee
  - Opportunity for training
  - Equity in compensation and benefits
- Motivating Low-Skilled, Minimum-Wage Employees
  - Employee recognition programs
  - Provision of sincere praise

# Current Issues in Motivation (cont'd)

- Designing Appropriate Rewards Programs
  - Open-book management
    - ❖ Involving employees in workplace decision by opening up the financial statements of the employer.
  - Employee recognition programs
    - ❖ Giving personal attention and expressing interest, approval, and appreciation for a job well done.
  - Pay-for-performance
    - ❖ Variable compensation plans that reward employees on the basis of their performance:
      - Piece rates, wage incentives, profit-sharing, and lump-sum bonuses

# Current Issues in Motivation (cont'd)

- Designing Appropriate Rewards Programs (cont'd)
  - Stock option programs
    - ❖ Using financial instruments (in lieu of monetary compensation) that give employees the right to purchase shares of company stock at a set (option) price.
    - ❖ Options have value if the stock price rises above the option price; they become worthless if the stock price falls below the option price.

## Recommendations for Designing Stock Options

Design Question	Choices	Recommendations
Who receives them?	<ul style="list-style-type: none"><li>• Broad-based or restricted</li></ul>	Match company growth prospects, management style, and organizational culture.
How many?	<ul style="list-style-type: none"><li>• Large or small percentage of employee income</li><li>• Many or few options in previous grants</li></ul>	Match company growth prospects.
What terms?	<ul style="list-style-type: none"><li>• Vesting*</li><li>• Maturity</li></ul>	<p>Know that large, previous grants may increase recipient risk aversion. Should match business cycle. Terms shorter than 10 years can create stronger pay-for-performance relationships.</p>
How often?	<ul style="list-style-type: none"><li>• Fixed or variable schedule</li></ul>	<p>Predictable grants may reduce incentive alignment prospects. Internal equity issues may result from schedules that result in a variety of exercise prices.</p>

\* Vesting refers to the time that must pass before a person can exercise the option.

**Source:** P. Brandes, R. Dharwadkar, and G.V. Lemesis, "Effective Employee Stock Option Design: Reconciling Stakeholder, Strategic, and Motivational Factors," *Academy of Management Executive*, February 2003, p. 84.

## Recommendations for Designing Stock Options (cont'd)

Design Question	Choices	Recommendations
What price?	<ul style="list-style-type: none"><li>• Fair-market value</li><li>• Premium</li><li>• Discounted</li><li>• Indexed</li></ul>	Employees must view stock option exercise prices as feasible and believe that chosen benchmarks are appropriate.
What ownership?	<ul style="list-style-type: none"><li>• Holding requirements after exercise</li><li>• Ownership guidelines</li></ul>	<p>Requiring recipients to hold some of their shares after exercise encourages better incentive alignment.</p> <p>Clear general ownership guidelines can also increase incentive alignment.</p>

**Source:** P. Brandes, R. Dharwadkar, and G.V. Lemesis, "Effective Employee Stock Option Design: Reconciling Stakeholder, Strategic, and Motivational Factors," *Academy of Management Executive*, February 2003, p. 84.

# From Theory to Practice: Guidelines for Motivating Employees

- Use goals
- Ensure that goals are perceived as attainable
- Individualize rewards
- Link rewards to performance
- Check the system for equity
- Use recognition
- Show care and concern for employees
- Don't ignore money

# Questions? - Motivation.

- What motivates you? Why?
- Are you very motivated to do things or do you need motivation?
- What activity do you have no motivation to do?
- What is a great motivational quote?
- Have you read any good motivational books or articles? What were they about?
- Does motivation come from inside a person or from their environment? Explain why you think so.
- How can you help someone who has no motivation?
- How often do you exercise or workout? What is the best way to motivate yourself to work out?
- What song do you listen to for motivation?
- What do you think of motivation posters in offices, do they actually help?

# **UCS1704 – Management and Ethical Practices**

**UNIT – II**

**Directing  
Leadership**

**Semester – VII**

**Dr. G. Raghuraman, Associate Professor/CSE**



# OUTLINE

## **Who Are Leaders and What Is Leadership**

- Define leaders and leadership.
- Explain why managers should be leaders.

## **Early Leadership Theories**

- Discuss what research has shown about leadership traits.
- Contrast the findings of the four behavioral leadership theories.
- Explain the dual nature of a leader's behavior.

# **OUTLINE (cont'd)**

## **Contingency Theories of Leadership**

- Explain how Fiedler's theory of leadership is a contingency model.
- Contrast situational leadership theory and the leader participation model.
- Discuss how path-goal theory explains leadership.

## **Contemporary Views on Leadership**

- Differentiate between transactional and transformational leaders.
- Describe charismatic and visionary leadership.
- Discuss what team leadership involves.

# **OUTLINE (cont'd)**

## **Leadership Issues in the Twenty-First Century**

- Tell the five sources of a leader's power.
- Discuss the issues today's leaders face.
- Explain why leadership is sometimes irrelevant.

# Leaders and Leadership

- Leader – Someone who can influence others and who has managerial authority
- Leadership – What leaders do; the process of influencing a group to achieve goals
- Ideally, all managers *should be* leaders
- Although groups may have informal leaders who emerge, those are not the leaders we're studying

*Leadership research has tried to answer: **What is an effective leader?***

# Early Leadership Theories

- Trait Theories (1920s-30s)
  - Research focused on identifying personal characteristics that differentiated leaders from nonleaders was unsuccessful.
  - Later research on the leadership process identified seven traits associated with successful leadership:
    - ❖ Drive, the desire to lead, honesty and integrity, self-confidence, intelligence, job-relevant knowledge, and extraversion.



## Seven Traits Associated with Leadership

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1. *Drive.* Leaders exhibit a high effort level. They have a relatively high desire for achievement; they are ambitious; they have a lot of energy; they are tirelessly persistent in their activities; and they show initiative.
2. *Desire to lead.* Leaders have a strong desire to influence and lead others. They demonstrate the willingness to take responsibility.
3. *Honesty and integrity.* Leaders build trusting relationships between themselves and followers by being truthful or nondeceitful and by showing high consistency between word and deed.
4. *Self-confidence.* Followers look to leaders for an absence of self-doubt. Leaders, therefore, need to show self-confidence in order to convince followers of the rightness of their goals and decisions.
5. *Intelligence.* Leaders need to be intelligent enough to gather, synthesize, and interpret large amounts of information, and they need to be able to create visions, solve problems, and make correct decisions.
6. *Job-relevant knowledge.* Effective leaders have a high degree of knowledge about the company, industry, and technical matters. In-depth knowledge allows leaders to make well-informed decisions and to understand the implications of those decisions.
7. *Extraversion.* Leaders are energetic, lively people. They are sociable, assertive, and rarely silent or withdrawn.

Source: S. A. Kirkpatrick and E. A. Locke, "Leadership: Do Traits Really Matter?" *Academy of Management Executive*, May 1991, pp. 48–60; T. A. Judge, J. E. Bono, R. Ilies, and M. W. Gerhardt, "Personality and Leadership: A Qualitative and Quantitative Review," *Journal of Applied Psychology*, August 2002, pp. 765–780.

## Behavioral Theories of Leadership

	Behavioral Dimension	Conclusion
University of Iowa	<p><i>Democratic style:</i> involving subordinates, delegating authority, and encouraging participation</p> <p><i>Autocratic style:</i> dictating work methods, centralizing decision making, and limiting participation</p> <p><i>Laissez-faire style:</i> giving group freedom to make decisions and complete work</p>	Democratic style of leadership was most effective, although later studies showed mixed results.
Ohio State	<p><i>Consideration:</i> being considerate of followers' ideas and feelings</p> <p><i>Initiating structure:</i> structuring work and work relationships to meet job goals</p>	High-high leader (high in consideration and high in initiating structure) achieved high subordinate performance and satisfaction, but not in all situations.

## Behavioral Theories of Leadership (cont'd)

	Behavioral Dimension	Conclusion
University of Michigan	<p><i>Employee-oriented:</i> emphasized interpersonal relationships and taking care of employees' needs</p> <p><i>Production-oriented:</i> emphasized technical or task aspects of job</p>	Employee-oriented leaders were associated with high group productivity and higher job satisfaction.
Managerial Grid	<p><i>Concern for people:</i> measured leader's concern for subordinates on a scale of 1 to 9 (low to high)</p> <p><i>Concern for production:</i> measured leader's concern for getting job done on a scale of 1 to 9 (low to high)</p>	Leaders performed best with a 9.9 style (high concern for production and high concern for people).

# Early Leadership Theories (cont'd)

- Behavioral Theories

- University of Iowa Studies (Kurt Lewin)

- ❖ Identified three leadership styles:

- **Autocratic style:** centralized authority, low participation
      - **Democratic style:** involvement, high participation, feedback
      - **Laissez faire style:** hands-off management

- ❖ Research findings: mixed results

- No specific style was consistently better for producing better performance
      - Employees were more satisfied under a democratic leader than an autocratic leader.

# Early Leadership Theories (cont'd)

- Behavioral Theories (cont'd)

- Ohio State Studies

- ❖ Identified two dimensions of leader behavior

- **Initiating structure:** the role of the leader in defining his or her role and the roles of group members
      - **Consideration:** the leader's mutual trust and respect for group members' ideas and feelings.

- ❖ Research findings: mixed results

- High-high leaders generally, but not always, achieved high group task performance and satisfaction.
      - Evidence indicated that situational factors appeared to strongly influence leadership effectiveness.

# Early Leadership Theories (cont'd)

- Behavioral Theories (cont'd)

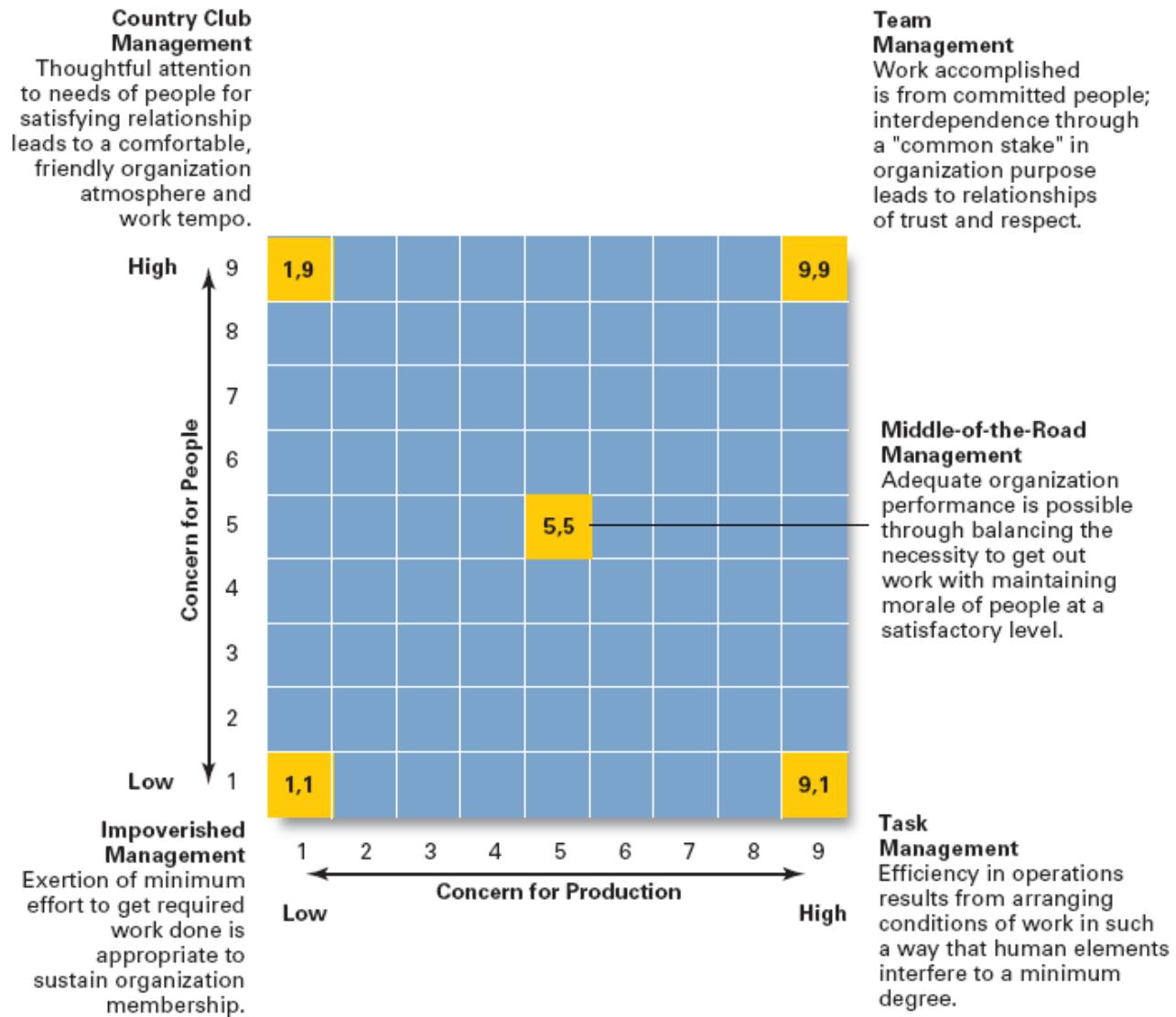
- University of Michigan Studies

- ❖ Identified two dimensions of leader behavior
      - **Employee oriented:** emphasizing personal relationships
      - **Production oriented:** emphasizing task accomplishment
    - ❖ Research findings:
      - Leaders who are employee oriented are strongly associated with high group productivity and high job satisfaction.

# The Managerial Grid

- Managerial Grid
  - Appraises leadership styles using two dimensions:
    - ❖ Concern for people
    - ❖ Concern for production
  - Places managerial styles in five categories:
    - ❖ Impoverished management
    - ❖ Task management
    - ❖ Middle-of-the-road management
    - ❖ Country club management
    - ❖ Team management

# The Managerial Grid



**Source:** Reprinted by permission of *Harvard Business Review*. An exhibit from "Breakthrough in Organization Development" by Robert R. Blake, Jane S. Mouton, Louis B. Barnes, and Larry E. Greiner, November–December 1964, p. 136. Copyright © 1964 by the President and Fellows of Harvard College. All rights reserved.

# Contingency Theories of Leadership

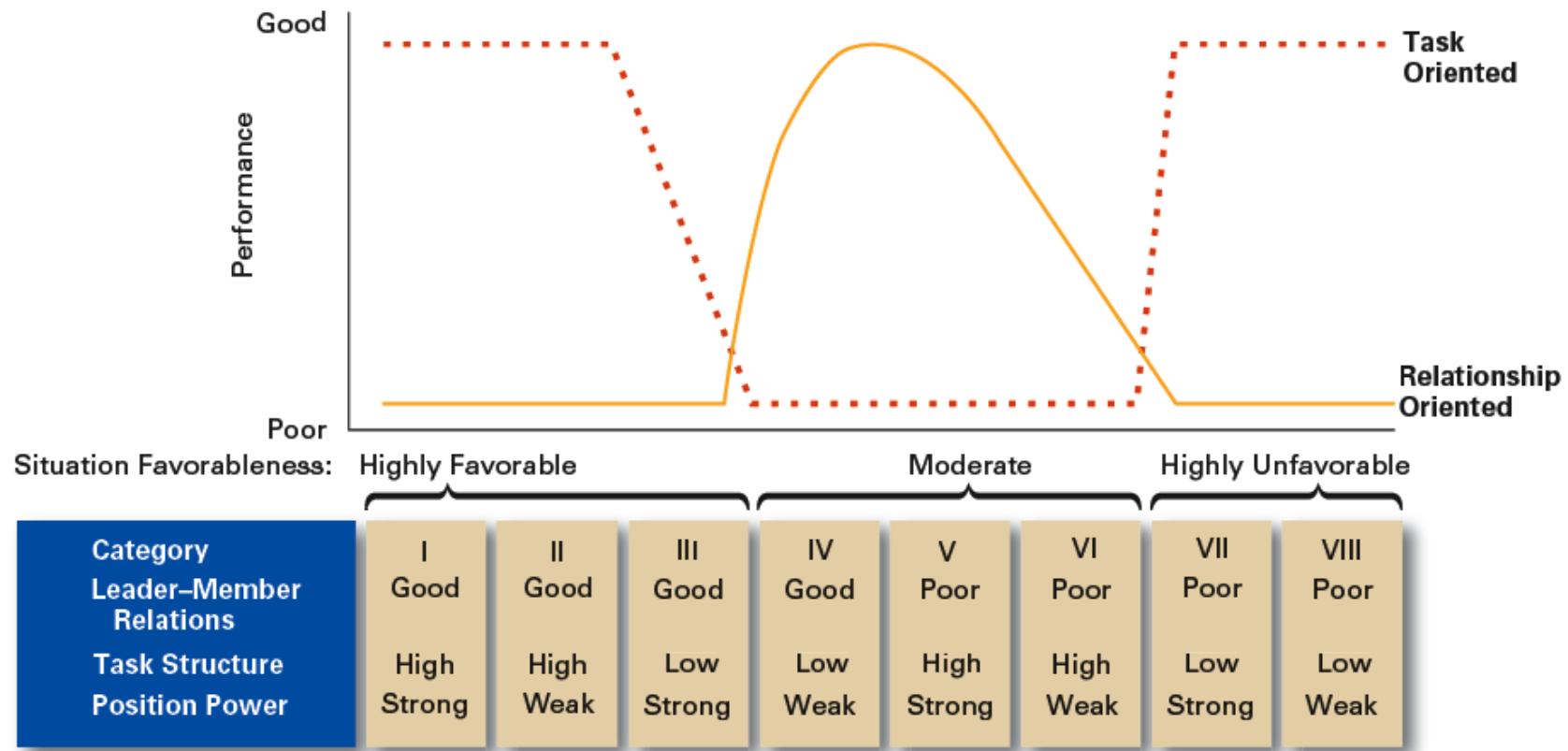


- The Fiedler Model (cont'd)
  - Proposes that effective group performance depends upon the proper match between the leader's style of interacting with followers and the degree to which the situation allows the leader to control and influence.
  - Assumptions:
    - ❖ A certain leadership style should be most effective in different types of situations.
    - ❖ Leaders do not readily change leadership styles.
      - Matching the leader to the situation or changing the situation to make it favorable to the leader is required.

# Contingency Theories... (cont'd)

- The Fiedler Model (cont'd)
  - Least-preferred co-worker (LPC) questionnaire
    - ❖ Determines leadership style by measuring responses to 18 pairs of contrasting adjectives.
      - High score: a relationship-oriented leadership style
      - Low score: a task-oriented leadership style
  - Situational factors in matching leader to the situation:
    - ❖ Leader-member relations
    - ❖ Task structure
    - ❖ Position power

## Findings of the Fiedler Model



# Contingency Theories... (cont'd)

- Hersey and Blanchard's Situational Leadership Theory (SLT)
  - Argues that successful leadership is achieved by selecting the right leadership style which is contingent on the level of the followers' readiness.
    - ❖ **Acceptance:** leadership effectiveness depends on whether followers accept or reject a leader.
    - ❖ **Readiness:** the extent to which followers have the ability and willingness to accomplish a specific task.
  - Leaders must relinquish control over and contact with followers as they become more competent.

# Contingency Theories... (cont'd)

- Hersey and Blanchard's Situational Leadership Theory (SLT)
  - Creates four specific leadership styles incorporating Fiedler's two leadership dimensions:
    - ❖ **Telling:** high task-low relationship leadership
    - ❖ **Selling:** high task-high relationship leadership
    - ❖ **Participating:** low task-high relationship leadership
    - ❖ **Delegating:** low task-low relationship leadership

# Contingency Theories... (cont'd)

- Hersey and Blanchard's Situational Leadership Theory (SLT)
  - Posits four stages follower readiness:
    - ❖ **R1:** followers are unable and unwilling
    - ❖ **R2:** followers are unable but willing
    - ❖ **R3:** followers are able but unwilling
    - ❖ **R4:** followers are able and willing

# Contingency Theories... (cont'd)

- Leader Participation Model (Vroom and Yetton)
  - Posits that leader behavior must be adjusted to reflect the task structure—whether it is routine, nonroutine, or in between—based on a sequential set of rules (contingencies) for determining the form and amount of follower participation in decision making in a given situation.

# Contingency Theories... (cont'd)

- Leader Participation Model Contingencies:

- Decision significance
- Importance of commitment
- Leader expertise
- Likelihood of commitment
- Group support
- Group expertise
- Team competence



## Leadership Styles in the Vroom Leader Participation Model

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- ***Decide:*** Leader makes the decision alone and either announces or sells it to group.
- ***Consult Individually:*** Leader presents the problem to group members individually, gets their suggestions, and then makes the decision.
- ***Consult Group:*** Leader presents the problem to group members in a meeting, gets their suggestions, and then makes the decision.
- ***Facilitate:*** Leader presents the problem to the group in a meeting and, acting as facilitator, defines the problem and the boundaries within which a decision must be made.
- ***Delegate:*** Leader permits the group to make the decision within prescribed limits.

**Source:** Based on V. Vroom, "Leadership and the Decision-Making Process," *Organizational Dynamics*, vol. 28, no. 4 (2000), p. 84.

# Time-Driven Model

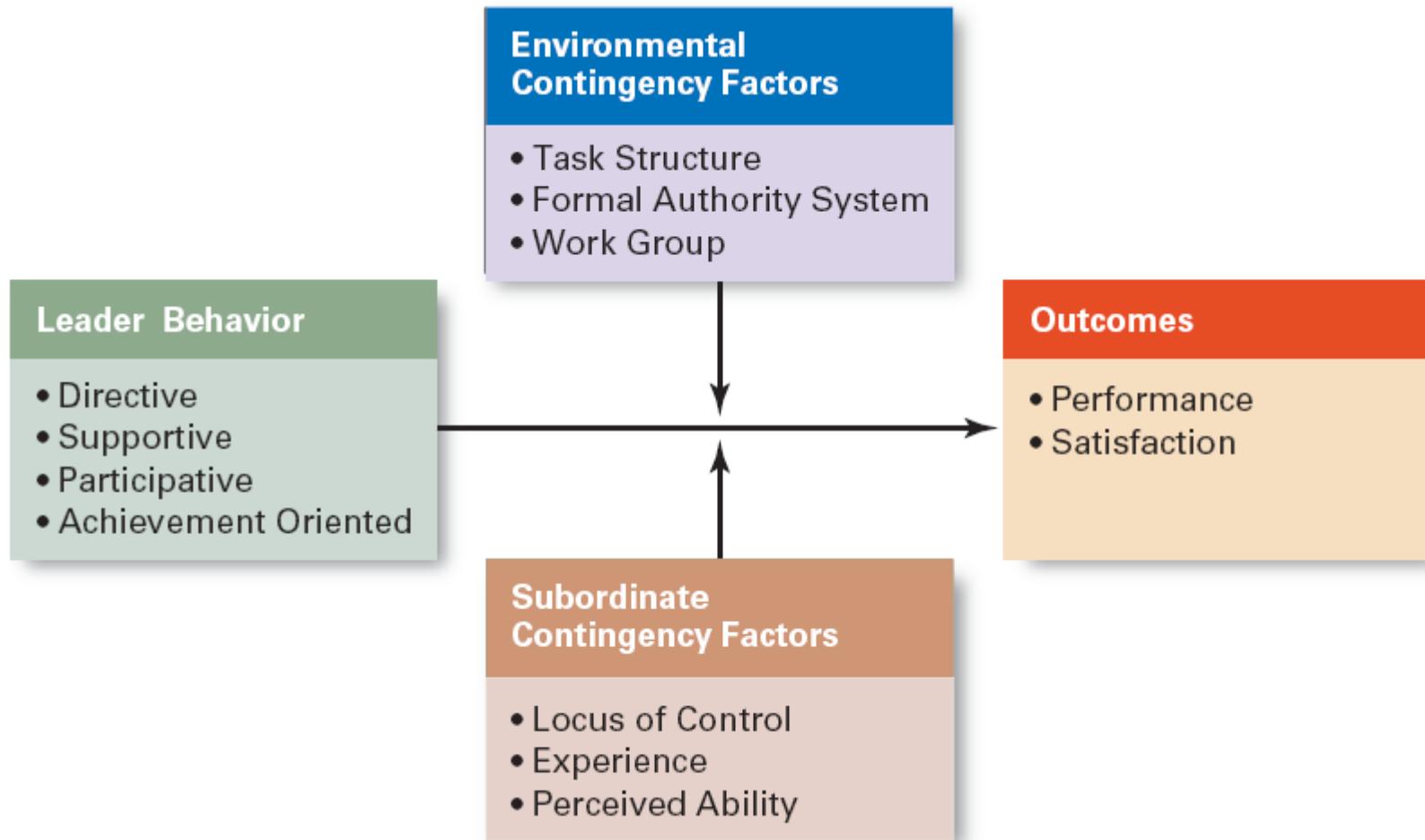
	Decision Significance	Importance of Commitment	Leader Expertise	Likelihood of Commitment	Group Support	Group Expertise	Team Competence	
PROBLEM STATEMENT	H	H	H	H	-	-	-	Decide
				L	H	H	H	Delegate
					L	L	L	
					L	-	-	Consult (Group)
					L	-	-	
	L	L	L	H	H	H	H	Facilitate
					L	L	L	
					L	-	-	Consult (Individually)
					L	-	-	
					L	-	-	Facilitate
	L	H	-	H	-	-	-	Decide
				L	-	H	H	Facilitate
					L	L	L	
					L	-	-	Consult (Individually)
					L	-	-	
	L	-	-	H	-	-	-	Decide
				L	-	-	H	Delegate
					L	L	L	
					L	-	-	Facilitate
					L	-	-	Decide

**Source:** Adapted from V. Vroom, "Leadership and the Decision-Making Process," *Organizational Dynamics*, vol. 28, no. 4 (2000), p. 87.

# Contingency Theories... (cont'd)

- Path-Goal Model
  - States that the leader's job is to assist his or her followers in attaining their goals and to provide direction or support to ensure their goals are compatible with organizational goals.
  - Leaders assume different leadership styles at different times depending on the situation:
    - ❖ Directive leader
    - ❖ Supportive leader
    - ❖ Participative leader
    - ❖ Achievement oriented leader

# Path-Goal Theory



# Contemporary Views on Leadership

- Transactional Leadership

-  ➤ Leaders who guide or motivate their followers in the direction of established goals by clarifying role and task requirements.

- Transformational Leadership

-  ➤ Leaders who inspire followers to transcend their own self-interests for the good of the organization by clarifying role and task requirements.
- Leaders who also are capable of having a profound and extraordinary effect on their followers.

# Contemporary Views...(cont'd)

- Charismatic Leadership

- An enthusiastic, self-confident leader whose personality and actions influence people to behave in certain ways.
- Characteristics of charismatic leaders:
  - ❖ Have a vision.
  - ❖ Are able to articulate the vision.
  - ❖ Are willing to take risks to achieve the vision.
  - ❖ Are sensitive to the environment and follower needs.
  - ❖ Exhibit behaviors that are out of the ordinary.

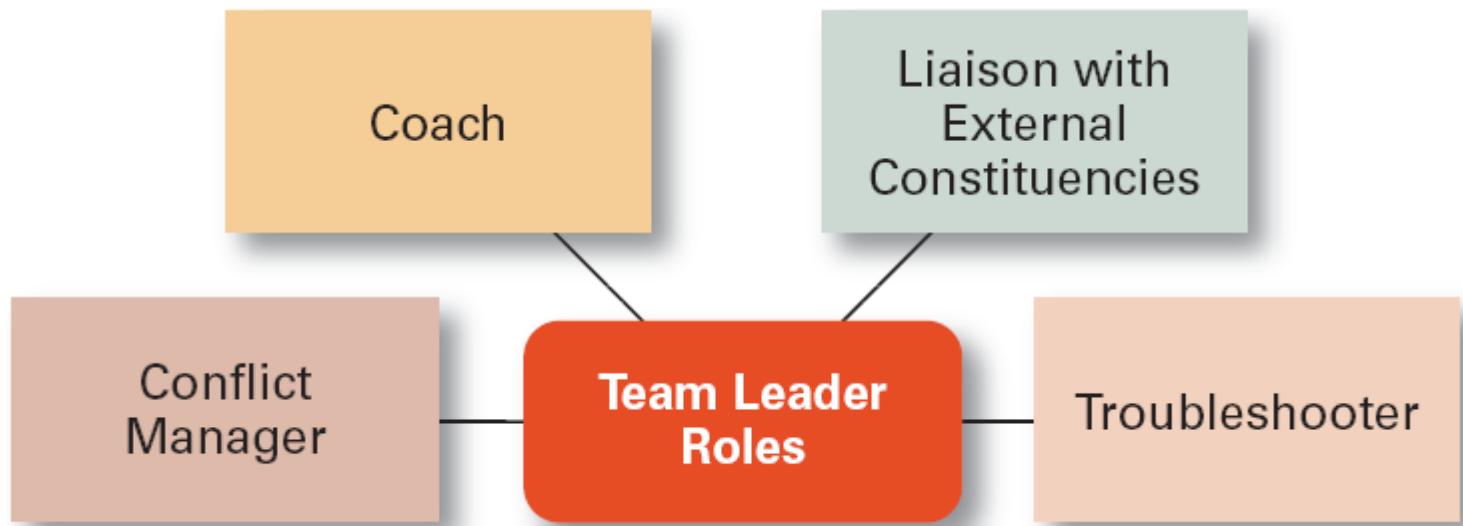
# Contemporary Views...(cont'd)

- Visionary Leadership
  - A leader who creates and articulates a realistic, credible, and attractive vision of the future that improves upon the present situation.
- Visionary leaders have the ability to:
  - Explain the vision to others.
  - Express the vision not just verbally but through behavior.
  - Extend or apply the vision to different leadership contexts.

# Contemporary Views...(cont'd)

- Team Leadership Characteristics
  - Having patience to share information
  - Being able to trust others and to give up authority
  - Understanding when to intervene
- Team Leader's Job
  - Managing the team's external boundary
  - Facilitating the team process
    - ❖ Coaching, facilitating, handling disciplinary problems, reviewing team and individual performance, training, and communication

## Specific Team Leadership Roles



# Leadership Issues in the 21<sup>st</sup> Century

- Managing Power

- Legitimate power
  - ❖ The power a leader has as a result of his or her position.
- Coercive power
  - ❖ The power a leader has to punish or control.
- Reward power
  - ❖ The power to give positive benefits or rewards.
- Expert power
  - ❖ The influence a leader can exert as a result of his or her expertise, skills, or knowledge.
- Referent power
  - ❖ The power of a leader that arise because of a person's desirable resources or admired personal traits.

# Developing Credibility and Trust

- Credibility (of a Leader)

- The assessment of a leader's honesty, competence, and ability to inspire by his or her followers

- Trust

- Is the belief of followers and others in the integrity, character, and ability of a leader.
    - ❖ **Dimensions of trust:** integrity, competence, consistency, loyalty, and openness.
  - Is related to increases in job performance, organizational citizenship behaviors, job satisfaction, and organization commitment.

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## Suggestions for Building Trust

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*Practice openness.*

*Be fair.*

*Speak your feelings.*

*Tell the truth.*

*Show consistency.*

*Fulfill your promises.*

*Maintain confidences.*

*Demonstrate competence.*

# Providing Ethical Leadership

- Ethics are part of leadership when leaders attempt to:
  - Foster moral virtue through changes in attitudes and behaviors.
  - Use their charisma in socially constructive ways.
  - Promote ethical behavior by exhibiting their personal traits of honesty and integrity.
- Moral Leadership
  - Involves addressing the means that a leader uses to achieve goals as well as the moral content of those goals.

# Empowering Employees

- Empowerment
  - Involves increasing the decision-making discretion of workers such that teams can make key operating decisions in developing budgets, scheduling workloads, controlling inventories, and solving quality problems.
  - Why empower employees?
    - ❖ Quicker responses to problems and faster decisions.
    - ❖ Addresses the problem of increased spans of control in relieving managers to work on other problems.

# Cross-Cultural Leadership

- Universal Elements of Effective Leadership

- Vision
- Foresight
- Providing encouragement
- Trustworthiness
- Dynamism
- Positiveness
- Proactiveness



## **Selected Cross-Cultural Leadership Findings**

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- **Korean leaders are expected to be paternalistic toward employees.**
- **Arab leaders who show kindness or generosity without being asked to do so are seen by other Arabs as weak.**
- **Japanese leaders are expected to be humble and speak frequently.**
- **Scandinavian and Dutch leaders who single out individuals with public praise are likely to embarrass, not energize, those individuals.**
- **Effective leaders in Malaysia are expected to show compassion while using more of an autocratic than a participative style.**
- **Effective German leaders are characterized by high performance orientation, low compassion, low self-protection, low team orientation, high autonomy, and high participation.**

Source: Based on J. C. Kennedy, "Leadership in Malaysia: Traditional Values, International Outlook," *Academy of Management Executive*, August 2002, pp. 15–17; F.C. Brodbeck, M. Frese, and M. Javidan, "Leadership Made in Germany: Low on Compassion, High on Performance," *Academy of Management Executive*, February 2002, pp. 16–29; M. F. Peterson and J. G. Hunt, "International Perspectives on International Leadership," *Leadership Quarterly*, Fall 1997, pp. 203–31; R. J. House and R. N. Aditya, "The Social Scientific Study of Leadership: Quo Vadis?" *Journal of Management*, vol. 23, no. 3, (1997), p. 463; and R. J. House, "Leadership in the Twenty-First Century," in A. Howard (ed.), *The Changing Nature of Work* (San Francisco: Jossey-Bass, 1995), p. 442.

# Gender Differences and Leadership

- Research Findings
  - Males and females use different styles:
    - ❖ Women tend to adopt a more democratic or participative style unless in a male-dominated job.
    - ❖ Women tend to use transformational leadership.
    - ❖ Men tend to use transactional leadership.

# Where Female Managers Do Better: A Scorecard

## Where Female Managers Do Better: A Scorecard

None of the five studies set out to find gender differences. They stumbled on them while compiling and analyzing performance evaluations.

**Skill** (Each check mark denotes which group scored higher on the respective studies)

**MEN**

**WOMEN**

**Motivating Others**



**Fostering Communication**



**Producing High-Quality Work**



**Strategic Planning**



**Listening to Others**



**Analyzing Issues**



\*In one study, women's and men's scores in these categories were statistically even.

Data: Hagberg Consulting Group, Management Research Group, Lawrence A. Pfaff, Personnel Decisions International Inc., Advanced Teamware Inc.

**Source:** R. Sharpe, "As Leaders, Women Rule," *BusinessWeek*, November 20. 2000, p. 75.

# Basics of Leadership

- Give people a reason to come to work.
- Be loyal to the organization's people
- Spend time with people who do the real work of the organization.
- Be more open and more candid about what business practices are acceptable and proper and how the unacceptable ones should be fixed.

# Leadership Can Be Irrelevant!

- Substitutes for Leadership
  - Follower characteristics
    - ❖ Experience, training, professional orientation, or the need for independence
  - Job characteristics
    - ❖ Routine, unambiguous, and satisfying jobs
  - Organization characteristics
    - ❖ Explicit formalized goals, rigid rules and procedures, or cohesive work groups

# Questions? - Leadership

- What makes a good leader?
- Are leaders born or made?
- What are some common leadership mistakes?
- What is the most difficult aspect of being a leader?
- What's the most important thing to look for in a good leader?
- How do you measure how the success of a leader?
- What is the biggest difference between a leader and a follower?
- What is the best way to deliver bad news to a team?
- Do you think anyone can be a leader?

# **UCS1704 – Management and Ethical Practices**

**UNIT – II**

**Directing**

**Process of Communication, Effective Communication  
& Communication and IT**

**Semester – VII**

**Dr. G. Raghuraman, Associate Professor/CSE**



# Learning Outcomes

- Understand the importance of communication in the workplace
- Describe the process of communication, both verbal and non-verbal
- Identify the different communication channels and barriers to effective communication

# Learning Outcomes

- Demonstrate how changes in technology have affected communication within and between organisations and their employees
- Explain how to overcome potential problems in inter-cultural communication

# Overview

- **Communication** is the sharing or exchange of information
- All individuals, groups and organisations communicate by sharing ‘meaning’ between each other
- Communicating is a two-way process, as it is also about being understood and belonging to a group
- Communication and organisational success are directly related
  - Good communication can have a positive and mobilising effect on employees
  - Poor communication can lead to strong negative consequences, such as the distortion of goals and objectives, conflict, loss of motivation and poor performance

# What is the Purpose of Communication?

- People have always needed to communicate to live in social groups and to plan and coordinate activity
- No group or organisation can exist without sharing meaning in some way between its members
- When we communicate with others, we are usually trying to influence other people's understanding, behaviour or attitudes
- Core to most organisational activity is an understanding of the process of communication and how the use of different communication channels can impact on the messages delivered and received

# How important is it in the workplace?

- Mintzberg (1990) describes the purpose of communication with others in the workplace as being able to inform, instruct, motivate or seek information
- From a top management perspective, the purpose of organisational communication is to achieve coordinated action
- The members of the organisation will not have a focus if they are not involved in effective communication with one another

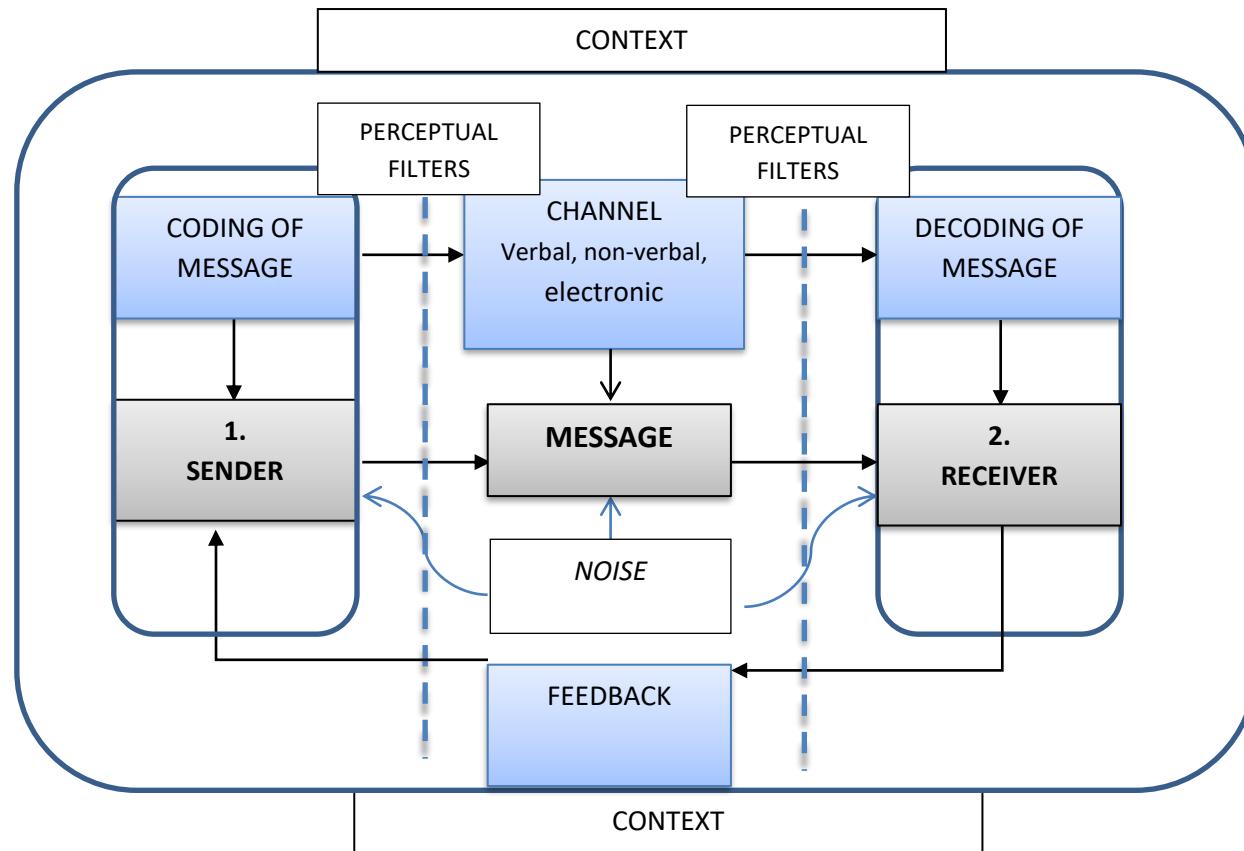
# How important is it in the workplace?

- Employers expect employees to be effective communicators and rate employees for their communicative performances
- Communication is a key issue that impacts on planning effectiveness, organisational change and implementation
- It is pivotal to dealing with people and the workplace, and is fundamental to organisational success

# How does the communication process work?

- Communication in organisations is crucial:
  - It may be deliberate in terms of a verbal instruction, an email or a written report
  - It may be more casual in terms of a chat at lunch
  - It may be unintentional in terms of body language observed at a meeting
- In order to get a message across accurately the following must be considered:
  - The message
  - The audience or receiver
  - How the message is likely to be received

# The Communications Process



Developed and adapted from Shannon (1948: 348) & Huczynski & Buchanan (2014: 225)

# Interpersonal Communication and Active Listening

- Listening has a major impact on job effectiveness, and on relationship quality with others
  - It is used to not only receive the message and obtain the information but to understand it and to learn from it
- **Active Listening** is a process of making a conscious effort to sense, process and respond actively to a communicated message
- Active listening would require that you sense (receive the message, for example a name in an introduction), process, (assign a meaning to the information transmitted) and then respond, (clarifying what you have heard)
- Active listening is not only consciously engaging in listening and being encouraging, but it also requires deferring judgement, letting the sender complete their point before asking questions

# Communication Channels

- The choice of channel to communicate the message is very important in order to achieve understanding
- Communication can be **Formal, Informal or Quasiformal**
- **Formal communication channels:**
  - These channels are officially defined pathways that follow the **chain of command or hierarchy** in organisations
  - These channels being official and holding authority are used to send letters, emails, policy statements or announcements

# Communication Channels

- **Informal communication channels**

- Some managers use these informal networks to facilitate formal communication channels or to **gather information**
- Management by Walking Around (MBWA) –
  - Can result in better information and communication exchange
  - Needs to facilitate genuine engagement by senior managers rather than looking like an opportunity to check up on employees' activities
- Takes a number of forms, such as unofficial networks that supplement the formal channels and the grapevine and gossip

# Communication Channels

- **Quasiformal channels**
  - Quasiformal channels are planned communication connections between holders of various positions within the organisation
  - They are partly formal, and add additional channels between the formal and informal channels
  - Project teams or product committees are often used to help encourage innovation
  - This approach has been extended by the information age, which has provided organisations with new opportunities to link managers effectively through email, intranet and other electronic media tools

# Communication Direction

- One may assume that information is flowing both upwards from the employees, and downwards from management
- These flows of communication in an organisation are important, but communication must also be able to move laterally
- **Downward communication**
  - Communication flows from one level of an organisation to a lower level
  - It is used to implement plans and goals, explain policies and procedures, offer feedback on performance and give directions or instructions regarding job specifications and duties

# Communication Direction

- **Upward Communication**
  - Communication flows from a lower level of an organisation to a higher level
  - Provides information to management about what is happening at an operational level
  - It is important as it facilitates feedback regarding performance and progress of plans and goals; it notifies management of problems or potential problems; and it passes on complaints
- **Lateral communication**
  - Communication flows between members or employees in the same work group or department, or managers at the same level
  - Serves an important function to facilitate coordination of the work undertaken

# Modes of Interpersonal Communication

- **Oral communication**
  - The main means by which we communicate with one another is through speaking
  - This can include conversations, group discussions and presentations, ‘word of mouth’, video-conferencing and Skype
- **Written Communication**
  - Written communications include letters, emails, instant messaging, magazines or e-zines and notices (including on electronic notice boards)
  - A written communication can be useful to make sure the message is clear and verifiable
- **Non-verbal communication**
  - Communication achieved by not just using words
  - It is the process of coding or conveying meaning through behaviours such as facial expressions, gestures and body posture

# Inter-Cultural Communication

- The process of communication doesn't fully account for cultural differences between the sender and receiver, other than through perceptual filters
- A study reported by McShane (2006) of cultural diversity in some of Toronto's major hotels found that language barriers made it difficult for managers to give non-English speaking employees effective feedback
- Some of these language barriers include:
  - **Semantics** – differences in meanings of words to different people
  - **Differences** in non-verbal symbols and signals
  - **Word Connotations** – words imply different things in different languages
  - **Tone Differences** – in some cultures tone changes depending on context
  - **Differences in Perception** – different world views

# Impact of Technology on Communication

- A key purpose of communication technology is to facilitate effective communication between individuals or groups that are physically distant from each other, as well as providing it via cheaper and more efficient means
- Technology has enabled new forms of working patterns to evolve that include working from home and other locations
- The barrier of distance disappears, organisations are outsourcing many jobs overseas
- Video-conferencing has proved very effective in terms of cost savings through cutting down on travel and other costs

# Impact of Technology on Communication

- Instant messaging is seen as a key communication tool in the business world, and will replace emails more and more over time as they are faster and allow for an instant response
- The volume of messages that managers as well as employees and customers receive has increased
- Due to email always being accessible and not being regulated by business hours, a culture has been created where senders expect an instant response

# The Impact of Social Media on Communication

- Social media is termed “social” for a reason, as it enables communication
- Gives organisations direct access to their customers
- Companies have access to your email address, Facebook and Twitter accounts amongst others, and can utilise your preferences to monitor your buying, leisure and lifestyle habits to target you with specific ads online

# The Impact of Social Media on Communication

As a tool for communication, social media has a number of characteristics according to Adler, Rosenfeld & Proctor (2012)

- ***Message richness*** – The information or message transferred via social media can utilise text, chat, visual images and links to ensure communication success
- ***Hyperpersonal communication*** – The social media environment can create ‘hyperpersonal’ relationships, where the individual experiences a level of closeness above that gained in a face-to-face context

# The Impact of Social Media on Communication

- ***Asynchronous communication versus synchronous communication*** - During synchronous communication, multiple exchanges are completed in rapid succession. By contrast, asynchronous communication such as posting messages, limits the process to only small portions of an exchange at any given time
- ***Permanence of digital messages*** - Messages can be stored by both senders and receivers. Removing an image from a social media account may be too late, as it already has transferred beyond the creator's control

# Mediated communication and relational quality

- In order to mitigate against the downside of social media use, Adler et al (2012) suggest a number of strategies to employ in order to communicate competently
  - Always be careful of what you post and be considerate of others in your on-line community
  - There is a need to balance social mediated communication with face-to-face time
- The Internet has become the most powerful driver of innovation the world has ever seen - new products can be developed and launched relatively inexpensively, potential customers and investors can be targeted, and markets can be quickly identified and tested
- No other mechanism provides such instant communication links between investors and their customers

# **UCS1704 – Management and Ethical Practices**

**UNIT – II**

**Directing**

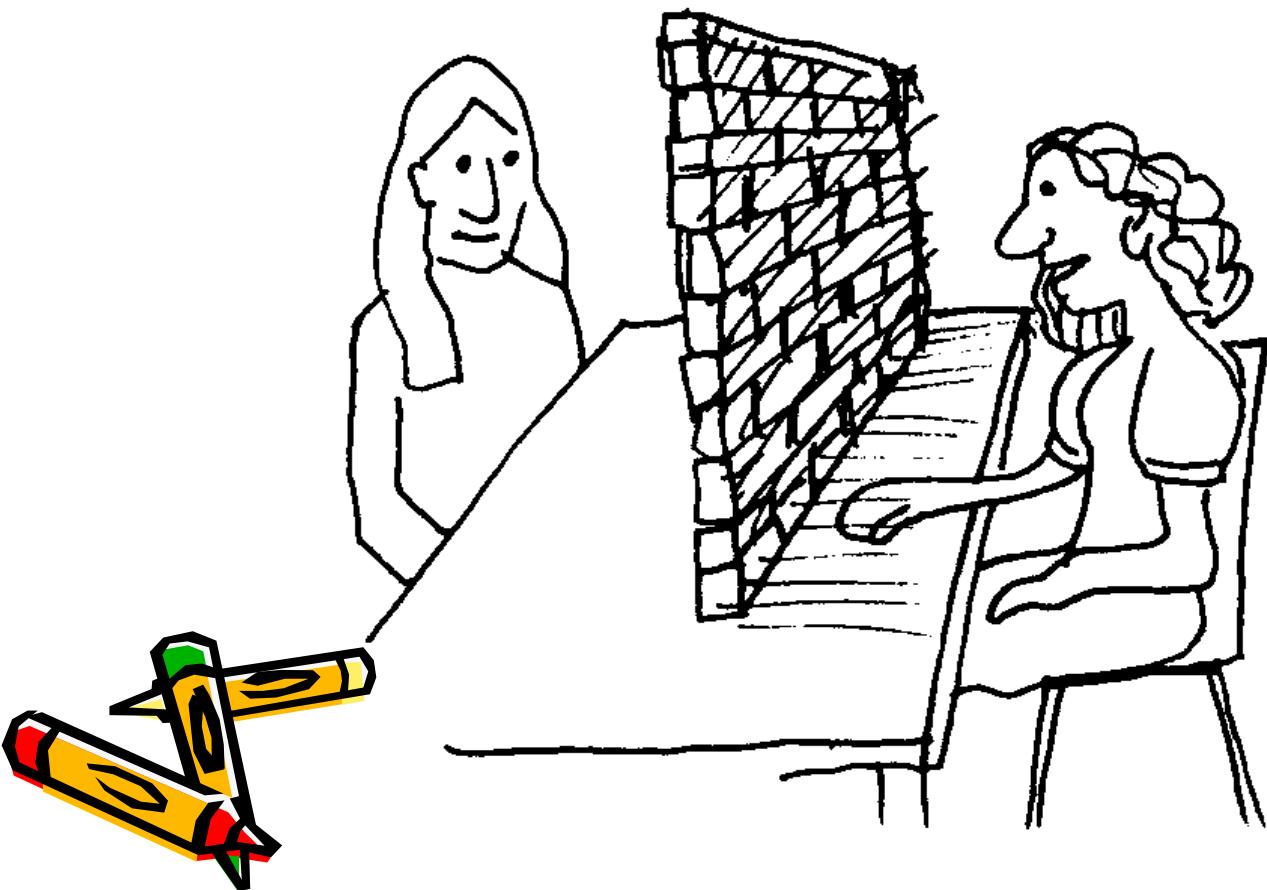
**Hurdles to Effective Communication**

**Semester – VII**

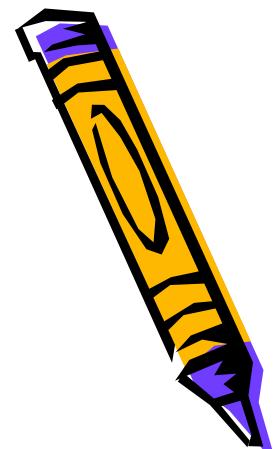
**Dr. G. Raghuraman, Associate Professor/CSE**



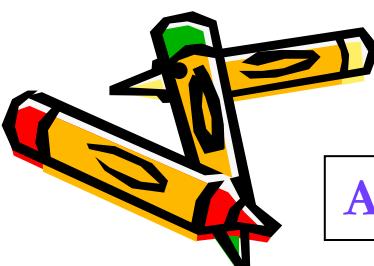
# BARRIERS FOR EFFECTIVE COMMUNICATION



# Barrier ?



- Lack of Commonness is barrier
- A barrier to interpersonal communications is anything that prevents, restricts or impedes the conveyance of meaning by words or gestures between two or more persons in a social setting.
- The term 'Barriers', 'Obstacles', 'Hindrances' and 'noise' are all used to describe the distracting stimuli associated with the communication process



Absence of defined role of any component = Creates Barrier

Here's a brief explanation of the barriers to effective communication you mentioned:

#### Social Barriers:

Gender: Differences in communication styles between men and women.

Age: Variations in communication preferences based on age.

Race, National or Cultural Origin: Differences in communication norms due to cultural backgrounds.

Socioeconomic Class: Socioeconomic status can impact communication.

Education Level: Varying levels of education may influence communication.

Urban or Rural Residence: Rural and urban environments can affect communication styles.

#### Psychological Barriers:

Attitude Towards Self: Self-esteem and self-image can affect how individuals communicate.

Fear: Anxiety and fear can hinder effective communication.

Attitude Towards Audience: Preconceived notions or biases about the audience.

Knowledge of Subject: Understanding or lack of knowledge on a topic.

Personality/Status of the Communicator: The communicator's personality or status can impact communication effectiveness.

#### Cultural Barriers:

Language: Language differences can lead to miscommunication.

Norms and Values: Different cultural norms and values affect how people express themselves.

Beliefs: Religious or ideological beliefs can create communication barriers.

Social Practices and Traditions: Cultural practices influence communication styles.

#### Physiological Barriers:

Individual's Personal Discomfort: Physical discomfort can hinder communication.

Speech and Voice Defects: Speech and voice issues can affect clarity.

Health Issues: Illnesses or health conditions can hinder communication.

#### System Design:

Organizational Structure: Poorly defined structures can cause communication problems.

Insufficient or Inappropriate Information Systems: Inadequate information systems hinder effective communication.

Information Overload: Too much information can lead to confusion.

Lack of Clarity in Roles and Responsibilities: Undefined roles cause confusion in communication.

#### Physical Barriers:

Channel: Problems with the medium used for communication, like interference or choice of channel.

Climate: Weather conditions can impact communication in extreme cases.

Comfort: Uncomfortable settings hinder communication.

Distractions: Noise and other distractions disrupt communication.

#### Receiver:

Absenteeism/Day Dreaming/Pretending Listening: Inattentive or disengaged receivers are communication barriers.

Strayers: Individuals who derail discussions.

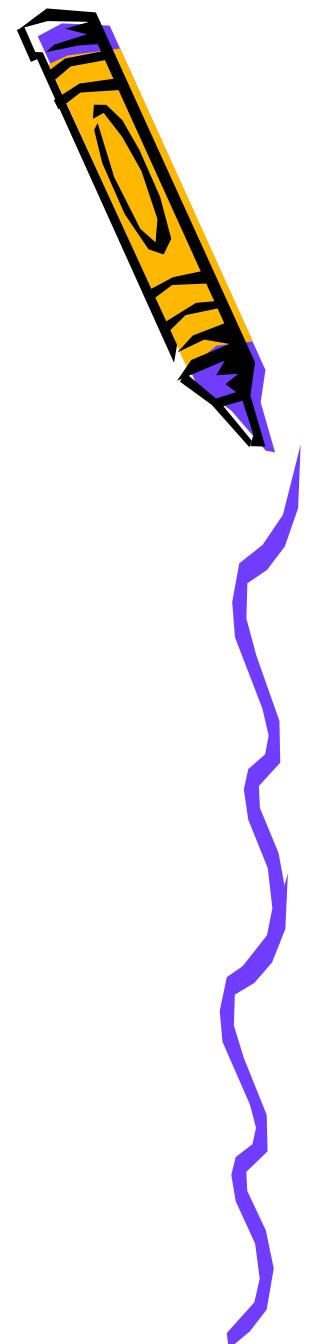
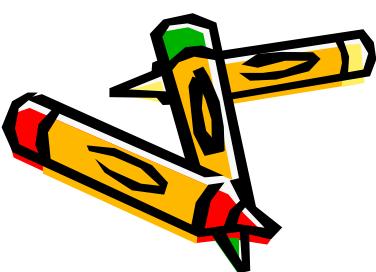
Gabbers: Dominant speakers who monopolize communication.

Silent Listeners: Those who have valuable input but don't communicate it.

These barriers can impede effective communication, and addressing them is crucial for successful interactions.

# Barriers to Effective Communication

- Social
- Psychological
- Cultural
- Physiological,
- System design
- Physical
- Receivers



# Social Barriers

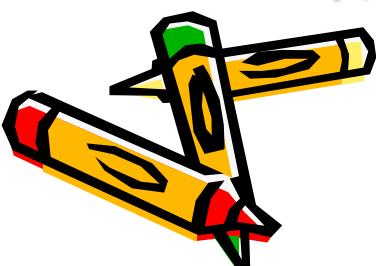
- ▶ Gender
- ▶ Age
- ▶ Race
- ▶ National or Cultural Origin
- ▶ Socioeconomic Class
- ▶ Education Level
- ▶ Urban or Rural Residence



# GENDER



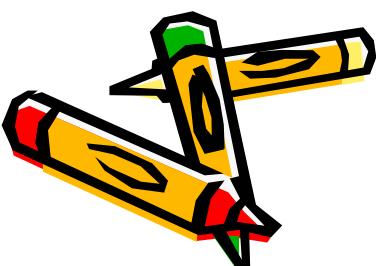
- ★ Major influence on the way we communicate with others.
- ★ When men and women work together in a group, men tend to be more assertive and self-confident.
- ★ Women are more likely than men to express their emotions, to reveal how they feel about a situation.



# AGE



- Young people and old people communicate in different ways.
- We do tend to judge a statement by different standards if we know the speaker's age.
- A person's age or gender is not important in judging the truth or wisdom of what that person says .

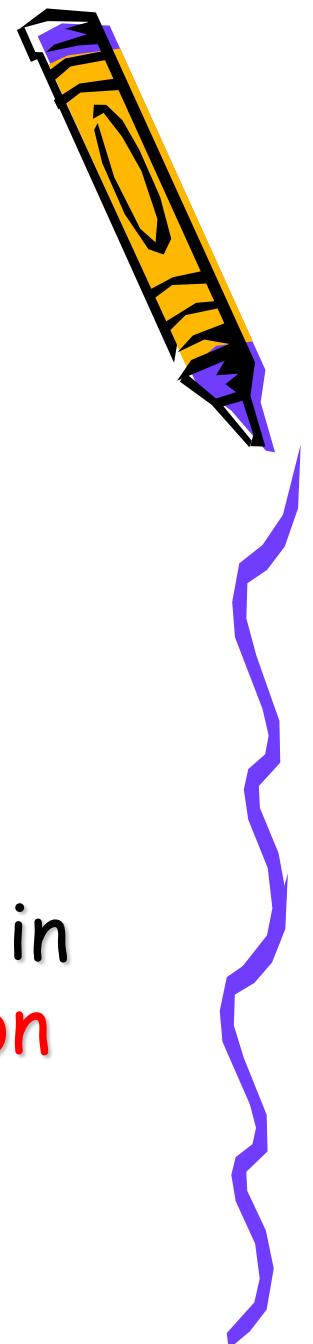
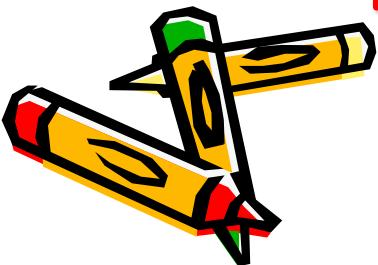


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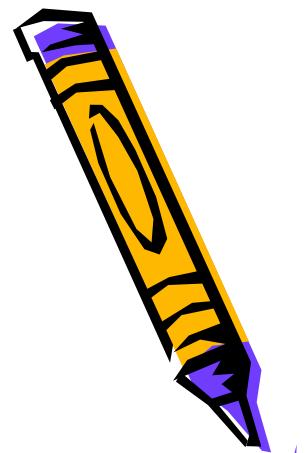


"It's just the fashion, Dad. Relax – don't be going all Taliban on me."

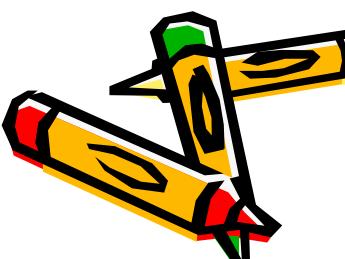
Their maturity, their educational backgrounds, and the different eras in which they grew up make a **Generation Gap** inevitable.



# Social Barriers Cont.....



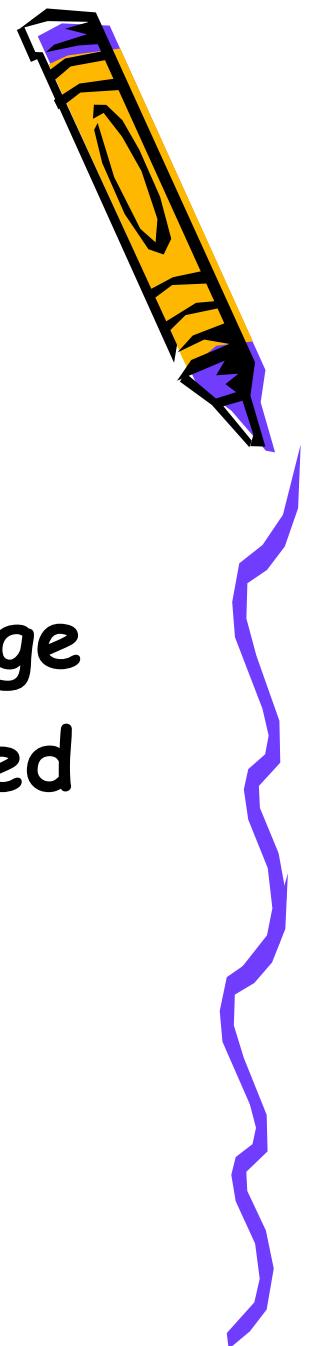
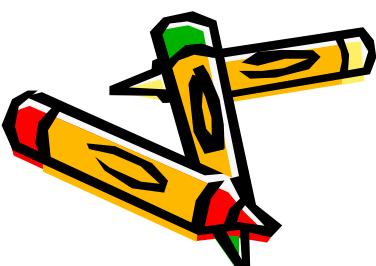
- Purpose of Communication
  - Informative, entertaining and persuasive
  - Purpose not clear/missing/at odds
- Social Noise/Subjective factors
  - Human relation/ personal preferences overshadow the objectivity of the communication.
  - Boys/Girls, Friends/enemies, Nice people



Try to ensure the Objectivity. Do not get dragged by Subjective factors.

# Psychological Barriers

- Attitude towards self
- Fear
- Attitude towards audience
- Attitude towards the message
- You Yourself is not convinced with the subject
- Knowledge of subject
- Personality/Status of the communicator

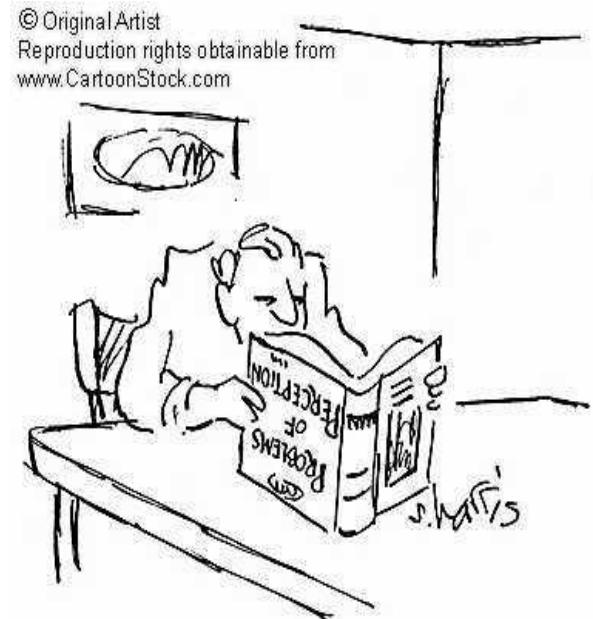


# PERCEPTION

Our physical limitations are a screen through which we perceive things that exist in our environment.

Our perception is also limited by psychological screens that we have developed.

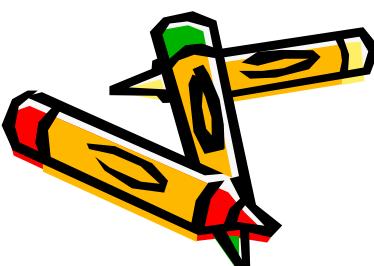
Choosing from among the many things within our range of perception those that we will notice, and block out the rest is called "*Selective Perception*"





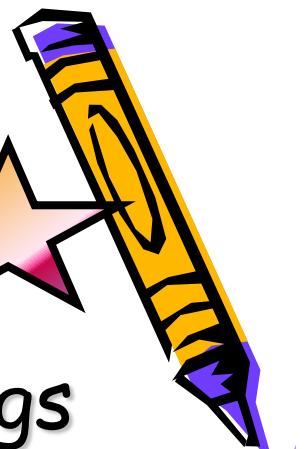
Mother: Will you straighten up your room?

Teenager: Why? What's messy?

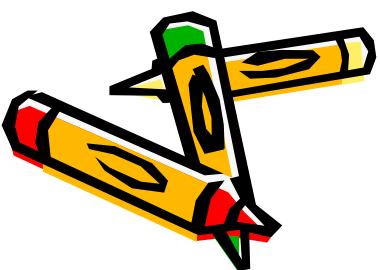




# Selective Perception



- Allows us not only to block out things that are there, but also to see more things than are there.
- Leads us to make our own reality!
- Most clearly seen in the human tendency to stereotype others.

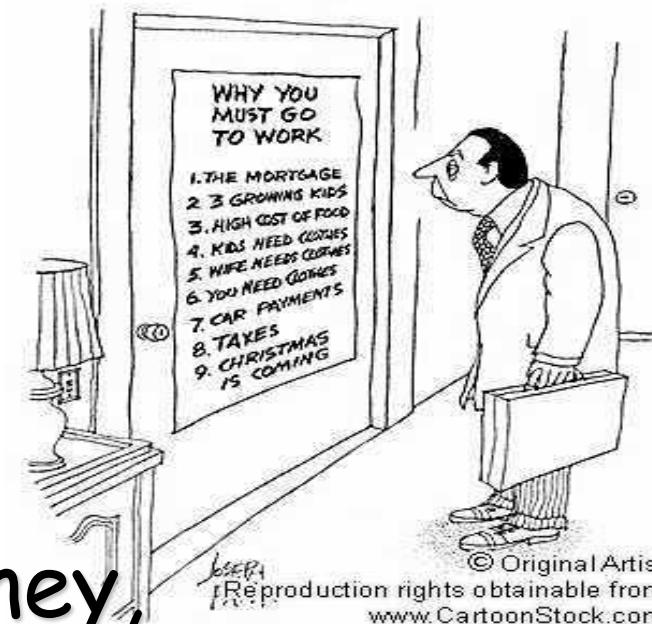
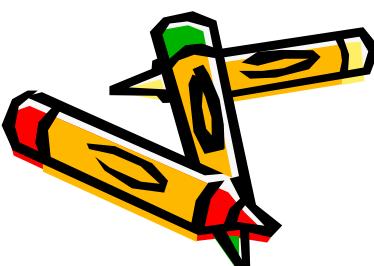


# MOTIVATION

*A Motive is a Reason For Action!*



- ★ The most strongest motivations are those that are most personal.
- ★ We are motivated by money, fame, power, love, status, security, skill, ambition...etc
- ★ it can be both positive or negative.



# TUNNEL VISION

A closed way of thinking, especially about abstract topics, such as religion and politics.

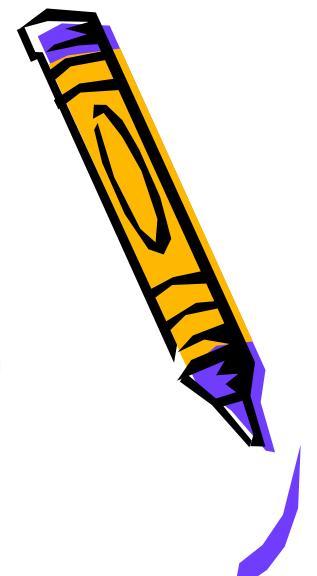
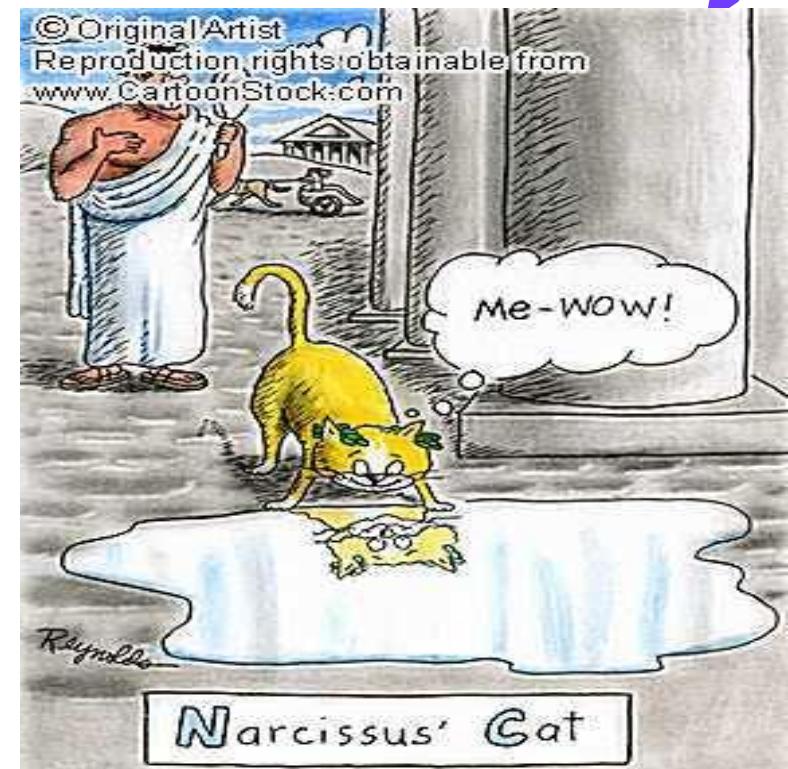
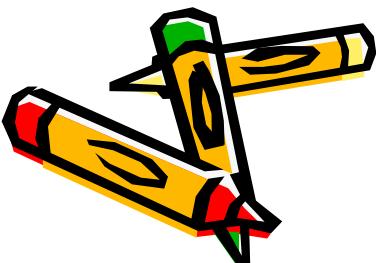
- The person with tunnel vision is one who has firmly fixed ideas
- The opposite side is **open-mindedness**
- Person with tunnel vision has attitude seems to say: "I've already made up my mind, Don't confuse me with the facts!!!"



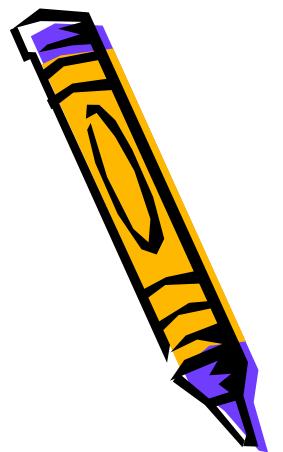
# EGO DEFENSIVENESS

A response pattern in which a person who follows this pattern sees a disagreement as a personal attack .

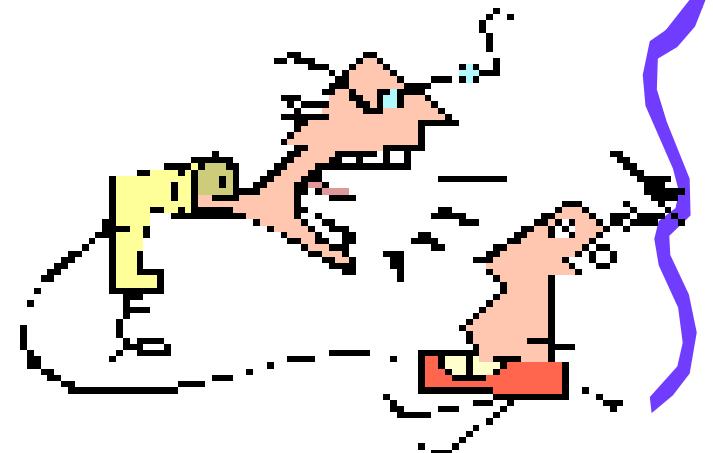
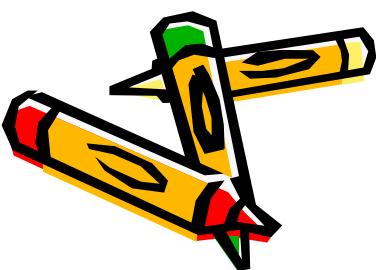
- ★ A self-centered communication
- ★ More than just being selfish



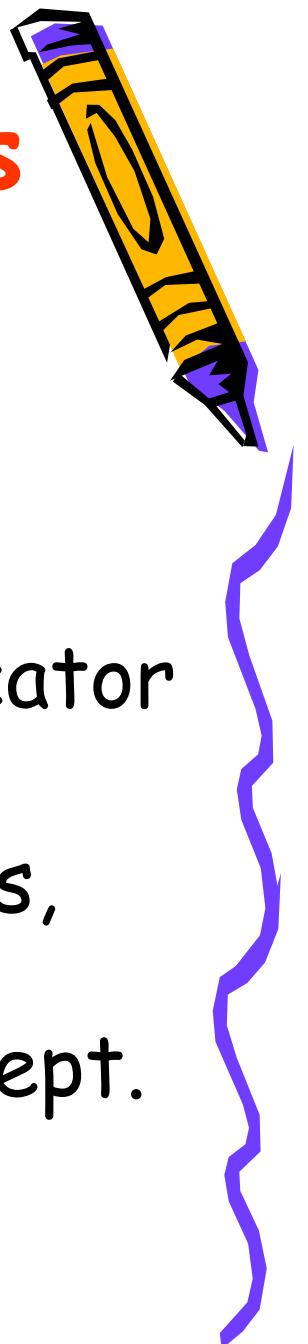
# NEGATIVE EMOTIONS



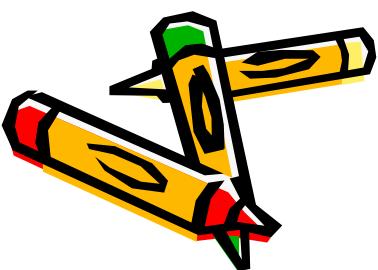
- ★ Almost always obstacles to good communication!
- ★ Especially true barrier if the emotion is uncontrolled, unfocused, or misdirected.



# Other Psychological Barriers



- People's State of Mind  
    Happy, Sad
- Personal Problems/Worries
- Pre conceived notions of Communicator or Receiver
- Mental limitations of human beings, failure to refer language to experience, the confusion of concept.



# Cultural Barriers



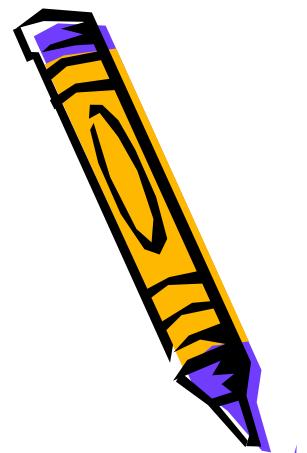
**Semantic Problems:** Distortion in communication comes from semantics- the use of words or expressions which have a different meaning for the sender or receiver.



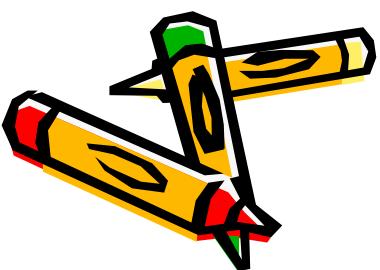
Created when communicators use technical jargon- usage common to a particular field or specialization.



# Cultural Barriers

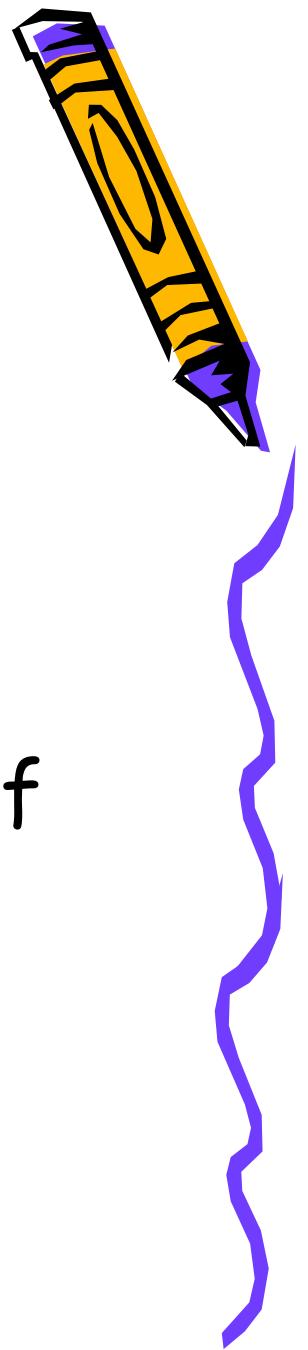
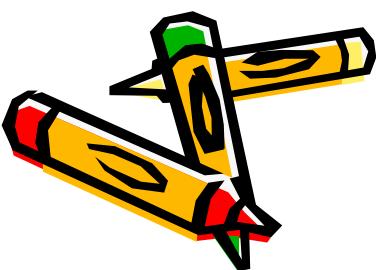


- **Language**  
*Different languages, dialect, individual linguistic ability, use of difficult words, inappropriate words, pronunciation*
- **Norms and values**
- **Belief**
- **Social practices and traditions**



# Physiological Barriers

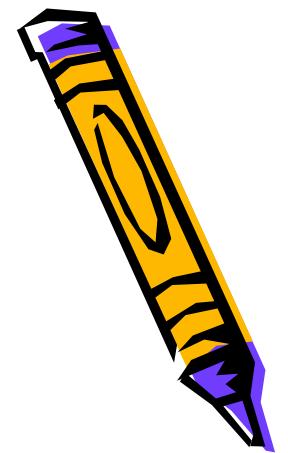
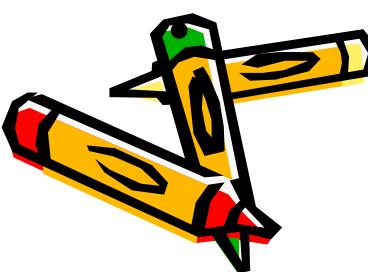
- Individuals' personal discomfort  
ill health, poor eye sight, hearing difficulties
- Speech and voice defect, feeling of inferiority, diseases, physical appearance, lack of skill.



# System Design

- Organisational Structure  
unclear, to whom to communicate,
- Insufficient or inappropriate information systems
- Information overloaded
- A lack of clarity in roles and responsibilities

A lack of supervision or training



The distortion of message is any kind of loss, deformation, miss presentation or alteration taken place in original message while sending it to audience.

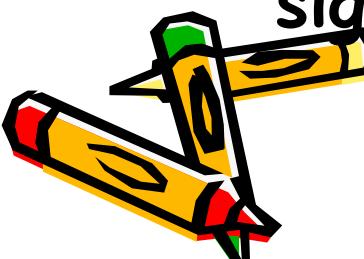
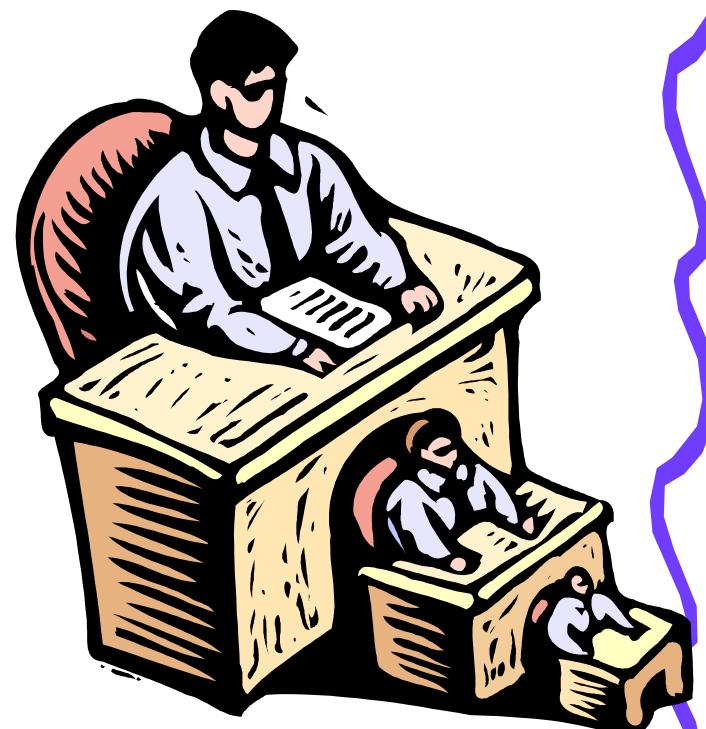
### Types of Distortion :

1. Systematic Distortion - Purposely changed
2. Fog Distortion - information is lost
3. Mirage Distortion - extra, unwanted information



# Status And Power Differences

- Differences in communications are likely to parallel the differences in power.
- Imbalance or asymmetry in negotiating power leads the high power party to perform significantly better than the low power party.



# Physical Barriers

- **Channel**

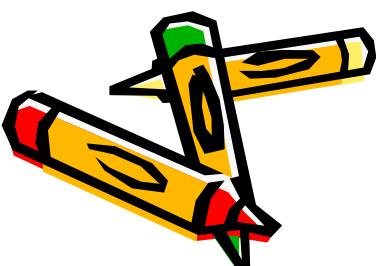
- Availability of channel to receiver (**Common channel**)
- Choice of channel
- Handling of channel by communicator
- Reach : depending on size of audience, mike, etc.
- Noise level in Channel
- Presentation of information/message treatment  
Muddled messages

**"Dogs for sale. Will eat anything. Especially likes children. Call 888-3599 for more information."**

- **Climate**

- Extreme temperature (Hot/Cold)
- Bright/ Dim Light
- High Humidity

- **Comfort**



# Physical Barriers Cont....

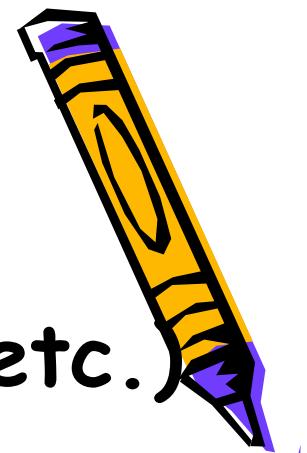
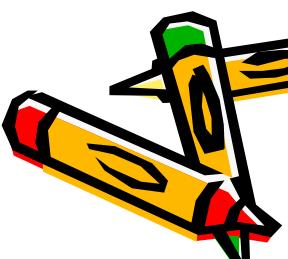


"Could I have a minute of your  
valuable time, Timpson?"

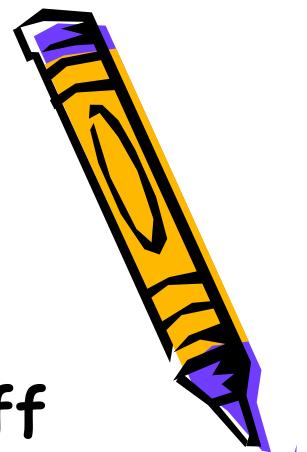
**Distractions:** It occurs where people are constantly coming in and leaving for one reason or another, and experienced the frustration that is created by this distracting traffic flow.

# Physical Barriers Cont....

- Distractions
  - Noise (Co-workers, Doors, etc.)
  - Photographer
  - Any announcements
  - Instruction Sheet
  - Tea
  - Late Comers
- Physical Setting of Classroom/  
Lecture Hall
  - Sitting Arrangement
  - Audio-Visual Aids

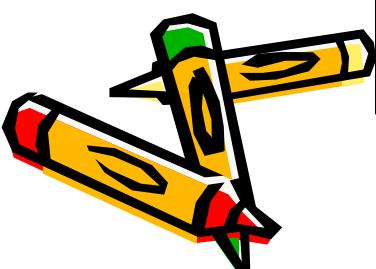


# Receiver-The Ultimate

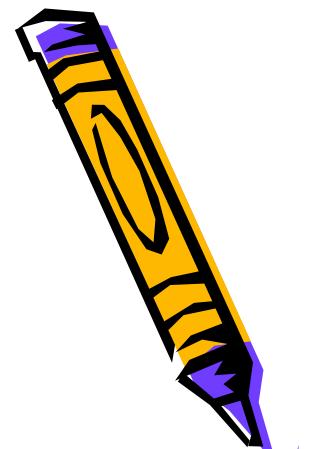


- **Absenteeism/Day Dreaming/ Pretending Listening**
- **Strayers:** They constantly take the group off the track. They drag the discussion out of context
- **Gabbers:** They are the people who like to talk first and try to dominate in the discussion. They think that they are the only ones with anything worth saying
- **Silent:** They are just as well informed as many other members of the group but they rarely contribute verbally

Listening without observing speaker's tone, gesture, posture and facial expression is like getting the *words* of a song without music



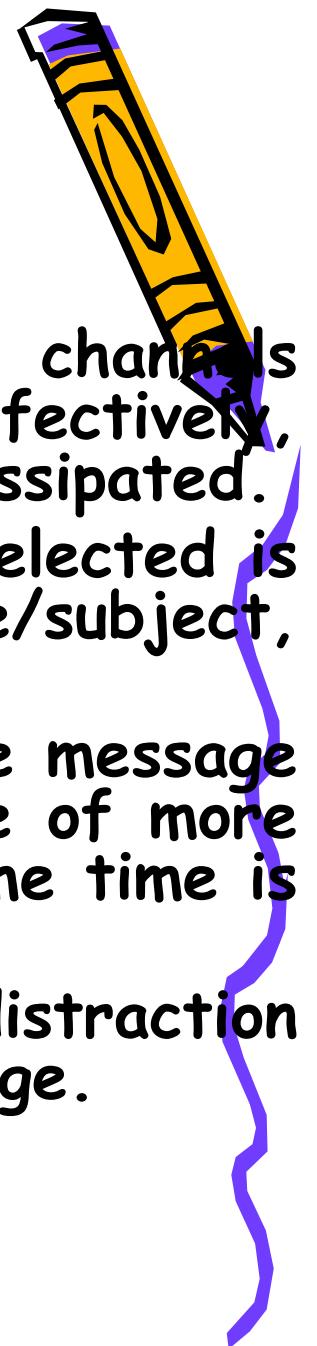
## Relating to Receiver



- **Problem of homogeneity:** The more homogeneous the audience is, the greater are the chances for successful communication.
- **Problem of cooperation and involvement:** The listeners must cooperate and get actively involved in the communication process, they must try to get tuned together with the communicator.
- **Negative attitude of the audience towards the communicator:** If the audience has negative attitude for the communicator or if the credibility of communicator as perceived by the audience is low, no successful communication will take place.

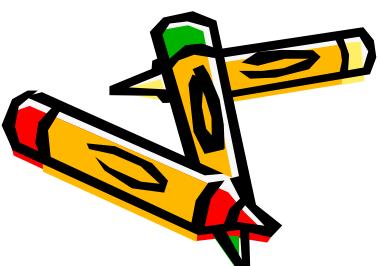


# Problems in Communication



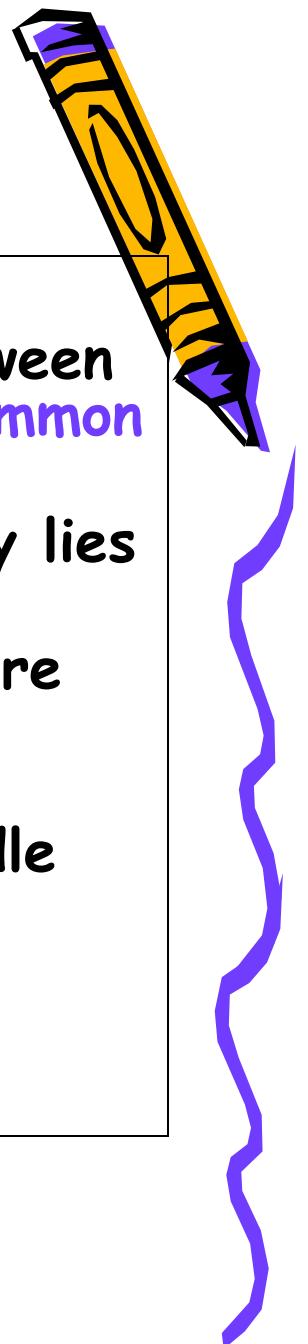
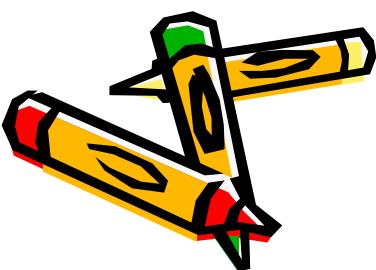
## Relating to Transmission of Message

- **Wrong handling of the channels:** If the channels selected for communication are not handled effectively, their potential for carrying a message will be dissipated.
- **Wrong selection of channels:** If the channel selected is not in accordance with the objective/subject, interpretation will not be in a desired way.
- **Use of inadequate channels in parallel:** For the message to have got through and received properly, use of more than one channel in parallel or at about the same time is essential.
- **Physical distraction:** Failure to avoid physical distraction often obstructs successful sending of the message.



# Points to Remember

- Communication is a two way process.
- Effective communication= Bridging the gap between encoded and decoded message= Establishing Common Understanding
- Responsibility of effective communication mainly lies with the communicator
- Feedback is an important return message. Ensure getting and using it effectively for better performance
- Know the roadblocks. This will help you to handle the communication process in an effective way
- Use Heart and Mind and Soul for an effective result
- Communication is a skill, learn and practice



# To Sum up

To Become an Effective communicator

Make effective use of  
Heart and Body, Mind and Soul

Understanding the Listener and  
get to be understood by the listener

