**INTRODUCTION OF MANAGEMENT CONCEPTS**

**UNIT-1**

**Introduction to Management**

**Introduction**

Management as a discipline has attracted the attention of academicians and practitioners to a great extent. The basis reason behind this phenomenon is the growing importance of management in day-to-day life of people. In a broad perspective, management can be considered as the proper utilization of the resources/people in an organization to accomplish desired objectives. The relationship between managers and managed has changed as a compared to the older master-servant relationship making it more complex. In order to satisfy his/her wants a person has to perform numerous activities. An individual alone cannot perform all the necessary activities. Today, the study of management has become an important facet of human life. In simple words, management means utilizing available resources in the best possible manner and also for achieving well defined objectives.

**Historical Background of Management**

The recorded use of organised management dates back to 5000 B.C. when the agricultural revolution had taken place. These agricultural civilizations existed in India, China and Egypt According to Peter Drucker these irrigation civilizations "were not only one of the great ages of technology, but it represented also mankind’s most productive age of social and political innovation".

**Definitions:-**

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

***------------Harold Knootz***

**“**To manage is to forecast and plan, to organize, to command, to coordinate and control”  ***--------------Henri Fayol***

“Management is concerned with the systematic organization of economic resources and its task is to make these resources productive” ***--------------Peter F Drucker***

"Management is the art of getting things done through people"***….. Mary Parker Fallett,***

**Characteristics/Salient Features (Nature of Management)**

1. **Management is a social process-** Management takes place through people. The importance of human factor in management cannot be ignored. A manager's job is to get the things done with the support and cooperation of subordinates. It is this human element which gives management its special character.
2. **Management also denotes a body of people involved in decision making:** When an institution is very well run, it is said the management of that institution takes personal interest in the institution. Here management denotes a body of people involved in decision making.
3. **Management is action-based:** Management is always for achieving certain objectives in terms of sales, profit, etc. It is a result-oriented concept and not merely an abstract philosophy. It gives importance to concrete performance through suitable actions. It is an action based activity.
4. **Management aims at coordination of activities:** Coordination is the essence of management. It gives one clear direction to the whole organisation and brings unity and harmony in the whole business unit. For such coordination, effective communication at all levels is essential.
5. **Management is innovative:** Management techniques are dynamic and innovative. They need to be adjusted as per the requirements of the situations. Another manager need not repeat the decisions of one manager. Similarly, a manager has to change his decisions under different situations.
6. **Management aims at achieving predetermined objectives:** Management is a meaningful activity. All organizations are essentially groups of individuals formed for achieving common objectives. An Organization exists for the attainment of specific objectives.
7. **Management is inter-disciplinary:** the subject of management is heavily dependent on other disciplines, and the techniques of management are built around the techniques drawn form these subjects.
8. **Manager has four types of resources the four M’s :** men, money material and machines are the four types of resources the manager has to manager.

**THE SCOPE OF MANAGENT:**

* 1. Financial Management. Financial management is a top priority for companies as the effective and proper managing of finances enables them to stay in business and remain competitive.
  2. Marketing Management: Here different marketing activities undertaken in company’s marketing department.
  3. Personnel Management: It involves managing employees / staff in an organinsation.
  4. Production Management: Handling the entire production process.
  5. Office Management: It involves planning, coordinating, controlling of different activities in an office environment.

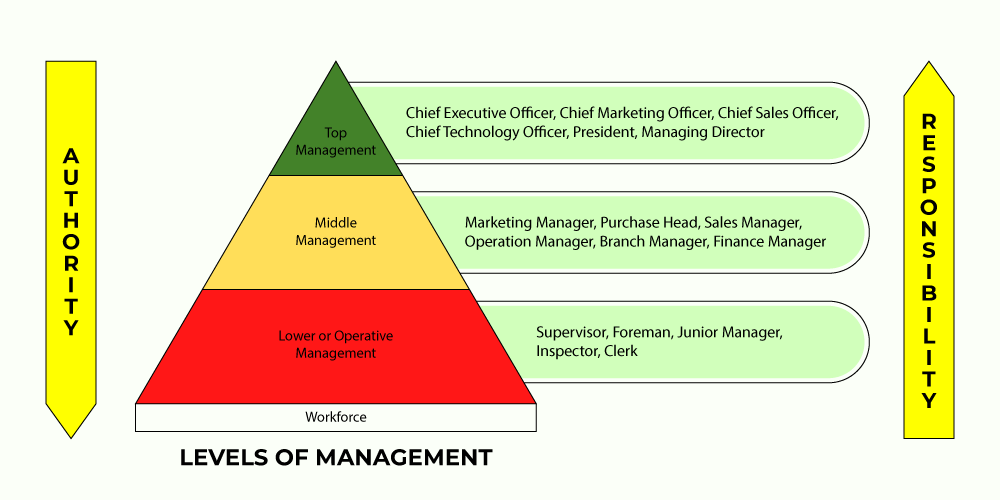
**Significance/Importance of Management**

The importance of management in business is universally accepted. It acts as a driving force in business. Modern business is highly competitive and need efficient and capable management. It is through management that business activities are organized and conducted efficiently, and objectives are achieved.  
  
The following points will suggest the importance of management  
  
1) **Optimum use of resources:** management facilities optimum utilization of available human and physical resources, which leads to progress and prosperity of a business enterprise. Even wastage of all types is eliminated or minimized.  
  
2) **Competitive strength**: Management develops competitive strength in an enterprise. This enables an enterprise to develop and expand its assets and profits.  
  
3) **Cordial industrial relations**: Management develops cordial industrial relation, ensures better life and welfare to employees and raises their morale through suitable incentives.  
  
4) **Motivates employees**: It motivates employees to take more interest and initiative in the work assigned and contributes for raising productivity and profitability of the enterprise.  
  
5) **New techniques**: Management facilities the introduction of new machines and new methods in the conduct of business activities. It also brings useful technologies developments and innovation in the management of business activities.  
  
6) **Effective management**: Society gets the benefits of efficient management in terms of industrial development, justice to different social groups, consumer’s satisfaction and welfare and proper discharge of social responsibilities.  
  
7) **Expansion of business**: Expansion growth and diversification of a business unit are possible through efficient management. It creates good corporate image to a business enterprise.  
  
8) **Stability and prosperity**: Efficient management brings success stability and prosperity to a business enterprise through cooperation and team spirit among employees.  
  
9) **Team spirit**: Management develops team spirit and raises overall efficiency of a business enterprise.  
  
10) **Effective use of managers**: Management ensures effective use of managers so that the benefits of their experience, skills and maturity are available to enterprise.  
  
11) **Smooth functioning**: Management ensures smooth, orderly and continuous functioning of an enterprise over a long period. It also raises the efficiency, productivity and profitability of an enterprise.  
  
12) **Reduces turnover and absenteeism**: It reduces Labour turnover and absenteeism and ensures continuity in the business activities and operations.  
  
13) **Sound organization**: A dynamic and progressive management guarantees development of sound organization, which can face any situation – favorable or unfavorable with ease and confidence.  
  
Management is not only practiced in organization and business entities but management plays an important role in our daily lives and is practiced by every individual is some or the other way.

# Objectives of Management

The main objectives of management are:

1. **Getting Maximum Results with Minimum Efforts –** The main objective of management is to secure maximum outputs with minimum efforts & resources. Management is basically concerned with thinking & utilizing human, material & financial resources in such a manner that would result in best combination. This combination results in reduction of various costs.
2. **Increasing the Efficiency of factors of Production –** Through proper utilization of various factors of production, their efficiency can be increased to a great extent which can be obtained by reducing spoilage, wastages and breakage of all kinds, this in turn leads to saving of time, effort and money which is essential for the growth & prosperity of the enterprise.
3. **Maximum Prosperity for Employer & Employees –** Management ensures smooth and coordinated functioning of the enterprise. This in turn helps in providing maximum benefits to the employee in the shape of good working condition, suitable wage system, incentive plans on the one hand and higher profits to the employer on the other hand.
4. **Human betterment & Social Justice –** Management serves as a tool for the upliftment as well as betterment of the society. Through increased productivity & employment, management ensures better standards of living for the society. It provides justice through its uniform policies.

**Levels of Management:** 

## Three Levels of Management

### 1. Top Level Management

The senior most executives of the organization are found at the **top level of management**. The top level of an organization’s management consists of the Board of Directors, Managing Director, Chairman, Chief Executive Officer, Chief Operating Officer, Vice-President, President, General Manager, and other Senior Executives. The managers at the top level of management of an organization are responsible for its survival and welfare. These managers perform stressful and complex work that demands long hours and commitment towards the company.

#### ****Functions of the Top Level Management****

**i) Determination of the objectives for the organization:**The managers at the top level management formulates the goals or objectives for an organization along with the strategies to achieve those goals.

**ii) Framing of plans and policies:**For the achievement of the pre-determined goals or objectives of an organization, it is essential to formulate proper strategies, plans and policies within the organization. The top level managers are responsible for the formulation of these plans and policies.

**iii) Coordination and control of the performance:**Based on the overall pre-determined objectives of the organization, the top level managers coordinate and control different activities of different departments of the organization.

**iv) Analysis of the business environment:**Business environment of an organization plays a crucial role in its success and survival. The managers at the top level of management of an organization carefully analyze the business environment and its implication and make necessary decisions for better results.

**v) Setting up an organizational framework:**For the success and survival of an organization, it is essential to form a proper framework or structure within the company. The top level managers are responsible for the determination of the organizational framework for the proper and successful execution of its plans and policies.

**vi) Assembling of the resources:**Achievement of the organizational goals requires different resources of materials, machines, men, money and materials. It is the duty of the managers at the top level management to arrange these resources.

### ****2. Middle Level Management****

The next level of management is the Middle Level, which serves as a link between the Top Level Management and the Lower Level Management. The **middle level management** is superior to the lower or operational level management and subordinate to the top level management. The middle level of an organization’s management consists of different functional department heads, such as Departmental Managers including Production, Purchase, Finance, Personnel, Marketing Managers, and other executive officers for different departments such as plant superintendent, etc. The employees or members of the middle level management are responsible to the top level management for their performance.

#### Functions of the Middle Level Management

**i) Interpretation of the policies framed by the Top Level Management:**As the middle level management acts as a subordinate to the top level management, the managers at this level have to clearly interpret the plans and policies framed by the managers at the top level management to the managers at the lower or operational level management.

**ii) Selection of suitable operative and supervisory personnel:**To perform any function properly, an organization needs the required personnel. It is the duty of the Middle Level Managers to make sure that the organization has sufficient personnel with them to perform the functions and duties better. For the fulfillment of this duty, the middle level managers recruit and select suitable employees for different departments based on the applicant’s skills, etc., and the firm’s requirements.

**iii) Assigning of duties and responsibilities to the Lower Level Management:**The middle level managers acts as superior to the operational level managers. These managers have to assign respective duties and responsibilities to the lower level managers and coordinate with them regarding the activities of different work units.

**iv) Motivating employees to get desired objectives:**An organization can effectively and efficiently achieve its desired goals only when its employees are motivated enough to work towards the betterment of the organization. Therefore, the managers at the middle level management motivate the employees towards the achievement of the organizational goals and improvement of their performance.

**v) Cooperating with the entire organization:**As middle level management serves as a link between the top level management and the lower level management, the managers at this level have to cooperate with every other department for the smooth functioning of the organization.

### ****3. Lower Level Management****

The last level of management is the lower level management and is also known as the **Supervisory or Operational Level Management.**The managers at the lower level of management play a crucial role in the proper management of an organization, as they directly interact with the actual work force and interpret the instructions of the middle level managers to them. The responsibility and authority of the lower level managers depend upon the plans and policies formed by the top level management. The lower level management consists of foremen, supervisors, section officers, superintendents, and other managers who have direct control over the operative employees of the organization.

#### Functions of the Lower Level Management

**i) Issuing of orders and instructions:**The managers at the operational level management issue orders to the workers and supervisors and instructs them on their roles, responsibilities, and authority. Besides, these managers also control the functioning of the workers.

**ii) Preparation of plan for activities:**The lower level managers plan the day-to-day activities of the organization. Besides, these managers also assign work to the subordinates, guide them for the same, and take corrective measures wherever and whenever necessary.

**iii) Assigning and assisting in work:**The job or responsibility of the lower level managers includes assigning work to the subordinates and assisting them with the work. They do so by explaining the work procedure to the employees and solving their problems for better performance.

**iv) Representing workers’ grievances:**As the managers at the lower level management are in direct contact with the managers at the middle level management, they listen to the grievances of the workers and report those issues to the middle level managers.

**v) Ensuring a safe and proper work environment:**The lower level managers are responsible for providing the work force with a safe and proper work environment. They also have to maintain proper discipline and a good atmosphere within the organization, as it motivates the employees to work towards the accomplishment of the organizational goals.

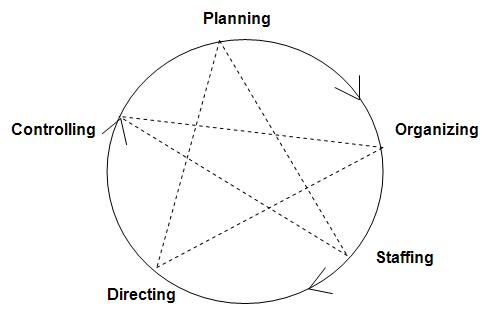
**vi) Helping the middle level management:**The managers at the operational level management helps the middle level managers in selecting, training, placing, and promoting the workers of an organization as they can give a direct insight as to what is required for the achievement of the organizational goals and about the performance of the workers.

**vii) Encourage initiative of employees:**The best way to motivate employees and make them feel an important part of the organization is by encouraging them to take initiative. The lower level managers do so by welcoming their suggestions and ideas and by rewarding them for the good ones.

**FUNCTIONS OF MANAGEMENT:**

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For theoretical purposes, it may be convenient to separate the function of management but practically these functions are overlapping in nature i.e. they are highly inseparable. Each function blends into the other & each affects the performance of others.

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* **Planning**
* **Organizing**
* **Staffing**
* **Directing**
* **Coordinating**
* **Reporting**
* **Budgeting**
* **Controlling**

1. **Planning:** Planning is **the primary function of management**. It involves determination of a course of action to achieve desired results/objectives. Planning is the starting point of management process and all other functions of management are related to and dependent on planning function. **Planning is the key to success, stability and prosperity in business**. It acts as a tool for solving the problems of a business unit. Planning plays a vital role in business management, It helps to visualize the future problems and keeps management ready with possible solutions.
2. **Organizing:** Organizing is next to planning. It means to bring the resources (men, materials, machines, money etc.) together and use them properly for achieving the objectives. Organization is a process as well as it is a structure. Organizing means arranging ways and means for the execution of a business plan. It provides suitable administrative structure and facilitates execution of proposed plan. Organizing involves different aspects such as departmentation, span of control delegation of authority, establishment of superior-subordinate relationship and provision of mechanism for co-ordination of various business activities.
3. **Staffing:** Staffing refers to manpower required for the execution of a business plan. Staffing, as managerial function, involves **recruitment, selection, appraisal, remuneration and development of managerial personnel**. The need of staffing arises in the initial period and also from time to time for replacement and also along with the expansion and diversification of business activities. Every business unit needs efficient, stable and cooperative staff for the management of business activities. Manpower is the most important asset of a business unit. In many organizations, manpower planning and development activities are entrusted to personnel manager or HRD manager. 'Right man for the right job' is the basic principle in staffing.
4. **Directing (Leading):** Directing as a managerial function, deals with **guiding and instructing people** to do the work in the right manner.

Directing/leading is the responsibility of managers at all levels. They have to work as leaders of their subordinates. Clear plans and sound organisation set the stage but it requires a manager to direct and lead his men for achieving the objectives. Directing function is quite comprehensive. It involves Directing as well as raising the morale of subordinates.

It also involves **communicating, leading and motivating**. Leadership is essential on the part of managers for achieving organisational objectives.

(a) **Leading:** It is decisive function of the management in which the worker/employees are led and directed so that the objectives of the organization will be successfully achieved.

(b) **Motivating:** the process of stimulating the employees to perform more effectively using their abilities and full potential is called motivation. The employees gets stimulated when his social and psychological needs are met, in the process of contributing to the organizational goals.

© **Commutating:** it is the process of creating, transmitting and interpreting messages ideas, facts, opinion, and feeling. The vital function of the manager is to communicate to his staff as to what they should do through orders, meetings circulars, and notices.

1. **Coordination:**

Coordination is the function of management which **ensures that different departments and groups work in sync**. Therefore, there is unity of action among the employees, groups, and departments. It also brings harmony in carrying out the different tasks and activities to achieve the organization's objectives efficiently.

1. **Reporting:**

Reporting is a process of making management reports that help managers document and track all the data so that the decision-makers can make accurate and data-driven decisions “easily.” It usually tracks **cash flow, budget, profit, wage-revenue ratio, employee productivity**, etc.

1. **Budgeting:**

It is the process of preparing and overseeing a financial document that estimates income and expenses for a period. For business owners, executives, and managers, budgeting is a key skill for **ensuring organizations and teams have the resources to execute initiatives and reach goals**.

**Controlling:** Controlling is an important function of management. It is necessary in the case of individuals and departments so as to avoid wrong actions and activities. Controlling involves three broad aspects: (a) establishing standards of performance, (b) measuring work in progress and interpreting results achieved, and (c) taking corrective actions, if required. Business plans do not give positive results automatically. Managers have to exercise effective control in order to bring success to a business plan. Control is closely linked with other managerial functions. It is rightly treated as the soul of management process. It is true that without planning there will be nothing to control.

**SCIENTIFIC MANAGEMENT**

The scientific management period holds prominently two greatest exponents of classical theories Henri Fayol (1841-1925), who was a French industrialist (a mining engineer), and FW Taylor (1856-1915), who started his career as an apprentice in engineering and later rose to the

level of a shop superintendent.

**CONTRIBUTION OF F.W.TAYLOR TO SCIENTIFIC MANAGEMENT**

Frederick W. Taylor (1856-1915), developer of scientific management. Scientific management (also called Taylorism or the Taylor system) is a theory of management that analyzes and synthesizes workflows, with the objective of improving labour productivity. The core ideas of the theory were developed by Frederick Winslow Taylor in the 1880s and 1890s, and were first published in his monographs, Shop Management (1905) and The Principles of Scientific Management (1911).

Taylor believed that decisions based upon tradition and rules of thumb should be replaced by precise procedures developed after careful study of an individual at work. Its application is contingent on a high level of managerial control over employee work practices. Taylorism is a variation on the theme of efficiency; it is a late 19th and early 20th century instance of the larger recurring theme in human life of increasing efficiency, decreasing waste, and using empirical methods to decide what matters, rather than uncritically accepting pre-existing ideas of what matters. Thus it is a chapter in the larger narrative that also includes, for example, the folk wisdom of thrift, time and motion study, Fordism, and lean manufacturing. It overlapped considerably with the Efficiency Movement, which was the broader cultural echo of scientific management's impact on business managers specifically.

In management literature today, the greatest use of the concept of Taylorism is as a contrast to a new, improved way of doing business. In political and sociological terms, Taylorism can be seen as the division of labour pushed to its logical extreme, with a consequent de-skilling of the worker and dehumanisation of the workplace.

**PRINCIPLES OF SCIENTIFIC MANAGEMENT**

1. Replacing rule of thumb with science
2. Harmony in group action
3. Co-operation
4. Maximum output
5. Development of workers

**General approach**

* 1. Shift in decision making from employees to managers
  2. Develop a standard method for performing each job
  3. Select workers with appropriate abilities for each job
  4. Train workers in the standard method previously developed
  5. Support workers by planning their work and eliminating interruptions
  6. Provide wage incentives to workers for increased output.

**Contributions**

* Scientific approach to business management and process improvement
  + - Workers and managers must work according to scientific principles rather than working haphazardly(randomly) when carrying out organizational activities.
* Importance of compensation for performance
  + - Organizational activities must be performed in a coordinated and consistent way, not in an inconsistent and incoherent way
* Began the careful study of tasks and jobs.
  + - Organizations and their methods, rather than submitting low unproductiveness, must reject this and must try to provide the highest productivity.
    - Specialization in every part of a defined labor must be provided.
* Importance of selection criteria by management
  + - Each labor must be parted to sub-factors forming it. When defining activities which workers must carry out, not only intuition and experience but also scientific methods must be used as well.
    - People whose mental and physical skills are sufficient for works being standardized must be chosen that’s to say, the most suitable staff member must be chosen.

**Features of Scientific Management**

1. **Scientific task setting:** F. W. Taylor suggested the introduction of standard task which every worker is expected to complete within one day (working hours) the task is to be calculated through careful scientific investigation. For this, work study (i.e. method study and work measurement study) is essential. Taylor suggested time study, motion study, fatigue study and rate-setting for the introduction of scientific task. Time study is the art of observing and recording the time required to do each detailed element in an industrial operation. Motion study refers to the study and analysis of the movements of an operator while performing a job so that attempts can be made to remove useless/unwanted movements from the process.
2. **Planning the task:** For performing the task by every worker, Taylor suggested the need of planning the production activity accurately. This idea of planning is Taylor's gift to the science of management. Planning of task gives answers to the following questions. What has to be done, how it is to be done, where the work shall be done and when the work shall be done.
3. **Scientific selection and training of workers:** Taylor suggested the need of scientific selection of workers for the plant/production activities. The procedure of selection must be systematic so as to select the best and the most suitable persons for different types of jobs. Correct placement of workers is equally important He also suggested the need of training of workers so as to raise their ability or efficiency. Training is to be integrated with the promotion policy. He also suggested differential piece wage plan for compensation payment to workers. He also suggested the importance of cordial relations between management and workers.
4. **Standardization:** Taylor suggested the importance of standardization of tools and equipment, materials, conditions of work and speed of machines. This brings co-ordination in different activities and all workers will be able to perform the task assigned easily. The workers will have satisfactory working conditions for work due to such standardization.
5. **Specialization:** Taylor suggested specialization in the administrative and organizational setup of the plant He suggested functional foremanship. Taylor recommended eight functional foremen for different activities and functions. The foremen suggested by him are like route clerk, instruction card clerk, speed boss etc. Such specialization is useful for raising efficiency of the whole organisation.

**F. W. Taylor’s Contribution to the Development of Management Thought / Science**

**Contribution of Henry Fayol’s to Management Thought**

Henry Fayol (1841-1925) is rightly treated as the father of modern theory of general and industrial management. The credit of suggesting the basic **principles of management** in an orderly manner goes to Henry Fayol. After obtaining an engineering degree, Henry Fayol, joined as chief executive in a coal mining company. The following were the highlights of Henri Fayol’s contribution to management.

**Henry Fayol also suggested 14 principles of management. These principles are:-**

1. **Division of work:** Here the work is divided among the members of the group based employee’s skills and talents. It also provides an opportunity to specialize in different problem areas.
2. **Authority and responsibility:** It refers to the right or power to give orders. It must also be adequately supported by responsibility.
3. **Discipline:** Both the employer and employees should respect each other by observing the rules.
4. **Unity of command:** Employee should receive instructions from only one superior
5. **Unity of direction:** where the objectives are similar, the action plans should also be similar. In other words, similar activities should be grouped together, placed under one manager and there should be one action plan.
6. **Subordination of personal interest to organizational interests:** Group interests or goals of organizations must prevail any time over the individual interests or personal goals.
7. **Remuneration:** The wages and salaries must be fair and bring out the best possible commitment in the employer to achieve the organizational goals.
8. **Centralization of authority:** Authority is said to be centralized when decision-making powers are retained at the top level, the degree of centralization or decentralization is determined by the needs of the company.
9. **Scalar chain:**  It shows how the authority flows from top to bottom.
10. **Order:** It means keeping the right man or right thing in the right place.
11. **Equity:** This implies that the dealings with employees should be so far and so open that they will reinforce their commitment to the organization, be kind and fair to them.
12. **Stability of tenure:** This indicates avoiding frequent transfers of the employees much before they settle in their jobs.
13. **Initiative:** The staff should be encouraged to show initiative, within the limits of authority and discipline.
14. **Esprit de corps:** This means team work; implying that there is unity in strength.

**Human Relations Period (or) Motivational Theory:**

**Elton Mayo (1880-1949)** is recommended as **the Father of Human Relations School**. He introduced human relations approach to management thought. His contribution to the development of management thought is unique and is also treated as human relations approach to management. It was Mayo who led the team for conducting the study at Western Electric's Hawthorne Plant (1927-1932) to evaluate the attributes and psychological reactions of workers in on-the-job situations. **Mayo and his associates (John Dewery, Kurt Lewin) came to the following conclusions from their famous Hawthorne experiments:**

* The amount of work to be done by a worker is not determined by his physical capacity but by the social norms.
* Non-economic rewards play a significant role in influencing the behavior of the workers.
* Generally the workers do not reacts as individuals, but as members of group.
* Informal leaders play an important part in setting and enforcing the group norms.

**Hawthorne Experiments:**

**Mayo is best known for his work on the project commonly referred to as the Hawthorne Studies**. They were conducted in the Hawthorne plant **of Western Electric Company in the USA between 1927 and 1932**. It is said that Mayo applied psychological approach to management for the first time. He used clinical and diagnostic methods. Mayo has drawn various conclusions from these studies.

**Some of the major findings of Hawthorne Studies we as noted below:**

* Individual workers must be seen as members of a group.
* The sense of belongings and effective management were the two secrets unfolded by the Hawthrone experiments.
* Need for status and belongingness to a group were viewed as more important the monetary incentives or good physical working conditions.
* To seek workers cooperation’s the management should be aware of their social needs and cater to them.

**Abraham Maslow’s “Need Hierarchy Theory”:**

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



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

**“Theory X and Theory Y” of Douglas McGregor:**

In 1960, Douglas McGregor formulated Theory X and Theory Y suggesting two aspects of human behaviour at work, or in other words, two different views of individuals (employees): one of which is negative, called as Theory X and the other is positive, so called as Theory Y. According to McGregor, the perception of managers on the nature of individuals is based on various assumptions.

**Assumptions of Theory X**

* Employees are inherently lazy.
* They require constant guidance and support
* Some time they require even coercion and control.
* Given opportunity, they would like to avoid responsibility.
* They do not show up any ambition but always seek security.

**Assumptions of Theory Y**

* Some employees consider work as natural as play or rest.
* These employees are capable of directing and controlling performance on the own. They are much committed to the objectives of the organization.
* Higher rewards make these employees more committed to organization.
* Give an opportunity, they not only accept responsibility but also look for opportunities to outperform others.
* Most of them are highly imaginative, creative, and display ingenuity in handling organizational issues.

McGregor views Theory Y to be more valid and reasonable than Theory X. Thus, he encouraged cordial team relations, responsible and stimulating jobs, and participation of all in decision-making process.

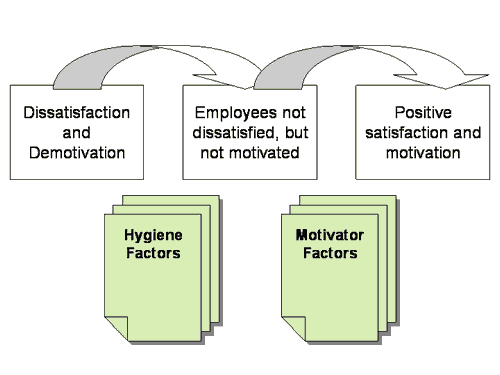
**Herzberg’s Two-Factor Theory of Motivation**

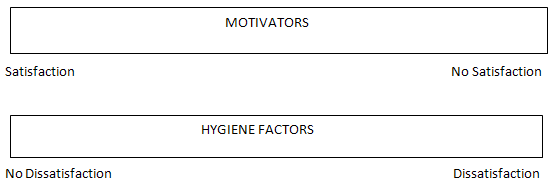
**In 1959, Frederick Herzberg**, a behavioural scientist proposed a two-factor theory or the motivator-hygiene theory. According to Herzberg, there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfaction. According to Herzberg, the opposite of “Satisfaction” is “No satisfaction” and the opposite of “Dissatisfaction” is “No Dissatisfaction”.

Herzberg's Two Factor Theory is a "content theory" of motivation" [(the other main one is Maslow's Hierarchy of Needs)](http://tutor2u.net/business/people/motivation_theory_maslow.asp).

Herzberg analyzed the job attitudes of 200 accountants and engineers who were asked to recall when they had felt positive or negative at work and the reasons why.

From this research, Herzberg suggested a two-step approach to understanding employee motivation and satisfaction:





**Herzberg classified these job factors into two categories-**

**Hygiene factors**- Hygiene factors are those job factors which are essential for existence of motivation at workplace. These do not lead to positive satisfaction for long-term. But if these factors are absent / if these factors are non-existent at workplace, then they lead to dissatisfaction. **Hygiene factors are also called as dissatisfiers or maintenance factors as they are required to avoid dissatisfaction.** The hygiene factors symbolized the physiological needs which the individuals wanted and expected to be fulfilled. Hygiene factors include:

* **Pay -** The pay or salary structure should be appropriate and reasonable. It must be equal and competitive to those in the same industry in the same domain.
* **Company Policies and administrative policies -** The company policies should not be too rigid. They should be fair and clear. It should include flexible working hours, dress code, breaks, vacation, etc.
* **Fringe benefits -** The employees should be offered health care plans (mediclaim), benefits for the family members, employee help programmes, etc.
* **Physical Working conditions -** The working conditions should be safe, clean and hygienic. The work equipments should be updated and well-maintained.
* **Status -** The employees’ status within the organization should be familiar and retained.
* **Interpersonal relations** - The relationship of the employees with his peers, superiors and subordinates should be appropriate and acceptable. There should be no conflict or humiliation element present.
* **Job Security -** The organization must provide job security to the employees.

**Motivational factors**- According to Herzberg, the hygiene factors cannot be regarded as motivators. The motivational factors yield positive satisfaction. These factors are inherent to work. These factors motivate the employees for a superior performance. These factors are called satisfiers. These are factors involved in performing the job. Employees find these factors intrinsically rewarding. Motivational factors include:

* **Recognition -** The employees should be praised and recognized for their accomplishments by the managers.
* **Sense of achievement -** The employees must have a sense of achievement. This depends on the job. There must be a fruit of some sort in the job.
* **Growth and promotional opportunities -** There must be growth and advancement opportunities in an organization to motivate the employees to perform well.
* **Responsibility -** The employees must hold themselves responsible for the work. The managers should give them ownership of the work. They should minimize control but retain accountability.

**Victor H Vroom:** Vroom developed the expectancy theory of motivation. This has been an alternative approach to the above needs theories. Is suggests that individual are motivated to act in a certain way because they strongly expect that a particular action will lead to a desirable result.

**LEADERSHIP STYLES:**

A leader is **the one in the charge, the person who convinces other people to follow**. A great leader inspires confidence in other people and moves them to action.

#### The action of leading a group of people or an organisation. In simple words, leadership is about taking risks and challenging the status quo. Leaders motivate others to achieve something new and better.

#### Autocratic Leadership

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

#### Democratic Leadership

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

#### Laissez-Faire Leadership

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

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

## Six main leadership theories

### The great man theory

The great man theory of leadership states that excellent leaders are born, not developed. A popular concept in the 19th century, this theory states that leadership is an inherent quality. This type of leader often possesses the natural attributes of intelligence, courage, confidence, intuition and charm, among others.

### The Trait theory

The trait theory of leadership states that certain natural qualities tend to create good leaders. Having certain qualities does not necessarily mean someone has strong leadership skills, however. Some leaders may be excellent listeners or communicators, but not every listener or communicator makes an excellent leader.

### The behavioral theory

The behavioral theory of leadership focuses on how a person’s environment, not natural abilities, forms him or her into a leader. One of the key concepts of behavioral theory is conditioning. Conditioning states that a person will be more likely to act or lead in a certain style as a result of environmental responses to behavior.

### The transactional theory or management theory

The transactional theory of leadership, also called "the management theory," studies leadership as a system of rewards and penalties. It views effective leadership as results-focused and hierarchical. Transactional leaders prioritize order and structure over creativity.

### The transformational theory or relationship theory

The transformational theory of leadership, also called "the relationship theory," studies effective leadership as the result of a positive relationship between leaders and team members. Transformational leaders motivate and inspire through their enthusiasm and passion. They are a model for their teams, and they hold themselves to the same standard they expect of others.

### The situational theory

The situational theory of leadership does not relate to a certain type of leader or claim that any one style is best. Instead, situational theory argues that the best kind of leader is one who is able to adapt her style based on the situation. They may respond to a situation by commanding, coaching, persuading, participating, delegating or however they think is necessary. Situational leaders are defined by their flexibility.