

# Principles of Management

## Block

# V

## LEADING

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## **Block V**

### **Leading**

The fifth block to the course on Introduction to Management deals with the managerial function of leading. The block contains four units. The first unit explains the models and theories that explain human behavior. The second unit focuses on motivational theories and techniques that motivate employees toward higher productivity and better performance. The third unit gives an overview of key elements of leadership and different theories of leadership. The fourth unit explains the significance of communication in organizations.

The first unit, *Managing and the Human Factor*, gives an overview of how managers understand human behavior and use it to lead their subordinates toward the accomplishment of organizational goals and objectives. The unit also explains the behavioral models proposed by eminent management writers that help understand the complexity of people. The unit gives an idea of how creativity helps in managing people.

The second unit, *Motivating Employees for Job Performance*, explains how managers can motivate subordinates to improve their performance and satisfaction level. The unit gives an overview of the content and process theories of motivation and motivational techniques. The unit also explains systems and contingency approach to motivation.

The third unit, *Leadership*, discusses the definitions of leadership given by some eminent management thinkers to understand the essence of leadership. The unit discusses the key elements of leadership and also explains several theories of leadership.

The fourth unit, *Managing Communications*, discusses the concept of communication underlining its significance in organizations. The unit discusses communication flows in an organization and also explains the barriers and gateways to effective communication.



## Unit 15

# Managing and the Human Factor

### Structure

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1. Introduction
2. Objectives
3. The Nature of People
4. Behavioral Models
5. Managerial Creativity
6. Summary
7. Glossary
8. Self-Assessment Test
9. Suggested Readings/Reference Material
10. Model Answers

### 1. Introduction

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In the previous unit, the staffing function was discussed. In this unit, human behavior and creativity will be discussed.

A manager cannot be effective simply by the exercise of the basic managerial functions while lacking an understanding of human behavior. A manager can become effective by understanding human nature and using it to lead his or her subordinates towards the accomplishment of organizational goals and objectives.

Creativity is an important factor in managing people. Nearly all managerial problem-solving requires a healthy measure of creativity. Managers not only generate new ideas but also translate them into practical applications.

In this unit, the various theories and models that explain human behavior are discussed. The unit also explains the concept of managerial creativity.

### 2. Objectives

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By the end of this unit, students should be able to:

- Determine the factors used by managers to understand the behavior of people
- Explain various behavioral models
- Discuss the concept of managerial creativity

## **Leading**

### **3. The Nature of People**

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Organizations are constituted of individuals who have different needs and objectives. Managers perform the function of leading their subordinates towards optimal utilization of their potential to fulfill organizational goals as well as their personal needs. As part of their efforts to understand the behavior of people, managers must keep the following aspects in mind:

#### **Individual Differences**

In spite of having some common traits, each individual in an organization is different from others. Therefore, managers should understand the complex and individual nature of people before applying the principles of motivation, leadership, and communication. Though it is difficult to satisfy all the needs of an employee, managers should have considerable latitude to assign jobs that suit a particular person in a specific situation.

#### **The Importance of Personal Dignity**

Employees at all positions in an organization should be treated with respect and dignity. Employees demand value for their skills and abilities, and encouragement and opportunities for developing themselves. Each person is unique in nature and has different abilities and aspirations. However, each one of them is a human being and deserves to be treated as one. Thus, it is essential that employees are respected and treated with dignity in organizations.

#### **Considering the Whole Person**

Organizations should acknowledge the fact that they employ a whole person and not just distinct characteristics of a person such as knowledge, skills, or personality traits. These characteristics tend to interact with each other and in specific situations some of them may predominate over the others.

#### **Multiplicity of Roles**

Individuals in organizations should not be considered as just factors of production. They play many roles — members of families, trade unions or political parties, buyers of food and services, etc. While performing their roles, every individual interacts with other members of a broad social system. This makes it essential for managers to study various models and theories to understand human behavior.

### **4. Behavioral Models**

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To understand the complex nature of people, management writers have developed several behavioral models. We will look at the behavioral models proposed by Edgar H. Schein, Lyman Porter's model of human nature, McGregor's classic assumptions about people, and the organization behavior models suggested by Raymond E. Miles.

## Managing and the Human Factor

### Edgar H. Schein's Model of the Complex Person

Edgar H. Schein based his study on four concepts. These concepts are based on rational-economic assumptions, social assumptions, self-actualizing assumptions, and complex assumptions.

***Rational-economic assumptions:*** According to this assumption, individuals are motivated mainly by economic incentives. Individuals prefer economic incentives to other rewards. Economic incentives are controlled by the organization and the employees of the organization are passive and have no say in this matter. They are motivated, manipulated and controlled by the organization. The assumptions made here are similar to the Theory X assumptions proposed by McGregor.

***Social assumptions:*** This concept is based on Elton Mayo's idea that, basically, people are motivated by social needs – the need to belong, to feel part of a group, to display loyalty, and to give and receive friendship, acceptance and support from others at work. Thus, the social forces of the peer group play a more important role than controls imposed by managers in determining the behavior of individuals.

This concept stresses the need for a manager to understand people's feelings and their need to identify with a group, and to harness these needs for the benefit of the organization.

***Self-actualization assumptions:*** This assumption is based on the idea that individuals are mainly influenced by their own needs and motives. According to this concept, motives fall into five categories that form a hierarchy, ranging from the basic need for existence to the highest need of self-actualization which involves the maximum use of a person's potential. This concept highlights the 'intrinsic' satisfaction that an individual derives from the tasks associated with the job.

***Complex assumptions:*** This concept presents Schein's own view of people. According to this assumption, individuals are complex and highly variable in their behavior. They develop and change in response to internal processes and external factors. Further, as time progresses, new motives develop in people and they learn to respond to different managerial strategies. Thus, even if a manager knows his subordinates well, he should always be prepared for surprises.

### Lyman Porter's Model of Human Nature

Lyman Porter and his colleagues have identified six models that describe the nature of people. These models are described below:

#### ***Rational or Emotional?***

The rational view holds that people behave in a rational manner. They systematically collect and evaluate information and make decisions by carrying out an objective analysis of the various options available to them. A manager who holds this view adopts a rational approach while interacting with people and may totally disregard the emotions, feelings and the human side of his or her

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subordinates. In contrast, the emotional view holds that individuals are predominantly ruled by their emotions, some of which are uncontrollable in nature.

### ***Behavioristic or Phenomenological?***

According to the behavioristic view, an individual's behavior is influenced by the environment. Managerial strategies based on this theory try to bring about changes in the environment in order to make subordinates behave in the desired manner. In contrast, the phenomenological view proposes that people are unpredictable, subjective, relative (rather than absolute) and unique in nature.

### ***Economic or Self-actualizing?***

The economic view proposes that economic factors motivate people. The theory assumes that people behave in a rational manner and get satisfaction from material rewards. Managers who adopt this view may consider money as the prime means to motivate their subordinates to accomplish organizational tasks. On the other hand, the self-actualizing view holds that individuals in an organization try to develop themselves, so as to increase their competence and make the best use of their potential. A manager who holds this view would strive to establish an environment that would help all individuals in the organization to work towards self-improvement by exercising self-direction and utilizing their full potential.

**Activity:** What motivates you to work hard and strive to excel at college? Do these motivating forces have any similarity with those discussed in the above section? Discuss.

**Answer:**

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## **McGregor's Theory X and Theory Y**

Douglas McGregor used two assumptions – Theory X and Theory Y to explain the nature of people. According to him, managers should first ask themselves how they see themselves in relation to others.

**Theory X assumptions:** Theory X has a pessimistic and rigid view of human nature and includes some of the 'traditional' assumptions of human nature. Some of the assumptions of this theory are:

- Basically, people dislike work and they try to avoid it.
- Managers need to control, coerce, direct, and threaten employees with punishment to make them work towards achieving organizational goals.
- People prefer to be directed, wish to avoid responsibility, have little ambition and above all, want security.



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**Theory Y assumptions:** This theory has an optimistic, dynamic, flexible, and positive view of people.

- People do not have a natural dislike for work; rather, they try to put in physical and mental efforts for work as naturally as they would for play or rest.
- People are internally motivated to achieve the goals and objectives to which they are committed. So no external control or punishment is required to make them achieve organizational goals.
- Individuals show commitment towards achievement of goals in proportion to the size of the rewards associated.
- People try to accept responsibility and even seek responsibility.
- The intellectual potential of an average individual cannot be completely utilized under conditions of modern industrial life.

Theory X puts more emphasis on a superior's control and supervision over subordinates to make them achieve organizational goals while Theory Y emphasizes self-control and self-direction by the subordinates and integration of individual needs with organizational goals.

### **Clarification of the theory**

McGregor made the following clarifications pertaining to some of the areas that could be misunderstood:

- i. Theory X and Theory Y are just assumptions and are not to be treated as prescriptions or suggestions for managerial strategies. These assumptions are only intuitive deductions and are not based on research.
- ii. Theory X and Theory Y do not indicate 'hard' or 'soft' management. Resistance and antagonism may result if the management adopts a "hard" approach. On the other hand, a "soft" approach may result in *laissez faire* management, which is not congruent with Theory Y.
- iii. Theory X and Theory Y have a totally contrasting view of people. X and Y type personalities do not constitute the two extremes of a continuum with X on one end and Y at the other. The difference between these two types of personalities is not in terms of degree. Instead, X and Y represent opposite types of personalities.
- iv. Theory Y cannot be considered as an argument against the use of managerial authority. Neither should it be considered as a case for consensus management.
- v. Different tasks and situations require different approaches to management. While authority and structure may prove to be effective for certain tasks, other tasks and situations may require a different approach.

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### Three Managerial Models by Raymon E. Miles

Raymond E. Miles believes that managers must create an efficient and effective socio-technical system by integrating organizational variables (like goals, technology and structure) with human variables (like attitudes, capabilities, values, needs, and demographic characteristics). This integration is done through managerial activities of selecting, training, directing, appraising, communicating, and controlling. He believes that a manager's view of how to manage people is the determining factor for the way managerial activities are carried out. He proposed three models of management – the traditional model, the human relations model, and the human resources model.

The *traditional model* emphasizes the controlling and directing functions of the manager to obtain the desired performance from the employee. This model is thus somewhat similar to McGregor's Theory X. The *human relations model* focuses on social and egoistic needs of the individual. This model recognizes the fact that fair treatment and remuneration are not enough to motivate people to work. The *human resources model* advocates that managers should act as developers and facilitators to help their subordinates to achieve performance targets.

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### Check Your Progress

1. Edgar H. Schein did not base his study of human behavior on which of the following concepts?
  - a. Rational-economic assumptions
  - b. Social assumptions
  - c. Self-actualizing assumptions
  - d. Simple assumptions
2. The concept of social assumptions is based on \_\_\_\_\_belief that people are motivated by social needs.
  - a. Kurt Lewin's
  - b. Douglas McGregor's
  - c. Elton Mayo's
  - d. Chris Argyris'
3. \_\_\_\_\_, proposed by Douglas McGregor, has a positive, dynamic, flexible and optimistic view of employees.
  - a. Theory W
  - b. Theory X
  - c. Theory Y
  - d. Theory Z

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4. 'Manager B' has a positive view of his subordinates and MBO procedures. However, the subordinates of 'Manager B' do not believe in the MBO procedures, which led to failure of MBO program in the organization. The subordinates are said to have attitudes and behaviors of \_\_\_\_\_.
    - a. Theory Z
    - b. Theory Y
    - c. Theory W
    - d. Theory X
  5. McGregor's \_\_\_\_\_ takes a pessimistic and rigid view of human nature.
    - a. Theory W
    - b. Theory X
    - c. Theory Y
    - d. Theory Z
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### 5. Managerial Creativity

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Creativity is the ability to generate new ideas. According to Robert Kreitner, "creativity is a function of knowledge, imagination, and evaluation. The greater our knowledge, the more ideas, patterns, or combinations we can achieve. But merely having the knowledge does not guarantee the formation of new patterns; the bits and pieces must be shaken up and interrelated in new ways. Then, the embryonic ideas must be evaluated and developed into usable ideas." Managerial problem solving requires some amount of creativity. Managers generate new ideas as well as translate them into practical application.

#### The Creative Process

The creative process consists of four phases:

- i. **Unconscious scanning:** The problem is not well defined in the first stage of the creative process. The manager analyzes the problem at the back of his mind.
- ii. **Intuition:** At the second stage, intuition links the unconscious state of the mind with the conscious state. For intuition to work, employees need to come up with new combinations of ideas and to integrate diverse concepts and ideas. Techniques such as brainstorming and synectics are helpful in promoting intuitive thinking in individuals.
- iii. **Insight:** Insight is a result of hard work. Insights most often occur when thoughts are not directly focused on the problem at hand.
- iv. **Logical formulation:** In the last stage of the creative process, generated insights are tested using logic or experiment. This may be done by continuing to work on an idea or by inviting critiques from others.

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### Techniques to Enhance Creativity

Creativity can be taught. Creative thoughts are a result of hard work and there are various techniques, especially in the decision-making process, to nurture creative thoughts in individuals. Some techniques focus on individual actions, while some focus on group interactions. Two popular techniques to nurture creativity in individuals are *brainstorming* and *synectics*.

**Brainstorming:** Alex F. Osborn developed the technique of brainstorming, one of the best-known techniques for facilitating creativity. The purpose of using the brainstorming technique is to find new and unusual solutions to problems, thus improving problem solving. It aims at multiplication of ideas through group thinking.

The following rules are observed in brainstorming:

- No ideas are criticized
- As many ideas as possible are pooled.
- Participants are encouraged to contribute towards improving the ideas of other participants
- Radical ideas are welcomed. The more radical the ideas, the more effective they make the brainstorming technique.

**Synectics:** This technique is a modification of the Gordon technique, developed by William J. Gordon. The members of a synectics team are carefully chosen, taking into consideration their ability to deal with the problem. The problem may be of a magnitude that affects the entire organization.

The leader of the group plays a key role in this approach. The specific nature of the problem is known only to the leader. It is the duty of the leader to guide the discussion without revealing the actual problem. This is done primarily to prevent the group from reaching a premature solution to the problem. The members of the group are then involved in a complex set of interactions from which a solution emerges. The outcome of the synectics approach is often an innovative new product.

#### **Example: Tapping Innovative Ideas at RPG Enterprises**

To encourage innovation and creativity, RPG Enterprises has set up a team called 'incubators'. They are specially selected senior executives of the company whose responsibility is to ensure that the innovative business ideas generated by the employees are tapped and converted into profit avenues for the organization. The company rewards and encourages the employees through its recognition and reward program. RPG Enterprises has introduced a new 'innovation culture' under which employees undergo several training sessions. This encourages them to 'think outside the box'. The company tries to encourage idea generation at every level.

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### *Limitations of traditional group discussion*

Although it is true that brainstorming and *synectics* may result in creative ideas, it would be wrong to assume that creativity thrives only in groups. In fact, a group discussion may hinder creativity in many ways. Lower-level managers may not be able to express their views openly in the presence of top-level managers. The need to arrive at a consensus may be stronger than the need to explore creative but unpopular solutions to a problem. Due to the need to arrive at a decision as early as possible, groups may not make any efforts to search for data relevant to a decision.

**Activity:** Discuss the creative process in detail. Describe how an individual can be made more creative by using different techniques to improve creativity.

**Answer:**

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### **The Creative Manager**

It is detrimental to the organization if the managers assume that most employees are non-creative and possess little ability to develop new ideas. In a favorable environment almost all individuals are capable of being creative. However, the degree of creativity varies from individual to individual.

Creative individuals are usually very curious and come up with new and unusual ideas. They are seldom satisfied with the *status quo*. They are aware of their capabilities, object to conformity, and try to be different from the others. Creative individuals are not only intelligent and rational, but also use the emotional aspects of their personalities in problem solving.

There can be no doubt that creative people can make an immense contribution to an organization. However, creative individuals may also cause difficulties in an organization. This is because change is not always welcome and frequently leads to undesirable and unexpected consequences.

On account of these difficulties, most organizations underutilize their creative individuals and forget that unusual ideas can be of great benefit to the firm. However, creativity can be nurtured if the organization makes effective use of individual and group techniques of enhancing creativity.

### *Innovation and entrepreneurship*

In recent times, considerable attention has been given to innovation and entrepreneurship. These terms conjure up pictures of entrepreneurs who proved successful within a short period of time by establishing new companies.

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Ramalinga Raju of Satyam Computers and Narayana Murthy of Infosys are two of India's prominent first-generation entrepreneurs.

According to Peter F. Drucker, innovation suits not only a high-tech organization but a low-tech, established business as well. Worthwhile innovations are not just a matter of sheer luck; they require systematic and rational work which must be well-organized and managed in order to deliver the desired results.

The term 'entrepreneurship' suggests dissatisfaction over the ways things are, and awareness of a need to do things differently. Innovation may take place in the following situations:

- An unexpected event, i.e., success or failure.
- Realization of the incongruity between what is assumed and the real situation.
- The need to improve on a task or a process.
- Market changes or changes in the industry structure.
- Demographic changes.
- Innovation based on knowledge.
- Change in meaning or in the way things are perceived.

### **Example: Developing Entrepreneurial Skills at Wipro**

Apart from being the leading software company of the country, Wipro has a track record of developing entrepreneurs. The entrepreneurs who started MindTree Consulting, Kshema Technologies, TVA Infotech, Fabmart and others, worked with Wipro in the past.

Wipro develops entrepreneurs by offering early general managerial responsibility to its employees. This acts as a motivator for developing them into first generation entrepreneurs. Wipro has developed a structured innovation initiative through which it tries to leverage the entrepreneurial abilities of its employees to accomplish organizational goals.

### ***Harmonizing objectives: The key to leading***

A manager should have a thorough understanding of the human factor in order to lead satisfactorily. The leadership style and motivational approach that a manager adopts depends on the way he or she views human nature.

Individuals in an organization usually work in groups, towards the achievement of personal and organizational goals and objectives. Sometimes these goals and objectives may clash and lead to discord. As a leader, the manager must harmonize the needs of individuals with the requirements of the organization.

## Managing and the Human Factor

The managerial function of leading helps to bridge the gap between effective control techniques, logical and well-defined plans, carefully designed organization structures, and efficient staffing programs on the one hand, and the need for people to understand, to be motivated, and to contribute all they are capable of to achieve organizational objectives on the other. A manager has to design an environment that takes full advantage of the individual drives of employees. By communicating with their subordinates and guiding them, managers must make them understand how their own interests are served when they work creatively for the organization.

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### **Check Your Progress**

6. Which of the following is not a phase of the creative process?
  - a. Conscious scanning
  - b. Intuition
  - c. Insight
  - d. Logical formulation
7. Which one of the following phases of the creative process is largely the result of hard work?
  - a. Unconscious scanning
  - b. Intuition
  - c. Insight
  - d. Logical formulation
8. Which of the following phases of the creative process involves the testing of insights generated by using logic or experiment?
  - a. Conscious scanning
  - b. Unconscious scanning
  - c. Intuition
  - d. Logical formulation
9. In the creative process, \_\_\_\_\_ links the unconscious mind with the conscious mind.
  - a. Insight
  - b. Intuition
  - c. Logical formulation
  - d. Unconscious scanning
10. Brainstorming and synectics techniques encourage individuals to think \_\_\_\_.
  - a. Optimistically
  - b. Pessimistically
  - c. Intuitively
  - d. Emotionally

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11. Alex F. Osborn developed the \_\_\_\_\_ techniques for facilitating creativity.
    - a. Brainstorming
    - b. Synectics
    - c. Linear programming
    - d. Simulation
  12. Which of the following techniques for enhancing creativity involves a complex set of interactions from which a solution emerges?
    - a. Brainstorming
    - b. Synectics
    - c. Simulation
    - d. Linear programming
- 

## 6. Summary

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- Leading is the process of influencing individuals and making them contribute towards group and organizational goals. Managers have to consider four aspects to understand human behavior. They are individual differences, importance of personal dignity, considering the whole person, and multiplicity of roles.
- Management writers have proposed various models to understand human behavior. Behavioral models have been proposed by Edgar H. Schein, Lyman Porter, Douglas McGregor, and Raymond E. Miles.
- Creativity is an important factor in managing people. It is the ability and power to develop new ideas. The creative process consists of four overlapping stages – unconscious scanning, intuition, insight, and logical formulation. Two widely used techniques used to improve creativity are brainstorming and synectics.
- Entrepreneurship is the process of planning, organizing, operating, and assuming the risk of a business venture. Innovation involves translation of the creative ideas.

## 7. Glossary

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**Innovation:** A new idea applied to initiating or improving a process, product, or service.

**Theory X:** Belief that employees dislike work and require an autocratic style of leadership.

**Theory Y:** Theory Y is optimistic, dynamic, and flexible, with an emphasis on self-direction and the integration of individual needs with organizational demands.



## 8. Self –Assessment Test

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- 1) What are the various aspects managers should consider as part of their efforts to understand the behavior of people?
- 2) Discuss the major assumptions of Theory X and Theory Y.
- 3) Describe Lyman Porter's model of human nature.
- 4) Describe briefly the creative process and the techniques to enhance creativity.

## 9. Suggested Readings/Reference Material

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- Chapter 15: Managing and the Human Factor, *Introduction to Management*, ICMR Publications.
- Chapter 5: Entrepreneurship and New Venture Management, Ricky W. Griffin. *Fundamentals of Management: Core Concepts and Applications*. First Indian edition. Chennai: All India Publishers & Distributors Regd, 2000.

## 10. Model Answers

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### 10.1 Model Answers to Check Your Progress Questions

Following are the model answers to the Check Your Progress questions given in the Unit.

#### 1. (d) Simple assumptions

The four concepts of human behavior are based on rational-economic assumptions, social assumptions, self-actualizing assumptions and complex assumptions. Simple assumptions are not an aspect of the human behavior concept as proposed by Edgar H. Schein.

#### 2. (c) Elton Mayo's

Social assumptions are based on Elton Mayo's belief that people are motivated by social needs: the need to belong, to display loyalty, to give and receive friendship, and acceptance and support from others at work. Managers should try to understand people's feelings and their need to identify with a group.

#### 3. (c) Theory Y

Theory Y assumes that people do not have a natural dislike for work and that they are intrinsically motivated to achieve goals and objectives to which they are committed.

#### 4. (d) Theory X

The manager's positive view of his subordinates and MBO procedures may change subordinates who believe in Theory X and develop them to point where they fit Theory Y assumptions. In such a case, an MBO program

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would have a good chance of succeeding. High likelihood of failure of MBO program is there when manager holds Theory Y assumptions and his subordinates have Theory X attitudes and behavior.

### **5. (b) Theory X**

Theory X assumes that individuals dislike and avoid work if they can. According to the theory, employees wish to avoid responsibility and have little ambition. Therefore, managers have to control, coerce, and direct employees towards the achievement of organizational objectives.

### **6. (a) Conscious scanning**

The creative process is linear, comprising of four interacting and overlapping phases: unconscious scanning, intuition, insight and logical formulation conscious scanning is not a phase in creative process.

### **7. (c) Insight**

Often, insights occur when a person's thoughts are not directly focused on the problem at hand. The third phase of the creative process insight is largely the result of hard work.

### **8. (d) Logical formulation**

The final phase of the creative process consists of logical formulation or verification. It involves testing the insights generated by using logic or experiment.

### **9. (b) Intuition**

Intuition comes into the second phase of the creative process and links the unconscious state of mind with the conscious state. This state may involve a combination of factors that may seem contradictory at first phase.

### **10. (c) Intuitively**

Intuition links the unconscious mind with the conscious mind. This creative process encourages individuals to combine ideas and concepts in novel ways. Brainstorming and synectics techniques are used to improve intuitive thinking in individuals.

### **11. (a) Brainstorming**

Brainstorming is a technique used to bring forth many alternative solutions; it involves a group of people brought together to generate as many novel ideas as possible on a given topic without evaluating them.

### **12. (b) Synectics**

The members of the synectics team are carefully chosen, taking into consideration their ability to deal with the problem. The specific nature of the problem is known only to the leader and he plays a key role in this approach. In order to prevent the group from reaching a premature solution to the problem, the actual problem is not revealed to the group members. The members of the group are then involved in a complex set of interactions from which a solution emerges. The outcome of the synectics approach is often an innovative new product.

## Unit 16

# Motivating Employees for Job Performance

### Structure

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1. Introduction
2. Objectives
3. Definitions and Meaning of Motivation
4. Classification of Motivation Theories
5. Motivational Techniques
6. A Systems and Contingency Approach to Motivation
7. Summary
8. Glossary
9. Self-Assessment Test
10. Suggested Readings/ Reference Material
11. Model Answers

### 1. Introduction

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In the previous unit, the importance of human behavior in managing was discussed. In this unit, motivation will be discussed. Motivation is a human psychological characteristic that affects a person's degree of commitment. It is the set of forces that move a person towards a goal. It deals with how behavior is energized, how it is directed, and how it is sustained. The manager's challenge, then, is to channel this energy and direct this behavior toward the organization's ends.

This unit discusses motivation, various motivational theories, and motivational techniques. The unit also explains the systems and contingency approach to management.

### 2. Objectives

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By the end of this unit, students should be able to:

- Define motivation
- Classify various theories of motivation
- Determine several techniques of motivation
- Explain the systems and contingency approach to motivation

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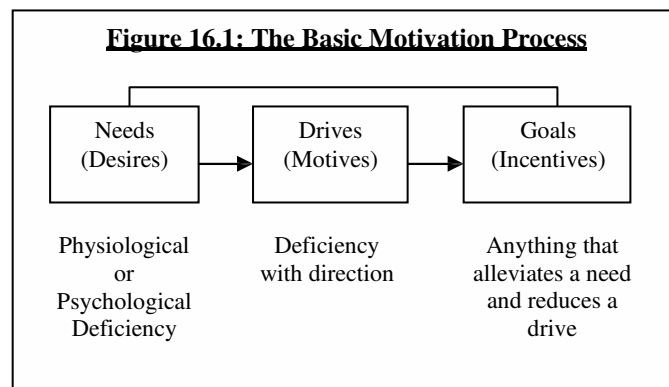
### 3. Definitions and Meaning of Motivation

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According to Stephen P. Robbins, “motivation is the willingness to exert high levels of effort toward organizational goals, conditioned by the effort’s ability to satisfy some individual need.”

Fred Luthans defined motivation as “a process that starts with a physiological or psychological deficiency or need that activates behavior or a drive that is aimed at a goal or incentive.”

Motivation depends upon three important components which include needs, drives, and goals. Figure 16.1 depicts the motivation process. The fulfilling of an individual’s needs or desires can serve to motivate him. A need is a felt deprivation of an individual, who strives to satisfy it by various means. Drives or motives are intensified needs, which provoke the individual towards fulfillment of his desires. Drives are action-oriented and provide an energizing thrust toward reaching a goal. Incentives or goals are the instruments used to induce people to follow a desired course of action. In other words, goals provide the means to individuals and direct them towards the course of action that helps in satisfying their needs or drives. A manager motivates his personnel towards the achievement of organizational objectives by satisfying their needs.



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#### **Check Your Progress**

1. According to Stephen P. Robbins, which of the following is the willingness to exert a high level of effort toward organizational goals, conditioned by the effort’s ability to satisfy some individual need?
  - a. Morale
  - b. Drive
  - c. Motivation
  - d. Incentive
2. Which of the following refers to a felt deprivation of physiological or psychological well-being?

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- a. Drive
  - b. Need
  - c. Incentive
  - d. Goal
3. \_\_\_\_\_ are action-oriented and provide an energizing thrust towards the achievement of goals.
- a. Drives
  - b. Needs
  - c. Goals
  - d. Wants

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### 4. Classification of Motivation Theories

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Motivation theories can be classified into two categories – content or need theories and process theories. Need theories propose that the behavior of an individual depends upon his needs and motives, and that they direct him towards specific actions. Need theories are also called content theories as they specify precisely what motivates an individual. Process theories deal with the dynamics of motivation, and how the process of motivation takes place.

#### Content Theories of Motivation

The most popular content theories were proposed by Abraham Maslow, Frederick Herzberg, Clayton Alderfer, and David McClelland. These theories had a significant impact on the field of management.

##### *Maslow's needs hierarchy theory*

Needs hierarchy theory or hierarchy of needs theory was one of the most widely known theories of motivation developed by the psychologist, Abraham Maslow. According to this theory, needs are classified into five-levels of hierarchy. The five levels are physiological needs, security needs, social needs, self-esteem needs, and self-actualization needs. Maslow states that individuals satisfy their needs in the order of priority starting from the lower order needs to the higher order needs.

*Physiological needs:* These are the basic needs for food, clothing, and shelter.

*Safety and security needs:* Once the physiological needs are met, the individual aims to satisfy his safety and security needs.

*Social needs:* These involve the desire to affiliate with and be accepted by others.

*Esteem needs* represent the higher needs of humans. These include the desire to have a positive self-image and to obtain the respect of and recognition from others.

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*Self-actualization needs:* These are the highest level needs in Maslow's needs hierarchy theory. It is an individual's desire to realize his potential through continuous growth and self-development.

### *Limitations to Maslow's theory*

This theory has certain drawbacks. A number of research studies have been conducted on the needs hierarchy theory in organizations. The studies revealed that human needs do not always emerge in a hierarchical manner. Also, Maslow's theory does not explain how a person prioritizes the needs at a particular level of hierarchy.

### *Herzberg's two-factor theory*

In the late 1950s, Herzberg and his associates conducted a study involving two hundred engineers and accountants to find out the extent of their satisfaction or dissatisfaction with their jobs. The respondents in the study were asked to recall instances when they were particularly satisfied with their work and instances when they were particularly dissatisfied with their work. The factors which made them express satisfaction were related to the content of their job. According to the respondents, the aspects of their job which gave them satisfaction included having opportunities to achieve something through their work, receiving recognition from others for their work, having opportunities for promotion and advancement, and having a chance to take on new responsibilities. Herzberg and his associates call these job content factors which contribute to the individual's satisfaction, motivators. On the other hand, feelings of discontent or dissatisfaction were found to be associated with factors related to the job context, or factors that affect the immediate work environment but were not directly related to the job itself. The respondents complained about poor supervision, the inability to mingle with other people on the job, uncomfortable working conditions, low pay and benefits and job insecurity. These job context factors that lead to dissatisfaction of individuals have been termed as hygiene factors by Herzberg.

Based on these results, Herzberg concluded that the presence of good job content factors leads to satisfaction, and the absence of good job context factors leads to dissatisfaction. The findings of Herzberg and his associates suggest that the best way to motivate workers is to satisfy their need for job content factors. Herzberg contended that hygiene factors were important to prevent workers from feeling dissatisfied but did not lead to their satisfaction.

Motivators in the Herzberg's two-factor theory correspond to the higher-level needs of esteem and self-actualization in Maslow's needs hierarchy, while the hygiene factors correspond to Maslow's physiological, safety and social needs.

Edwin Locke, who reviewed research pertaining to Herzberg's theory spelt out the various problems associated with Herzberg's findings. They are

1. the theory minimizes differences across people;
2. there is confusion in the original classification and statements; and

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3. the arguments put forth by Herzberg are characterized by logical inconsistencies.

It was, therefore, concluded that Herzberg's arguments did not withstand logical or empirical scrutiny.

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### **Check Your Progress**

4. Which of the following is not a physiological need?
  - a. Basic pay
  - b. Work space
  - c. Life insurance
  - d. Company cafeteria
5. Which of the following is a self actualization need?
  - a. Important projects
  - b. Recognition
  - c. Opportunities for innovation and creativity
  - d. Life insurance
6. According to need theories, we behave the way we do because we are attempting to fulfill internal needs. These theories are called \_\_\_\_\_ theories of motivation, as they specify what motivates individuals.
  - a. Process
  - b. Need
  - c. Content
  - d. Hierarchy of needs
7. Who developed the 'hierarchy of needs theory'?
  - a. Herzberg
  - b. Abraham Maslow
  - c. McClelland
  - d. Alderfer
8. According to Herzberg, \_\_\_\_\_ are job content factors which lead to job dissatisfaction.
  - a. Motivators
  - b. Hygiene factors
  - c. Context factors
  - d. Psychological factors
9. The need for \_\_\_\_\_ refers to the desire to be influential and to have an impact on a group.
  - a. Power
  - b. Affiliation

## Leading

- c. Achievement
- d. Morale

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### *McClelland's needs theory*

David C. McClelland explained the significance of three basic needs that play a major role in the motivation of individuals. They are achievement needs, affiliation needs, and power needs.

*Need for achievement:* People with a high need for achievement are highly responsible, innovative, and high achieving and are motivated by challenging assignments. People with high need for achievement are characterized by restlessness and willingness to work long hours. Individuals with high need for achievement can be a valuable source of creativity and innovative ideas in organizations.

*Need for affiliation:* People with a need for affiliation have a strong desire for interpersonal relationships. They usually exhibit the following characteristics:

- i. They strive to maintain pleasant social relationships.
- ii. They enjoy a sense of intimacy and understanding.
- iii. They are ready to console and help others in trouble.
- iv. They love to engage in friendly interaction with others

To motivate individuals with a high need for affiliation, managers should provide them with a congenial and supportive work environment in which they can meet both corporate goals and their high affiliation needs by working with others.

*Need for power:* The need for power refers to the desire to be influential and to have an impact on a group. The need for power is manifested in two forms: personal and institutional. People with high need for personal power try to dominate others by demonstrating their ability to wield power. In contrast, individuals with a high need for institutional power focus on working along with others to solve problems and achieve organizational goals. McClelland's work suggests that individuals with a high need for institutional power become the best managers, because they are able to coordinate the efforts of others to achieve long-term organizational goals.

Thus, it is suggested that the need profile of successful managers, at least in a competitive environment, consists of (1) a moderate to high need for institutional power, (2) a moderate need for achievement and (3) at least a minimum need for affiliation. According to McClelland, individuals without the appropriate need profile can increase their needs through training.

*Alderfer's ERG theory:* Clayton Alderfer proposed the ERG theory, which is considered as an extension of Herzberg's two-factor theory. Alderfer categorized needs into three groups, namely existence needs, relatedness needs, and growth



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needs. Existence needs are the basic necessities of human beings, and are similar to Maslow's physiological needs. Relatedness needs are the social needs of individuals such as the need to belong, the need for social relationships, etc. Growth needs pertain to the desire to be creative, make useful and productive contributions and have opportunities for personal development. According to the ERG theory, different needs can emerge simultaneously, and people can move backward and forward through the needs continuum as circumstances change. There is every possibility that a higher-level need may assume greater significance over a lower-level need.

### *Assessing need theories*

McClelland's needs theory, Alderfer's ERG theory, Maslow's needs hierarchy, and Herzberg's two-factor theory stress the significance of higher-level needs as sources of motivation. Forecasting employees' needs for personal growth is particularly important in today's complex business environment, because of the pressing need in organizations for innovative ideas, improved quality, and greater capacity to implement changes.

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### **Check Your Progress**

10. A content theory of motivation which argues that individual needs form a five-level hierarchy is known as \_\_\_\_\_.
  - a. The hierarchy of needs theory
  - b. Herzberg's two-factor theory
  - c. The ERG theory
  - d. Theory X
11. Which of the following needs does not come under McClelland's needs theory?
  - a. Achievement needs
  - b. Affiliation needs
  - c. Power needs
  - d. Safety needs
12. According to McClelland's needs theory, individuals who use \_\_\_\_\_ power become successful managers.
  - a. Personal
  - b. Institutional
  - c. Individual
  - d. Psychological
13. In Alderfer's ERG theory, ERG stands for \_\_\_\_\_.
  - a. Existence-relatedness-gain
  - b. Existence-relatedness-growth

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- c. Endurance-relatedness-growth
  - d. Endurance-resemblance-gain
14. Who proposed the ERG theory?
- a. Victor H. Vroom
  - b. Lyman W. Poter
  - c. Clayton Alderfer
  - d. McClelland
15. In the ERG theory, \_\_\_\_\_ need pertain to the desire to be creative, make useful and productive contributions and have opportunities for personal development.
- a. Growth
  - b. Existence
  - c. Relatedness
  - d. Power

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## Process Theories of Motivation

Process theories of motivation focus on the dynamics of motivation. Process theories are also called cognitive theories due to their focus on the thought processes associated with motivation. The well-known process theories are: the expectancy theory, Porter and Lawler model, and the equity theory.

*Vroom's expectancy theory:* Victor H. Vroom proposed the expectancy theory of motivation. The theory comprised the key concepts of valence, expectancy, and instrumentality. Their relationship is stated in the following formula:

Valence X Expectancy X Instrumentality = Motivation

**Valence:** Valence refers to the preference of an individual for a particular outcome. The valence component helps an individual assess the anticipated value of various outcomes. If the possible reward or outcome of the work is of interest to the individual performing it, the valence component will be high. However, it is likely that the value of possible negative outcomes (loss of leisure time, disruption of family life, etc.) may offset the value of rewards in a given situation. The valence is set in the range of +1, through 0, to -1. When an individual has a strong desire for the outcome, the valence is positive. On the other hand, if the individual wishes to avoid the outcome, the valence is negative.

**Expectancy:** Expectancy refers to the probability that certain efforts will lead to the required performance. Expectancy is the probability (ranging from 0 to 1) that a particular action or effort will lead to an expected performance and expected outcome.

*Instrumentality:* Instrumentality refers to the probability that successful performance will lead to certain outcomes. It ranges from 0 to 1 in magnitude.

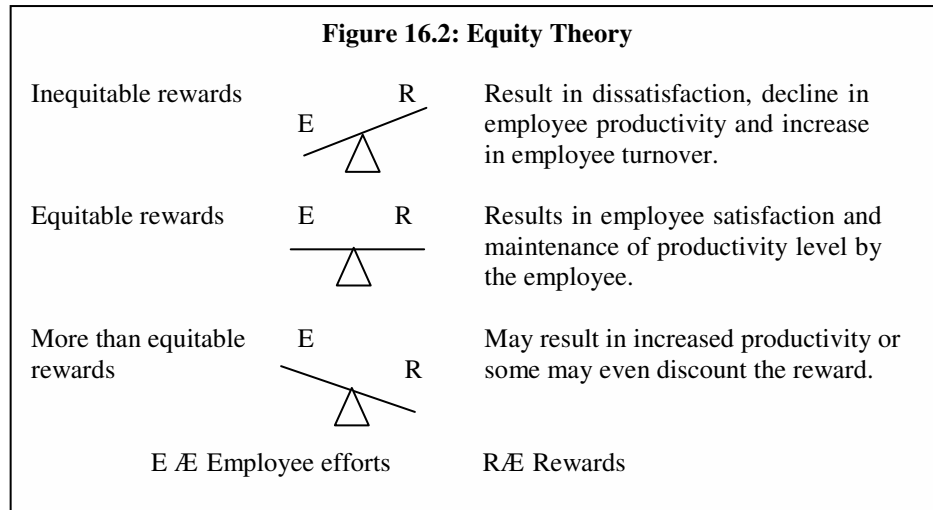
The relationship of the three concepts is given as:

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Valence  $\Delta$  Expectancy  $\Delta$  Instrumentality = Motivation

### Combining the elements

The expectancy theory holds that individuals consider all three elements – valence, expectancy, and instrumentality – to decide whether or not to put in an effort in a particular direction. People are likely to make judgments about each of the three elements in a given situation and then combine the elements according to the general formula given by the expectancy theory:



$(E \rightarrow P) \Delta (P \rightarrow O) \Delta \text{Valence} = \text{Motivation}$

where,

E represents the effort, P represents the performance, and O represents the outcome.

### Implications of the theory

- Rewarding high performance is an important component of motivation.
- Poor performance should not be rewarded. Rewarding poor performance leads to low instrumentality, and ultimately to low motivation for performance among subordinates.

**The Porter-Lawler model:** The Porter-Lawler model was developed by Lyman W. Porter and Edward E. Lawler III. The theory proposed that performance did not result from the satisfaction of an individual but that performance could lead to satisfaction through the reward process. The model suggests that organizations should integrate the effort-performance-reward-satisfaction system to motivate the individuals towards performance.

**Equity theory:** J. Stacy Adams is the proponent of the equity (or inequity) theory. His theory of motivation focuses on people's sense of fairness or justice. The equity theory refers to the subjective judgment of an individual about the fairness of his reward, relative to the inputs (which include many factors such as effort, experience, education, etc.), in comparison with the rewards of others. The inputs include effort, experience, skills, and education. Outcomes may be pay, bonuses, appreciation, etc. An individual may be dissatisfied if the

## Leading

outcomes do not match his inputs. The performance of an individual will remain at the same level if the individual perceives that he has been equitably rewarded. If individuals perceive that rewards are more than inputs, they may put in more effort into their work. In such situations, there is every chance that some individuals may discount the reward. Figure 16.2 illustrates these three situations.

The essential aspects of the equity theory may be shown in an equation as follows:

Inequity occurs when

$$\frac{\text{Person's outcomes}}{\text{Person's inputs}} < \frac{\text{Other's outcomes}}{\text{Other's inputs}}$$

$$\frac{\text{Person's outcomes}}{\text{Person's inputs}} > \frac{\text{Other's outcomes}}{\text{Other's inputs}}$$

When individuals feel that their rewards are not in accordance with their inputs, they may be dissatisfied, reduce the quantity or quality of output, or resign from the organization. When people perceive that they have been equitably rewarded (output = input), they will probably contribute the same level of production output. When people perceive the rewards as being more than equitable (output > input), they may work harder. In such situations, there is every chance that some individuals may discount the reward.

### *Assessment of the theory*

The most serious limitation of the equity theory is its lack of concrete guidance on how to restore equity. However, research on the equity theory supports its primary contentions. The theory highlights the importance of social comparison processes, and goes beyond the expectancy theory as a cognitive explanation of work motivation.

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### **Check Your Progress**

16. Which of the following is an input of an individual according to the equity theory?
  - a. Furniture
  - b. Job titles
  - c. Skills
  - d. Bonuses
17. While content theories focus on factors within the individual that lead to motivation, \_\_\_\_\_ theories focus on the dynamics of motivation and the way in which the motivation process takes place.
  - a. Process
  - b. Need
  - c. Content
  - d. Sub process

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18. The Expectancy theory of motivation was originally proposed by \_\_\_\_\_.  
a. Lyman W. Poter  
b. Victor H. Vroom  
c. Abraham Maslow  
d. McGregor
19.  $\text{Valence} \times \text{Expectancy} \times \text{Instrumentality} = \text{_____}$ .  
a. Morale  
b. Motivation  
c. Achievement  
d. Power
20. \_\_\_\_\_ refers to the preference of an individual for a particular outcome.  
a. Expectancy  
b. Instrumentality  
c. Valence  
d. Motivation
21. \_\_\_\_\_ theory of motivation proposed by J. Stacy Adams focuses on the sense of fairness or justice that most people possess.  
a. Expectancy  
b. ERG  
c. Two factor  
d. Equity

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### 5. Motivational Techniques

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Different motivational techniques can be used to motivate employees towards effective performance. They are:

#### Rewards

Rewards may be defined as material or psychological payoffs for the accomplishment of tasks. Rewards are of two types – extrinsic and intrinsic rewards. Extrinsic rewards such as money, perks and amenities, promotion, and recognition, are the pay-offs granted by the management. Intrinsic rewards such as satisfaction and achievement are the internal feelings generated in individuals through the performance of challenging and interesting jobs.

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### **Example: Intel**

At Intel, rewards are clearly linked to performance. About half the pay is tied to company or divisional performance, and more than 70% of employees have the right to purchase stock options. The way the Intel management sums this up is, "The reward system reinforces the company's high expectations of its employees to grow, learn, and lead."

Source: [http://www.1000ventures.com/business\\_guide/crosscuttings/motivating\\_reward\\_system.html](http://www.1000ventures.com/business_guide/crosscuttings/motivating_reward_system.html)

## **Participation**

Participation is an effective technique with which to motivate individuals. It satisfies the esteem and self-actualization needs of employees. It improves the knowledge of employees and contributes to their advancement. MBO is the most popular and modern method of motivating employees. It allows employee participation in goal setting.

**Activity:** Akil is the manager of RK Readymade Showroom. The firm buys cloth material and makes readymade garments. Around 500 people are employed in the firm and each employee is supposed to stitch at least ten dresses per day, with Rs 30 being paid for each dress stitched. However, the employees are managing to stitch only 7-8 dresses per day. Akil wants to increase their productivity. So he plans to increase the remuneration to Rs 50 per dress. Which motivational technique did Akil want to apply in this case? Do you think Akil's choice of motivational technique is appropriate to increase productivity?

**Answer:**

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## **Quality of Work Life (QWL)**

Quality of work life (QWL) program is another approach to motivation. It is a combination of several fields which include industrial and organization psychology and sociology, industrial engineering, organization theory and development, motivation and leadership theory, and industrial relations. It helps in increasing the productivity of workers by improving the work environment, handling grievances, and paying fair wages and salaries.

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### Job Enrichment

A job may be enriched by encouraging the workers' participation in decision-making, entrusting them with additional responsibilities, making the job more challenging and interesting, etc. Job enrichment techniques can lead to increased productivity, reduced turnover and absenteeism, and improved morale.

#### **Example: Motivational Technique at Wipro Ltd.**

Wipro Ltd., the second largest employer in India's information technology industry introduced the employee stock option plan in 1983. Under this program, stock at par value is awarded to an employee of the company selected by the management. The ESOP policy aims to reward, retain, and attract talent and create a sense of belonging among the company's employees. The staff turnover at Wipro is as low as four to five per cent against the industry average of 18-20 per cent.

Source: [www.domain-b.com/companies/companies\\_w/wipro/19990919wipro\\_esop.html](http://www.domain-b.com/companies/companies_w/wipro/19990919wipro_esop.html)

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### **Check Your Progress**

22. Which of the following is not an extrinsic reward?
  - a. Perks and amenities
  - b. Promotion
  - c. Status symbol
  - d. Personal satisfaction
23. Which of the following may be defined as material or psychological payoffs for the accomplishment of tasks?
  - a. Rewards
  - b. Fines
  - c. Penalty
  - d. Demotions
24. Which of the following fields is not included in "quality of work life"?
  - a. Organization psychology
  - b. Industrial engineering
  - c. Computer engineering
  - d. Organization theory and development

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## **6. A Systems and Contingency Approach to Motivation**

Motivation should be viewed from both the systems and contingency approaches. A single motivation technique may not suit all the situations in an organization. Certain factors like the attitudes of the individuals, various situations, organizational policies, etc., influence motivational techniques.

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The motivational technique applied depends on the situation and the needs of the employees. Motivation also depends on leadership styles and management practice. Managers are supposed to create an environment that motivates employees.

**Activity:** Assume you are the team leader of a marketing research team and that you have been assigned a project by Elite Company Ltd, an FMCG company. The project pertains to obtaining information about the demographics of the location at which the company is going to launch its products. The assignment is viewed as being quite tough. Being a team leader, it is your responsibility to motivate the team members to accomplish the tasks. What are the various motivational techniques you would choose to encourage them?

**Answer:**

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## 7. Summary

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- Motivation is the process of encouraging individuals to move towards the desired response by offering various rewards. There are three key components in the motivation process -- needs, drives, and goals.
- Motivation theories can be classified into two categories – content or need theories and process theories. Need theories propose that the behavior of an individual is based on the needs and motives that direct him towards some specific actions. Process theories attempt to explain the thought processes of individuals when they decide whether or not to behave in a certain way.
- The most popular content theories are Maslow's hierarchy theory, Herzberg's two-factor theory, McClelland needs theory and Alderfer's ERG theory. The well-known process theories are: the expectancy theory of Victor Vroom, the Porter-Lawler model, and the Equity theory.
- Organizations apply various motivational techniques to motivate employees. They include rewards, participation, quality of work life, and job enrichment.
- Motivation should be considered from both the systems and contingency points of view.

## 8. Glossary

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**Achievement Needs:** Desire to accomplish some goal or task more effectively than has been the case in the past.



## Motivating Employees for Job Performance

**Affiliation Needs:** Desire to have intimate and amicable relationships with other people.

**Belongingness Needs:** The needs in Abraham Maslow's hierarchy that involve the desire to affiliate with and be accepted by others.

**Content Theories:** Theories concerned with identifying the different kinds of needs or motives that drive individual behaviors.

**Dissatisfiers:** According to the two-factor theory, the factors (which Herzberg called "hygiene" factors) that can inhibit work, such as salary, working conditions and company policy – all of which are related to the context in which work is conducted.

**Effort Performance (EP) Expectancy:** A component of expectancy theory that concerns our assessment of the probability that our efforts will lead to the required performance level.

**Equity Theory:** A theory of job motivation that emphasizes the role played by an individual's belief in the equity or fairness of rewards and punishments in determining his or her performance and satisfaction.

**ERG Theory:** Theory of motivation that says people strive to meet a hierarchy of existence, relatedness, and growth needs; if efforts to reach one level of needs are frustrated, individuals will regress to a lower level.

**Esteem Needs:** The needs in Maslow's hierarchy related to the two-pronged desire to have a positive self-image and to have one's contributions valued and appreciated by others.

**Expectancy Theory:** A theory of motivation that says that people choose how to behave from among alternative courses of behavior, based on their expectations of what there is to gain from each behavior.

**Extrinsic Rewards:** Rewards, that are provided by others, such as bonuses, awards, or promotions.

**Goal Setting:** Process of improving performance with objectives, deadlines or quality standards.

**Growth needs:** The needs in ERG theory that impel creativity and innovation, along with the desire to have a productive impact on our surroundings.

**Hierarchy of Needs Theory:** A content theory of motivation (developed by Abraham Maslow) which argues that individual needs form a five-level hierarchy.

**Hygiene Factors:** Job content factors, such as pay and benefits, the absence of which can lead to job dissatisfaction.

**Intrinsic Rewards:** Internal rewards such as self-actualization.

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**Job Enrichment:** A job design approach that upgrades the job-task mix in order to increase significantly the potential for growth, achievement, responsibility, and recognition.

**Motivation:** The force that energizes behavior, gives direction to behavior and underlies the tendency to persist.

**Motivators:** Job content factors, such as recognition and opportunity for advancement that lead to job satisfaction.

**Need for Achievement (nAch):** The desire to accomplish challenging tasks and achieve standards of excellence in one's work.

**Need for Affiliation (nAff):** The desire to maintain intimate and friendly relationships with others.

**Need for power (nPow):** The desire to influence others and control one's environment.

**Physiological Needs:** The needs in Maslow's hierarchy that are required for survival such as food, shelter and clothing.

**Power Needs:** Desire to be influential and to have an impact on a group.

**Process Theories:** Theories concerned with the mechanics of motivation.

**Relatedness Needs:** The needs in Alderfer's ERG Theory that address our relationships with others, such as families, work groups, and friendship groups; they are similar to Maslow's belongingness needs.

**Safety Needs:** The needs in Maslow's hierarchy that pertain to the desire to feel safe, secure and free from threats to our existence.

**Self-actualization Needs:** The needs in Maslow's hierarchy that pertain to the requirement of developing our capabilities and reaching our full potential.

**Valence:** Valence refers to the importance given by an individual to the potential outcome or reward that can be achieved by performing effectively.

## 9. Self-Assessment Test

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- 1) Define motivation. Describe the three elements of motivation.
- 2) Briefly describe the content theories of motivation.
- 3) Describe the process theories of motivation.
- 4) Explain the various motivational techniques used by managers to encourage employees toward higher productivity and better performance.
- 5) Explain the systems and contingency approach to motivation.

### 10. Suggested Readings/Reference Material

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- Chapter 16: Harold Koontz and Heinz Weihrich. *Essentials of Management*. Fifth edition. Singapore: McGraw-Hill, 1990.
- “A Theory of Human Motivation”  
<[http://www.advancedhiring.com/docs/theory\\_of\\_human\\_motivation.pdf](http://www.advancedhiring.com/docs/theory_of_human_motivation.pdf)>

### 11. Model Answers

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#### 11.1 Model Answers to Check Your Progress Questions

Following are the model answers to the Check Your Progress questions given in the Unit.

##### 1. (c) Motivation

Motivation is a human psychological characteristic that affects a person's degree of commitment. The basic process of motivation involves needs setting up drives that are aimed at goals.

##### 2. (b) Need

The origin for any motivated behavior is a need. Need exists in each individual in varying degrees.

##### 3. (a) Drives

When an individual recognizes a need, he is driven by the desire to fulfill the need. Thus, drives are directed at the fulfillment of needs.

##### 4. (c) Life insurance

Physiological needs are the basic needs in Maslow's needs hierarchy theory. According to Maslow's theory, until these needs are satisfied to the degree necessary to maintain life, other needs will not motivate an individual. Basic pay, work space and company cafeteria are physiological needs, whereas life insurance is a safety or security need.

##### 5. (c) Opportunities for innovation and creativity

Self-actualization needs refer to an individual's need to achieve his full potential through self-development and continuous growth. Challenging projects, opportunities for innovation, and creativity and training are few examples of self-actualization needs.

##### 6. (c) Content

Content or need theories specify the factors that arouse, start or initiate motivated behavior. They are also known as content theories as they specify the content of the needs of an individual.

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### **7. (b) Abraham Maslow**

Abraham Maslow believed that human needs occur in a hierarchical manner and grouped them into physiological needs, safety or security needs, social needs, esteem needs and self-actualization needs.

### **8. (b) Hygiene factors**

Job content factors like poor supervision, uncomfortable working conditions, low pay and benefits, and job insecurity lead to job dissatisfaction. These factors are known as hygiene factors.

### **9. (a) Power**

Power-motivated individuals look at every situation as an opportunity for seizing control. The need for power can be personal and institutional. Managers with a high need for institutional power become the best managers, because they are able to coordinate the efforts of others to achieve long-term organizational goals.

### **10. (a) The hierarchy of needs theory**

Abraham Maslow proposed the hierarchy of needs theory. The theory includes physiological needs, safety or security needs, social needs, esteem needs and self-actualization needs.

### **11. (d) Safety needs**

According to McClelland, achievement needs, affiliation needs, and power needs are necessary to understand motivation. Safety needs are categorized under Maslow's hierarchy of needs theory.

### **12. (b) Institutional**

According to McClelland, achievement needs, affiliation needs, and power needs are necessary to understand motivation. Individuals with a high need for institutional power are likely to succeed as they are able to coordinate the efforts of other people for achieving organization goals.

### **13. (b) Existence-relatedness-growth**

Alderfer's ERG theory can be considered an extension of Herzberg and Maslow's content theories of motivation. Existence corresponds to physiological needs, relatedness corresponds to the desire for establishing and maintaining interpersonal relationships, and growth needs correspond with the desire to be creative and the availability of opportunities for personal development.

### **14. (c) Clayton Alderfer**

According to the ERG theory, different needs can occur simultaneously and people can move forward and backward through the needs continuum as circumstances change. Alderfer classified needs into existence, relatedness and growth needs.

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### **15. (a) Growth**

According to the ERG theory, needs can emerge simultaneously and people can move backward and forward through the needs continuum as circumstances change.

### **16. (c) Skills**

The equity theory focuses on people's sense of justice and fairness. Effort, experience, education and skills are inputs considered in this theory.

### **17. (a) Process**

Process theories deal not only with the factors that initiate motivating behavior, but also with the process, direction, or choice of behavioral patterns. In other words, process theories are concerned with the mechanics of motivation.

### **18. (b) Victor H. Vroom**

The expectancy theory is a process theory of motivation proposed by Victor H. Vroom. According to this theory of motivation, people choose how to behave from among the alternative courses of behavior, based on their expectations of what they are likely to gain from each behavior.

### **19. (b) Motivation**

According to Vroom's expectancy theory:

$$\text{Valence} \times \text{Expectancy} \times \text{Instrumentality} = \text{Motivation}$$

According to the expectancy theory, rewards for good performance form an important component of motivation. Poor performance therefore should not be rewarded.

### **20. (c) Valence**

The valence component of the expectancy theory helps an individual assess the anticipated value of various outcomes. The valence is set in the range of +1, through 0, to -1.

### **21. (d) Equity**

The equity theory relates to the subjective judgment of an individual about the fairness of his reward, relative to the inputs, in comparison with the rewards of others.

### **22. (d) Personal satisfaction**

Rewards are the material or psychological pay-offs for accomplishing tasks. Rewards can be intrinsic or extrinsic. Extrinsic rewards like perks and amenities, promotions and status symbol are given by others. Personal satisfaction is an intrinsic reward.

## **Leading**

### **23. (a) Rewards**

Rewards are material or psychological pay-offs for accomplishing tasks. Rewards can be intrinsic or extrinsic. Individuals prefer intrinsic rewards such as satisfaction from performing challenging and interesting jobs. Extrinsic rewards include money, perks and amenities.

### **24. (c) Computer engineering**

Quality of work life is an interdisciplinary area of inquiry and action. It is a combination of organization psychology, industrial engineering, organization theory and development, motivation and leadership theory, and industrial relations. It does not include computer engineering.

## Unit 17

### Leadership

#### Structure

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1. Introduction
2. Objectives
3. Definition and Meaning of Leadership
4. Key Elements of Leadership
5. Leadership Theories
6. Summary
7. Glossary
8. Self-Assessment Test
9. Suggested Readings/ Reference Material
10. Model Answers

#### 1. Introduction

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In the previous unit, employee motivation was discussed. In this unit, leadership will be discussed. Leadership is the art or process of influencing employees so that they will strive willingly and enthusiastically toward the achievement of group goals. It involves establishing goals and motivating employees to achieve them. The key elements of leadership are power, a fundamental understanding of people, the ability to inspire followers, and the style of the leader, and the work climate he or she creates.

This unit discusses leadership and its key elements. The unit also explains different theories of leadership.

#### 2. Objectives

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By the end of this unit, students should be able to:

- Define leadership
- Determine the key elements of leadership
- Classify and explain various leadership theories

#### 3. Definition and Meaning of Leadership

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Harold Koontz and Heinz Weihrich have defined leadership as the art or process of influencing people so that they will strive willingly and enthusiastically towards the achievement of group goals. In other words, leadership is the ability to persuade others to work towards defined objectives enthusiastically. The function of leadership is to set goals, direct the individuals, and motivate people to achieve the goals. A leader makes the followers strive willingly to accomplish group objectives. Therefore, leadership skills are essential if a person has to be an effective manager.

## Leading

### 4. Key Elements of Leadership

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It has been observed that every group that attains its goals or performs efficiently has a skilled leader. Efficient leaders possess four major qualities in common.

- *Using power in a responsible manner:* Power is the control a person can exercise over others. In other words, it is the capacity to affect the behavior of others.
- *The ability of a leader to understand people at a fundamental level:* A manager or a leader, who understands the elements of motivation, should be able to use his greater awareness of the nature and strengths of human needs to work out ways of satisfying these needs, so as to get the desired results.
- *The ability of a leader to inspire followers to perform a task to the best of their capacities:* Although the superiors can inspire subordinates by means of various incentives, the behavior of superior's acts as a stronger motivating force.
- *The style adopted by the leader, and the resulting influence on the work climate in the group or organization:* The strength of motivation of followers is influenced by expectancies, perceived rewards, the task to be done, and other factors that are a part of the work climate in an organization. Leadership behavior has a considerable impact on these factors that affect the work climate, and therefore there has been a large amount of research into this area of leadership behavior.

### 5. Leadership Theories

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Leadership theories are classified into four categories: trait theory, behavioral theory, situational theory or contingency theory, and transformational theory.

#### Trait Theory of Leadership

Many leadership studies were conducted during the early and mid 20<sup>th</sup> century in order to determine the traits of a leader. The trait theory of leadership is the result of such systematic studies by psychologists and other researchers. The theory proposes that leaders possess certain inborn personality traits. "Great man" theory, one of the earliest trait theories, states that leaders are born and not made. Trait theorists have tried to associate certain characteristics such as physical, mental, intellectual, and personality traits with leadership. However, with the emergence of the behaviorist school of psychology, the "Great man" theory lost its significance.

In his survey of leadership theories and research, Ralph M. Stogdill found that various researchers have related some specific traits to leadership ability. These include five physical traits (such as appearance, energy and height); four intelligence and ability traits; sixteen personality traits (such as adaptability, enthusiasm, aggressiveness, and self-confidence); six task-related characteristics (such as achievement, drive, initiative and persistence), and nine social characteristics (such as interpersonal skills, cooperativeness, and administrative ability).



More recently, researchers have identified the following key leadership traits: leadership motivation (having a desire to lead but not hungry for power), drive (including achievement, energy, ambition, initiative, and tenacity), honesty and integrity, self-confidence (including emotional stability), cognitive ability, and an understanding of the business.

The trait theory lost its relevance as it was unable to explain the lack of certain traits by leaders. All leaders do not possess all the traits mentioned in these theories, whereas many non-leaders possess many of them. Moreover, the trait approach does not give one an estimate of how much of any given trait a person should possess.

### **Behavioral Theories**

Researchers tried to study the behavioral aspects of effective leaders when it became evident that effective leaders did not seem to have a particular set of distinguishing traits. This research grew largely out of work at the University of Iowa, the University of Michigan, and the Ohio State University.

#### ***Iowa studies***

Kurt Lewin, a researcher at the University of Iowa, and his colleagues, made some of the earliest attempts to scientifically determine effective leader behaviors. They concentrated on three leadership styles: autocratic, democratic, and laissez-faire. The autocratic leader tends to make decisions without involving subordinates, spells out work methods, provides workers with very limited knowledge of goals, and sometimes gives negative feedback. The democratic or participative leader includes the group in decision-making; he consults the subordinates on proposed actions and encourages participation from them. Laissez-faire leaders use their power very rarely. They give the group complete freedom. Such leaders depend largely on subordinates to set their own goals and the means of achieving them.

To determine which leadership style is most effective, Lewin and his colleagues trained some persons to exhibit each of the styles. They were then placed in charge of various groups in a preadolescent boys' club. They found that on every criterion in the study, groups with laissez-faire leaders underperformed in comparison with both the autocratic and democratic groups. While the amount of work done was equal in the groups with autocratic and democratic leaders; work quality and group satisfaction was higher in the democratic groups.

Later research, however, showed that democratic leadership sometimes produced higher performance than did autocratic leadership, but at other times produced performance that was lower than or merely equal to that under the autocratic style.

#### ***Continuum of leader behaviors***

The findings from Iowa studies put managers in a dilemma over which style to choose. Moreover, many managers are not used to operating in a democratic mode. To help managers decide which style to choose, particularly when decisions had to be made, management scholars Robert Tannenbaum and

## **Leading**

Warren H. Schmidt devised a continuum of leader behaviors. The continuum depicts various gradations of leadership behavior, ranging from the boss-centered approach at the extreme left to the subordinate-centered approach at the extreme right. A move away from the autocratic end of the continuum represents a move towards the democratic end and vice versa. According to Tannenbaum and Schmidt, while deciding which leader behavior pattern to adopt, a manager should consider forces within themselves, within the situation, and within subordinates. The researchers suggested that in the short run, depending on the situation, the managers should exercise some flexibility in their leader behavior. However, in the long run, the managers should attempt to move towards the subordinate-centered end of the continuum; as such leader behavior has the potential to improve decision quality, teamwork, employee motivation, morale, and employee development.

### ***Michigan studies***

Further work on leadership at the University of Michigan seemed to confirm that the employee-centered approach was much more useful as compared to a job-centered/ production-centered approach. In the employee-centered approach, the focus of the leaders was on building effective work groups which were committed to delivering high performance. In the job-centered approach, the work was divided into routine tasks and leaders monitored workers closely to ensure that the prescribed methods were followed and productivity standards were met. There were still variations in the level of the output produced. Therefore, no definite conclusions could be drawn and further studies appeared necessary.

### ***Ohio state studies***

In 1945, a group of researchers at Ohio University began extensive investigations on leadership. They initiated the process by identifying a number of important leader behaviors. The researchers then designed a questionnaire to measure the behaviors of different leaders and track factors such as group performance and satisfaction to see which behaviors were most effective. The most publicized aspect of the studies was the identification of two dimensions of leadership behavior: 'initiating structure' and 'consideration.' Initiating structure is the extent to which a leader defines his or her own role and those of subordinates so as to achieve organizational goals. Consideration is the degree of mutual trust between leader and his subordinates; how much the leader respects subordinates' ideas and shows concerns for their feelings. Consideration is similar to the employee-centered leader behavior of the Michigan studies.

A consideration-oriented leader is more likely to be friendly towards subordinates, encourages participation in decision-making, and maintains good two-way communication.

As opposed to the Iowa and Michigan studies, which considered leadership dimensions, i.e. employee-centered approach and job-centered approach, as the two opposite ends of the same continuum, the Ohio State studies considered

initiating structure and consideration as two independent behaviors. Therefore, the leadership behaviors operated on separate continuums. A leader could thus be high on both the dimensions, or high on one dimension and low on the other, or could display gradations in between.

The two-dimensional approach led to the interesting probability that a leader might be able to place emphasis on both task- and people-related issues. They may be able to produce high levels of subordinate satisfaction by being considerate, and at the same time can be specific about the results expected, thereby focusing on task issues too.

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### **Check Your Progress**

1. Harold Koontz and Heinz Weihrich have defined \_\_\_\_\_ as the art or process of influencing people so that they will strive willingly and enthusiastically towards the achievement of group goals.
  - a. Motivation
  - b. Leadership
  - c. Controlling
  - d. Morale
2. Which of the following is not a key leadership trait as proposed by the trait theory?
  - a. Leadership motivation
  - b. Honesty and integrity
  - c. Rigidness
  - d. Self-confidence
3. According to Ralph M. Stogdill, which of the following is not a personality trait of leaders?
  - a. Adaptability
  - b. Enthusiasm
  - c. Aggressiveness
  - d. Appearance
4. According to the trait theory of leadership, which of the following is a social characteristic of leaders?
  - a. Interpersonal skills
  - b. Achievement
  - c. Enthusiasm
  - d. Adaptability
5. Research on leadership has been carried out at the University of Iowa, the University of Michigan, and Ohio State University. Which of the following studies focused on the aspects of leadership?

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- a. Behavioral
  - b. Situational
  - c. Substitutes
  - d. Traits
6. Which type of leaders gives complete freedom to their employees?
- a. Autocratic leaders
  - b. Bureaucratic leaders
  - c. Participative leaders
  - d. Laissez-faire leaders

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### Likert's Four Systems of Management

Rensis Likert and his associates at Michigan University studied the various styles of leaders and developed four systems of management.

**System 1 management:** This is also known as the 'exploitative-authoritative' style. Managers who follow this style display dictatorial leadership behavior and there is little scope for employee participation in decision-making.

**System 2 management:** This is referred to as the 'benevolent-authoritative' style. Here, managers exhibit authoritative behavior but allow employee participation in the decision-making. In this style, the leader has concern for people, permits upward communication to a certain degree and asks for participation from subordinates. The manager uses rewards to encourage appropriate performance and listens more to concerns. They allow subordinates to participate to some extent in decision-making but retain close policy control as all major decisions are made centrally.

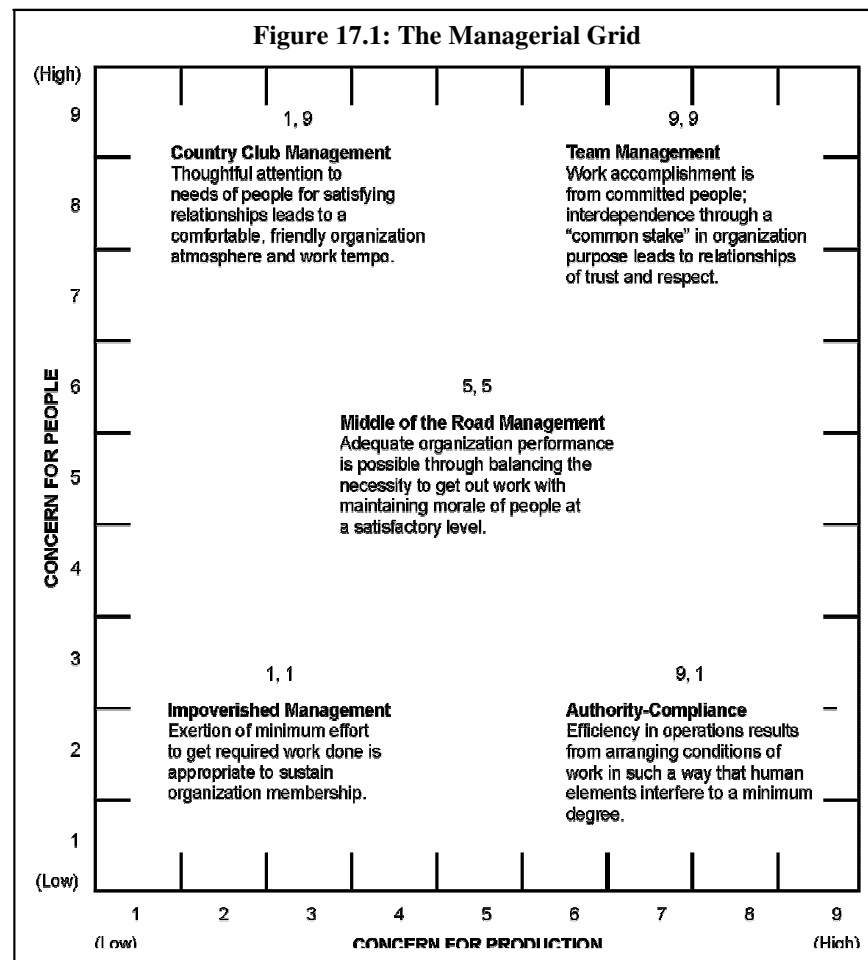
**System 3 management:** This is called 'consultative management'. Managers in this system do not have complete confidence and trust in subordinates. But, in this system, there is an upward flow of communication and managers make genuine efforts to listen carefully to ideas. This management style involves (i) motivating employees with rewards and occasionally punishment (ii) broad policy and general decisions being made at the top while specific decisions are made at lower levels, (iii) using both upward and downward communication flow, and (iv) managers acting as consultants in order to resolve various problems.

**System 4 management:** This is referred to as the 'participative leadership' style. Managers in this system are considerate towards employees. They encourage participation of employees at all levels in decision-making and use both upward and downward communication. The managers in this system work with their subordinates and other managers as a group. Participation of employees in areas like the setting of objectives and accomplishment of goals is financially rewarded.

Likert found that those managers who adopted the system 4 management approach, had the greatest success as leaders, as they were most effective in setting goals and achieving them, and were generally more productive. The research by Likert and his team concluded that high productivity is associated with systems 3 and 4, while systems 1 and 2 are characterized by lower output.

### The Managerial Grid

The managerial grid was developed by Robert Blake and Jane Srygley Mouton. The grid describes the various leadership styles exhibited by managers. Here, managerial behavior is a function of two variables, i.e. concern for people and concern for production (Refer to Figure 17.1 for the managerial grid).



Adapted from R. R. Blake, J. S. Mouton, L. B. Barnes, and L.E. Greiner, "Breakthrough in Organization Development," *Harvard Business Review*, (November-December 1964).

Leadership style 1,1 is known as impoverished management where managers do not exhibit any leadership qualities, as they are least concerned about either the people or production. This management style does not provide leadership in a positive sense but believes in a "laissez-faire" approach, relying on previous practice to keep the organization going.

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*Leadership style 1,9* is known as country club management. Here, the manager has high level of concern for people and low level of concern for production. Here managers try to create a work atmosphere in which everyone is relaxed, friendly, and happy. However, no one is bothered about putting in the effort required to accomplish enterprise goals.

*Leadership style 5,5* is called middle road management, where managers balance their concern for people and for production. They manage to achieve their goals while keeping employees satisfied. Managers with this management style believe in compromise, so that decisions are taken but only if endorsed by subordinates.

*Leadership style 9,1* is known as task management. The managers exhibit a high level of concern for production and low level of concern for people. This management style is task-oriented and stresses the quality of production over the wishes of subordinates.

*Leadership 9,9* is known as team management. The managers have a high degree of concern for both people and the production. Managers encourage employees to attain goals. The theory proposes that managers who exhibit a high level of concern for people are successful leaders.

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### **Check Your Progress**

7. System 1 management as proposed by Likert, is also known as the \_\_\_\_\_.
  - a. Exploitative-authoritative style
  - b. Authoritative-delegative style
  - c. Exploitative-delegative style
  - d. Exploitative-democratic style
8. In which of the following styles of management do managers trust employees and involve them in decision-making and encourage upward communication?
  - a. Exploitative-authoritative
  - b. Participative
  - c. Benevolent-authoritative
  - d. Consultative
9. Which of the following is not a feature of the consultative style of management?
  - a. Motivating employees
  - b. Subordinates acting as consultants
  - c. Downward communication flow
  - d. Managers acting as consultants
10. According to Likert, \_\_\_\_\_ are characterized by low output.

- a. System 1 and System 2
  - b. System 2 and System 3
  - c. System 3 and System 2
  - d. System 3 and System 4
11. In the \_\_\_\_\_ leadership style (according to Blake and Mouton) there is high concern for production as well as employee morale and satisfaction.
- a. Team management
  - b. Organization-man management
  - c. Country club management
  - d. Impoverished management
12. Which of the following management styles is characterized by high concern for people and low concern for production?
- a. Authority-obedience management
  - b. Country club management
  - c. Team management
  - d. Impoverished management
13. In Blake and Mouton's managerial grid, the leadership style in which there is low concern for people and low concern for production is known as \_\_\_\_\_.
- a. Country club management
  - b. Impoverished management
  - c. Team management
  - d. Organization man management

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### **Situational or Contingency Theories**

A large number of studies have been made on the premise that leadership is strongly affected by the situations in which the leader emerges, and in which he or she operates. Taken together, the theories resulting from this type of study constitute the contingency approach to leadership. Popular situational theories are Fiedler's contingency theory, path-goal theory, Vroom-Yetton model, and the Hersey and Blanchard's situational leadership model.

#### ***Fiedler's contingency approach to leadership***

Fiedler's basic assumption is that it is quite difficult for managers to alter the management styles that made them successful. In fact, Fiedler believes that most managers are not very flexible, and trying to change a manager's style to fit unpredictable or fluctuating situations is ineffective or useless. Since styles are relatively inflexible, and since no one style is appropriate for every situation, effective group performance can be achieved only by matching the style of the manager to the situation or by changing the situation to fit the manager's style.

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*Dimensions of the leadership situation:* On the basis of his studies, Fiedler identified three critical dimensions of the leadership situation that would help in deciding the most effective style of leadership.

*Position Power:* This is the degree to which the power of a position enables a leader to get group members to obey instructions. According to Fiedler, a leader who has considerable position power can obtain followers more easily than one who lacks this power.

*Task Structure:* This refers to the degree to which tasks can be clearly spelled out and people be held responsible for them.

*Leader-Member Relations:* This refers to the extent to which group members believe in a leader and are willing to comply with his instructions. According to Fiedler, the quality of leader-member relations is the most important dimension from a leader's point of view, since the leader may not have enough control over the position power and task structure dimensions.

*Styles of leadership:* Fiedler identified two major styles of leadership: (1) task-oriented and (2) employee-centered.

In order to determine whether a leader is task-oriented or employee-centered and to measure leadership styles, Fiedler employed an innovative testing technique.

His findings were based on scores on the least preferred co-worker (LPC) scale: where ratings were made by group members to indicate those persons with whom they would least like to work with and scores on the assumed similarity between opposites (ASO) scale where ratings are based on the degree to which leaders identify group members as being like themselves. This scale is based on the assumption that people work best with those with whom they can relate. Even today the LPC scale is used in leadership research.

On the basis of LPC measures, Fiedler found that the leaders who rated their co-workers favorably were those who found satisfaction from maintaining good interpersonal relationships. On the other hand, leaders who rated their co-workers negatively were inclined to be task-oriented.

Fiedler's model suggests that an appropriate match of the leader's style with the situation leads to effective managerial performance. On the other hand, the model suggests that even in a favorable situation wherein the leader has considerable position power, a well-defined task structure and good leader-member relations exist, task-oriented leadership behavior is seen. Therefore, Fiedler concluded that an employee-oriented leader would be the most effective in situations which fall between the two extremes.

### ***Path-goal theory***

This theory was formulated by Robert J. House and Terence R. Mitchell. The theory proposed that leaders should assist their subordinates by directing them to the path that led to the attainment of goals. Expectancy theory is the foundation of the path-goal concept of leadership. Expectancy theory indicates that



employee motivation is dependent on those aspects of the leader's behavior that influence the employee's goal-directed performance and the relative attractiveness to the employee of the goals involved. The theory holds that an individual is motivated by his perception of the possibility of achieving a goal through effective job performance. However, the individual must be able to link his or her efforts to the effectiveness of his/her job performance, leading to the accomplishment of goals.

The path-goal theory uses the expectancy theory of motivation to determine ways for a leader to make achievement of work goals easier or more attractive. The path-goal theory indicates that effective leadership is dependent on clearly defining, for subordinates, the paths to goal attainment; and the degree to which the leader is able to improve the chances that the subordinates will achieve their goals.

Some of the leadership styles of path goal theory are:

*Instrumental leadership behavior:* In this kind of behavior, leaders provide guidelines and assistance to their subordinates.

**Example: Leadership Development Programmes at Infosys**

Infosys, India's largest IT consulting and service provider and a leader in the Indian IT sector, is going to set up a Leadership Institute at Mysore in southern India. This institute is expected to prepare the employees to face the complexities of the rapidly changing marketplace and to bring about a paradigm shift in the work culture by instilling leadership qualities. It will conduct various leadership development programs. The institute will meet the company's growing need to create and nurture high quality leaders with a global perspective.

*Source: Srikant Mehra, "Infosys to set up leadership institute", 24 March 2001<domain-b.com>*

*Supportive leadership behavior:* In this kind of behavior, leaders maintain a harmonious relationship with employees.

*Participative leadership behavior:* These leaders encourage employee participation in decision-making.

*Achievement-oriented leadership behavior:* In this kind of leadership, leaders set formidable goals to help their subordinates perform to their best possible levels.

Two general propositions have emerged from the path-goal theory of House and Mitchell:

(1) the behavior of the leader is acceptable and satisfying to subordinates to the extent that the subordinates see such behavior as either an immediate source of satisfaction, or as instrumental to future satisfaction

(2) the behavior of the leader will be motivational to the extent that (a) such behavior makes the satisfaction of subordinates' needs contingent on effective performance and (b) such behavior complements the environment of the

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subordinates by providing the training, guidance, support, and rewards or incentives necessary for effective performance.

### ***Vroom Yetton Model***

Two researchers, Victor Vroom and Philip Yetton, developed a model of situational leadership to help managers to decide when and to what extent they should involve employees in solving a particular problem. The Vroom-Yetton model identifies five styles of leadership based on the degree to which subordinates participate in the decision-making process. They are as follows:

#### **Example: Leadership Techniques of CertainTeed**

CertainTeed is a subsidiary of French industrial giant Saint-Gobain. It makes building materials for both commercial and residential construction. The HR director of CertainTeed, Bob Cole, decided that to boost the ability of their leaders, the organizational leadership model and situational leadership II would have to be adopted. The models trained the leaders and supervisors to diagnose the development level of their employees by task or goal and then determined which leadership style would match their employees' needs for direction and support.

*Source: "Building materials leader builds better leaders,"*  
<[www.kenblanchard.com](http://www.kenblanchard.com)>

**Autocratic I (A I)** – Managers solve the problem or make the decision themselves, using information available at that time.

**Autocratic II (A II)** – Managers obtain the necessary information from subordinates, then make the decision themselves.

**Consultative I (C I)** – Managers discuss the problem with relevant subordinates individually, getting their ideas and suggestions without bringing them together as a group. Then the managers make the decision, which may or may not reflect subordinates' influence.

**Consultative II (C II)** – Managers share the problem with subordinates as a group, collectively obtaining their ideas and suggestions. Then they make the decision, which may or may not reflect subordinates' influence.

**Group II (G II)** – Managers share a problem with subordinates as a group. Managers and subordinates together generate and analyze alternatives and attempt to reach a consensus on the solution.

Depending on the nature of the problem, more than one leadership style might be suitable. Research conducted by Vroom and other management scholars has demonstrated that decisions consistent with the model have been successful.

### ***Hersey and Blanchard's Situational Leadership Model***

This theory proposed that leaders should adopt different behaviors based on the major situational factor, i.e., the readiness of followers. The readiness of employees refers to their willingness and ability to handle a particular task. The

## Leadership

theory suggested two types of behavior – task behavior and relationship behavior. Task behavior describes the degree to which leaders provide guidance to their subordinates in the accomplishment of organizational goals. Relationship behavior describes the degree to which leaders develop interpersonal relations with their subordinates and the extent of two-way communication.

Hersey and Blanchard believe that the relationship between a leader and follower moves through four phases as followers develop over time. They are described below:

*First phase:* In the initial phase of ‘readiness’, the manager must spell out duties and responsibilities clearly for the group. This is appropriate since employees need to be instructed in their tasks and should be familiarized with the organization’s rules and procedures.

*Second phase:* Over time, as employees learn their tasks, it is still necessary for the leaders to provide guidance, as the new employees are not very familiar with the way the organization functions.

*Third phase:* In the third phase, employees become more capable and they actively begin to seek greater responsibility. The leader need not be as task-oriented as before, but will still have to be supportive and considerate so that the employees can take on greater responsibilities.

*Fourth phase:* In this fourth phase, followers no longer need direction from their manager and can take their own decisions.

**Activity:** Assume you are the manager of a software company who heads a 15-member team. The group was assigned a new project. If your client is satisfied with the quality of the project work done by the group, the group can expect more projects. However, the quality of the project and the work done depends on the efficiency of your team members. It is a situation where you have to play two roles. One is as a leader of your team and the other, as a manager who is accountable for the achievement of the tasks. Would your priority be only for tasks or for people or would it be for both? Which type of leadership style of the Blake and Mouton Managerial Grid would you follow? Justify your choice.

**Answer:**

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Hersey and Blanchard’s situational leadership model holds that the leadership style should be dynamic and flexible. In order to determine which style combination is more appropriate in a given context, the motivation, experience

## Leading

and ability of followers must be assessed; and re-assessed, as the context changes.

### **Transformational Leadership Theory**

Bernard M. Bass described a transformational leader as a motivating and inspiring person who encourages his followers to achieve intrinsic higher level goals, resulting in exceptional performance. He identified three attributes in a transformational leader -- charisma, individualized consideration, and intellectual stimulation. Bernard and Burns proposed that the transformational leaders were capable of stimulating their followers and of using their followers' values, beliefs, and needs to accomplish the objectives.

Leadership expert Bernard M. Bass has extended Burn's view, characterizing a transformational leader as one who motivates individuals to perform beyond normal expectations by inspiring them to focus on broader missions that transcend their own immediate self-interests, to concentrate on intrinsic higher-level goals (such as achievement and self-actualization) rather than extrinsic lower-level goals (such as safety and security), and to have confidence in their abilities to achieve the extraordinary missions articulated by the leader.

The other approaches to leadership such as behavioral or situational approaches typically focus on transactional leadership. Leaders who are accepted by followers as transformational are depicted as more charismatic and intellectually stimulating than leaders described as transactional. One major distinction between a transactional leader and a transformational leader is that a transactional leader motivates subordinates (followers) to perform at expected levels, whereas a transformational leader motivates individuals to perform beyond normal expectations.

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### **Check Your Progress**

14. Fiedler's approach to leadership is one of the popular \_\_\_\_\_ theories of leadership.
  - a. Behavioral
  - b. Trait
  - c. Transformational
  - d. Situational or contingency
15. Which of the following is not a critical dimension of the leadership situation identified by Fiedler that would help in deciding the most effective style of leadership?
  - a. Position power
  - b. Task structure
  - c. Organizational structure
  - d. Leader-member relations

16. Fiedler's approach to leadership is one of the popular \_\_\_\_\_ theories of leadership.
  - a. Behavioral
  - b. Trait
  - c. Situational
  - d. Transformational
17. According to the \_\_\_\_\_ leadership theory, the paths to goal attainment must be clearly defined for subordinates.
  - a. Transformational
  - b. Vroom-Yetton
  - c. Path-goal
  - d. Hersey Blanchard's theory
18. According to leadership expert Bernard M. Bass, the \_\_\_\_\_ leader has been characterized as one who motivates individuals to perform beyond normal expectations by inspiring them to focus on broader missions that transcend their own immediate self-interests, to concentrate on intrinsic higher-level goals rather than extrinsic lower-level goals and to have confidence in their abilities to achieve the extraordinary missions articulated by the leader.
  - a. Transactional
  - b. Transformational
  - c. Participative
  - d. Autocratic
19. Which one of the following type of leaders motivates subordinates to perform at expected levels?
  - a. Autocratic leader
  - b. Transactional leader
  - c. Democratic leader
  - d. Transformational leader
20. Which of the following is not a leadership theory?
  - a. Trait theory
  - b. ERG theory
  - c. Contingency theory
  - d. Transactional theory

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## 6. Summary

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- Leadership is defined as the art or process of influencing people, so that they will strive willingly and enthusiastically to achieve group goals.

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- Efficient leaders possess four major qualities in common. They are: responsibility in using the power, ability to motivate their followers, ability to inspire them, and consideration towards the employees.
- Leadership theories are classified into four categories- trait theory, behavioral theory, situational theory or contingency theory, and transformational theory. The trait theory held that leaders share certain inborn personality traits.
- Behavioral theory is concerned with the study of the behavioral aspects of the leaders. The well-known behavioral theories are Iowa Studies, Michigan Studies, Ohio State Studies, Likert's four systems of management, and the Managerial Grid.
- Situational theories suggest that leaders should apply different styles of behavior depending on the situation. Popular situational theories are Fiedler's Contingency Approach to Leadership, path-goal theory, Vroom-Yetton Model, and Hersey and Blanchard's Situational Leadership Model.
- Bernard M. Bass described a transformational leader as a motivating and inspiring person who encourages his followers to achieve intrinsic higher level goals, resulting in exceptional performance.

## 7. Glossary

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**Acquired-needs Theory:** A content theory of motivation (developed by David McClelland) which advocates that our needs are acquired or learned on the basis of our life experiences.

**Autocratic:** The behavioral style of leaders who tend to make unilateral decisions, dictate work methods, limit worker knowledge about goals to just the next step to be performed, and sometimes give feedback that is punitive.

**Charismatic Leaders:** Leaders who, through their personal vision and energy, inspire followers and have a major impact on their organizations; also called transformational leaders.

**Country Club Management:** Management style characterized by high concern for employees but low concern for production; opposite of task or authoritarian management.

**Directive:** A leader behavior identified in path-goal theory that involves letting subordinates know what is expected of them, providing guidance about work methods, developing work schedules, identifying work evaluation standards, and indicating the basis for outcomes or rewards.

**Fiedler's Contingency Model:** A situational leadership approach which posits that leaders differ in the degree of their orientation toward the task versus that toward the people.

**Impoverished Management:** Management style characterized by low concern for people and low concern for tasks or production; also called laissez-faire management.

**Laissez-faire Management:** Management style characterized by low concern for people and low concern for tasks or production; so labeled because the leader does not take a leadership role; also called impoverished management.

**Leadership Styles:** The various patterns of behavior favored by leaders during the process of directing and influencing workers.

**Leadership:** The process of directing and influencing the task- related activities of group members.

**Path-goal Theory:** A situational leadership theory that attempts to explain how leader behavior can positively motivate and increase job satisfaction of subordinates by showing them the best path to their goals.

**Situational Leadership Theory:** A contingency theory based on the premise that leaders need to alter their behaviors depending on the major situational factors.

**Trait Theory:** Identification and measurement of traits or attitudes that are associated with leadership.

**Transformational Leaders:** Leaders who motivate individuals to perform beyond normal expectations by inspiring subordinates to focus on broader missions that transcend their own immediate self-interests, to concentrate on intrinsic higher-level goals, and to have confidence in their abilities to achieve the extraordinary missions articulated by the leader.

### 8. Self-Assessment Test

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- 1) Define leadership and briefly explain the key elements of leadership.
- 2) Give a brief account of the behavioral theories of leadership.
- 3) Briefly explain the situational theories of leadership.
- 4) Describe the transformational leadership theory.

### 9. Suggested Readings/Reference Material

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- Chapter 17: Harold Koontz and Heinz Weihrich. *Essentials of Management*. Fifth edition. Singapore: McGraw-Hill, 1990.
- “Overview of Leadership in Organizations”  
<<http://www.managementhelp.org/ldrship/ldrship.htm>>
- “Leadership Skills - Leadership vs Managing People”  
<<http://www.bensimonton.com/Leadership%20vs%20Managing%20People.htm>>

## Leading

### 10. Model Answers

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#### 10.1 Model Answers to Check Your Progress Questions

Following are the model answers to the Check Your Progress questions given in the Unit.

**1. (b) Leadership**

Leadership is the human factor which binds a group together and motivates it towards its goals. In other words, it is the ability to persuade others to work towards defined organizational objectives enthusiastically.

**2. (c) Rigidness**

**3. (d) Appearance**

Appearance is a physical trait while adaptability, enthusiasm and aggressiveness are personality traits.

**4. (a) Interpersonal skills**

Interpersonal skills, cooperativeness and administrative ability are social characteristics of leaders.

**5. (a) Behavioral**

Behavioral studies examined how effective leaders delegated, communicated, motivated, and carried out their tasks, etc.

**6. (d) Laissez-faire leaders**

Laissez-faire leaders rarely exert their power. They allow subordinates to set their own goals and let them achieve those goals in whatever way they chose to do so. These leaders give complete freedom to their subordinates.

**7. (a) Exploitative - authoritative style**

The exploitative-authoritative style is a dictatorial leadership style. In this style, leaders are very autocratic and there is little employee participation in decision-making. Such leaders also use negative motivation techniques like fear and punishment.

**8. (c) Benevolent-authoritative**

The benevolent-authoritative style is a system 2 management style. In this style, managers encourage employees to participate in decision-making to a certain extent, but retain close policy control. Managers in this system use both rewards and punishment to motivate employees.

**9. (c) Participative**

Likert found that those managers who adopted the System 4 Management or participative approach had the greatest success as leaders, as they were most effective in setting goals and achieving them, and were generally more productive.

**10. (a) System 1 and System 2**

The exploitative authoritative style is a dictatorial leadership style. In this style, leaders are very autocratic and there is little employee participation in decision-making. Such leaders use negative motivation techniques like fear and punishment. The benevolent authoritative style is a system 2



management style. In this style, managers encourage employees to participate in decision-making to a certain extent, but retain close policy control. Managers in this system use both rewards and punishment to motivate employees. System 1 management, the 'Exploitative authoritative' style, and System 2 management, the 'benevolent authoritative' style, yield a low output.

### **11. (a) Team management**

Leadership style 9,9 is the most desirable one. In this style, team managers believe that concern for people is compatible with the concern for tasks.

### **12. (b) Country club management**

The 'country club management' style is characterized by low concern for production and high concern for people. In this management style, managers try to create a relaxed work atmosphere for everyone.

### **13. (b) Impoverished management**

The impoverished management style does not give attention to either people or production.

### **14. (d) Situational or contingency**

Fiedler's contingency theory of leadership holds that people become leaders not only because of their personality attributes, but also because of various situational factors.

### **15. (c) Organizational structure**

Fiedler and his colleagues suggested a situational or contingency approach to leadership. In this approach, a manager's style has to be matched with the situation or the situation has to be changed to fit the manager's style to achieve effective group performance. He identified position power, task structure and leader-member relations as the critical dimensions of the leadership situation that would help managers determine the most effective style of leadership.

### **16. (c) Situational**

Fiedler's contingency or situational theory holds that people become leaders not only because of personal attributes, but also because of various situational factors and the interactions between leaders and followers.

### **17. (c) Path - goal**

The pathgoal theory of leadership states that leaders can help their subordinates achieve the goals of the organization by indicating the best path and removing obstacles to the goals.

### **18. (b) Transformational**

A transformational leader inspires individuals to focus on intrinsic higher-level goals such as self-actualization and achievement rather than extrinsic

## **Leading**

lower-level goals like safety and security. A transformational leader displays attributes like charismatic leadership, individualized consideration and intellectual stimulation.

### **19. (b) Transactional leader**

A transactional leader motivates subordinates (followers) to perform at expected levels, while a transformational leader motivates individuals to perform beyond normal expectations.

### **20. (b) ERG theory**

The trait theory, the contingency theory and the transactional theory are leadership theories. ERG theory is a theory of motivation that says people should strive to meet a hierarchy of existence, relatedness and growth needs.

## Unit 18

# Managing Communications

### Structure

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1. Introduction
2. Objectives
3. Definitions of Communication
4. Significance of Communication in Organizations
5. Communication Process
6. Communication Flows in an Organization
7. Barriers to Communication
8. Gateways to Effective Communication
9. Summary
10. Glossary
11. Self-Assessment Test
12. Suggested Readings/Reference Material
13. Model Answers

### 1. Introduction

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In the previous unit, leadership was discussed. In this unit, communication will be discussed. Communication is essential for carrying out all the managerial functions especially, in the function of leading.

Communication is the process of sending information to a receiver so that the receiver understands it and responds to it. To achieve the goals of an organization, the manager must interact with his superiors, subordinates, and various external parties. The interaction between a manager and other organizational participants can be productive only if he is able to communicate effectively.

In this unit, communication, its significance, and the communication process is discussed. The unit also explains the barriers as well as the gateways to effective communication.

### 2. Objectives

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By the end of this unit, students should be able to:

- Define communication
- Discuss the significance of communication

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- Determine the key elements in the communication process
- Explain the communication flows in an organization
- Identify the barriers to communication
- Explain the gateways to effective communication

### 3. Definitions of Communication

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According to Newman and Summer, “communication is an exchange of facts, ideas, opinions, or emotions by two or more persons.”

Koontz and O'Donnel defined communication as the “exchange of information at least between two persons with a view to create an understanding in the mind of the other, whether or not it gives rise to conflict.”

Based on the above definitions, we can conclude that communication is a process of transmitting verbal and non-verbal information from the point of origin to the destination.

### 4. Significance of Communication in Organizations

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Effective communication is crucial for the smooth functioning of an organization. Communication serves several purposes.

- It helps in planning and organizing the managerial activities.
- It is a means of conveying important data and information.
- It helps in the maintaining of harmonious relations between managers and subordinates.
- It assists in the achievement of organizational goals and objectives.
- It helps managers in leading, directing, motivating, and controlling.
- It bridges the gap between managers and the external environment.

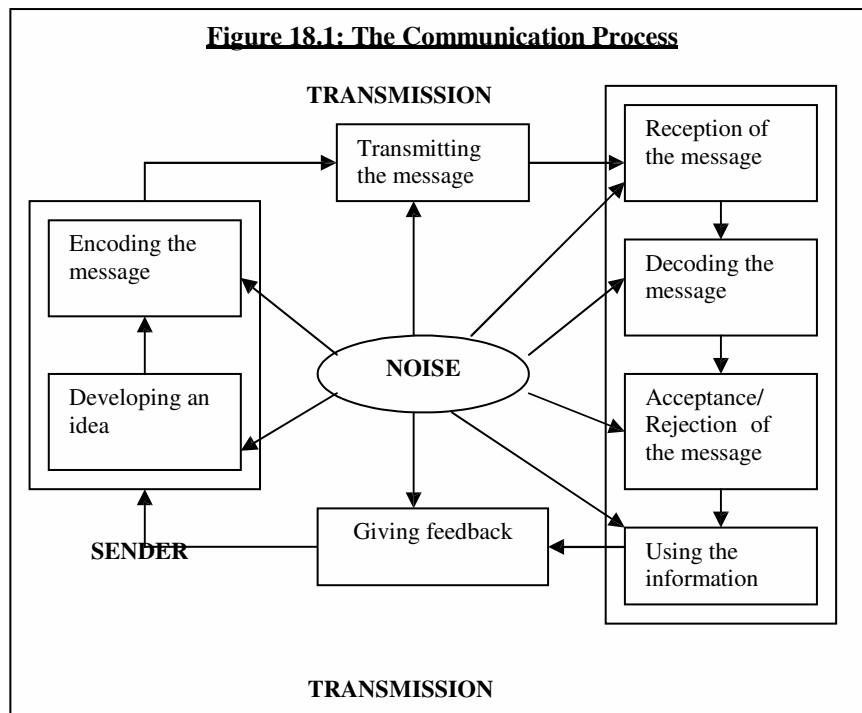
### 5. Communication Process

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The communication process requires at least two parties for exchange of information, ideas, opinions, etc. The key elements in the communication process are sender, transmission, noise, receiver, and feedback (Refer to Figure 18.1 for the communication process).

**Sender:** The communication process starts with the sender who develops an idea or message. He then encodes the message to make the receiver understand the information. Encoding is a process of translating the message into verbal or non-verbal language.

**Transmission:** The message is transmitted from the sender to the receiver through a channel. A channel is any medium through which the message is passed. It can be the telephone, telegram, television, or mail. The choice of channel depends on the situation in which the communication is done.



**Noise:** This is a disturbance that obstructs the smooth flow of communication and reduces the clarity of the message. It may be the result of poor network, inattention of the receiver, etc.

**Receiver:** The receiver is the person who receives the message. To understand the message, he decodes it, that is, he translates the message into a comprehensible language. Communication can be considered effective only when both the sender and the receiver attach similar meanings to the symbols that compose the message.

**Feedback:** A message generated by the receiver in response to the sender's original message is known as feedback. Feedback is the response or reply that the receiver gives to assure the sender that he has understood the message. It helps a sender evaluate the effectiveness of his message, so that he can modify his subsequent messages. Feedback also confirms whether there has been any change in the behavior of the individual or in the organization as a result of communication.

### Check Your Progress

1. According to Koontz and O' Donnel, \_\_\_\_\_ may be understood as "the exchange of information at least between two persons with a view to create an understanding in the mind of the other whether or not it gives rise to conflict".
  - a. Transmission
  - b. Communication

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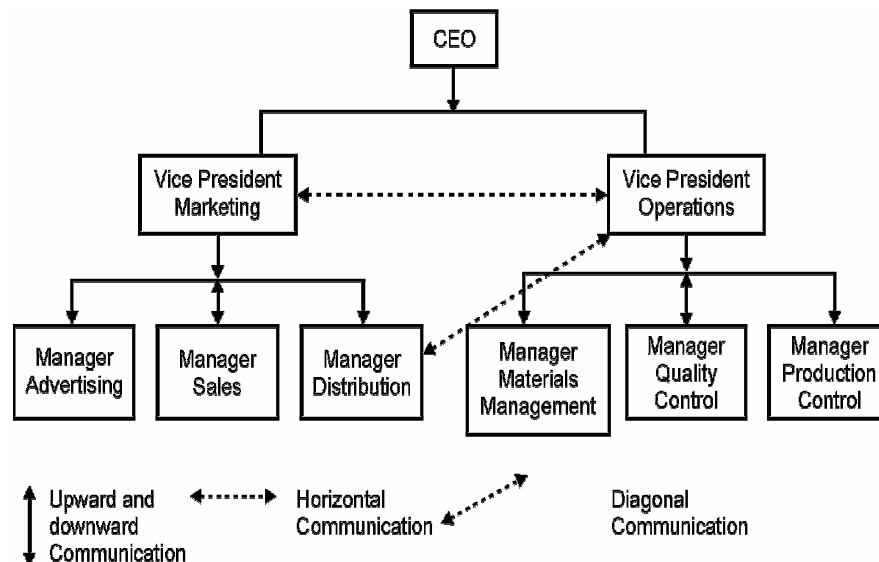
- c. Projection
  - d. Interchange
2. A message that is generated by the receiver in response to the sender's original message is known as \_\_\_\_\_.
- a. Feedback
  - b. Feed forward
  - c. Perception
  - d. Transmission
3. In the process of communication, the translation of intended meaning into words and gestures is known as \_\_\_\_\_.
- a. Encoding
  - b. Decoding
  - c. Processing
  - d. Transforming

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## 6. Communication Flows in an Organization

Communication usually flows in three directions in organizations -- downward, upward, and crosswise. These different kinds of information flows in an organization are shown in Figure 18.2.

**Figure 18.2: Information Flow in an Organization**



### Downward Communication

Downward communication refers to the flow of information from higher levels to lower levels in the organizational hierarchy. This type of communication is used to make employees aware of the organization's policies, procedures, objectives, and programs. Downward communication helps employees

## Managing Communications

understand their responsibilities easily and also directs them toward the achievement of their goals. Some of the channels of downward communication are memorandum, employee handbook, pamphlets, organization manual, journals, annual reports, and committee meetings. The downward flow of information through organization levels is a time-consuming process. The delays may frustrate top-level managers to such an extent that they may insist on sending the information directly to the person or group concerned rather than allow information to slowly flow down the hierarchy.

### Upward Communication

Upward communication originates from subordinates and continues up the organizational hierarchy to superiors. In other words, upward communication refers to the flow of information from the lower levels to the higher levels in the organizational hierarchy. This type of communication helps the management understand the performance of employees, the problems of employees, the results of decisions taken, etc. It enables the manager to control the activities of the employees effectively and take corrective actions in case of any deviations. Upward communication can also take place through suggestion systems, appeal and grievance procedures, complaint systems, counseling sessions, joint setting of objectives, the grapevine, group meetings, the practice of an open-door policy, morale questionnaires and exit interviews. The responsibility for creating a free flow of upward communication rests to a great extent with superiors. In order to facilitate effective upward communication, the upper level of management must create an environment in which subordinates feel free to communicate.

**Activity:** Assume you are the personnel manager of RK Steel Ltd., a company that produces various types of steel products. There is little scope for upward communication in the organization. Only a one-way communication prevails, from the management to the employees. Over the years, you notice that the workers have become demotivated and their productivity has gone down. Do you think this fall in productivity is linked to the lack of upward communication? Explain the significance of upward communication in organizations.

**Answer:**

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### Crosswise Communication

Crosswise communication is classified into two types – horizontal communication and diagonal communication. Horizontal communication refers to the flow of information at the same level of the organizational hierarchy.

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Diagonal communication refers to the flow of communication between people at different levels in the hierarchy. Crosswise communication helps employees to gain a better understanding about their coworkers and enhances coordination skills. Crosswise communication occurs through informal meetings.

As crosswise communication does not follow the chain of command, proper care should be taken to prevent potential problems from arising between personnel at various levels and between various departments of the organization. Crosswise communication is necessary for the organization to respond to the needs of the complex and dynamic business environment.

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### **Check Your Progress**

4. Which of the following is not a form of upward communication flow in organizations?
  - a. Suggestion systems
  - b. Oral instructions
  - c. Counseling sessions
  - d. Complaint systems
5. The communication flow from people at higher levels to those at lower levels in the organizational hierarchy is referred to as \_\_\_\_\_.
  - a. Upward communication
  - b. Crosswise communication
  - c. Downward communication
  - d. Horizontal communication
6. \_\_\_\_\_communication originates from subordinates and travels up the organizational hierarchy to superiors.
  - a. Upward
  - b. Downward
  - c. Diagonal
  - d. Horizontal
7. Which of the following media is not used for written downward communication?
  - a. Memorandum
  - b. Grapevine
  - c. Handbooks
  - d. Pamphlets
8. \_\_\_\_\_communication does not follow the chain of command and can lead to problems, but it plays an important role in helping organizations respond to the needs of the complex and dynamic organizational environment.



- a. Crosswise
  - b. Upward
  - c. Downward
  - d. Both b and c
9. Which of the following refers to the flow of information among people on the same or similar organizational levels?
- a. Diagonal
  - b. Upward
  - c. Horizontal
  - d. Downward
10. Crosswise communication consists of which two types of information flows?
- a. Upward and downward b. Downward and diagonal
  - c. Upward and horizontal
  - d. Horizontal and diagonal

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### 7. Barriers to Communication

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One of the most important problems faced by managers is the breakdown in communication due to the presence of communication barriers. Some of the factors that impede effective communication are discussed below.

#### **Lack of Planning**

Communication would be ineffective if the manager did not devote sufficient time to thinking, planning, and stating the purpose of the message. Effective communication also reduces subordinates' resistance to change.

#### **Badly Expressed Messages**

Even if the sender is clear about the message he wants to convey, the message may not be conveyed clearly. Poorly chosen words, careless omissions, lack of coherence, poor organization of ideas, awkward sentence structure, inadequate vocabulary, unnecessary jargon, and the failure to clarify implications are some of the common reasons for the poor transmission of messages.

#### **Faulty Translations**

When a message is transmitted from a sender to a receiver, it must be accompanied with an interpretation so as to enable the receiver to understand the message. This process requires the sender to have good communication and analytical skills. Since organizational participants do not fully understand the implications of poor communication, communication may not be very effective in many organizations.

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### **Unclarified Assumptions**

People's assumptions about a message can hinder communication. Suppose a customer sends a message to a vendor stating that he will visit the vendor's plant at a particular time. The customer assumes that the vendor will meet him at the airport, make arrangements for his stay and transportation, and set up a full-scale review of the program at the plant. But the vendor may assume that the customer is arriving mainly to attend some personal business and is only making a routine call at the plant. Since both parties assume certain things and do not attempt to get their assumptions clarified, some confusion will arise.

### **Semantic Distortion**

Semantic distortion, either deliberate or accidental, acts as a barrier to effective communication. Some words may have ambiguous meanings and may generate different responses in different people.

### **Loss by Transmission and Poor Retention**

Successive transmissions of a message by different people tend to decrease its accuracy. Poor retention of information is another serious problem. Studies indicate that employees are able to retain approximately 50 percent of what they are told, and supervisors are able to retain around 60 percent of the information they receive. Hence, it is necessary to repeat the message and use more than one channel to communicate the message.

### **Communication Barriers in the International Environment**

Communicating in an international environment is particularly difficult because of wide variations in language, culture, and etiquette. For instance, in western culture, the color black is often associated with mourning, while in the Far East, white is the color of mourning.

### **Inattention and Premature Evaluation**

Poor listening seems to be a chronic human failing; many problems arise due to the fact that people do not pay adequate attention to the speaker. Listening requires attention and self-discipline on the part of the listener. The listener should also avoid premature evaluation of what another person has to say. Listening without jumping to hasty conclusions can improve communication.

### **Impersonal Communication**

Communication is much more than just relaying information to employees. For communication to be effective, face-to-face contact in an environment of openness and trust is required. To make communication impersonal, organizations should encourage face-to-face communication between superiors and subordinates.

### **Insufficient Adjustment Period**

Some messages may identify the need for further training, career adjustment, or a change in status. These messages may evoke different responses from people and they may need time to understand the implications of the messages. To increase the efficiency of an organization, people should be given time to understand messages and adjust to the changes recommended by the messages.

### Information Overload

An unrestricted flow of information may result in excess information for employees. They may react to information overload in different ways. They may:

- disregard certain information
- make errors in processing the information
- delay information processing
- filter information
- ignore communication or fail to communicate the necessary information due to information overload

These responses to information overload may hamper effective communication.

### Lack of Trust in the Communicator

Some superiors may send messages that contradict an earlier instruction. This type of inconsistent behavior by superiors may cause the subordinates to distrust their superiors. Such experiences gradually condition subordinates to delay action or to work without enthusiasm. Superiors should try to create a climate of trust in the organization to encourage open and honest communication.

### Other Communication Barriers

Other barriers that hamper communication are selective perception by listeners. They listen to what they want to listen and ignore other relevant information. This can cause problems and render communication ineffective. A negative attitude is an obstacle to effective communication. If people have already made up their minds regarding something, they may not listen to it with an open mind. Another barrier to communication is the difference in status and power between the sender and the receiver of the message. A message also tends to get distorted when information has to pass through several hierarchical levels.

## 7. Gateways to Effective Communication

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These are a few guidelines for effective communication:

**Interpersonal Trust:** Interpersonal trust paves the way for effective communication. Managers and subordinates should trust each other for the free flow of communication.

**Effective Listening:** The receiver should have good listening skills to understand the information. If he does not pay proper attention to the message, the communication could prove ineffective. According to a research study, these are the ten prerequisites for effective listening.

- i. Finding something of interest in what the other person is saying.
- ii. Judging the content of the message, but not the weaknesses of the speaker.

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- iii. Avoiding premature evaluation.
- iv. Looking for the central idea.
- v. Being flexible and not expecting the message to follow a fixed pattern.
- vi. Concentrating on the message.
- vii. Being mentally alert to grasp the meaning of the message.
- viii. Practicing active listening.
- ix. Having an open mind.
- x. Trying to benefit from one's own rapid 'thought process' rather than 'talk processes' of the speaker.

**Proper Feedback:** Feedback is an essential element in the communication process. The receiver should provide feedback to the sender to acknowledge that he has understood the message. When receiving feedback, managers should be open minded. They should be able to handle both positive as well as negative feedback. While receiving negative feedback, managers should ask for clarification and examples about points which seem ambiguous or unclear.

**Non-verbal Cues:** Non-verbal cues such as body postures, gestures, etc., have a large impact on communication. The receiver should be able to decode the non-verbal cues to understand the message.

### **Example: Communication Techniques in Monsanto**

Monsanto, the chemical giant was established in 1901. It has been focusing on communicating with employees and building the desired culture and motivated behaviors through traditional means like videos and newsletters as well as day-to-day conversations. The CEO of Monsanto believes that the personalized conversations are more important to the company's success than any other single factor. Monsanto launched a quarterly videoconference in which a panel of people selected from throughout the company, engage in a dialogue with the CEO about where the company is going. All employees are invited to submit questions.

**Non-directive Counseling:** Non-directive counseling is a process where a manager helps an employee to examine his own ideas and attitudes about a problem. Non-directive counseling takes place through interview. In a non-directive counseling interview, a manager should be attentive and friendly, should raise appropriate questions, be tactful and enable the employee to think through the problem clearly, create an atmosphere of privacy to ensure that the employee can communicate freely, be a patient listener to help the employee to express his emotions freely, and encourage the employee to do some introspection.

**Activity:** Assume you are the manager of DS Automobile Ltd. At one of its strategic meetings held recently, the CEO of your company announced that there was a plan to use new technology in the manufacture of automobiles. Since the CEO had not taken either the engineers in the company or other employees into his confidence before making this announcement, it was misinterpreted. The employees believed that the new technology would be a threat to their existence. They immediately planned to launch a strike, thinking that new people would be recruited to carry out the operations involving the advanced technology. In this case, there was a distortion of communication. What was the reason for this distortion? Suggest some guidelines for effective communication in the organization.

**Answer:**

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### **Example: Glaxo SmithKline**

The top management of Glaxo SmithKline focuses on maintaining an effective two-way communication with their employees. They aim to keep everyone well informed and involve employees in company activities and provide opportunities for them to give their feedback. The company provides updates on company and industry news on its global intranet site and has a dedicated site for staff, where they can send their queries directly to the Chief Executive Officer. His answers to the queries are made accessible to all the employees through the intranet. The company also has an internal magazine called 'Spirit', a quarterly magazine. The quarterly magazine, of which around 50,000 copies are circulated throughout the company, serves to keep the staff up-to-date with company news.

### **Check Your Progress**

11. Which of the following is not a gateway to effective communication in an organization?
- a. Effective listening
  - b. Non-directive counseling
  - c. Interpersonal trust
  - d. Improper feedback

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12. Through which of the following techniques do managers help employees examine their own ideas, feelings and attitudes towards a problem?
  - a. Non-verbal cues
  - b. Non-directive counseling
  - c. Proper feedback
  - d. Effective listening
13. Which of the following should be avoided by managers in a non-directive counseling interview?
  - a. Being attentive and friendly
  - b. Being tactful
  - c. Raising irrelevant questions
  - d. Being patient listeners

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## 8. Summary

- Effective communication is an essential element in the planning and implementation of managerial activities and it acts as the basis for an efficient leadership. Communication is a process of transmitting verbal and non-verbal information from the point of origin to its destination.
- In an organization, effective communication not only helps managers discharge their duties but also builds a bridge between managers and the external environment of the organization.
- The communication process requires at least two parties for exchange of information, ideas, opinions, etc. The key elements in the communication process are sender, transmission, noise, receiver, and feedback.
- Communication usually flows in three directions in organizations – downward, upward, and crosswise.
- One of the most important problems faced by managers is the breakdown in communication due to the presence of communication barriers.
- Certain guidelines are helpful for effective communication. These are interpersonal trust, effective listening, proper feedback, comprehension of nonverbal cues, and non-directive counseling.

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## 9. Glossary

**Active Listening:** The process in which a listener actively participates in attempting to grasp the facts and the feelings being expressed by the speaker.

**Communication:** Transfer of information in the form of an understandable message through a channel from a sender to others.

**Decoding:** The interpretation and translation of a message into meaningful information.

## Managing Communications

**Downward Communication:** Vertical communication that flows from a higher level to one or more lower levels in the organization.

**Encoding:** The process of translating the intended message into words and gestures while communicating.

**Feedback:** Feedback refers to the receiver's basic response to the interpreted message in the communication process.

**Horizontal Communication:** Lateral or diagonal message exchange either within work-unit boundaries, involving peers who report to the same supervisor or across work-unit boundaries, involving individuals who report to different supervisors.

**Message:** The outcome of the process of encoding which consists of verbal and nonverbal symbols that have been developed to convey meaning to the receiver.

**Noise:** Any factor in the communication process that interferes with the exchange of messages and achieving common meaning.

**Non-verbal Communication:** Communication by means of symbol and behaviors that are not coded into words.

**Receiver:** The person with whom the message is exchanged in the communication process.

**Sender:** The initiator of the message in the communication process.

**Two-way Communication:** The communication that results when the communication process explicitly includes feedback.

**Upward Communication:** The vertical flow of communication from a lower level to one or more higher levels in the organization.

### 10. Self-Assessment Test

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- 1) Define communication and explain its significance in organizations.
- 2) Describe the key elements in the communication process.
- 3) Describe briefly the communications flows in an organization.
- 4) List out different barriers that affect the communication process in an organization.
- 5) Describe the gateways to effective communication.

### 11. Suggested Readings/Reference Material

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- "Communicating"  
<[http://ollie.dcccd.edu/mgmt1374/book\\_contents/3organizing/commun/comunic.htm](http://ollie.dcccd.edu/mgmt1374/book_contents/3organizing/commun/comunic.htm)>
- "Communication Planning for Organizations"  
<<http://www.gov.on.ca/OMAFRA/english/rural/facts/03-033.htm>>

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- “How Supervisors Can Improve Communications in their Organizations”  
<[http://www.google.co.in/search?q=cache:9WscT7BXSgoJ:www.fmlink.com/ProfResources/HowTo/article.cgi%3FBOMI%2520Institute:howto0601.htm+communications+in+organizations&hl=en&lr=lang\\_en](http://www.google.co.in/search?q=cache:9WscT7BXSgoJ:www.fmlink.com/ProfResources/HowTo/article.cgi%3FBOMI%2520Institute:howto0601.htm+communications+in+organizations&hl=en&lr=lang_en)>
- “Emergence of Communication Networks”  
<<http://www.tec.spcomm.uiuc.edu/nosh/HOCNets.html>>
- “Organizational Communication” <<http://www.sc.doe.gov/sc-5/benchmark/Ch%2013%20Organizational%20Communication%2006.08.02.pdf>>

## 12. Model Answers

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### 12.1 Model Answers to Check Your Progress Questions

Following are the model answers to the Check Your Progress questions given in the Unit.

#### 1. (b) Communication

Communication is the process of sending information to a receiver so that the receiver understands and responds to it.

#### 2. (a) Feedback

Feedback is essential to make sure that the message sent by the sender has been effectively encoded, transmitted, decoded and understood. Feedback also helps a sender evaluate the effectiveness of his message, so that he can modify his subsequent messages.

#### 3. (a) Encoding

Encoding refers to the process by which the sender translates his thoughts into a series of verbal and non-verbal actions that communicates the message to the intended receiver.

#### 4. (b) Oral instructions

Upward communication begins from subordinates and goes up the hierarchy. This can take place through suggestion systems, complaint systems, counseling sessions, the grapevine and the open-door policy. Oral instructions is a form of downward communication flow.

#### 5. (c) Downward communication

Downward communication flow exists in organizations with authoritarian leadership. Oral downward communication may be in the form of instructions, meetings, grapevine, etc., whereas written downward communication may take place in the form of memorandums, handbooks, letters, etc.



## Managing Communications

### 6. (a) Upward

Upward communication flow in organizations includes the upward flow of information from operational level employees to the top executives along the chain of command.

### 7. (b) Grapevine

Written downward communication takes place in the form of memorandums, handbooks, and letters. Oral downward communication flows may take place by means of instructions, meetings and even the grapevine.

### 8. (a) Crosswise

Crosswise communication helps improve understanding between employees and enhances coordination for achieving organizational goals. Crosswise communication can be either horizontal or diagonal.

### 9. (c) Horizontal

Horizontal communication is a lateral message exchange within work-unit boundaries involving peers who report to the same supervisor.

### 10. (d) Horizontal and diagonal

Crosswise communication involves both the horizontal and diagonal flow of communication. Crosswise communication improves understanding between employees and increases coordination between departments.

### 11. (d) Improper feedback

Effective communication in organizations is possible through effective listening, proper feedback, an understanding non-verbal cues, non-directive counseling and interpersonal trust.

### 12. (b) Non-directive counseling

In non-directive counseling, the manager helps the employee examine his own ideas, feelings and attitudes about a problem. Non-directive counseling can be done by holding an interview with the employee.

### 13. (c) Raising irrelevant questions

In non-directive counseling, the manager helps the employee examine his own ideas, feelings and attitudes about a problem. Non-directive counseling can be done by holding an interview with the employee. In a non-directive counseling interview, a manager should avoid raising irrelevant questions.

## Principles of Management

### Course Components

<b>BLOCK I</b>	<b>Introduction to Management</b>
<b>Unit 1</b>	Management: An Overview
<b>Unit 2</b>	Evolution of Management Thought
<b>Unit 3</b>	Social and Ethical Responsibilities of Management
<b>BLOCK II</b>	<b>Planning</b>
<b>Unit 4</b>	Fundamentals of Planning
<b>Unit 5</b>	Management by Objectives
<b>Unit 6</b>	Strategies, Policies and Planning Premises
<b>Unit 7</b>	Managerial Decision Making
<b>BLOCK III</b>	<b>Organizing</b>
<b>Unit 8</b>	Fundamentals of Organizing
<b>Unit 9</b>	Strategic Organization Design
<b>Unit 10</b>	Strategic Organization Structure
<b>Unit 11</b>	Effective Organizing and Organizational Culture
<b>BLOCK IV</b>	<b>Staffing</b>
<b>Unit 12</b>	Human Resource Management and Staffing
<b>Unit 13</b>	Performance Appraisal and Career Strategy
<b>Unit 14</b>	Organizational Change and Organization Development
<b>BLOCK V</b>	<b>Leading</b>
<b>Unit 15</b>	Managing and the Human Factor
<b>Unit 16</b>	Motivating Employees for Job Performance
<b>Unit 17</b>	Leadership
<b>Unit 18</b>	Managing Communications
<b>BLOCK VI</b>	<b>Controlling</b>
<b>Unit 19</b>	The Control Function
<b>Unit 20</b>	Control Techniques
<b>Unit 21</b>	Productivity and Operations Management
<b>Unit 22</b>	Management Information Systems