Motivation

The term motivation is derived from the Latin word *movere*, meaning "to move". Motivation can be broadly defined as the forces acting on or within a person that cause the arousal, direction, and persistence of goal-directed, voluntary effort. Motivation theory is thus concerned with the processes that explain why and how human behavior is activated.

Several theorists, including Abraham Maslow, Frederick Herzberg, Douglas McGregor have provided theories to help explain needs as a source of motivation.

**Abraham Maslow's Need Hierarchy Theory of motivation**

Maslow defined need as a physiological or psychological deficiency that a person feels the compulsion to satisfy. This need can create tensions that can influence a person's work attitudes and behaviors. Maslow formed a theory based on his definition of need that proposes that humans are motivated by multiple needs and that these needs exist in a hierarchical order. His premise is that only an unsatisfied need can influence behavior; a satisfied need is not a motivator.

Maslow's theory is based on the following two principles:

1. **Deficit principle**: A satisfied need no longer motivates behavior because people act to satisfy deprived needs.
2. **Progression principle**: The five needs he identified exist in a hierarchy, which means that a need at any level only comes into play after a lower-level need has been satisfied.

In his theory, Maslow identified five levels of human needs.

1. **Biological and Physiological needs** - air, food, drink, shelter, warmth, sex, sleep, etc.
2. **Safety needs** - protection from elements, security, order, law, limits, stability, etc.
3. **Belongingness and Love needs** - work group, family, affection, relationships, etc.
4. **Esteem needs** - self-esteem, achievement, mastery, independence, status, dominance, prestige, managerial responsibility, etc.
5. **Self-Actualization needs** - realizing personal potential, self-fulfillment, seeking personal growth and peak experiences.
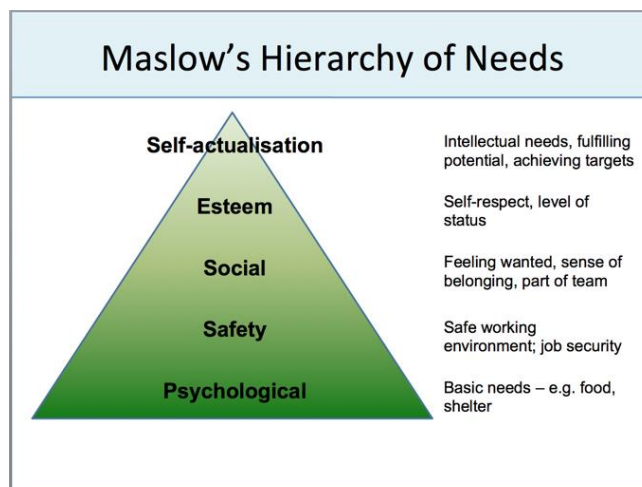
Although research has not verified the strict deficit and progression principles of Maslow's theory, his ideas can help managers understand and satisfy the needs of employees.

Herzberg's Two-factor Theory of motivation

Frederick Herzberg offers another framework for understanding the motivational implications of work environments.

In his two-factor theory, Herzberg identifies two sets of factors that impact motivation in the workplace:

Hygiene factors include salary, job security, working conditions, organizational policies, and technical quality of supervision. Although these factors do not motivate employees, they can cause dissatisfaction if they are missing. Something as simple as adding music to the office place or implementing a no-smoking policy can make people less dissatisfied with these aspects of their work. However, these improvements in hygiene factors do not necessarily increase satisfaction.

Satisfiers or motivators include such things as responsibility, achievement, growth opportunities, and feelings of recognition, and are the key to job satisfaction and motivation. For example, managers can find out what people really do in their jobs and make improvements, thus increasing job satisfaction and performance.

Following Herzberg's two-factor theory, managers need to ensure that hygiene factors are adequate and then build satisfiers into jobs.

Comparison between Maslow and Herzberg's Theory of motivation

1. Meaning: Maslow's theory is based on the concept of human needs and their satisfaction. Herzberg's theory is based on the use of motivators which include achievement, recognition and opportunity for growth.

2. Basis of Theory : Maslow's theory is based on the hierarchy of human needs. He identified five sets of human needs (on priority basis) and their satisfaction in motivating employees. Herzberg refers to hygiene factors and motivating factors in his theory. Hygiene factors are dissatisfiers while motivating factors motivate subordinates. Hierarchical arrangement of needs is not given.

3. Nature of Theory: Maslow's theory is rather simple and descriptive. The theory is based long experience about human needs. Herzberg's theory is more prescriptive. It suggests the motivating factors which can be used effectively. This theory is based on actual information collected by Hertzberg by interviewing 200 engineers and accountants.

4. Applicability of Theory: Maslow's theory is most popular and widely cited theory of motivation and has wide applicability. It is mostly applicable to poor and developing countries where money is still a big motivating factor. Herzberg's theory is an extension of Maslow's theory of motivation. Its applicability is narrow. It is applicable to rich and developed countries where money is less important motivating factor.

5. Descriptive or Prescriptive: Maslow's theory is descriptive in nature. Herzberg's model is prescriptive in nature.

6. Motivators: According to Maslow's model, any need can act as motivator provided it is not satisfied or relatively less satisfied. In the dual factor model of Hertzberg, hygiene factors (lower level needs) do not act as motivators. Only the higher order needs (achievement, recognition, challenging work) act as motivators.

McGregor's Theory of Motivation (Theory X and Theory Y)

Social psychologist Douglas McGregor of MIT expounded two contrasting theories on human motivation and management in the 1960s: The Theory X and the Theory Y. McGregor promoted Theory Y as the basis of good management practice, pioneering the argument that workers are not merely cogs in the company machinery, as Theory X-Type organizations seemed to believe.

Theory X

Theory X assumes that employees are naturally unmotivated and dislike working, and this encourages an authoritarian style of management. According to this view, management must actively intervene to get things done. This style of management assumes that workers:

- Dislike working.
- Avoid responsibility and need to be directed.
- Have to be controlled, forced, and threatened to deliver what's needed.
- Need to be supervised at every step, with controls put in place.
- Need to be enticed to produce results; otherwise they have no ambition or incentive to work.

X-Type organizations tend to be top heavy, with managers and supervisors required at every step to control workers. There is little delegation of authority and control remains firmly centralized. McGregor recognized that X-Type workers are in fact usually the minority, and yet in mass organizations, such as large scale production environment, X Theory management may be required and can be unavoidable.

Theory Y

This expounds a participative style of management that is de-centralized. It assumes that employees are happy to work, are self-motivated and creative, and enjoy working with greater responsibility. It assumes that workers:

- Take responsibility and are motivated to fulfill the goals they are given.
- Seek and accept responsibility and do not need much direction.
- Consider work as a natural part of life and solve work problems imaginatively.

Management style is strongly influenced by management's beliefs and assumptions about what motivates members of their team: If it believes that team members dislike work, it will tend towards an authoritarian style of management; On the other hand, if it assumes that employees take pride in doing a good job, it will tend to adopt a more participative style.

Comparing Theory X and Theory Y

1. **Motivation:** Theory X assumes that people dislike work; they want to avoid it and do not want to take responsibility. Theory Y assumes that people are self-motivated, and thrive on responsibility.
2. **Management Style and Control:** In a Theory X organization, management is authoritarian, and centralized control is retained, whilst in Theory Y, the management style is participative: Management involves employees in decision making, but retains power to implement decisions.
3. **Work Organization:** Theory X employees tend to have specialized and often repetitive work. In Theory Y, the work tends to be organized around wider areas of skill or knowledge; Employees are also encouraged to develop expertise and make suggestions and improvements.

4. **Rewards and Appraisals:** Theory X organizations work on a 'carrot and stick' basis, and performance appraisal is part of the overall mechanisms of control and remuneration. In Theory Y organizations, appraisal is also regular and important, but is usually a separate mechanism from organizational controls. Theory Y organizations also give employees frequent opportunities for promotion.

5. **Application:** Although the Theory X management style is widely accepted as inferior to others, it has its place in large-scale production operation and unskilled production line work. Many of the principles of Theory Y are widely adopted by types of organization that value and encourage participation. Theory Y-style management is suited to knowledge work and professional services. Professional service organizations naturally evolve Theory Y-type practices by the nature of their work; Even highly structured knowledge work, such as call center operations, can benefit from its principles to encourage knowledge sharing and continuous improvement.

Leadership

Leadership is defined as influence, that is, the art or process of influencing people so that they will strive willingly and enthusiastically towards the achievement of group work.

Leadership can be summarized as personal quality of an individual that influence the behavior of followers. It is an important function of management. Leadership is an act of influencing people so that the followers follow the path of leader. The successful leader must lead to stimulate and inspire the followers to achieve organizational goals. In an organization the manager is a leader and other subordinates are followers. A manager cannot manage effectively unless he can lead his subordinates effectively. Hence a leader may or may not be a manager but a successful manager must be a leader.

Difference between Leader and a Manager

1. Leaders create a vision, managers create goals: Leaders paint a picture of what they see as possible and inspire and engage their people in turning that vision into reality. They think beyond what individuals do. They activate people to be part of something bigger. They know that high-functioning teams can accomplish a lot more working together than individuals working autonomously. Managers focus on setting, measuring and achieving goals. They control situations to reach or exceed their objectives.

2. Leaders are change agents, managers maintain the status quo: Leaders are proud disrupters. Innovation is their mantra. They embrace change and know that even if things are working, there could be a better way forward. And they understand and accept the fact that changes to the system often create waves. Managers stick with what works, refining systems, structures and processes to make them better.

3. Leaders are unique, managers copy: Leaders are willing to be themselves. They are self-aware and work actively to build their unique and differentiated personal brand. They are comfortable in their own shoes and willing to stand out. They're authentic and transparent. Managers mimic the competencies and behaviors they learn from others and adopt their leadership style rather than defining it.

4. Leaders take risks, managers control risk: Leaders are willing to try new things even if they may fail miserably. They know that failure is often a step on the path to success. Managers work to minimize risk. They seek to avoid or control problems rather than embracing them.

5. Leaders are in it for the long haul, managers think short-term: Leaders have intentionality. They do what they say they are going to do and stay motivated toward a big, often very distant goal. They remain motivated without receiving regular rewards. Managers work on shorter-term goals, seeking more regular acknowledgment or accolades.

6. Leaders grow personally, managers rely on existing, proven skills: Leaders know if they aren't learning something new every day, they aren't standing still, they're falling behind. They remain curious and seek to remain relevant in an ever-changing world of work. They seek out people and information that will expand their thinking. Managers often double down on what made them successful, perfecting existing skills and adopting proven behaviors.

7. Leaders build relationships, managers build systems and processes: Leaders focus on people – all the stakeholders they need to influence in order to realize their vision. They know who their stakeholders are and spend most of their time with them. They build loyalty and trust by consistently delivering on their promise. Managers focus on the structures necessary to set and achieve goals. They focus on the analytical and ensure systems are in place to attain desired outcomes. They work with individuals and their goals and objectives.

8. Leaders coach, managers direct: Leaders know that people who work for them have the answers or are able to find them. They see their people as competent and are optimistic about their potential. They resist the temptation to tell their people what to do and how to do it. Managers assign tasks and provide guidance on how to accomplish them.

9. Leaders create fans, managers have employees: Leaders have people who go beyond following them; their followers become their raving fans and fervent promoters – helping them build their brand and achieve their goals. Their fans help them increase their visibility and credibility. Managers have staff who follow directions and seek to please the boss.

Leadership Theories

For a number of years, researchers have examined leadership to discover how successful leaders are created. Experts have proposed several theories, including the trait, behavioral, contingency models of leadership.

The Trait Theory of Leadership

The search for the characteristics or traits of effective leaders has been central to the study of leadership. Underlying this research is the assumption that leadership capabilities are rooted in characteristics possessed by individuals. Research in the field of trait theory has shown significant positive relationships between effective leadership and personality traits such as intelligence, extroversion, conscientiousness, self-efficacy, and openness to experience. These findings also show that individuals emerge as leaders across a variety of situations and tasks.

The Behavioral Theory of Leadership

In response to the early criticisms of the trait approach, theorists began to research leadership as a set of behaviors. Behavioral theories focus on the behavior of the leaders as opposed to their mental, physical or social characteristics as propounded by Trait Theory. Behavioral theorists evaluated what successful leaders did, developed a taxonomy of actions, and identified broad patterns that indicated different leadership styles. Thus researchers were able to measure the cause an effects relationship of specific human behavior from leaders. The theory promulgates that anyone with the right conditioning can become a leader and these qualities are not genetic.In other words, **leaders are made not born**.

The behavioral theories first divided leaders in two categories. Those that were concerned with the tasks and those concerned with the people. Throughout the literature these are referred to as different names, but the essence are identical.

The Contingency Theory of Leadership

According to this approach, called contingency theory, no single psychological profile or set of enduring traits links directly to effective leadership. Instead, the interaction between those individual traits and the prevailing conditions is what creates effective leadership. In other words, contingency theory proposes that effective leadership is contingent on factors independent of an individual leader. As such, the theory predicts that effective leaders are those whose personal traits match the needs of the situation in which they find themselves. The Contingency Leadership theory argues that there is no single way of leading and that every leadership style should be based on certain situations, which signifies that there are certain people who perform at the maximum level in certain places; but at minimal performance when taken out of their element.

To a certain extent contingency leadership theories are an extension of the trait theory, in the sense that human traits are related to the situation in which the leaders exercise their leadership. It is generally accepted within the contingency theories that leader are more likely to express their leadership when they feel that their followers will be responsive.

Leadership Styles

Autocratic leadership style

When the authority and decision making power are concentrated to the leader it is known as autocratic leadership style. There is no participation by subordinates. The leader takes full authority and assumes full responsibility. Planning, policies and other working procedures are predetermined by the leader alone. The convey the information about what to do and how to do. They never take any advice or suggestions of other people. They structure the entire work situation in their own way and expect the workers to follow their orders and tolerate no deviation from their order. They are just like tyrant rulers. The leader who believes and exercises the autocratic leadership style is known as autocratic leader.
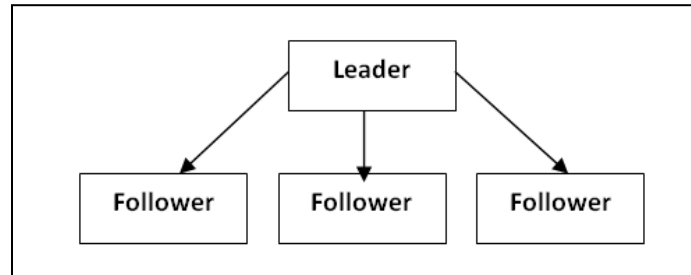
Features:
1. He/she makes his own decisions and he/she doesn't not take any advice of others because he/she thinks he/she is only superior.
2. His/her position gives him/her personal authority and right to lead the members in any way he/she desires.
3. Reward and punishment is exercised by him/her very strictly. Autocratic leadership style believes on negative motivational tools.
4. An autocrat leader does not give full information to the members. There is only one way communication in order to maintain the position.
5. An autocratic leader describes each job in detail and imposes rigid work standard on his employees. It means the subordinates are compelled to certain work assigned for him.

Advantages:
1. It is useful in emergency or in war,
2. When the workers are undisciplined and uneducated it gives the best results.
3. When the laborers are not organized, it is more effective.
4. There is no need of trained labor. It may be used for untrained workers.
5. It is a prompt process of decision making as the single person decides for the whole group.

Disadvantages:
1. Subordinates are not involved in the process of decision making in autocratic leadership style
2. It doesn't emphasize on correct evaluation of employee's performance
3. The moral of employees is so low.
4. There is no chance of management development.
5. There is no chance of two-way communication.
6. Creative ideas and thinking cannot be used in autocratic leadership style.
7. The employees perform the work with negative motivation.

Democratic leadership style:

When the authority and decision making power are decentralized to the subordinates is known as democratic leadership style. There is participation by subordinates. The leader delegates authority and provides responsibility even to the followers. Planning, policies and other working procedures are determined by the leader along with suggestions of the followers. He conveys the information about what to do and how to do just as a consultant. He takes advice and suggestions of other people. They structure the entire work situation in democratic way. They are just like democratic rulers. The leader who believes and exercises the democratic leadership style is known as democratic leader.
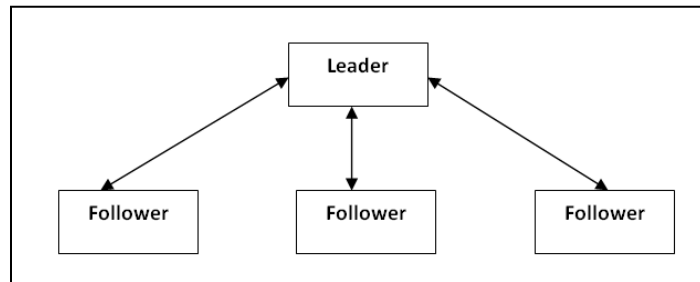
Features:
1. A democratic leader delegates the responsibility as per the capability of the employee
2. There is participation of all subordinates in decision making
3. Human values are also given preference. The leader gives concerns for the followers
4. Democratic leader imposes flexible work standard, designs goals with freedom for the performance of work.
5. A democratic leader emphasizes in results than on action

Advantages:
1. Good cooperation among employees is made in democratic leadership style.
2. Employees are highly satisfied and their morale is boosted
3. Efforts are recognized; employees are motivated
4. It helps in increasing in productivity.
5. Policies, planning and other working procedures become better because different kinds of logic, ideas and creativity are mixed
6. Subordinates have enjoy considerable freedom of action. It helps to increase the personal growth and gets opportunity to utilize their capabilities

Disadvantages:
1. It takes long time in decision making
2. It is not suitable for untrained subordinates
3. A leader may to be responsible in his style
4. It is not suitable when the followers are undisciplined and untrained

Free rein leadership style:

When all the authority and responsibility are delegated to the subordinates is known as Free rein leadership style. The leader who believes on this style is known as free rein leader. The free rein leader doesn't use the power and leaves the power to the subordinates. He/she doesn't provide any contribution to make planning and policies. This type of leadership style is very useful when group members are intelligent and fully aware of their roles and responsibilities.
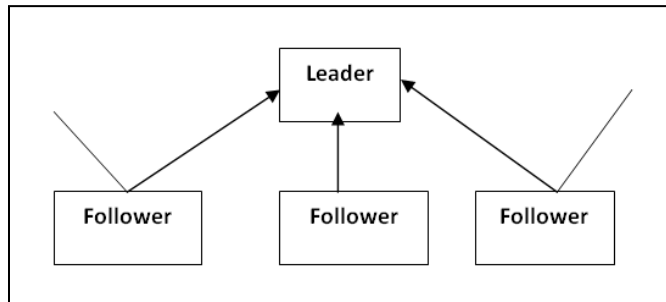
Features:
1. Subordinates have complete freedom in decision making
2. The subordinates are self-directed, self-motivated and self-controlled
3. The role of free rein leader is to provide facilities, materials and information to the employees.
4. The leader doesn't interfere in making planning and policies

Advantages:
1. The employees are satisfied in their job because they are free in decision making
2. The morale of employees is developed.
3. The employees are highly developed because there is maximum possibility for the development of workers.
4. The creativity and potentiality of subordinate are fully utilized.

Disadvantages:
1. Leader contribution is ignored.
2. Sometime the subordinates are not self-directed.
3. Subordinates should not get the guidelines of the leader.

Communication

Communication is the process of transformation of information from one person to another. It is a process of exchanging opinions ideas, feelings, information, views and other between or among two or more people. Communication skill means conveying the message to others and understanding the message from others. From business perspective, communication is a bridge for passing information between the management, employees and other stakeholders.

Process of communication
1. **Source or sender:** the first step in the communication process is source or sender. The source is also called communicator. Communication begins when someone has some idea, information, view, feeling to transmit. The communicator may be a person, group or an organization. When the communicator intends to communicate to somebody, communicator prepares the message
2. **Encoding:** the idea or feeling the sender has to be translated into some language or symbols. This process is called encoding. The sender must choose appropriate words, symbols, pictures etc to express his/her idea. While selecting the symbols, the sender has to pay attention about the receiver understanding the message.
3. **Message or medium:** the medium is the pathway for transmission of the message. Some medium must be selected. This channel is chosen by the sender. They can be formal or informal. Examples are face to face, email, letters, telephone etc.
4. **Decoding by the receiver:** the receiver assigns some meaning to the symbol transmitted by the source, so the receiver interprets the message and the process is known as decoding. It is not an easy task because words have different meaning for different people. Due to this problem, communication breaks down frequently.
5. **Feedback:** this is the final phase. Feedback is the reaction of the receiver. It confirms both the receipt of message and also the fact whether the receiver has understood it as intended by the sender.
6. **Noise:** it is interference with the normal flow of information. It disturbs the communication system. No matter how well designed is the communication system; if noise exists the message received is different from message sent.

Barriers to effective communication

A. **Physical barriers:** Internal structure of the organization and layout of office machines and equipments creates physical barriers in communication
   i. **Distance:** Communication is found obstructed by the physical distance between the sender and receiver.
   ii. **Noise:** It is from external sources and affects the communication process. Noise negatively affects the accuracy
   iii. **Physical arrangement**: – the physical arrangement of organizational sources like men, money, material and machine obstruct the communication process.

B. **Semantic barriers:** The use of difficult languages, words, figures, symbols create semantic barriers.
   i. **Language:** Some words have multiple meanings. Meaning intended by the sender can be quite different from the meaning understood by the receiver. Long and complex sentences also create problem in communication process.
   ii. **Jargons:** Technical words or unfamiliar professional terms creates barriers to communication.

C. **Organizational barriers:** It is an outcome of the organizational goals, structure, culture and regulations.
   i. **Poor planning:** It refers to the designing, encoding, channel selection and conflicting signals in the organization.
   ii. **Structure complexities**:- difficult organizational structure barrier for free flow of information.
   iii. **Status differences:** Superiors tend to ignore or not pay attention to subordinates feedback.
   iv. **Organizational distance:** Hierarchical distance creates communication barriers. Greater the distance between the sender and receiver the greater the chance of ineffective communication.
   v. **Information overload:** If superior provides too much information to the subordinate in short period receiver suffers from information overload which creates barriers to effective communication.
   vi. **Timing:** Delay in communication or choosing an inappropriate time by the sender or receiver makes communication ineffective.

D. Psychological barriers

The barriers to effective communication created from the lack of interest of the people from and/or for whom the communication is meant. People do not pay attention to the communication which are not interesting to them and which do not fulfill their want.

    i. **Perception**: it is the process of receiving and interpreting the information by the receiver. People receive things differently for a various number of reasons.

    ii. **Filtering**: Communicator sometimes filters the negative information to make it more favorable to the receiver. In this process, knowingly or unknowingly some valuable information may be disrupted.

    iii. **Mistrust: S**uperior provides information or message to the subordinates according to their own views, not trusting their i.e. subordinate's maturity level.

    iv. **Emotions:** Emotions like anger, hate, mistrust, jealousy etc. also create barriers to effective communication.

    v. **Defensiveness:** If the receiver interprets the message as a warning or threat, the actual purpose of the message is defeated.

Steps to make Communication Effective

The following steps may be taken to minimize barriers to communication and making it more effective:

1. **Clarity and completeness:** In order to communicate effectively, it is very essential to know the 'audience' for whom the message is meant. The message to be conveyed must be absolutely clear in the mind of the communicator because if the communicator himself does not understand an idea, he can never express it to someone. The message should be adequate and appropriate to the purpose of communication. The purpose of communication, itself, should be clearly defined.

2. **Proper language:** To avoid semantic barriers, the message should be expressed in simple, brief and clear language. The words or symbols selected for conveying the message must be appropriate to the reference and understanding of the receiver.

3. **Sound organization structure:** To make communication effective, the organizational structure must be sound and appropriate to the needs of the organization. Attempt must be made to shorten the distances to be travelled for conveying information.

4. **Orientation of employees:** The employees should be oriented to understand the objectives, rules, policies, authority relationships and operations of enterprise. It will help to understand each other, minimize conflicts and distortion of messages.

5. **Empathic listening and avoiding premature evaluation:** To communicate effectively, one should be a good listener. Superiors should develop the habit of patient listening and avoid premature evaluation of communication from their subordinates. This will encourage free flow of upward communication.

6. **Motivation and mutual confidence:** The message to be communicated should be so designed as to motivate the receiver to influence his behavior to take the desired action. A sense of mutual trust and confidence must be generated to promote free flow of information.

7. **Consistent behavior:** To avoid credibility gap. management must ensure that their actions and deeds are in accordance with their communication.

8. **Use of grapevine:** Grapevine or the informal channels of communication help to improve managerial decisions and make communication more effective. Thus, formal channels of communication must be supplemented with the use of grapevine.

9. **Feedback:** Communication is not complete unless the response or reaction of the receiver of the message is obtained by the communicator. The effectiveness of communication can be judged from the feedback. Therefore, feedback must be encouraged and analyzed.

10. **Gestures and tone:** The way one says something is also very important along with the message. Gestures such as a twinkle of an eye, a smile or a handshake, etc. sometimes convey more meaning than spoken words. Thus, one should have appropriate facial expression, tone, gestures and mood etc. to make communication effective.

Team can be defined as a small number of people with complementary skills who are committed to a common purpose, performance goals and approach for which they hold themselves mutually accountable.

A **group** is two or more individuals who share common interests or characteristics and whose members identify with each other due to similar traits.

Teams and groups differ in 5 key ways – task orientation, purpose, interdependence, formal structure and familiarity among members.

Team effectiveness is an attempt to build a group effort for improving the efficiency and effectiveness of the group as a whole. The group is formed in such a way which tries to increase productivity, quality and innovation and also diagnose and solve its own problems.

The following are essentials of an effective team:

1. Mutual trust and confidence among team members
2. Mutual interest to give the best effort for a common purpose
3. Realistic and achievable goal
4. Emphasis on key result areas for attaining organizational goals
5. High morale and enthusiasm
6. Constant help and support from the top management
7. Team achievement must be recognized and rewarded by top management

Steps for effective team building

1. **Selection** after considering many factors such as qualification, experience, skill, expertise, technical knowledge, seniority etc.
2. Business appreciation and **grooming** team members so as to make them business managers rather than functional managers.
3. Training to acquire **leadership skills**.
4. Learning effective **communication skills**.
5. Establish an atmosphere that encourages trust, confidence and cooperation among team members.
6. Facilitate **communication** by remaining open to suggestion, asking questions and offering help and avoiding confusion in communication.
7. Every team member must have a right to give opinion and suggestion to accomplish the jobs and **share information** with other members.
8. **Appraisal and monitoring** is required to guide the team members for achievement of desired goals

Management by Objectives

The term Management by Objectives was coined by Peter Drucker in 1954.

The process of setting objectives in the organization to give a sense of direction to the employees is called as Management by Objectives. It refers to the process of setting goals for the employees so that they know what they are supposed to do at the workplace. Management by Objectives defines roles and responsibilities for the employees and help them chalk out their future course of action in the organization. It guides the employees to deliver their level best and achieve the targets within the stipulated time frame.

Need for Management by Objectives (MBO)

a. The Management by Objectives process helps the employees to understand their duties at the workplace.
b. KRAs are designed for each employee as per their interest, specialization and educational qualification.
c. The employees are clear as to what is expected out of them.
d. Management by Objectives process leads to satisfied employees. It avoids job mismatch and unnecessary confusions later on.
e. Employees in their own way contribute to the achievement of the goals and objectives of the organization. Every employee has his own role at the workplace. Each one feels indispensable for the organization and eventually develops a feeling of loyalty towards the organization. They tend to stick to the organization for a longer span of time and contribute effectively. They enjoy at the workplace and do not treat work as a burden.
f. Management by Objectives ensures effective communication amongst the employees. It leads to a positive ambience at the workplace.
g. Management by Objectives leads to well defined hierarchies at the workplace. It ensures transparency at all levels. A supervisor of any organization would never directly interact with the Managing Director in case of queries. He would first meet his reporting boss who would then pass on the message to his senior and so on. Every one is clear about his position in the organization.
h. The MBO Process leads to highly motivated and committed employees.
i. The MBO Process sets a benchmark for every employee. The superiors set targets for each of the team members. Each employee is given a list of specific tasks.

Management by Exception

Managers cannot control every organizational activity. This is neither desirable nor possible within the frame of time, money and resource constraints. If actual performance conforms to planned performance, the matter need not be brought to the notice of top managers. Even when the deviation is not significant (when it is within the range of control), the matter may not be reported to top managers.

However, if deviations are significant (beyond the acceptable range of errors), they should be reported up the hierarchy for managerial action. These deviations may be exceptionally good or bad situations. The principle of 'management by exception' states that managers should concentrate only on significant deviations rather than each and every organizational activity. "The more the managers concentrate control efforts on significant exceptions, the more efficient will be the results of their control."

The principle of 'management by exception' is closely related to the principle of 'critical point control'. While critical points determine the areas or elements where control should be exercised, the 'exception principle' determines the deviations occurring at the critical points. It, thus, serves as a performance appraisal technique which identifies significant deviations in the 'critical points' and reduces their chances of recurrence.

Merits of 'Management by Exception':
The principle of 'management by exception' has the following merits:

1. It saves time, effort and money as superiors deal with only exceptional deviations.
2. It leads to development of lower-level managers as they learn to deal with simple and routine problems.
3. It leads to optimum attainment of organizational goals by categorizing the deviations between significant (those that significantly affect organizational objectives) and insignificant (those that do not require top managerial attention).
4. It leads to optimum utilization of resources as they are concentrated in areas that need managerial attention.

US vs. Japanese style of management

1. **Comparison of Managers:**
Japanese managers are quite different from other managers generally and from American managers specifically. Japanese managers (when compared to American managers) are more apt to embrace reciprocal participative attitudes and values and to perceive higher levels of self actualization flowing from their roles and positions. Japanese managers, more than American managers, have internalized organizational goals concerning high productivity, organizational growth and organizational stability. The behavioural relevance of personal goals achievement and creativity is higher for Japanese managers while the behavioural relevance of job satisfaction and individuality is higher for American managers.

2. **Comparison of Workers:**
Japanese workers have greater trust and acceptance of management decisions concerning application of practices and policies than do American workers. Japanese workers value working at high levels of capacity and assisting other workers to a greater extent than do American workers, and that this difference is increasing over time. High level of work effort and commitment, organizational involvement and cooperation, acceptance, and trust in management policies and practices — all are the norm of Japanese workers; they are not for American workers.

3. **Comparison of Societies:**
Japanese people endorse social norms whereby uncertainty is reduced through systems of rules leading to stability. The Japanese tend to view themselves in collective terms rather than in individual terms. These are the elements of Japanese social norms which are very consistent with theory Z of management. Americans score in the opposite direction, high on individuality and low on uncertainty avoidance and it is hardly consistent with theory Z management practices.

Conclusions and implications:
The real differences between Japan and the United States in general social values and norms and in manager and worker belief systems concerning work raise serious questions about widespread transferability of Theory Z management to the United States.

McKinsey 7-S Model

- The McKinsey 7-S Model is a tool designed to help business owners and managers understand how aligned their organization is, and where it can be approved.
- The model is most often used as an organizational analysis tool to assess and monitor changes in the internal situation of an organization.
- It is based on the theory that, for an organization to perform well, these seven elements need to be aligned and mutually reinforcing.
- The model can be used to help identify what needs to be realigned to improve performance, or to maintain performance during other types of change.

The McKinsey 7-S Model is a tool designed to help business owners and managers understand how aligned their organization is, and where it can be improved. As you might guess from the title, there are seven elements which make up this model – strategy, structure, systems, shared values, skills, style, and staff. Each of these elements it vital to your success, yet each needs its own time and attention to function properly. Only when these separate parts of your organization are able to come together can you be confident that you are on the right path.

To help you better understand this model, it is divided into two categories – hard elements, and soft elements. Three of the factors are categorized on the hard elements side, with four on the soft elements side. Let's take a look at each of these separately to better understand how the McKinsey 7-S Model can influence your organization.

The Hard Elements

The three factors which are considered as 'hard' elements under this model are strategy, structure, and systems. For most managers, these are going to be the elements that are easier to understand and quantify. In fact, these are probably the areas that you are currently spending most of your time, even if you don't think about them as such.
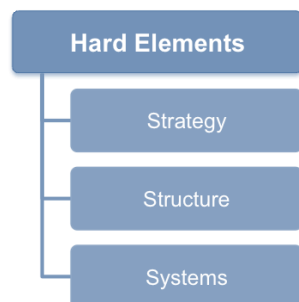
These are the classic elements of business operations and your work on a daily basis very likely relates to one or more of these areas.

Strategy: This is a high-level perspective on the business and how you plan to rise above your competitors over time. Most likely, you will be able to draw most of your strategy from the business plan that should have been drafted when you were first getting started. In some cases, your strategy could be defined by the sub-section of the business in which your work. For example, if you are the accounting manager within a larger organization, your strategy may relate to how you can best provide the accurate data that is required by those above you – as opposed to having it relate the business operations as a whole.

Structure: The structure element is another one that you probably have a handle on already. Structure is often visualized in the form of an organizational chart or other document that outlines who reports to whom. This structure could deal in terms of the whole organization, or simply a department within the company, such as the accounting department from our previous example.

Systems: How the job gets done. This is the work that is taking place on a regular basis to keep the business operating and moving forward. Most likely, systems is where you spend the vast majority of your time as a manager. Making sure all of your employees are working on the right projects, and getting them done in time, is the life of a leader within any business. Without systems that function properly, none of the rest of the model will get you anywhere.

It should be pretty easy to get a handle on these hard elements of the model. However, just by thinking of them in this way and making sure each is aligned to the other, your management style could be improved or refined.

The Soft Elements
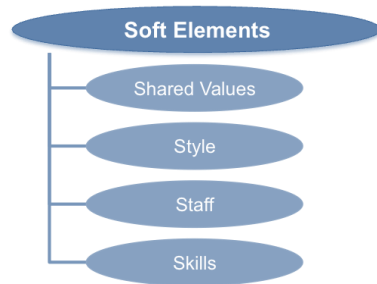
The soft elements within this model are somewhat harder to define, and definitely more difficult to quantify. They are no less important, however, and the good leader will give them just as much time and attention as the previous group.

Shared Values: Think of this point as the overall culture of the company, and the purpose behind everything that is done. The shared values of an organization should stretch to all employees, to create a feeling of cohesiveness and camaraderie.

Style: How are you going to lead your team? The style of leadership that you use should fall in line with both the culture of the organization, and the needs of your team. There are many different leadership styles employed by managers depending on the situation, so you will need to craft your own approach to the job as you see best fit based on the circumstances around you.

Staff: Understanding the strengths and weaknesses of your team is a classic leadership responsibility – but you also need to know how to then get the most from them while also developing their skills along the way. A good leader will constantly be improving their team so they are stronger tomorrow than they were today.

Skills: In many ways, this point goes along with staff in terms of knowing what you can get done in-house with the skills you have available to you. You never want to ask someone on your team to do something they aren't capable of, so having a strong understanding of the skills within your staff is something that you should prioritize.

Self-Management

Self-Management, simply stated, is an organizational model wherein the traditional functions of a manager (planning, coordinating, controlling, staffing and directing) are pushed out to all participants in the organization instead of just to a select few. Each member of the organization is personally responsible for forging their own personal relationships, planning their own work, coordinating their actions with other members, acquiring requisite resources to accomplish their mission, and for taking corrective action with respect to other members when needed.

This manifests itself as a total absence of formal hierarchy. Formal hierarchy implies that there are those within the organization who have authority to direct the actions of others, and that there are others within the organization who have only limited authority. The principles of Self-Management acknowledge that those who would traditionally be viewed as the "employees" are, in fact, the ones who have the greatest insight into the management of their day-to-day functions and who are, further, in the best position to take immediate action when circumstances demand a response or a change in course. Those principles extend the rights and resources required to take action and make decisions out to those who are best suited to take action and make decisions rather than arbitrarily extending those rights to a select few individuals who we anoint with the title of "manager".