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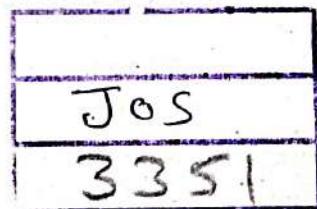
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Fundamentals of Organizational Structure & Behavior

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National Level Publication



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Fundamentals of Organizational Structure & Behavior

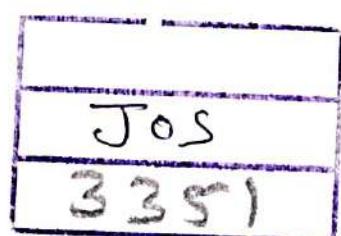
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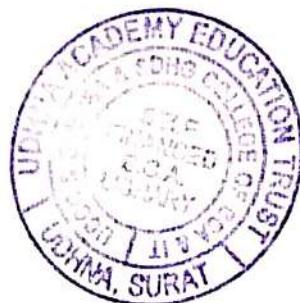
VIVEKANAND COLLEGE FOR ADVANCED COMPUTER & INFORMATION SCIENCE, SURAT

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Index

Unit 1.	Introduction to Organization and Management	1
	1.1.What makes an organization	
	1.2.Structure of organization	
	1.3.What is Management	
	1.4.Scope of Management	
	1.5.Role of Management	
	1.6.Manager's Role (Interpersonal Role, Information Role and Decisional Role)	
	1.7.Managerial Skills (Technical Skills, Human Skills, Conceptual Skills)	
Unit 2.	Attitude	25
	2.1.Meaning of Attitudes	
	2.2.Characteristics of Attitudes	
Unit 3.	Motivation	33
	3.1. What is motivation?	
	3.2.Nature and Characteristics of Motivation	
	3.3.Importance & Benefits of Motivation	
Unit 4.	Leadership	43
	4.1. What is Leadership?	
	4.2.Characteristics of Leadership	
	4.3.Leadership Styles	
	4.4. Leadership Skills (Technical Skills, Conceptual Skills. Personal Skills)	

Unit – 1

Introduction to Organization and Management

- 1.1.What makes an organization**
- 1.2.Structure of organization**
- 1.3.What is Management**
- 1.4.Scope of Management**
- 1.5.Role of Management**
- 1.6.Manager's Role (Interpersonal Role, Information Role and Decisional Role)**
- 1.7.Managerial Skills (Technical Skills, Human Skills, Conceptual Skills)**

➤ **Organization :-**

When two or more people get together and agree to co-ordinate their activities in order to achieve their common goals, an organization is born.

➤ **Features / Characteristics of Organization**

1. Identifiable group of Human Beings :

It is a group of person who are interrelated. The identifiable interrelated group of individuals determines the boundary of the organization. It shows the organization as a separate entity from the other elements in its environment.

Some of the elements in the organization will interact with its environment. The interaction refers to the flow of both people and information across the boundary.

2. Deliberate and conscious creation and recreation :

With

The relationship between organization and its members is contractual. Members enter in the organization through a contract and can be replaced if task is unsatisfactory. It is a system of consciously coordinated activities of two or more persons. This feature differentiates the organization from the other social units. Recreation of groups can be made by the organization through promotions, demotions or transfers of people in the organization.

3. Purposive creation :

All the organization has some objective or set of objectives that is the organization creation is purposive.

The success of organization depends upon the achievement of its objectives. The objectives are mutually agreed upon by the members of the group.

4. Co-ordination of activities :

The co-ordination is necessary because all the members contribute to common goals. The organization needs to identify the roles which must be fulfilled in order to achieve the goals. Co-ordination also avoids duplications and delays. Various functions in an organization depend upon one another and the performance of one influences the other. Unless all of them are properly coordinated, the performance of all segments is adversely affected.

5. Structure :

The structure provides center which co-ordinates and controls the efforts of the organization and directs them towards the goal.

An organization consists of various positions arranged in a hierarchy with well-defined authority and responsibility.

The hierarchy of positions defines the lines of communication and pattern of relationships. The co-ordination among the many different individual is not possible without some means of controlling and guiding.

6. Rationality :

Every organization has some specified norms and standards of behavior and all the member of the organization is expected to behave accordingly to these norms. The desirable behavior is rewarded and undesirable one is punished.

The success of an organization depends upon the behavior of the people and the group.

Individual groups and structures are the basis of group behavior.

> Significance of Organization / Importance of Organization :

1. Limitation of Individual :-

Human being as an individual has many limitations. To overcome the problems of these limitations they are grouped together. By organizing man increases his capabilities and overcome his limitations.

2. Social Reason :-

Human beings as an individual always want a social environment with others that can satisfy his social needs. A clearly defined work, authority, responsibility, accountability will enable individuals to work in a free atmosphere. Everybody will know his limitations and may try to remain in that sphere. This will give job satisfaction to employees.

3. Material Reason :-

There are three material reasons:

- 1.1 . A person can enlarge his abilities.
- 1.2 A person can compress the time required to accomplish an objective.
- 1.3 A person can take advantage of the accumulated knowledge of previous generations.

➤ Organization Structure :

Structure is the pattern in which various parts or components are interconnected or interrelated.

The organization structure is the pattern of relationship among various parts of organization since the positions hold by various persons; the structure is the relationship among the people in the organization.

➤ Need for structure in Organization / Importance of Organization structure :-

1. Facilitating Management Actions :

Organization structure is the mechanism through which management directs, co-ordinates and controls the organizational activities.

A proper organization structure helps the management and operations of an organization.

The grouping and arrangement of activities directly affect operating results. When a large number of people work together a formal structuring is required, to place them according to the need of organization.

2. Encouraging efficiency :

In organization, efficiency defines major criteria. Members have to maximize the output from a given input of resources.

Various models of organizational designs try to achieve efficiency in organizational operations.

3. Communication :

Organization structure provides the pathways for communication among organizational member as well as between the organization and its environment, through which when the organization interacts with its environment a communication process is involved.

Structure servers the purpose of communication. Within organizational boundary communication is required in horizontal and vertical direction.

4. Optimum use of Organizational Resources:

Organization structure tries to make optimum use of organizational resources by ensuring their allocation to points where they are needed.

Placing activities according to their importance provides guidance for resource allocation. While efficiency in the use of organizational resource, is necessary for organizational growth and vitality.

Organization structure gives higher place to activities which are more important to the achievement of organizational objectives.

5. Stimulating Creativity :

Organization structure tries to put people at places where they are required. A sound structure stimulates creative thinking by providing well-defined area of the work.

6. Job Satisfaction :

Organization structure is a source of satisfaction to people. Most people expect their jobs and work to provide a reasonable degree of job satisfaction and this will fulfill with proper organization structure.

➤ Features of Structure in Organization (Characteristics of Organization structure)

5

1. Simplicity :

An organization structure should be basically simple. Too many levels, too many communication channels, multiplicity of commands and too many committees often cause more problems than solving them.

Every person in the organization should be clear about to whom he has to consult in a particular matter.

2. Flexibility :

An organization structure should be flexible enough so that changes can be incorporated whenever needs arise. The flexible structure provides opportunity to include changes where these are needed without affecting the other parts of structure. If the change in one part of the structure needs changes in other parts than suitable changes should be made in those parts also.

7

3. Clear line of authority :

The concept implies that one should be very clear about what is expected to achieve and what relationship should be maintained at office level.

8

There should be clear lines of authority running from top to bottom or in horizontal directions. The failure to clarify lines of authority results into problems.

4. Application of ultimate responsibility :

It suggests that although manager assigns some of the work to his subordinates he is ultimately responsible for performance of total work. He is responsible for his own work as well as for the work performed by his subordinates.

5. Proper delegation of authority :

The concept of ultimate responsibility can work only when there is proper delegation of authority at various levels of the organization.

Delegation of authority refers to authorization of a manager to make certain decisions. A common problem in organization is that the managers often fail to delegate the authority and suffer with different problems.

6. Minimum possible managerial levels :

There should be minimum managerial levels. Greater the number of managerial levels, longer is the line of communication in the chain of command and the communication has to travel along the line creating problems of delay and distortion.

7. Principles of Unity of Direction and Command :

Unity of command suggests that one person should receive orders and instruction from one superior only.

It refers to the concept of one plan and one person. Unity of command again provides clarity in role.

8. Proper emphasis on Staff :

The line and staff activities are required because both serve different objectives in the organization. A line activity is that which serves the organizational objectives directly. Contribution of staff activities are indirect that is they help in carrying out the line activities so as to achieve organizational objectives.

The staff activities should be clearly spelled out to make the organization work smoothly.

9. Provision for Top Management :

Board of directors and shareholders are included as top management. A link should be provided between regular management and the top management team.

They are not participating on regular basis but affect the organizational functioning.

The organization structure should clearly specify how these top management groups will participate in management of company.

➤ Organizational Behavior

Organization Behavior is a subset of management activities concerned with understanding, predicting and influencing individual behavior in organization settings.

➤ Roles of Organization Behavior

1. Understanding Human Behavior :

Organizational behavior provides a way for understanding human behavior in all the directions in which human beings interact.

Behavior can be understood at individual level, inter-personal level, group level and inter-group level.

1.1 Individual level :

It provides for analyzing why and how an individual behaves in a particular way. Human behavior is affected by a large number of factors like social, psychological etc.

1.2 Inter-personal level :

It examines the superiors, subordinates relationship. Organizational behavior provides analysis of relationship among persons.

1.3 Group level :

Through the people interact their individual level, but if they are modified by group than the behavior can be different. The group behavior can be studied in terms of how a group behaves for its norms, goals, communication pattern, leadership and membership.

1.4 Inter-group level :

The organization is made up of many groups that develop complex relationships to build its process and substance. Intergroup relationship may be in the form of co-operation or competition.

The co-operative relationship helps the organization in achieving its goals.

2. Controlling and directing Human Behavior :

Managers are required to control and direct the behavior so that it conforms to standards required for achieving organization objectives.

OB helps managers in many areas:

1. Use of Power and Sanction :

Organizational Behavior can be controlled and directed by power and sanction.

Power is referred to as capacity of an individual to take certain action and sanction is related with power. Both power and sanction can be utilized to achieve organizational objective.

2. Leadership :

Leadership is another method to bring human behaviour in tune with the organizational requirement. Managers can adopt various styles for different individual and different situations.

3. Communication :

Communication is the building block of organization thru which people come in contact with others.

To achieve organizational effectiveness, the communication must be effective. The different factors that affect communication have been analyzed so as to make it more effective.

4. Organizational Climate :

Organizational climate refers to the organizational situations affecting human behavior. Satisfactory working conditions, adequate compensation and the necessary equipment for the job considered as motivational climate.

3. Organizational Adaptation :

The organizations have to adapt themselves to the environmental changes by making suitable arrangements. The managers must identify need of change and then implementing change in organization.

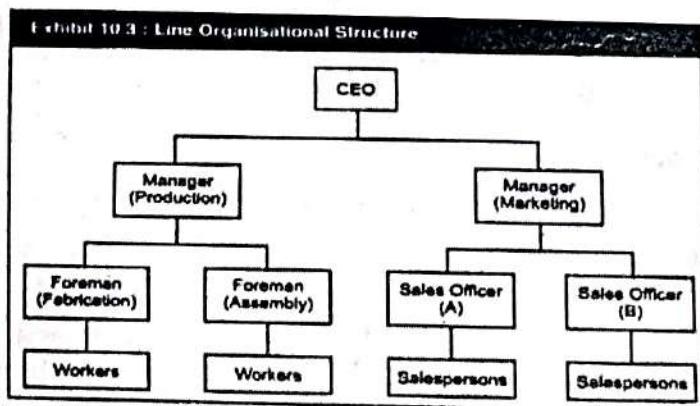
➤ Structure of organization

Different enterprises adopt different types of organization structures according to their needs. These can be :

1. Line Organization
2. Functional organization
3. Line and staff organization
4. Committee organization
5. Formal organization and informal organization

1. Line organization

- This is the simplest and oldest form of organization. It is also known as Military / scalar / vertical organization.
- In this unit is organized on the basis of responsibility and authority. Every subordinate is responsible to his immediate superior. Every superior has authority over employees under him and issues orders and instructions to them.
- The authority flows from the top to the bottom in a line and the responsibility flows in the opposite direction from the bottom to the top.



- Every person is connected at some point with the line of authority and responsibility.
- The line is the chain of command that extends from the Board of Directors through the various delegations of authority and responsibility.
- **Merits of Line Organization**

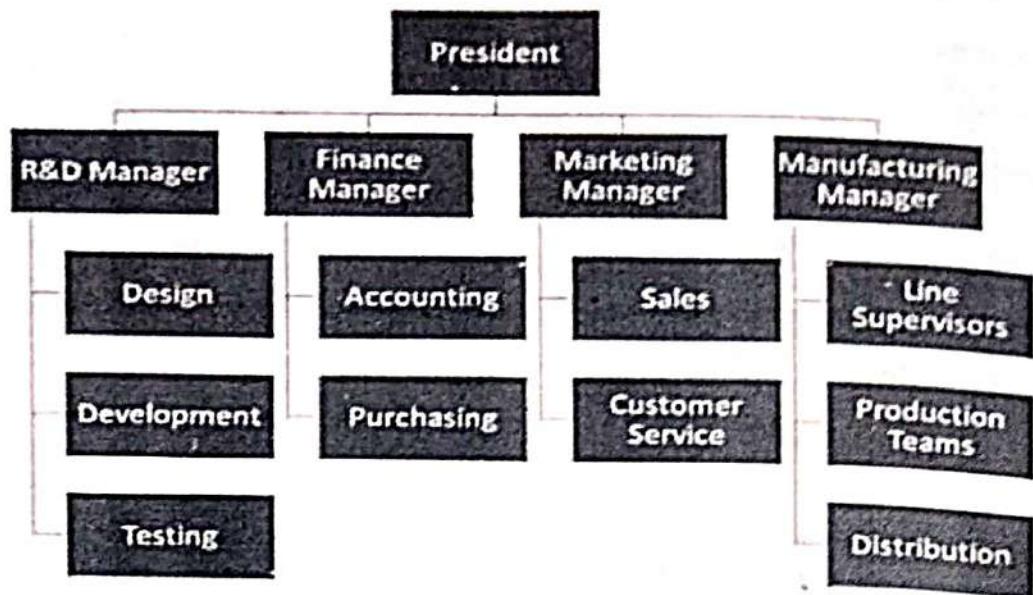
- ✓ Simplest
- ✓ Unity of Command
- ✓ Better discipline
- ✓ Fixed responsibility
- ✓ Flexibility
- ✓ Prompt decision

- **Demerits of Line Organization**

- ✓ Over reliance
- ✓ Lack of specialization
- ✓ Inadequate communication
- ✓ Lack of Co-ordination
- ✓ Authority leadership

2. Functional organization

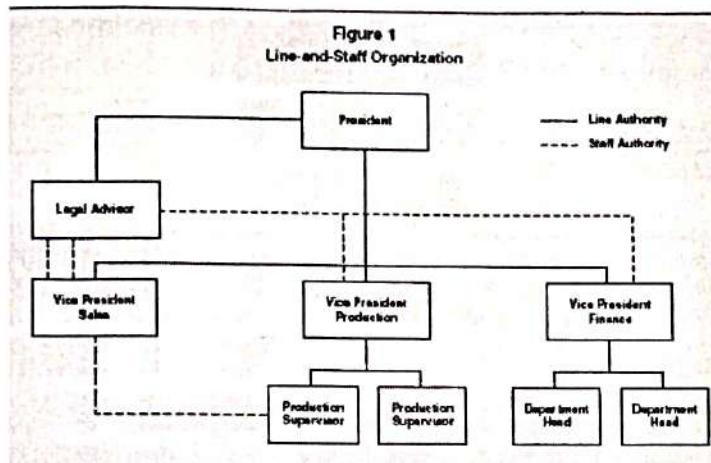
- To avoid the inefficiency arising in line organizing due to all functions being assigned to a single person, functional organization is recommended.
- The whole task of management is divided according to the type of function involved.
- The focus is on the division of task. Each and every task is division to an expert.
- Each worker receives instructions not only from one superior, but also from a group of specialists.
- The scope of the work is kept limited but the area of authority is left unlimited.



- The advantages of this type of structure are:
 - ✓ specialization - departments focus on one area of work
 - ✓ productivity - specialism means that staff are skilled in the tasks they do
 - ✓ accountability - there are clear lines of management
 - ✓ clarity - employees understand their own and others' roles
- Disadvantages of a functional structure
 - ✓ aligning priorities across the business
 - ✓ the flow of information and communication
 - ✓ collaboration
 - ✓ co-ordination of decision-making
 - ✓ embedding and managing change across departments

3. Line and staff organization

- To preserve the clarity and simplicity of line organization and at the same time to take advantage of the specialization under functional organization this structure is used.
- The characteristic of line and staff organization is that line officials do administrative work as usual, but they are assisted by the experts (known as staff).
- The line officials mean doers and experts forming staff are thinkers.
- Line officers have the authority to issue directives while staff experts have the authority to give advice and instructions.



- **The advantages are :**

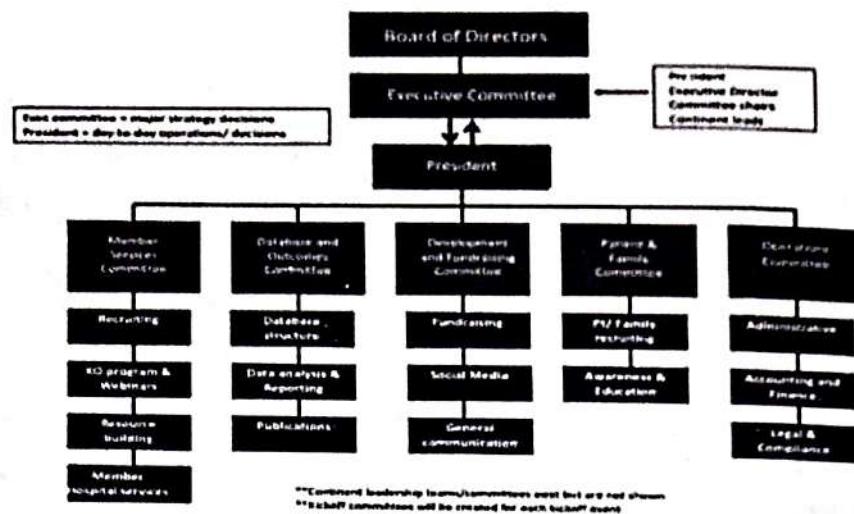
- ✓ Specialization
- ✓ Flexibility
- ✓ Expert Advice
- ✓ Sound Decisions
- ✓ Relief to Line Executives
- ✓ Opportunities for Advancement.

- **Disadvantages are :**

- ✓ Confusion
- ✓ Advice Ignored
- ✓ Encourages Carelessness
- ✓ Expensive
- ✓ Conflict between Line and Staff

4. Committee organization

- The above 3 forms of organization cannot fully satisfy the requirements of modern business. So the committee organization began to be adopted.
- A committee is a group of persons, either appointed or elected who are to meet for the purpose of considering matters assigned to the group.
- Correct decisions can be made if the views and opinions of all persons concerned are taken into account and differences are sorted.
- Normally it is adopted at the higher level of management.
- For each task a separate committee can be formed and there are sub-committees to deal with various divisions of the main function.



- **Advantages are :**

- ✓ Pooling of knowledge and experience
- ✓ Improved communication
- ✓ Facility of coordination
- ✓ Better motivation
- ✓ Executive development
- ✓ Democratic management
- ✓ Representation of interests
- ✓ Consolidation of authority
- ✓ Avoidance of action

- **Disadvantages are :**

- ✓ Indecisiveness
- ✓ High costs
- ✓ Compromised decisions
- ✓ Diffused responsibility
- ✓ Domination by few
- ✓ Perpetuation
- ✓ Lack of secrecy

5. Formal organization and informal organization

- Line organization, functional organization, line and staff organization and committee organization are the examples of formal organization as they are set up under definite rules and procedures.
- The authority and responsibility are assigned to each person as per the rules. Each person has a fixed place and acts like a part of a machine.
- Informal organization is observed within formal organizations. The informal organization is based on personal relations.

The informal organization refers to that organization which is based not on rules and regulations but on personal beliefs and preferences. It enhances the efficiency of the unit, makes communication and control more effective and raises morale of the employees.

Comparison between Formal and Informal organization :

BASIS FOR COMPARISON	FORMAL ORGANIZATION	INFORMAL ORGANIZATION
Meaning	An organization type in which the job of each member is clearly defined, whose authority, responsibility and accountability are fixed is formal organization.	An organization formed within the formal organization as a network of interpersonal relationship, when people interact with each other, is known as informal communication
Creation	Deliberately by top management.	Spontaneously by members.
Purpose	To fulfill, the ultimate objective of the organization.	To satisfy their social and psychological needs.
Nature	Stable, it continues for a long time.	Not stable
Communication	Official communication	Grapevine
Control mechanism	Rules and Regulations	Norms, values and beliefs
Focus on	Work performance	Interpersonal relationship
Authority	Members are bound by hierarchical structure.	All members are equal.
Size	Large	Small

➤ **Management :**

Managing is the process of getting things done through and with people in an organization.

➤ **Management Functions :**

1. Planning

Planning is to determining the future course of action. Planning includes determining specific objectives, projects, setting policies and strategies and preparing budgets.

Based on the future involved in the planning process, plans may be prepared for long-term, short-term and middle term.

2. Organizing

Organizing is the process of dividing work into convenient task and grouping each in form of positions and sections. Organizing function can be viewed as a bridge between planning and actual accomplishment of objectives.

3. Staffing

Staffing involves providing man power for various positions created by the organization process. Staffing process is too complicated and time-consuming. Personal department provides support to managers for staffing process.

4. Directing

When people are available in organization, they must know what they are expected to do in the organization. Managers communicate to subordinates about their expected behavior.

The superiors have continuous responsibility to guide and lead their subordinates for better work performance and motivate them to work with enthusiasm. So directing includes communicating, motivating and leading.

5. Controlling

Controlling involves identification of actual results, comparison of actual results with expected results as a set of planning process, identification of deviation between the two and taking corrective actions to match actual results with expected results.

➤ Management Skills

In order to perform different management functions effectively, managers must have some skills that is the practical ability or expertise in doing something. All skills can be learned and developed by an individual thru practice only. There are 3 categories of managerial skills.

1. Technical skills

2. Human skills

3. Conceptual skills

1. Technical Skills :

Technical skills are concerned with what is done and primarily deal with things. It belongs to knowledge and proficiency in activities involving methods and processes.

For eg: the person who is responsible for maintaining files in an organization must have technical skill relating to 'how files are managed'. Technical skills are developed by the actual practice on the job.

2. Human Skills :

Human skills are one's ability to work effectively with others on a person to person basis and to build up cooperative group relations to accomplish organizational objectives.

No manager can be effective without suitable human skills. Human skills are required for following managerial jobs:

- Every manager interacts on one-to-one basis with others. To make this interaction effective the manager must have good interpersonal skills to understand others.
- Every manager interacts with others as a member of groups.
- Every manager communicates with others frequently.
- For directing his subordinates a manager does not use his formal authority as it impact on the willingness and enthusiasm of his subordinates.
- For getting best results from people, it is essential to motivate them. The manager must be able to understand the needs of his people and the way these needs may be satisfied.

- Conflicts may arise in organization between two persons and groups. A manager must have ability to resolve these conflicts within the given time frame.

3. Conceptual skills :

Conceptual skills are referred as general management skills and are concerned with why a thing is done. Such skills are necessary to deal with abstractions, to set models and to prepare plans.

All managers in an organization need all the 3 skills in varying proportion. At the lower level, technical skills are more relevant. At middle level, Human skills are more appropriate. At the higher level, conceptual skills are required.

➤ Management Roles

Role is the pattern of behavior which is defined for different positions. It refers to the expected behavior of the person for a specific position.

There are 3 different roles of a manager:

1. Interpersonal Role
2. Informational Role
3. Decisional Role

1. Interpersonal Role

It is concerned with the interaction with other persons, both the organizational members and outsiders. There are 3 types of interpersonal role.

1.1 Figurehead Role

The manager performs activities which are of symbolic in nature. These include greeting the visitors, attending social functions, handing out awards to outstanding employees.

1.2 Leader Role

It involves leading his subordinates and motivating them for willing contribution. Willing contributions come from subordinates when they see certain behaviour in a manager.

1.3 Liaison Role

The manager serves as a connecting link between his organization and outsiders or between his unit and other organizational units. The major objective of this role is to maintain a link between the organization and its environment.

2. Informational Role

Informational role includes communication both within and outside the organization.

There are three types of informational role.

1.1 Monitor Role :

The manager collects information about those factors which affect his activities. Such factors may be within the organization or outside it.

1.2 Disseminator Role :

The manager distributes the information to his subordinates who may otherwise not be in a position to collect it.

1.3 Spokesperson Role :

The manager represents his organization or unit while interacting with outsiders.

3. Decisional Role

Decisional roles of a manager involve choosing the most appropriate alternative out of the available ones so that the organization achieves its objectives. The manager performs 4 roles.

1.1 Entrepreneur :

The manager assumes certain risk which is involved in terms of the outcomes of an action because these are affected by a variety of external factors. The manager is required to bring suitable changes in the organizational processes to align these with the requirement of the environment.

1.2 Disturbance Handler :

The manager is required to contain those forces and events which disturb the organizational normal functioning.

1.3 Resource allocator :

The manager allocates resources such as human, physical and financial, to various units according to their needs.

1.4 Negotiator :

The manager negotiates with various groups (such as employees, shareholders and outsiders) in the organization.

➤ Scope of management

The field of management is very wide. The operational areas of business management are classified as follows:

1. Production management
2. Marketing management
3. Financial Management
4. Personal Management

1. Production Management :

Production management includes planning, organizing, directing and controlling the production function so as to produce the right goods in right quantity at right time at right cost.

- Designing the product
- Location and layout of plant and building
- Planning and control of operation
- Repair and maintenance
- Inventory cost and quality control
- Research and development

2. Marketing Management :

Marketing management refers to the identification of customer need and supplying the goods and services which can satisfy their wants.

It performs the following activities:

- Market research is used to determine the needs of expectations of consumers.

- Planning and developing suitable products.
- Settling appropriate prices.
- Selecting the right channel of distribution.
- Promotion activities like advertising to communicate with customers.

3. Financial Management :

Financial management seeks to ensure the right amount and type of funds to business at the right time and at the reasonable cost.

It includes the following activities:

- Estimating the volume of funds required for both long-term and short-term needs.
- Selecting appropriate source of funds.
- Raising the required funds at the right time.
- Ensuring proper utilization and allocation of funds so as to maintain safety of funds.
- Administrator of earnings.

4. Personal Management :

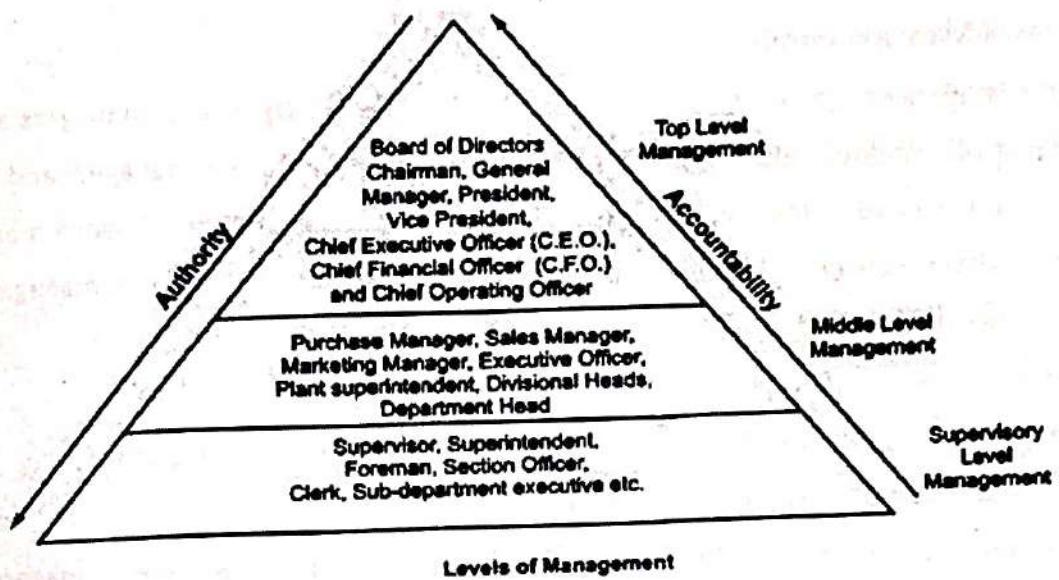
Personal management involves planning, organizing and controlling the procurement, development, compensation, maintenance

- Manpower Planning
- Staffing / Recruitment
- Selection
- Training and development

➤ Levels of Management

There are 3 levels of management as follows:

1. Administrator or Top-level management
2. Executive or Middle-level management
3. Supervisor or Lower-level management



1. Top-level Management :-

The top-level management consist of Board of Directors (BOD) and the chief executive officers (CEO). The CEO is also called General Manager or Managing Directors or President. The Board of Directors is the representatives of the shareholders i.e. they are selected by the shareholders of the company. Similarly the CEO is selected by the Board of Directors of an organization.

The main role of top-level management is as follows:

- The top-level management determines objectives, policies and plans for the organization.
- They bring together available resources.
- The top-level management does mostly the work of thinking, planning and deciding.
- They spent more time in planning and organizing.
- They prepare long-term plans of the organization which are generally made for five to twenty years.
- The top-level management has maximum authority and responsibility. They are the top or final authority in the organization.
- They require more conceptual skills and less technical skills.

1. Middle-level Management :-

The middle level management consists of department heads (HOD), branch managers and the junior executives. The department heads are finance managers, purchase managers and branch managers are the head of the local unit. The junior executives are assistant finance managers, assistant purchase managers. The top level management selects the middle level management.

The middle level management functions are as follows:

- Middle level management gives advises to the top level management.
- It implements the policies and plans which are made by the top-level management.
- It co-ordinates the activities of all the departments.
- They also have to communicate with the top-level management and lower level management.
- They spend more time in coordinating and communicating.
- They prepare short term plans of their departments which are generally made for 1 to 5 years.
- The middle level management has limited authority and responsibility. They are intermediately between top and lower level management.
- They require more managerial and technical skill and less conceptual skill.

2. Lower-level Management :-

The lower level of management consists of foreman and supervisors. They are selected by the middle level management. It is also called operative/supervisory level / 1st line of management.

The lower level management performs following functions:

- They direct the workers or employees.
- They develop morale in the workers.
- They maintain a link between workers and middle-level management.
- They inform the workers about the decisions which are taken be the management.
- They spent more time in directing and controlling.
- The lower-level managers make daily, weekly and monthly plans.
- They have limited authority but important responsibility of getting the work done from the workers. They also require more technical and communication skills.

UNIT - 2

ATTITUDE

2.1.Meaning of Attitudes

2.2.Characteristics of
Attitudes

ATTITUDE

1. Definition:

Attitude is the persistent or constant tendency to feel and behave in a favorable or unfavorable way towards some object, person or idea.

Attitude may be defined as a feeling or disposition to favor or be against objects, persons, and situations.

It is a well-defined object of reference. It may be defined as 'an enduring predisposition or readiness to react or behave in a particular manner to a given object or situation, idea, material, or person.'

It describes and evaluates an object or a situation, with each belief having a cognitive effect and behavioral components.

Many different factors can influence how and why attitudes form. These are-

- Social Factors.
- Direct Instruction.
- Family.
- Prejudices.
- Personal Experience.
- Media.
- Educational and Religious Institutions.
- Physical Factors.
- Economic Status and Occupations.

➤ Features of Attitude/Nature/Characteristics:

- Attitude defines the behavior of an individual by putting him ready to respond at favorably or unfavorably to things in his environment.
- Attitudes are acquired through learning over the period of time. The process of learning starts from childhood and continues throughout the life of a person.
- Attitudes cannot be observed directly. They can be observed by observing the behavior of individual.
- Every individual has some kind of attitude towards the objects in his environments. Attitudes are forced in the socialization process and may relate to anything in the environment.
- Attitude refers to the feelings and beliefs of an individual or group of peoples.
- All people irrespective of their status or intelligence hold attitudes.
- Attitude carries on unless something happens. They are organized and most important part of an individual behaviour.

- Attitudes can fall anywhere along the range from very favorable to very unfavorable situations.

➤ Formation of Attitude:

Individual acquire attitudes from several sources but not inherited

1. Direct Experience with the object:

- Attitudes can develop personally by rewarding/punishing experience with an object. Employees form attributes towards job based on the previous experiences.
- Attributes formed on experiences are difficult to change.

2. Classical Conditioning:

- One of the basic processes in attitude formation can be explained on the basis of learning principles.
- People develop association between various objects and situations.

3. Operant conditions and Attitude Acquisition:

- Attitudes that are imposed either verbally or non-verbally needs to be maintained.
- A person who obtains attitude from others can be modified or changed.

4. Explicit/Vicarious Learning:

- This refers to formation of attitudes by observing behavior of others and consequences of that behavior.
- It is due to explicit learning process where the children pick up their attitudes from their parents.
- We also learn attitudes explicitly from television, movies and others.

5. Family and Peer group:

- A person may also learn attitude through imitation of parents.
- If parents have a positive attitude towards an object, the child tends to adapt it even without being told about the same.

6. Neighborhood:

- The neighbors tolerate or deny certain attitudes which we either agree or disagree. The confirmation or denial in some respect is the evidence of the attitude.

7. Economic Status and occupation:

- The economic and occupational positions also contribute to attitude formation. It determines the attitude towards what is good and what is bad. Our social economic background influences are present and future attitude.

8. Mass Communication:

- All varieties of mass communication like TV, newspapers, radio, magazines etc. feed their audiences large quantities of information which influence the attitude of the people.

➤ Attitudes Relevant to Organizational Behaviour/Types of Job Attitudes:

Organizational members as employees may develop attitudes about various aspects of organizational functioning like their salary, promotion possibilities, employee benefits, their superiors etc. Following attitudes are important for the behaviour of the employees in an organization.

1. Job Satisfaction:**2. Job Involvement:****3. Organizational Commitment:****1. Job Satisfaction:**

Job satisfaction reflects the extent to which employees find (gratitude or fulfillment) in their work. The various factors that affect job satisfaction of an employee are personal factors such as employee's needs and aspirations, group and organizational factors like relationships, working conditions, work policies, compensations etc.

2. Job Involvement:

Job involvement is the degree to which employees immerse themselves in their jobs, invest time and energy in them and view work as a central part. Job involved employees are likely to believe in work.ethics, exhibit high growth needs and enjoy participation in decision making.

3. Organizational Commitment:

Organizational commitment also known as (employee loyalty) to organization is the degree to which an employee identifies with organization and (wants) to continue actively and meaningfully participate in it. These employees usually have good (attendance records, demonstrate a willing loyalty to organizational policies and have lower turnover rates.)

➤ Functions of Attitude:

People hold attitude because they serve important functions like:

- Adjustment
- Ego- Defense
- Value Expression
- Knowledge

1. Adjustment:

- Attitudes often help people to adjust with their work environment.
- When employees are well treated they are likely to develop a positive attitude towards management and organization.
- When employees are not treated well or paid poorly they are likely to develop a negative attitude.
- These attitude helps employees adjust to their environment and are a basic for future behavior.

2. Ego-Defense:

- People often form and maintain some attitudes to protect their own self-image.
- Attitudes may be acquired and maintained to protect the person from facing threats in the external world or from becoming aware of his own unacceptable desires.
- Egg: Few workers in an organization may behave negative by the advancement of other workers or female worker.
- This attitude is difficult to change but in a supportive environment it becomes less.

3. Value Expressive:

It contains three main aspects:

- This expresses a person's values or enhances his self-identity.
- It also helps individuals to define their self-concept and sub-culture values.
- It helps individuals to adopt the values of a group have joined.

4. Knowledge:

- People need to maintain a stable organized and meaningful structure of the world and knowledge helps to build this attitude.
- If existing attitude are inadequate in resolving a particular issue then the acquisition of new knowledge could bring about a changed attitude.

Why do Managers need to know about these attitude functions:

- It helps to understand and predict how a person is likely to behave.
- It can help the manager to change the attitude of another person.
- Knowledge helps the manager to see why the person has developed such an attitude.

➤ Barriers to Change Attitudes

1. Prior Commitment.
2. Insufficient Information.
3. Balance and Consistency.
4. Lack of Resources.
5. Improper Reward System.
6. Resistance to Change.

1. Prior Commitment

When people feel a commitment towards a particular course of action that has already been agreed upon, it becomes difficult for them to change or accept the new ways of functioning.

2. Insufficient Information

It also acts as a major barrier to change attitudes. Sometimes people do not see why they should change their attitude due to the unavailability of adequate information.

Sometimes people do not see why they should change their attitude due to the unavailability of adequate information.

3. Balance and Consistency

Another obstacle to a change of attitude is the attitude theory of balance and consistency.

Human beings prefer their attitudes about people and things to be in line with their behaviors towards each other and objects.

4. Lack of Resources

If plans become excessively ambitious, they can sometimes be obstructed by the lack of resources on a company or organization.

So, in this case, if the organization wants to change the employees' attitude towards the new plan, sometimes it becomes impossible for the lack of resources to achieve this.

5. Improper Reward System

Sometimes, an improper reward system acts as a barrier to change attitude.

If an organization places too much emphasis on short-term performance and results, managers may ignore longer-term issues as they set goals and formulate plans to achieve higher profits in the short term.

If this reward system is introduced in the organization, employees are not motivated to change their attitude.

6. Resistance to Change

Another barrier is resistance to change. Change is a continuous process within and outside the organization to achieve the set goal.

When the authority changes a plan of the organization, the employees have to change themselves

➤ Ways of Changing Attitude

- New information will help to change attitudes.
- Negative attitudes are mainly formed owing to insufficient information.
- Attitudes may change through direct experience.
- Another way in which attitudes can be changed is by resolving discrepancies between attitudes and behavior.
- Change of attitude can come through the persuasion of friends or peers.
- Attitudes may change through legislation.
- Since a person's attitudes are anchored in his membership group and reference groups, one way to change the attitude is to modify one or the other.
- Fear can change their attitude. If low levels of fear are used, people often ignore them.
- Changing the attitude differs regarding the situation also.

UNIT - 3

Motivation

3.1. What is motivation?

**3.2. Nature and Characteristics
of Motivation**

**3.3. Importance & Benefits of
Motivation**

➤ **Definition:**

Motivation is the complex forces starting and keeping a person at work in an organization. Motivation is something that moves the person to action, and continues him in the course of action already initiated.

➤ **Nature and Characteristics of Motivation:**

1. Based on Motives:

- Motivation is based on individual motives which are internal to the individual.
- These motives are in the form of feelings that the individual lacks something.
- In order to overcome this, the individual behave in a specific manner.

2. Affected by motivating:

- Motivation is affected by way the individual is motivated. The act of motivating channelizes need satisfaction.

3. Goal-Directed behavior:

- A goal directed behavior is one which satisfies the causes for which behaviour takes place.
- Motivation has influence on human behavior.

4. Related to Satisfaction:

- Motivation is related to satisfaction.
- Satisfaction refers to the experience of an individual which he derives out of need fulfillment. Satisfaction is consequence of rewards and punishments associated with past experience.

5. Person motivated in totality and not in part:

- Each individual in organization is different and his needs are inter-related.
- This affect his behavior in different.
- Feeling of needs and their satisfaction is a continuous process which creates continuity in behaviour.

6. Complex Process:

Needs generate complexity in motivation process which are as follows:

- Understanding of human needs and providing way for the satisfaction becomes difficult.
- Even if needs are identified the problem is different; problem is not over here as particular need may result in different behaviours from difficult individuals because of their differences.
- A particular behaviour may arise not only because of the specific needs but it may be because of variety of needs.
- Goal directed behavior may not lead to goal attainment.

➤ **Benefits and Importance of Motivation:**

1. Motivation coupled with ability needs leads to performance:
It is the responsibility of the manager to make employees look for better ways in doing jobs.
An understanding of motivation is helpful in this context.
2. A motivated employee is called quality oriented:
A clear understanding of the way motivation work help a manager to make his employees quality oriented.
3. Highly motivated workers are more productive than other workers.
An appreciation of the employees is the nature of motivation that is highly useful for managers.
4. Every organization requires human resources in addition to the need of financial and physical resources for it to function.
For an effective organization, the gap between ability and performance with willingness has to be filled.
5. An understanding of the topic of motivation is essential in order to understand the effects of variation in other reaction they relate to performance.
6. As technology increases in complexity tools of equipment's tend to become necessary which may lead to effective and efficient operations.
7. Many organizations are now beginning to pay more attention to develop their employees as future resources more concern is been directed towards employees to enlarge their job skills.

➤ **Maslow's Hierarchy of needs:**

Abraham Maslow developed a theory that humans have 5 sets of needs that are arranged as follows:

1. Physical Needs:

These includes the need for love, food, clothes, money, shelter and water until an individual has access to these necessities where there can be no further progress. These needs are very basic.

2. Safety Needs:

These include (security, stability and a structure environment). Here the individual expects & pursue job security, comfortable work environment, pension and insurance plans and freedom to organize these benefits. Personal motivation may include the peace of mind that can be provided as results of these needs.

3. Relationship Needs:

Relationship includes socialization, affection, love, companion-ship and friendship. Since no person can live without inter-action with other people. The individual may fulfill this need. The

organization can assist by ensuring that the opportunity for social and relationship expectations are created and met.

4. Esteem Needs:

These include feelings of competence, independence, confidence, appreciation and recognition by others. The external environment is needed more to provide recognition than to provide material rewards. The inner value is more important than that which can be provided by outer influences.

5. Self- Actualization:

Different people have different ideas about what they need to achieve in order to obtain a true happiness. Organizational requirements may include the opportunity for creativity and growth.

➤ Types of Motivation:

1) Positive Motivation: → Reward

Positive motivation makes people willing to do their best way they can and improve their performance. Positive motivations offer some reward to people to act in the desired manner.

The process of attempting to influence the behavior of employees through the means of reward. It is concerned with incentives provided the employees. Such incentive or reward may include in wage and salary. Pro-motivation praise, reward may include and may take the form of monetary. Recognizing and rewarding desirable employees behavior is the essential key to motivating employees to work productively. This method will have many benefits:

1. It clearly defines and communicates expected behaviors and strengthens the connection between high performance and rewards.
2. It reinforces an employee's behaviour immediately after learning a new technique and promotes quick, thorough learning.
3. It motivates effective's workers to continue to do good works. Lack of reinforcement leads to job dissatisfaction.
4. It increases productivity by rewarding workers who conserve time and materials.
5. Employees who are rewarded after they successfully perform feel self-confident and become eager to learn new techniques, take advanced training, and accept more responsibility.

6. Rewarding employees who suggest improved work procedures will produce more innovation – if you create a relaxed work environment. Reward new ideas and tolerate innovative failures.
7. Employees who receive recognition for their achievements are more enthusiastic about their work and more open to change.
8. When you show appreciation and reward employees for good work, you increase their job commitment and organizational loyalty.

2) Negative Motivation: → Punishment:

Negative motivation means the act of forcing employees to work by means of threats and punishments. Some punishments are initiated against some employees with a view to discourage them. It is negative treatment exercise on the employees who are not performing their work as expected. Provisions relating to demotion, dismissal, transfer, penalties, group rejection etc. are few examples of negative motivations.

Management may be compelled to use this technique with to preventing them from undesirable behaviour. This may be effective only for a short-term to motivation some person. Public criticism or communication of negative reinforcements to an employee demotivates that employee as well as his co-workers. Negative reinforcement coupled with rewards for positive behaviors creates a good balance.

➤ Features of a Good Motivation System

- Superior performance should be reasonably rewarded and should be duly acknowledged.
- If the performance is not consistently up to the mark, then the system must make provisions for penalties.
- The employees must be dealt in a fair and just manner. The grievances and obstacles faced by them must be dealt instantly and fairly.
- Carrot and stick approach should be implemented to motivate both efficient and inefficient employees. The employees should treat negative consequences (such as fear of punishment) as stick, an outside push and move away from it. They should take positive consequences (such as reward) as carrot, an inner pull and move towards it.

- Performance appraisal system should be very effective.
- Ensure flexibility in working arrangements.
- A sound motivation system must be correlated to organizational goals. Thus, the individual/employee goals must be harmonized with the organizational goals.
- The motivational system must be modified to the situation and to the organization.
- A sound motivation system requires modifying the nature of individual's jobs. The jobs should be redesigned or restructured according to the requirement of situation. Any of the alternatives to job specialization - job rotation, job enlargement, job enrichment, etc. could be used.
- The management approach should be participative. All the subordinates and employees should be involved in decision-making process.
- The motivation system should involve monetary as well as non-monetary rewards. The monetary rewards should be correlated to performance. Performance should be based on the employees' action towards the goals, and not on the fame of employees.
- "Motivate yourself to motivate your employees" should be the managerial approach.
- The managers must understand and identify the motivators for each employee.
- Sound motivation system should encourage supportive supervision whereby the supervisors share their views and experiences with their subordinates, listen to the subordinates views, and assist the subordinates in performing the designated job.

CARROT AND STICK APPROACH OF MOTIVATION:

Carrot and stick approach of motivation is based on the 'principles of reinforcement'. The carrot and stick approach of motivation comes from the old story that the best way to make a donkey move is to put a carrot in front of him or jab him with a stick from behind. The carrot is the reward for moving and the stick is the punishment for not moving. In motivating people for behaviour that is desirable some carrots or rewards such as money, promotion and other financial and non-financial factors such as some sticks, punishments are used to push the people for desired behavior or to refrain from undesired behavior.

In order to make the stick work more effectively following points should be taken into consideration while using it:

1. Stick is effective in modifying the behavior if it forces the person to select a desirable alternative behavior that is then rewarded.
2. If the above does not occur, the behavior will be only temporarily suppressed and will reappear when the stick is removed. This behavior may thus cause the person to be fearful and anxious.
3. Stick is more effective if applied at the time when the undesirable behavior is actually performed.
4. Stick must be administered with extreme care so that it does not become carrot for undesirable behavior. A stick from one point of view may become a carrot for the person concerned.

The mixture of both carrot and stick should be used carefully so that both have positive effects on the motivational profile of the people in the organizational.

The carrot and stick theory can be applied effectively in the workplace with a reward and consequence system as motivational tools for staff members. Using the carrot and stick approach in the workplace can be an effective form of extrinsic motivation. Set the goal you would like your employees to achieve, and then create a carrot and a stick related to that goal.

For example, if you want your sales team to sign contracts with five new clients per month, you need a reward for those who do so and a consequence for those who don't. Your reward could be an increased commission on those five sales, and the consequence could be taking a percentage off of the commission of the employee with the lowest number of new clients that month.

The carrot and stick approach can work very well to modify the behavior of your employees, guiding them to avoid the actions that are punishable and engage in the actions that will earn rewards. As long as your reward is attractive enough and your consequence is undesirable, this method can help motivate employees to achieve your preferred outcomes.

✓ How to implement a carrot and stick policy

Use these steps to begin a carrot and stick motivational policy for your team:

1. Set a goal.
2. Create an incentive.
3. Decide who should receive the carrot.
4. Outline a consequence.
5. Decide who should receive the stick.
6. Choose your carrot and stick policy carefully.

1. Set a goal

When you first implement a carrot and stick policy, you need to set a goal for your employees. It should be measurable and achievable within a deadline. You need to be specific about what you want your staff to accomplish and have a date by which you expect the goal to be achieved.

2. Create an incentive

The key to the carrot and stick approach is using an incentive that interests or appeals to employees. Decide on a reward you can offer for reaching the goal. There are four general types of rewards you could give your staff members:

- Compensation
- Benefits
- Recognition
- Appreciation

Choose a reward that you believe your employees would want to receive.

3. Decide who is eligible to receive the carrot

You will also need to decide who is eligible for the reward and clearly outline any qualifications to all employees. If everyone surpasses your goal, you may decide to give a small reward to each employee. Alternatively, you could choose to give a larger reward to the employee who performed the best.

4. Outline a consequence

Choose a consequence for employees who do not meet the stated goal or have the lowest performance, and clearly communicate it. When your staff reaches its goals and you consistently follow through on providing the "carrot," your staff members will be more inclined to believe that you will also follow through on the "stick" as well. Once they see that you are serious about your carrot and stick motivation policy, they will be more motivated to avoid the punishment and receive the reward.

5. Decide who is eligible to receive the stick

Just like with the incentive, you will need to decide who receives a consequence. You could choose a small punishment for those who were unable to reach your goal, or you could have a more serious punishment for the employee who performed the worst at the task.

6. Choose your carrot and stick policy carefully

If you choose to reward all staff members who can reach or surpass your goal, then your consequence should be applied only to the employee with the worst performance. Similarly, if you are singling out the employee who performed the best, apply a small punishment to all

who were unable to reach your goal. This can help you avoid dividing your employees into those who got a small reward and those who got a small punishment.

You should unify your staff in achieving the goals you set out, while still allowing for them to compete. If everyone either gets a reward or a punishment, there will be little motivation to surpass the goal or avoid group punishment. Instead, single out either the employee with the best performance or the worst performance to motivate staff to be the one who avoids the stick and receives the carrot.

UNIT - 4

Leadership

- 4.1. What is Leadership?**
- 4.2. Characteristics of Leadership**
- 4.3. Leadership Styles**
- 4.4. Leadership Skills (Technical Skills, Conceptual Skills, Personal Skills)**

Leadership refers to the quality of the behavior of the individual whereby they guide people on their activities in organized efforts.

- Leader is one who guides and directs other people .He gives the efforts to his followers, a direction and purpose by influencing their behavior.

Difference between manager and leader

	Manager	Leader
Definition	A person who performs process of planning, organizing, coordinating, directing and controlling the activities of organization.	A person who influence others for achieving a common goal.
Authority and control	Manager has a position given by the organization. They have subordinates who work for organization. The manager is controlled by organization.	Leader is a position given by the group of followers. They have followers who work for common objective. The leader is controlled by group need.
Rewards	Managers are paid to get the things done in the form of salary which is considered as reward.	Reward for leader is accomplishment of common objective through the cooperation and coordination of his followers.
Risk	Managers avoid risk conditions.	Leaders are risk seekers and will blindly take risk.
Style	Manager <u>issue orders</u> to subordinates what to do? How to do? When to do? . Subordinates do this because they are paid to do this.	Leaders will inspire and appeal his followers to do the work.
Membership	Membership in the organization as soon as he joins the formal organization	Membership is voluntary.
Focus	Focus is on the task and not on the people.	Focus is on the people and their needs.
Objective	Manager's objective is to accomplishing organizational objective.	Leader's objective is to accomplishing common goals of people.

Leadership Skills:

A person who is able to lead other must have some attributes which help them to guide his followers to achieve the common objective. They are

1. **Human Skill** : A leader has to face various problems related with people for which the proper understanding of human behaviour is necessary .A leader must
 - a) **Empathy (understanding)**: Leader should be empathetic towards his followers. Understand the need of the people, emotions, sentiments and grievances, actions and reactions to the decisions as well as motivational level to get cooperation from them.
 - b) **Objectivity**: A leader's objective is to accomplish the common goals of people. He should be free from bias and prejudice.
 - c) **Communication skill**: Leader should have good communication skill .A use of proper words makes it possible to convey his thoughts to the followers effectively.
 - d) **Teaching skill**: A good leader motivates his followers by showing the right path .He guides and directs like a teacher.
 - e) **Social skill**: A good leader must understand the social forces acting within and outside the organization .To be social he must gain confidence and loyalty of his followers.
2. **Conceptual Skill**: A leader must understand the interdependence of various functions of an organization. Due to the interrelation of functions, change in one function will affect all other functions to be performed. The leader should have skill and ability to consider organization as a whole and lead to overall effectiveness of organization.
3. **Technical skill**: A leader must have knowledge of procedure ,principles and operations of task .Technical skill involves specialized knowledge ,analytical skill ,effective use of the tools and techniques of specific discipline to facilitate the successful operation.
4. **Personnel skill**: A leader is a constant learner. He learns from his past experience, history and from observing others. This quality will help him to deal with people effectively and get the things done. He must be polite, flexible and must have the capacity to mold himself to any situation. Leader must have higher level of intelligence to understand situation and help him in decision making. He must be honest, reliable and trustworthy. He must be flexible to understand others point of view.

➤ **Leadership Styles:** It is the manner and approach of providing direction, implementing plans and motivating people.

They are

- Autocratic style
- Participative style
- Delegative style
- Paternalistic style

1) **Autocratic style:** This style is used when leaders tell what to do how to do to their followers without their advice. This style is used when leaders have less time, followers are motivated and all the information to solve the problem. It is further divided into:

Strict Autocratic: In this leaders use power, pressure threats and negative motivation to get the things done. It is also called as coercive autocrat.

Benevolent Autocrat: In these leaders will make important decision himself but to get cooperation from the followers they will use tools like praise, appreciation and other motivational tools which help to get high productivity and good human relations.

Manipulative Autocrat: In this leaders pretend to welcome the voice of subordinate in decision making process even though he has already taken the decision.

2) **Participative style:** In this style leader include one or more employees in the decision making process .However the leader maintains the final decision making authority. This style is used when you have part of information and followers have other part of information. This style will benefit both. It allows them to become part of the team and allows to make better decisions.

3) **Delegative (Free rein):** In this style, the leader allows the followers to take the decisions. However the leader is still responsible for the decisions they are made. This is used when followers are able to analyze the situation and determine what needs to be done and how to do it. This style is used, not to blame others when things go wrong rather than this style is used when you finally trust and confidence in the people.

4) **Paternalistic leadership:** In this style of leadership, the approach used by a leader is like a father or a parent. The relationship between leader and his follower will be like a father and son. A group will perform as family and the leader as head of family. The leader will work to help, direct protect and keep his subordinates happily working together as a family.

➤ Effective Characteristic of leaders:

1. Great communicator : Good communicator is one of the most important characteristic of leadership. A good leader is able to communicate well not only with the people he is leading but with external parties as well. A good leader knows what to say to get best out of their followers. Criticize when necessary; give credit when it is necessary.

2. Decision maker: Main role of leader is to take right decision on time. Good decision has following qualities:

a) **Be timely** – being able to take decision on time

b) **Resolute** – This means stick to the decision he has made i.e. having firmness in decision.

c) **Flexible** – To have the flexibility to change directions and decisions when it is necessary.

3. Clear Vision: This clarity of vision means leader must be clear on what he wants and where he wants to lead his team. A clarity of vision provides stability.

4. Trust others and be flexible: A good leader knows how to trust others, especially his followers. He believes in the abilities of others and is flexible to understand others point of view.

5. Lead by Example: A leader has to set example, standard .He has to put lot of efforts. He has to lead by setting example and taking responsibility as well. This will inspire his followers.

6. Be congruent: Congruency means having thoughts, words and actions aligned. For a leader to inspire and influence his followers he first needs to gain trust. For gaining trust he should be congruent.

7. Be part of the team: A good leader must never consider himself as boss rather he should always consider himself as part of the team and equal to other members. This will gain respect from them and followers will give willing contribution.

➤ Nature of leadership

- Leadership derives from the power and is similar to, yet distinct from, management. In fact, "leadership" and "management" are different. There can be leaders of completely unorganized groups, but there can be managers only of organized groups. Thus it can be said that a manager is necessarily a leader but a leader may not be a manager.
- Leadership is essential for managing. The ability to lead effectively is one of the keys to being an effective manager because she/he has to combine resources and lead a group to achieve objectives.
- Leadership and motivation are closely interconnected. By understanding motivation, one can appreciate better what people want and why they act as they do. A leader can encourage or dampen workers' motivation by creating a favorable or unfavorable working environment in the organization.
- The essence of leadership is followership. In other words, it is the willingness of people to follow a person that makes that person a leader. Moreover, people tend to follow those whom they see as providing a means of achieving their desires, needs and wants.
- Leadership involves an unequal distribution of power between leaders and group members. Group members are not powerless; they can shape group activities in some ways. Still, the leader will usually have more power than the group members.
- Leaders can influence the followers' behavior in some ways. Leaders can influence workers either to do ill or well for the company. The leader must be able to empower and motivate the followers to the cause.
- The leader must co-exist with the subordinates or followers and must have a clear idea about their demands and ambitions. This creates loyalty and trust in subordinates for their leader.
- Leadership is to be concerned about values. Followers learn ethics and values from their leaders. Leaders are the real teachers of ethics, and they can reinforce ideas. Leaders need to make positive statements of ethics if they are not hypocritical.

Leading is a very demanding job both physically and psychologically. The leader must have the strength, power, and ability to meet the bodily requirements; zeal, energy, and patience to meet the mental requirements for leading.

6 traits that differentiate leaders from non-leaders

6 traits in trait theory of leadership are;

1. Drive.
2. The desire to Lead.
3. Honesty and Integrity.
4. Self-confidence.
5. Intelligence.
6. Job-Relevant Knowledge.

6 traits are explained below:

1. Drive

Leaders exhibit a higher effort level. They have a relatively high desire for achievement, they are ambitious, they have a lot of energy, and they are tirelessly persistent in their activities and they show initiative.

2. The desire to Lead

Leaders have a strong desire to influence and lead others. They demonstrate the willingness to take responsibility.

3. Honesty and Integrity

Leaders built a trusting relationship between themselves and followers by being truthful or no deceitful and by showing high consistency between word and deed.

4. Self-confidence

Followers look to leaders for an absence of self-doubt. Leaders, therefore, need to show self-confidence to convince followers of goals and decisions.

5. Intelligence

Leaders need to be intelligent enough to gather synthesize and interpret large amounts of information and to be able to create visions solve problems and make correct decisions.

6. Job-Relevant Knowledge

Effective leaders have a high degree of knowledge about company, industry and technical matters. In-depth knowledge allows leaders to make well-informed decisions and to understand the implications of those decisions.

➤ Importance of Leadership

Leadership is an important function of management which helps to maximize efficiency and to achieve organizational goals. The following points justify the importance of leadership in a concern.

1. **Initiates action-** Leader is a person who starts the work by communicating the policies and plans to the subordinates from where the work actually starts.
2. **Motivation-** A leader proves to be playing an incentive role in the concern's working. He motivates the employees with economic and non-economic rewards and thereby gets the work from the subordinates.
3. **Providing guidance-** A leader has to not only supervise but also play a guiding role for the subordinates. Guidance here means instructing the subordinates the way they have to perform their work effectively and efficiently.
4. **Creating confidence-** Confidence is an important factor which can be achieved through expressing the work efforts to the subordinates, explaining them clearly their role and giving them guidelines to achieve the goals effectively. It is also important to hear the employees with regards to their complaints and problems.
5. **Building morale-** Morale denotes willing co-operation of the employees towards their work and getting them into confidence and winning their trust. A leader can be a morale booster by achieving full co-operation so that they perform with best of their abilities as they work to achieve goals.
6. **Builds work environment-** Management is 'getting things done from people'. An efficient work environment helps in sound and stable growth. Therefore, human relations should be kept into mind by a leader. He should have personal contacts with employees and should listen to their problems and solve them. He should treat employees on humanitarian terms.
7. **Co-ordination-** Co-ordination can be achieved through reconciling personal interests with organizational goals. This synchronization can be achieved through proper and effective co-ordination which should be primary motive of a leader.

➤ Features of Leadership

- **Influence the behaviour of others:** Leadership is an ability of an individual to influence the behaviour of other employees in the organization to achieve a common purpose or goal so that they are willingly co-operating with each other for the fulfillment of the same.
- **Inter-personal process:** It is an interpersonal process between the leader and the followers. The relationship between the leader and the followers decides how efficiently and effectively the targets of the organization would be met.
- **Attainment of common organizational goals:** The purpose of leadership is to guide the people in an organization to work towards the attainment of common organizational goals. The leader brings the people and their efforts together to achieve common goals.
- **Continuous process:** Leadership is a continuous process. A leader has to guide his employees every time and also monitor them in order to make sure that their efforts are going in the same direction and that they are not deviating from their goals.
- **Group process:** It is a group process that involves two or more people together interacting with each other. A leader cannot lead without the followers.
- **Dependent on the situation:** It is situation bound as it all depends upon tackling the situations present. Thus, there is no single best style of leadership.

UNIT - 5

BPO and Call Center

5.1. What is B.P.O?

5.2. What is out-sourcing? Benefits
of outsourcing

5.3. What is Call Centre?

5.4. Call Centre setup & functions

BPO: Business Process Outsourcing is a subset of outsourcing that involves the contracting of the operation and responsibilities of specific functions to a third party service provider. It is the way in which taking the service from outside firm replacing in-house service.

BPO is categorized into two types. They are

- 1) Back office outsourcing : It includes internal business functions such as human resource, finance , accounting etc.
- 2) Front office outsourcing: It includes customer related services such as contact center service.

Outsourcing: It is an organization entering into a contract with another organization to operate and manage one or more of its business processes.

Benefits of BPO:

1. Increased productivity.
2. Availability of expertise.
3. Control over operational cost.
4. Easy accountability.
5. Effective utilization of HR and other resources.
6. Facilitate focus on core business.
7. Reduce the line of organizational bureaucracy.
8. Minimize risk.

Advantage of BPO

- It increases the flexibility of company. BPO service vendors work on fee-for -service basis. This helps the company become more flexible in cost management, in resource management etc.
- Company can focus on core business
- It helps to increase speed of business processing activities
- Company may be able to grow faster as it takes help of Organization which gives of current trends.
- A cost reduction is done through process improvement and by using the technologies which reduces cost.
- It helps to satisfy changing customer demands
- Revenue of organization increases.
- Get expertise service.

Limitations of BPO:

1. Failure to meet service levels
2. Unclear contractual issues
3. Changing requirement may affect the fee-for service
4. Dependence on BPO may reduce flexibility.
5. They provide similar services, have similar geographic footprints and have similar technology stacks.

Call Center :

- A call center is a physical place where customer and other telephone calls are handled by an organization usually with some amount of computer automation.
- A call center has the ability to handle considerable volume of calls at the same time, to screen calls and forward those to someone qualified to handle them and to log calls.
- It is a centralized office used for the purpose of receiving and transmitting a large volume of requests by telephone.

Def.: A call center is defined as a telephone based shared service center for specific customer activities and are used for number of customer related functions like marketing, selling, information dispensing, advice, technical support etc.

Types of call center:

1. In house call center
2. Outsourcing call center
3. Offshore call center
4. Inbound call center
5. Outbound call center
6. Blended call center
7. Web enabled call center
8. CRM call center
9. Telemarketing call center
10. Phone call center

1. **In house Call Center:** An In house call center is one where the work is performed for the company itself. This call center is a department or division of a company that provides call center services for its own organization. They do not work for other companies. The chief advantage of it is that organization can have direct control over call centers, the agents and what say and do.

There are two types of in house call center

- a) Cost center: it does not generate revenue but helps in customer retention, market research etc.
- b) Profit center: it generates sales and also handles telesales, reservation.

2. **Outsourcing call center:** An outsourcing call center is in business to provide call center service to other companies. At this center they only do the calls. So they must do it well and cost effectively. Outsource call center is profit center. The agents of this call center work for their client's customer.

3. **Offshore call center:** These types of call center works for other countries organization. Organizations will always look for the other countries call center which has stable technological infrastructure and offer qualified workers who possess lower wage expectations. Companies which wish to pursue offshore call center should process with caution. It should be able work with local and national government, needs permits, licenses and approvals. They should also be able to explain the local culture and help in hiring.

4. **Inbound call center:** An inbound call center is one that handles calls coming in from outside mostly through toll free numbers. These calls are primarily service and support calls and inbound sales done mostly through toll free numbers. These calls are primarily service and support calls and inbound sales.

Benefits offered by inbound call center:

- 1. Highly skilled and professional employees for customer support and technical service.
- 2. It improves market coverage.
- 3. It plays a huge role in product promotion, new campaign.
- 4. It provides rapid response of market response.
- 5. It gives 24 x 7 services of customer service, dealer locator and toll free response.
- 6. Order processing
- 7. E-mail management.
- 8. Technical support
- 9. Seminar registration
- 10. Inquiry handling

5. **Outbound call center:** The success of outbound call center depends on the extensive experience, technical solutions, quality assurance programs and commitment to customer service which gives excellent results from the direct marketing efforts.

This call center does systematic calls to consumer and transfers successful connections to the marketing representative (MR). This MR is trained for specific client application. Outbound call center focus on requirement of clients as well as market requirement

1. Product promotion
2. Debt collection
3. Appointment scheduling
4. Surveys
5. Seminar population

6. **Blended call center:** This type of center takes both incoming calls and places outbound calls. The term blended call center refers to the type of contacts being handled. It handles calls along with emails or web chats. Blended call centers communicate through outbound calls as well as email or fax communications.

7. **Web enabled call center:** This type of call center helps to do the transaction using web. Computer telephony integration (CTI) has been the most popular which helps to reduce call volumes. Internet provides more complete alternatives.

It provides features like:

- Web pop: It provides the service with popups on client's website.
- Web callback : It helps the visitors of the clients website request callback by providing their name ,telephone number and time for call
- Web chat: It assists visitors to have live chat i.e. two ways text chat directly from client's site to a trained agent .They can obtain answers to questions of customer.
- Web Push : It allows customer service representatives to assist client's website visitor to find out information through guided "browsing"
- E-mail management: It manages high volume email inquiries directed to clients mailbox via website.

8. **CRM Call Center:** The purpose of customer relationship management is to enable a company to better serve its customer through the reliable service.

It involves three general areas of business

- Customer service system: It automates service requests, complaints, product returns and information requests.
- A marketing information system: It provides information regarding business environment, competitors, industry trends etc.
- Sales force management system: It automates some of the company's sales and sales force management functions.

9. Telemarketing call center: It is specialized in developing and implementing B2B and B2C telemarketing lead generation, appointment setting, telesales and market research programs. Telemarketing refers to the business of marketing goods or service by phone. It is the act of selling, promoting a product or service over the telephone. It helps to enhance sales and profits. This call center does thousands of calls daily and clients receive superior quality experience.

10. Phone call center: The phone call center offers flexible call routing, superior IVR (interactive voice response) capacity and predictive dialing system. This center provides 24x7 answering and business services that help keep the customer satisfied.

Functions of call centers:

1. **Customer service:** It provides assistance regarding product and service of organization
2. **Telesales:** It generates revenue through the sale of goods and service of organization through inbound calls, outbound calls or both.
3. **Technical support:** It provides assistance in using a product.
4. **Dispatch:** It takes inbound call and in turn engages a resource to address the problem or customer need.
5. **Collection:** The functions of these centers to contact customer with the purpose of collecting money or funds.
6. **Research:** Its function is not to sell or support a product but to conduct research for company.

Call center Setup:

Establishing control over call center requires strong control over the collection and exchange of information like Seminars, software packages, hardware kits etc.

For setting up call centers it requires:

1. Role of computer: Call centers require computer for each customer service agent to use while talking to customer. These computers are used to access customer records, product information, ordering status, transaction history and many other types of data. For call centers that accept the email from the customer, for conducting the research, for blending email with phone calls fax text chat computers are very much required.

2. Call centers team: call centers are organized in teams. Each team has defined role in the call center to support a particular type of customer request. In a online cloth ordering call center one team will be handling men clothing, other will be women etc. They are organized in the form of team as per the nature of product or service.

3. Different technologies:

1. ACD (automatic call distributor): It is a device that distributes incoming calls to a specific group of terminals. It will transfer the call to the terminal which was idle for long time.

2. CRM (Customer relationship management):

In a CRM call center customer communication in multi ways that include phone, email, web chat , personal sales representative, voice over internet(VOIP) etc.

3. CTI (Computer telephony integration): it is a technology that allows interaction on a telephone and computer to be integrated or coordinated. The functions of CTI are

- Calling line information display (caller's number, number called , IVR options)
- On screen dialing (fast dial, predictive dialing)
- On screen phone control (Ringing, Answer, Hold etc.)

4. Databases: Database system can allow management to better control their campaigns. Contacts are stored in an organized manner. Choice of database depends upon the requirement as well as compatibility of OS.

5. IVR (Interactive voice response): It is a computerized system that allows a person to select an option from a voice menu and otherwise an interface with computer. The system will play a prerecorded voice prompts where a caller will be asked to type options, yes or no, or numbers in answer form.

6. Predictive Dialers: It is software which processes potential contacts and identifies disconnected numbers, busy signal and unanswered calls, detects answering machines. It takes the decision to avoid such calls and allows live calls to get connected with agents.

7. Text to Speech (TTS): It converts digitally stored text into human audible speech.

4. Patents: There are many patents covering various aspects of call center operation, automation and technology. One of the inventors Ronald Katz holds 40 patents of inventions like VOIP, CTI etc.

5. Varieties: some variations of call center models are

- Contact center – Supports interaction with customer through telephony, email, internet chat.
- Inbound call center – exclusively handles inbound calls.
- Outbound call center – call center agents make outbound calls to customer for sales or service.
- Blended call center – Combines automatic call distribution for incoming calls with predictive dialing for outbound calls.

6. Standardization: call center must become certified to COPC (customer operation performance center). It can get certification after demonstrating 30 different items of contact center performance as given in COPC -2000.

7. Steps involved in setting up a call center:

Following steps are necessary for setting up call center:

- **Get a toll free number and multi-channel interface:** Get a toll-free telephone number and a telephone connection which allows receiving multiple calls simultaneously over the same line.
- **Get a broadband internet connection:** Purchase a broadband internet connection or leased line which provides connectivity from one end to another.
- **Get an IPPABX (Internet protocol private automatic branch exchange):** These devices provide routing and distribution facilities at each end. A person is also required to handle these devices and their configuration.
- **Purchase IP phone and cat 5 cables:** IP phones act as normal phones and just they have to be plugged into the IPPABX. For connection you need cat 5 cables.
- **Route the support number to IP Gateway:** Normally IPPBBX provides over the facility to connect directly to telephone. But if all lines are busy then VOIP gateway which actually converts the telephone calls in IP format.
- **Install all the necessary CRM software to agent's computer:** This software provides real time information on current status of customer and business policies which apply to the customer. A good CRM software keeps track of recording of calls, track record agents performance ratio etc.
- **Licensing:** call center must get the proper license from telecommunication authority. Otherwise you may get problem from police or government agent.