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LEADERSHIP AND CONFLICT



LEARNING OBJECTIVES

After comprehensive study of this chapter, you will be able to:

- get the concept, features and functions of leadership,
- know the different leadership styles,
- get approaches of leadership - trait, behavioural and situational,
- be familiar with current leadership styles,
- know the concept of group, their types and group formation process,
- identify the characteristics of groups,
- be familiar with team management,
- get the concept of conflict, its types and conflict management techniques,

CONCEPT OF LEADERSHIP

Leadership is an art of influencing subordinates to direct their will, abilities and efforts for achievement of predetermined organizational objectives. Subordinates are the main concern of organizational leadership. Organizational leadership is an act of setting goals for both individuals and groups of people involved in the organization. Leadership is the essence of organized vision dedication of the individual. Leadership, in addition, is the process of meeting the needs of many different types of people who are working together towards achieving the organizational goal. People who direct or command or lead subordinates are called leaders and those who follow the direction or order or the leadership are called followers. In organization, in general, by hierarchy, managers are leaders of supervisors and supervisors are the leaders of first line employees. Leader, followers and situation are the major components of leadership. It's an important function of management. For effective leadership, leaders should have ability to see both small and big picture.

Stephen Robbins: "Leadership is the ability to influence a group towards achievement of goals."

James Stoner: "Leadership is the process of directing and influencing the task related activities of group members"

Koontz & Weihrich: "Leadership is defined as an influence, which is the art or process of influencing people so that they will strive willingly and enthusiastically towards the achievement of group goals."

Leadership, thus is the process of influencing the behaviors, activities and efforts of individual and group of individual for achieving organizational goal. It is the act of directing the people so that they boost up their interest and efforts to their job. It is one of the most important management functions without which no one can imagine for proper utilization of resources of the organization and hence the organizational success. To be a successful leader, a manager must possess qualities of foresight, initiative, drive, self-confidence, positive attitude and personal integrity.

FEATURES OF LEADERSHIP

Leadership has the following common features:

1. **Leaders and Followers:** Leadership is the essence of relationship between leaders and followers. Managers or supervisors who influence the subordinates are leaders whereas those who follow or obey the order, command or direction of leaders are followers. There must be followers for an individual to be a leader. No one can be a leader without having followers.
2. **Ability to influence:** Leadership is the ability to influence the behavior and efforts of followers. Leaders by position cannot be effective if they cannot influence their subordinates. Here, influencing people means making them ready to obey the order, instruction and direction without delay. Leaders influence the employee's behavior through power relation, motivation, role modeling, etc.
3. **Common objectives:** Leaders and followers should have common objectives and goal i.e. the organizational goal. They must be guided by the organizational objectives. Leaders must be able to concentrate all the subordinates to devote their efforts to achieve those common goals. It is the special ability of leaders that they can inspire the employees to subordinate their goals by organizational goals.
4. **Regular process:** Leadership is continuous and ongoing process which follows regular and extended communication between leader and the followers. Leaders must be skilled, imaginative and constructive. For this, they should study regularly in order to update their skills. Followers should provide constructive suggestions to their leaders. Leadership should be dynamic so that leader incorporates the environmental changes in leadership style and approaches.
5. **Unequal distribution of authority:** There is an unequal authority distribution between leaders and the followers. A leader can direct the activities of followers but followers should obey leader's direction. By principle, leaders hold maximum authority of directing and commanding to their subordinates. It is not possible to the subordinate to direct and command to their leaders.
6. **Situational activity:** Leadership cannot be identical at all situations and all the organizations. A particular style of leadership may be successful in one situation but that may not be suitable in another situation. So, leadership styles need to be changed according to context or situation. Successful leaders analyze the situation, organizational culture and workforce dynamics and choose the appropriate leadership style.

7. **Reciprocal influence:** The relationship between leaders and followers is reciprocal. Attitude, personality and behaviour of leaders influence the followers. Similarly, loyalty, honesty, cooperativeness and commitment of the followers also influence the leader. Thus, leadership develops mutual and reciprocal relationship.
8. **Motivational function:** Leadership is the motivational function. Leader must be able to motivate the subordinates for the organizational purpose. For permanent motivation, leaders should use positive motivational tools. But, single means of motivation cannot be adequate and appropriate for all the employees at the different situations. Successful leaders are those who motivate their subordinates so that they realize the organizational goals rather than personal goals. For it, leader should identify the needs and feelings of subordinates and should treat accordingly.

DIFFERENCE BETWEEN MANAGER AND LEADER

Manager is the individual who is responsible for coordinating and integrating activities of people involved in the organization activities. Manager works to archive the organization goals by using limited resources such like as physical and human efficiently and effectively. Leader is the person who influences, encourages and motivates the followers. Classically, managers are those who do the things right and leader is the person doing the right thing. Following table provides some evidences representing the difference between managers and leaders.

Manager	Leader
Makes a plan and prepares budget	Formulate of the vision
Short term focus	Long term focus
Motivates subordinates	Directs the followers
Manager becomes realistic	Leaders becomes idealistic
Enforces policies	Projects Procedures
Controls, Supervises	Empowers people
Enforces uniformity	Tolerates diversity
Manages details	Manages change

FUNCTIONS OF LEADERSHIP

Leadership is the process of influencing employees for devoting their best for organizational purpose. It is the essence of authority created by organizational structure. Leadership develops formal relationship between followers and the leader. It includes group maintenance and task related activities which are necessary to achieve organizational goals. Among various functions, following functions are the most important:

1. **Goal determination:** Leadership has an important role for setting the overall goal of an organization. The vision, mission, objectives, strategies and goals of the organization are set by the top leaders. Leaders are also responsible to determine the objectives for individuals and groups are set by the top leaders of the organization. Leadership helps integrate the goals of individual and organization.
2. **Environmental adaptation:** Business environment is complex and dynamic. Strategies and plans once made cannot work in all the situations. Leaders are responsible for monitoring, scanning and predicting the environmental changes and the probable effects. Leadership should take initiation for changing strategies, plans and policies of the organization to cope with change in environment. It is helpful for maintaining organizational performance in changing environment. Leadership manages the environmental threatening to catch the opportunities.
3. **Directing:** Leadership directs to their followers for the maximum efforts and co-operation to achieve the pre-determined organizational goals, setting performance standard, solving various problems, setting and explaining plans and decision, organizing group activities etc. Leaders identify the action plan and instruct to the followers. Leaders set the final destination of the organization and direct the organizational activities to attain these destinations.

4. **Motivating:** Leadership is responsible for creating motivational working environment at work place by means of financial and non financial aids and incentives. It is well said that success of the leaders is measured with the degree of followers' affection towards the leadership. Creating an effective working climate is a natural bi-product of good leadership. So, it helps encourage the employees to devote their maximum effort for organizational purpose.
5. **Communication:** Leadership influences followers through proper communication. For this, leaders set proper channel of communication. Orders are given through communication channels for direction purpose. It helps manage effective communication system. For effective communication within the organization, leaders encourage followers for two way communication. Besides this, leaders are responsible for making communication network with external world for providing and getting information at necessity basis.
6. **Supervising and Controlling:** Leadership is necessary for effective supervision for effective training, coaching and development of group members. Leaders are the key persons to uplift quality of employees. They set guidelines to implement plans and policies of the organization. Leaders supervise the actual performance of employees to determine need of guidelines, instruction, training and development. They are responsible to measure the actual output of individual employee, unit, department, and the whole organization to ensure the activities being performed as per standard. Thus, leadership conducts controlling function for corrective actions if necessary. Each manager at different levels of the organization is responsible for supervision and controlling function.
7. **Initiation:** Change management is most essential but crucial function of management. Organizations need to change the goals, objectives, strategies and working plan according to the environmental changes. Roles, responsibility, authority should be changed according to the need. Technological advancement is essential for cost effectiveness and quality advancement. But these things are difficult because of reluctant manpower. Leaders should identify the area of change and ways for adopting the change. They should take initiation because in general cases, employees do not want to adopt change. Strategic commitment of leaders makes the change possible.
8. **Encouraging teamwork:** Only through individual efforts, it may not be possible in order to achieve organizational goals. Leader therefore, are responsible to encourage all the followers for teamwork. They should bind all the people for organizational common goal. Leaders through different techniques should encourage and motivate employees to implement the strategies in the organization.
9. **Other:** Leadership is the most essential function to perform many other functions in the organization. It facilitates creating effective working environment, helps to handle conflicts, solves problems, and operates and co-ordinates the organizational activities successfully.

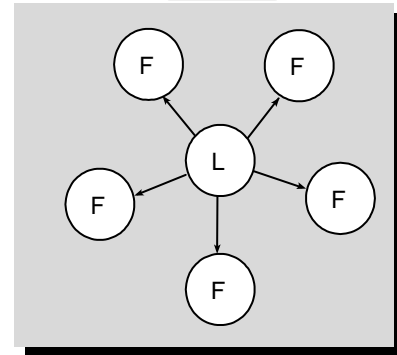
LEADERSHIP STYLE

Leadership style is the manner and approach of directing, implementing plans, and motivating the people involved in organization. It is the sum total of patterns of explicit and implicit actions performed by the leader to maintain effectiveness and efficiency. Leadership style deals with the ways of influencing follower's. It is the behavioral pattern of leaders in directing the behavior of followers. The leadership styles can be different according to time and situation. Leadership style not only affects subordinates but it also affects the organizational structure. Leader's philosophy, personality, experience, organization environment and nature of followers determine the leadership styles. There are two widely recognized leadership styles as authoritative (autocratic, democratic and laissez faire) and situational leadership styles.

A. AUTHORITATIVE STYLE

An authoritarian leadership style is the leadership pattern when a leader dictates policies and procedures, decides the organizational destination, personal goals, and controls all activities as well as information without any meaningful participation by the subordinates. Authority delegation and decision making may vary in degree. On the basis of authority, delegation pattern used by leaders, leadership style can be classified into three types as autocratic, democratic and laissez fair style.

- i. **Autocratic leadership style:** Under the autocratic leadership style, total authority is centralized into the top level. Such leaders control the full authority and responsibility for making plans and policies. Leaders do not consult subordinates for any decisions. Leader expects total obedience of the followers without any delay and disagreement. Leaders control the information and follow one way communication. Leaders do not pay due concern for employee motivation. They wish to have control in the behavior of employees and use negative motivation techniques like punishment, demotion, threatening, etc. Autocratic leadership style is suitable in small organization with uneducated and unskilled subordinates. Figure below represents the relationship between leaders (L) and followers (F) under autocratic leadership style.



Characteristics of Autocratic Leadership style

- All the decisions are made by leaders without any consultation of the followers.
- Leaders expect full obedience of followers.
- Leaders control the information and communication channel.
- Leaders expect the desired output at the desired time at any cost from their followers.
- Strict supervision and control are the only tools adopted by leaders for effective control of subordinates.
- Negative motivational techniques like threatening, suspension, demotion, etc. are commonly used to motivate the employees.
- Leaders evaluate the performance of employees on the basis of own judgment.

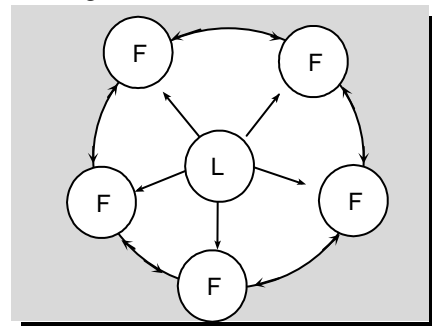
Benefits of Autocratic Leadership style

- All the employees work in strict discipline. So, urgent works can be accomplished at the desired time.
- Employees need not to be involved in decision making process. So, decisions are made promptly.
- Employees are not supposed to reject or suspect the order. So, there will be strong employee motivation.
- This style is most appropriate in the organizations having new, unskilled and less experienced employees.
- Job division in this style becomes more clear and easy to understand.

Disadvantages of Autocratic Leadership style

- Employees do not participate in decision making process. So, the motivation becomes temporary.
- Because of low opportunity for career advancement, experienced employees quit the job. So, job turnover ratio becomes high.
- Because of one way communication, employee satisfaction and performance may be below the expectation.
- Succession planning becomes very poor because of lack of opportunity to improve the decision making power in employees.
- There is no possibility of good human relation between managers and employees.
- There is high chance of maximum wastage of resources because of low employee job satisfaction.
- Employee commitment will be low for team effort because of poor coordination.
- This leadership style is not suitable for the large and diversified organizations.

- ii. **Democratic leadership style:** Under the democratic leadership style, leaders make the decisions with the consent of followers. Leaders who believe in democratic leadership style delegate the authority to their subordinates. The leaders like to seek followers' suggestions and advice in decision making. Discussion, consultation and participation of followers in decision making are encouraged. Subordinates are encouraged to demonstrate initiative and creativity. Such leaders allow and encourage their subordinates in formulation of plans, policies and procedures as well as in resource



allocation. This style believes on two way communication and positive motivational tools. Democratic leadership style helps to enhance their capabilities to increase the productivity. Democratic style is suitable when their subordinates are educated, qualified and having decision making knowledge. More importantly, democratic leaders participate the followers in decision making process, collect their ideas, discuss with them but make the final decision of their own. Following figure represents the decision making process in democratic leadership style.

Characteristics of Democratic Leadership style

- Subordinates are encouraged to participate in decision making process in different ways.
- This style follows two-way communication.
- Employees are highly encouraged for creativity and initiation in democratic leadership style.
- Employees are considered as the important members of the organization.
- Team effort is encouraged for organizational goals achievement.
- Positive motivational tools and techniques are used to encourage and motivate the employees.

Advantages of Democratic Leadership style

- Decisions made under this leadership style are supposed to be perfect because of the employee's participation in decision making process.
- Decisions made with the participation of employees are easily accepted by the employees so that they can be easily implemented.
- Participative approach in decision making helps develop positive and permanent motivation.
- Employees easily accept the change in the organization. Thus, change management becomes easy in democratic leadership style.
- Career development of employees is possible. So, succession planning in higher post becomes easy.
- Job satisfaction of employees remains at the highest level. So, low job turnover ratio can be maintained.
- This leadership style helps maintain harmonious human relation between manager and the employees.

Disadvantages of Democratic Leadership style

- Employees are included in decision making process. Therefore the decision making becomes slow.
- If the employees lack self-responsibility, there may be the problem of indiscipline.
- There may be conflict between different levels of organization as the employees show individual goals in group and teams.
- It is not possible to include the feelings, in this situation, employees may be frustrated.
- Many leaders, in practice, do not want to follow this style as they think the subordinates may be smarter than them if they are involved in decision making.
- This style pays more emphasis in non-monetary incentives to motivate employees which may not always be fruitful to those employees who are guided by monetary needs.
- Less experienced, unskilled and less committed employees cannot make the effective decisions.

DIFFERENCE BETWEEN AUTOCRATIC AND DEMOCRATIC LEADERSHIP STYLE

Autocratic leadership	Basis	Democratic leadership
This is the leadership style in which decision making power is centered only to the top leader.	Meaning	This is the leadership style in which leaders make the decision through consultation of followers.
The views and ideas of the subordinates are dominated.	Employee domination	The views and ideas of the subordinates are respected.
Leaders follow strict and negative motivation.	Motivation	Leaders follow less strict and positive motivation.
Leaders follow one way communication.	Communication	Leaders follow two way communications.
The decision making process is quick. It is prompt.	Prompt decision	The decision making process is time consuming.
Leaders make the decision without consulting the followers, so, there is no chance of conflict between subordinates and leaders.	Conflict in decision	There might be conflict between subordinates and leaders as subordinates are included while making decisions.

Secrecy can be maintained.	Secrecy	Secrecy cannot be maintained.
Full potential of employees and creative ideas cannot be utilized.	Utilization of employee potential	Full potential of employees and creative ideas can be utilized.
Employee satisfaction remains low.	Employee satisfaction	High level of employee satisfaction can be maintained.
This style is suitable in small organization having unskilled and illiterate employees.	Suitability	This style is suitable in the large organization having qualified employees.

- iii. **Lassies faire leadership style:** Under this style a leader entrusts the decision making authority to the subordinates. The leader delegates all of authority to subordinates and subordinates take necessary decisions themselves. Leader does not like to have direct intervention to subordinates in decision making. In this style, subordinates are self-directed, self-controlled and self-motivated. They follow two way communication between followers and leaders. This style is suitable in those organizations where subordinates are highly trained and professional, creative, highly educated, and having sufficient knowledge of decision making. Under this style, subordinates require minimum level of guidance and control. Leaders play only ceremonial roles where hierarchy does not matter to perform the job. Leaders are only the facilitators in this style. This style is also called Free-Rein leadership style.

Characteristics of Lassies faire leadership style

- Decisions regarding personal goals, performance standard, working process etc. are made by employees themselves.
- Leaders only coordinate and facilitate for resources and team efforts.
- Employees are self directed and guided. Leaders do not direct them.
- Every employee holds the right to use own intellectual freedom.

Advantages of Lassies faire leadership style

- Decisions are made by employees themselves. They feel free and self respect because of which job satisfaction will be high.
- It helps create and fulfill common goals in the organization.
- Employees become highly creative and initiative.
- Employees evaluate their performance themselves. So, they become more loyal and committed towards organization.
- As the employees get opportunity of decision making, performance evaluation and control, they experience the chance of career advancement.
- This style is appropriate to those organizations where highly intellectual, self-guided and self-directed employees are in majority.

Disadvantages of Lassies faire leadership style

- This style is not appropriate to the organizations having majority of unskilled and semi-skilled manpower.
- Every employee may concentrate to the individual goal and effort. So, there may be difficulty in goal integration.
- There may be serious problem of discipline because of lack of proper directions and guidance of the leader. Employees may direct for personal benefits rather than organizational benefits.
- Because of self-centric employees, coordination among them may decrease gradually.

B. SITUATIONAL (CONTINGENCY) STYLE OF LEADERSHIP

Organizations are highly affected by the environment and hence the whole organizational business system also gets affected. To cope up with change, leaders should also change their leadership style. The philosophy which believes on situational influence in leadership is the situational style of leadership. Situational leadership style advocates that there cannot be a universally applicable leadership style. It can be different depending upon time, place and situation. According to situational leadership style, leaders should change their style according to the changes in situational variables.

Following situational variables are responsible for affecting leadership styles:

- i. task structure,
- ii. position-power relationship
- iii. organization's size
- iv. leader-member relationship

Fred Fiedler proposed contingency model for leadership at the first time. This model has proposed that group performance depends upon the proper match between the leader's style and the degree to which the situation controls over the leader. This model assumes that the leader's effectiveness is partially 'contingent' upon three situational variables i.e. leader-member relations, the task structure and the leader's position power. These variables are viewed as attributes (high-low, present-absent, etc.) rather than continuous phenomenon.

Group performance helps determine the leadership effectiveness. There are many situational theory of leadership. Besides Fiedler's contingency model, Robert House's Path Goal theory and Paul Hersay and Kenneth Blanchard's situation theory are also equally popular as the contingency theory.

Advantages of situational leadership

- This theory is easy to use. When a leader has the right style, he or she knows about it.
- It is simple to understand as the leaders need to evaluate the situation and apply the correct leadership style.
- This style has intuitive appeal as the right leader can choose the best style to lead their followers.
- Leaders can easily change the management styles to make it fit within the organization and external situation.

Disadvantages of situational leadership

- Leaders cannot change the leadership style in different situation.
- It ignores the organizational culture in setting the leadership style.
- Situational leaders can divert attention away from long-term strategies which may affect on long term goal achievement of the organization.

LEADERSHIP APPROACHES

Approach is the way of dealing with several situations, conditions, and people. Thus, leadership approach is the way in which leaders deal with subordinates to direct, guide and control. Leadership approach indicates the way of making decisions in various situations.

Leadership always remained a separate discipline of great interest to management scientist and experts. Different approaches of leadership have been founded through many studies and researches. Several scholars argued for different approaches of leadership to be an effective leadership. We can classify these leadership approaches into three types as trait approach, behavioral approach and situational approach.

1. **The Trait Approach of leadership:** This is the oldest leadership perspective and also known as the Great Man Theory of leadership. This theory believes on the notion *Leaders are born, not made*. This approach focuses on the leadership qualities and traits which makes a person as a leader. It finds the method of measuring leadership qualities and helps to compare the characteristics of leaders and non-leaders as well as the effective and no-effective leaders. Many researchers have conducted several researches to find the qualities of leaders. Intelligence, Self-confidence, maturity and other many physical, mental, emotional and managerial traits are identified as the determinants of leadership.

Success of leaders largely depends on the personality of leader. For instance, at the beginning, one study identified 17,935 individual traits as leadership traits. Likewise, another researcher reduced such traits into 171 superficial traits. Later on, a review in the late 1960s of 20 different studies identified nearly 80 leadership traits, but only five were common to four or more of the investigations. Later, a special breakthrough came with organizing traits around the Big Five personality framework. This framework gives clear picture regarding the qualities of leaders. Trait theories have basic assumptions as follows:

- Leaders get leadership traits or qualities by birth.
- Leadership is the function of personality. The success of leader depends upon the personality function of leader.
- Leadership traits remain unchanged across time.
- Leaders differ from their followers because of traits.

But many researchers have found different qualities of leaders in the different situations. No unanimous traits are found in different successful organizational leaders. Such researches couldn't provide concrete, consistent and conclusive qualities of leader uniformly. So, many researchers have criticized this approach.

2. **Behavioral Approach of leadership:** Behavioral approach of leadership describes that the specific behaviors differentiate leaders from non-leaders. Many research studies have been conducted to analyze the leadership behavior. Behavior approach claims that leaders become success because of their behavior how do they deal with their subordinates rather than what specific features or traits they have. Among the various theories, Ohio State University study, University of Michigan study and Managerial Grid style are the most commonly dealt leadership styles.

- i. **Ohio State University study:** A team of researchers of Ohio State University conducted series of studies in 1945 AD to identify observable behaviors of leaders instead of focusing on their individual traits. They identified two types of leadership behavior i.e. Initiating Structure and Consideration. They found these two critical characteristics of leadership either of which could be high or low or independent of one another. Initiating structure defines strong organizational structure i.e. hierarchy of leader-subordinate. Leaders with high initiating structure desire to follow the scalar chain strictly. They focus more on job output than maintaining good human relation. Leaders with this behavior try to maintain formal line of communication. Leaders with consideration behavior show concern for subordinates and attempt to maintain friendly and supportive working environment. It is found that the leaders who give more emphasis on both initiating structure and consideration would tend to be more effective than other leaders. But, being high on both initiating structure and consideration is practically impossible. From the study, following important facts are established:

- Leaders with low consideration and low structure become pessimistic and passive.
- Leaders with high consideration and low of structure work for group harmony and benefits. They become aware fulfilling social needs of employees but they are less concerned with performance.
- Leaders with low consideration and high structure focus on performance and productivity. They pay low interest for employee welfare.
- Leaders with high consideration and high structure focus on productivity, performance, common welfare and harmony. Theoretically, this is the best leadership style but it is not possible practically to be high at initiating structure as well as high at consideration.

- ii. **University of Michigan Studies:** Rensis Likert with a group of researchers from Michigan University conducted a series of research programs in 1950 AD to find out the leaders' behavior. The basic objective of the study was to identify the principles and types of leadership styles that led to greater productivity and enhanced job satisfaction among workers. They described the leadership behaviors into on two dimensions i.e. employee oriented and production oriented. Leaders with employees oriented focus on interpersonal relationship and accept the individual differences in the group members. Such leaders care on the needs of followers to satisfy employees at most. On the other hand, production-oriented leaders emphasize to the technical and task aspects of job. Such leaders care on output rather than the employee satisfaction. The study concluded that employee-oriented leaders were associated with high group productivity and higher job satisfaction while production-oriented leaders are associated with low productivity and lower job satisfaction.

Features/behavior of employee-oriented leaders

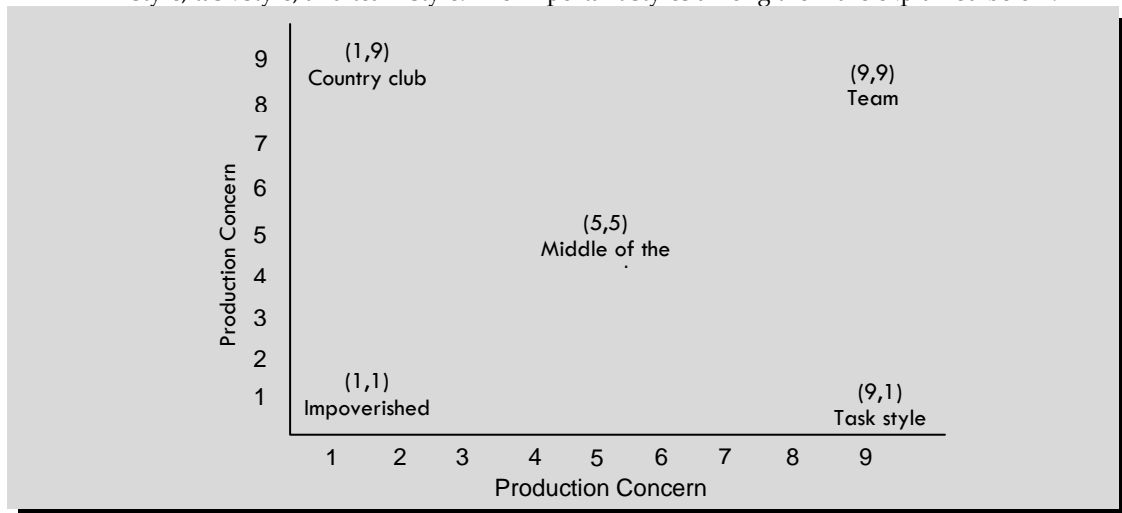
- They establish good human relation with follower employees.
- They concern for rights and welfares of follower employees.
- They pay due concern for motivating employees for achieving organizational goals.

Features/behavior of production-oriented leaders

- They focus on technical aspects i.e. knowhow and procedure of the job.
- They focus on supervising for standard output of the job to be done.
- They make production output as the performance standard.
- They follow negative motivational tools to motivate employees.

- iii. **Managerial grid style:** Robert R. Blake and Jane Mouton in 1964 proposed the managerial grid style of leadership. This theory takes two dimensions i.e. production concern and people concern. Production concern leaders concern for job output who care employees on the basis of their output while people concern leaders concern only for satisfaction of employees. Thus, matrix of concerning only the job output and employee satisfaction is developed by managerial grid theory.

Alike from others, they took nine scales on each of these two dimensions which form 81 possible combinations called leadership styles as shown in figure. Among 81 possible leadership styles, 5 key styles i.e. impoverished style, country club style, middle of the road style, task style, and team style. The important styles among them are explained below.



- a. **1,1 Leadership style (impoverished style) :** Leaders with such style show very little concern for both people and production. Such leaders cannot satisfy production requirements of the organization. They also do not care about the employee's needs.
 - b. **1,9 Leadership style (Country club style) :** Leaders with high concern for employee's needs but very low concern for production follow this style. This style enhances better leader-followers relationship, good working environment and job security. This theory claims that for higher level of employee satisfaction and loyalty, leaders should follow the country club style.
 - c. **5,5 Leadership style (Middle of the road style):** Leaders with average concern for both people and production follow this style. Leaders with this style can balance the productivity as well as good human relations in the organization. This is the best behavioral pattern of the leadership style to maintain organizational growth and employee's loyalty.
 - d. **9,1 Leadership style (Task style):** Leaders with task style give high concern for production but low concern for people. This style of leadership encourages for maximizing productions but ignores the leader-followers relationship.
 - e. **9,9 Leadership style (Team management style):** Leaders with team management style pay highest concern for both production and people. As being concerned for people, employee satisfaction will be high and at the same time with maximum concern on production, production efficiency also remains high. This style is the most effective style among all other possible condition in which the leader gives equally high concern for production and people. The leader can achieve high production through participation and coordination of followers and the utmost use of their skills.
3. **The Situational Approach of leadership:** The latest development i.e. the modern approach in leadership is the situational approach. This is the result of thinking that leader traits and behavior can be supported by situational contingencies. Simply, this approach advocates that the appropriateness of leader behavior varies from one situation to another. This approach rejects the

one best style of leadership applicable to all situations. Fiedler's contingency model, Robert House's Path Goal theory and Paul Hersay and Kenneth Blanchard's situation theory are important leadership theories to understand the situational approach of leadership. For more detail, please revise the situational styles.

QUALITIES OF GOOD LEADERSHIP

A person requires personal, psychological, mental, emotional, conceptual, technical, behavioral and managerial qualities to be effective leader. A leader should have clear vision, desire of learning new knowledge and capacity of understanding human behavior. A leader must be social, cooperative and initiative. To be successful leader, following important qualities are required:

- a. **Physical fitness:** Leaders should be physically fit and good fit of health. They should have full of energy, vigor, vitality and enthusiasm. They should be willing to work hard to attain the organizational goal. Physical fit leaders are well trusted by followers.
- b. **A clear sense of purpose :** Every leader must have ability to define and share the vision, mission and objectives with their followers. A leader must be clear about the vision, mission and purpose on any idea, priority and the process. If the leader is not clear, followers cannot be convinced with the leader.
- c. **Good judgment:** The leaders must have ability to understand the effect of any types of changes within and outside the organization. Leader should be able to judge the environmental effect on business. Leader should have ability to understand the follower's action and reactions. Leader must show sense of fair play and justice to all the employees. Being the leader of organization, leader should have enough capability to judge alternative course of actions should be justified. Followers easily trust the leaders with good judgment ability.
- d. **Moral integrity:** The leaders should have good moral character. They should own the qualities of honesty, loyalty, trustworthiness, devotion and fair in implementing the organizational plans and policies. Leaders should have sense of personal choice to hold one's self to consistent standards. They must be moral in self disciplined and strong interpersonal character. Leaders with high moral integrity provide sense of morale discipline to the employees.
- e. **Self-confident:** The leaders must be self confident to achieve the predetermined goals. They must have adequate knowledge and skills to understand themselves. Leaders must have skills of analyzing their strengths and weaknesses. Leaders should have positivity in result. If leaders themselves are less confident, subordinates do not trust them. They also may lose their confident level.
- f. **Technical competency:** Managerial leaders should be technically competent. They should have adequate knowledge about the related jobs. Technically competent leaders make their decisions more effective. Technical competency enables leaders to guide and control followers.
- g. **Managerial qualities:** Leaders must have all the managerial qualities like planning, organizing, directing, decision making, controlling, communication, etc. Leaders should be decisive. Leaders must be trustworthy. They must have enough ideas for solving conflicts and grievances of the employees.
- h. **Situational adoptability:** Leaders must have the ability to adopt the changes. They should have ideas of managing environmental changes and unpleasant situations. Leaders should have qualities of flexibility for adjusting organizational activities in changing situations.
- i. **Creativity:** Leaders should be creative and innovative as an entrepreneur. They should have good knowledge of solving crisis situations creatively. Leaders should have enough creativity so that they can have effective plan to start up new business, use available resources, manage the organizational efforts and activities, and direct the followers.

LEADERSHIP: THEN AND NOW

Globalization has changed global leadership scenario because of change in socio-economic factors, technological factors, labor market composition, etc. It is proved that jobs of each employees, supervisors and managers have been changing over the past decade. Situation is being more complex in leading business because of such changes.

Previously, leaders were working comparatively in more reasonably stable world, changes were noticed much slowly. But, in these days, employee's behavior within and out of the work place is being increasingly less predictive, almost unimaginable, and the present exists for only short period, more flexible and multi-faceted.

Workforce diversity is increasing intensely in terms of gender, age, skills, socio-culture and economic background. Such diversities of employees create variations in values, interests, and needs that often conflict. Today's leaders need to address such diverse values, interests and needs of different generation of employees working in the same work place. Only one dimension of the leadership cannot address such diversification but the same leadership may face difficulties in creating and applying the flexibility in leadership. Likewise, diversifications is being intensive in customer's perspectives too. Customer's loyalty is decreasing gradually while their expectations are increasing greatly. Business organizations are now facing compulsion for providing massive choices. Customer satisfaction and loyalty need to be defined with new dimensions where customers show less tolerance, more self-interest, and swing brand choice behavior.

These situations provide immense pressure to the leader to move forward from traditional leadership style of administrating and directing to the new model of guiding and inspiring. This is not easy to handle the situations with just figure out what to do and then tell people what, when, where, and how to do it. Leaders today need to face new set of expectations of people within and out of the workplace. Today's employees want to lead. Today's employees want to participate and engage in every aspect of their job in close connection of their leaders. This is what the main thread to create and maintain the two-way relationship at most critical level. Leaders never forget they need to work with knowledge workers today who keep every information regarding their strengths, ability and commitment to accomplish their job.

The above mentioned background reality justifies why today's leaders need to be more flexible and learner ever before. Following guides facilitate today's leaders to develop skills necessary to cope with today's followers:

- a. **Continual learning and unlearning:** Leaders must be continuous learner as there is always scope to improve the leadership. They need to develop their skills to understand feelings of their people, understand their expectations and behavior. Leaders should develop themselves for changing dimensions. For this they should practice for leave their background, comfort zones, and attitudes. This tendency of leaving their original personality to learn new things is called unlearning. Thus, leaders must be continuous in learning and unlearning get better, knowing full well that they will not, and should not, be perfect.
- b. **Broadening perspectives:** Today's leaders must identify and accept multiple perspectives fit for new organizational set up. They must be highly observant and flexible. They must develop multiple perspectives to create guidelines that help make sense of what's going on around them, their people and the whole world. Different perspectives help leaders to become skilled to tackle in conflicting situation.
- c. **Problem solving:** Today's leaders must be good problem solver rather than creating conflicts or problems. Leaders should develop and use various perspectives to solve the current issues rather they need to blame to others or being worried. Leaders must develop themselves for new ways for identifying and analyzing the problems and their causes, developing alternatives to solve these problems and making best decision for picking up best alternative so the problem can be solved excellently. Leaders should enjoy solving the problems taking the course of action as regular responsibilities.
- d. **Developing self-awareness:** It is believed that great leadership comes from within i.e. developed self. They should develop self-awareness regarding what their intentions and what may be the impact of their intentions on other, specially on their followers. Self-awareness helps to admit mistakes and learn from others. Continuous learning and initialization of others good deeds and wish help them for being self-aware.
- e. **Improving communication skills:** Leaders should develop direct, open and honest communication with others to expose their agendas. They need to develop their ability for good listening to others. They should behave good to others even they response negatively on the leaders' ideas and guidance.
- f. **Thinking strategically:** Leaders should think strategically for each issue. They should have long term perspectives on each issue. Leaders need to operate from a broad though the short-term wins need to be accumulated for long-term results. They need to scan the business environment in regular basis to estimate whether it can create the long term opportunities or not. All the big moves i.e. corporate decisions need to be focused for sustainability.

- g. **Thinking globally:** Though the leaders need to work locally, they should think globally. Now, every global movements creates opportunities as well as the threats to the organizations. Globalization is making the world smaller, influence of global issues becomes intense and more volatile. Thus, leaders should appreciate, and leverage the diversity to face the global challenges. They also need to become more innovative and proactive, anticipating problems and opportunities as well as entirely new markets and products. They should also encourage their people to be more innovative to solve the problems and customers, to deal with changing needs of customers and communicate. Leaders thus should think globally.

LEADERSHIP TODAY

As discussed in earlier section, leadership in current situation is not same as in early days. Because of change in global labor context, same leadership cannot work for employee satisfaction, their retention and the organizational effectiveness. With changes in context, various leadership styles are emerging, among them few are discussed below.

TRANSFORMATIONAL LEADERSHIP

Transformational leaders are those who inspire their followers to change the existing interest for transcending or excelling their own interest. Transformational leadership believes self-direction, self-effort and self-motivation to produce a higher level of performance. Transformational leadership is found correlated with higher productivity, higher satisfaction and lower employee turnover.

With transformational leadership, the followers feel trust, admiration, loyalty, and respect towards the leader, and they are motivated to do more than they are originally expected to do.

Bass (1996) describes the transformational leadership as the leader transforms and motivates followers by i) making them more aware of the importance of task outcomes, ii) inducing them to transcend their own self-interest for the sake of the organization or team, and iii) activating their higher-order needs.

The transformational leader enhances the morale, performance, and motivation of employees, inspires change driven by a strong purpose, and is able to create a culture of trust and innovation within the organization. Transformational leadership is a leadership style in which leaders encourage, inspire and motivate employees to innovate and create change that helps grow and shape the future success of the company. This is accomplished by setting an example at the executive level through a strong sense of corporate culture, employee ownership and independence in the workplace. A transformational leader is someone who encourages the motivation and positive development of followers, exemplifies moral standards within the organization and encourages the same of others, fosters an ethical work environment with clear values, priorities and standards, builds company culture by encouraging employees to move from an attitude of self-interest to a mindset where they are working for the common good, holds an emphasis on authenticity, cooperation and open communication, provides coaching and mentoring but allowing employees to make decisions and take ownership of tasks.

CHARACTERISTICS OF TRANSFORMATIONAL LEADERSHIP

- **Idealized influence:** Transformational leadership provides special vision and sense of mission. It communicates high level of expectations and proves as the change agent. Thus, this leadership style gets special respect and trust.
- **Inspirational motivation:** Transformational leadership communicates the special vision of change and share expectations. Their style of inspiration is not just limited to formal acknowledgement of a job well done, rather they treat each employee as a valued individual. Leaders take considerable time to understand followers what motivates them. Transformational leaders communicate importance of team efforts in very simple way. Such acts inspire followers to be a part of change.
- **Intellectual stimulation:** Transformational leaders create commitment towards the vision. Leader promotes intelligence and rationality in problem solving. Followers gain ability of solving any problems with care.
- **Individualized consideration:** Transformational leaders give personal attention on followers. Each follower gets special and individual treatment. This leadership style focuses on individual coaching, instruction and guidance.

- **Control ego:** In transformational leadership, leaders keep their ego under control and remain conscious for preventing other members and whole organization from their interfere. This helps transformational leaders to subordinate their goal in comparison to By keeping their ego in check, the transformational leader is able to put the organization before their own personal gain and also elicit the best performance from others.
- **Self-management:** Transformational leaders are self-managed and self-directed. They are internally motivated for their best to achieve the organizational goals. Normally, they do not need direction and guidelines from others.
- **Risks calculating:** Transformational leaders possess their good ability for calculating risks and bear a level of risk. They trust their drive, and use the intelligence gathered by team members to make informed decisions. They wish to conduct research before making any decisions. They mobilize their team for seeking inputs from the team to make risky decisions for organizational growth.
- **Share collective organizational consciousness:** Transformational leader shares and understands the collective consciousness of all the members of organization. This feature of the leader creates good harmony among the team members which acts as the motivational techniques. This also creates the ultimate awareness in each member to make decisions supporting growth, creates a shared vision for the organization and retain the employees.
- **Encourage new ideas:** Transformational leaders show their optimal open to receive new ideas as good source of decision making. Transformational leaders understand the need of new ideas for success of programs and the organization, and the role of team members to create new ideas. For this, they create an open organizational culture for all levels of the organization.
- **Proactive:** Transformational leaders are proactive in their approach. They always scan and monitor the business environment well in time. These leaders take risks, and take an active role in growing the organization. They do not wait the things to happen but they take proactive moves before happening any events in business environment.

More findings about transformational leadership

- Transactional and transformational leadership complement each other; they don't have opposing approaches to getting things done.
- Transformational leaders are more effective because they are more creative, but also because they encourage those who follow them to be creative, too.
- Companies with transformational leaders have greater decentralization of responsibility, managers have more propensity to take risk, and compensation plans are geared toward long-term results-all of which facilitate corporate entrepreneurship.
- One study of information technology workers in China found empowering leadership behavior led to feelings of positive personal control among workers, which increased their creativity at work.
- Companies with transformational leaders also show greater agreement among top managers about the organization's goals, which yields superior organizational performance.
- Transformational leaders are able to increase follower self-efficacy, giving the group a 'can do' spirit.
- Followers are more likely to pursue ambitious goals, agree on the strategic goals of the organization, and believe the goals they are pursuing are personally important.

COACHING LEADERSHIP

Coaching leadership is the way of leading employees through instruction and guidelines about how to meet the special organizational challenges. Coaching leaders identify the weaknesses of their subordinate in terms of their skills and behavior and suggest how they can correct the skills and behavior. Coaching leaders not only define roles and responsibility of their followers, but also seek their input and suggestions to improve their level of job output. Coaching leaders follow two-way communication and encourage for sharing ideas among the people.

Specially, in team management with newly appointed employees, coaching leaders become more effective. As the leaders constantly observe and supervise the performance level of their subordinates, there will be quick feedback of performance and they may initiate the quick remedy for improved result. The coaching leadership style is most effective when followers are more responsible, and agreeable.

The coaching leaders identify the weak points on their followers, direct and guide them to remove their weakness through encouragement and inspiration. Because of continuous effort for instruction, guidance,

and encouragement, followers level of satisfaction remains high and hence remain motivated. Coaching leadership creates a positive workplace environment in which each follower knows exactly what is expected from them, and understands the overall strategy of the company.

Coaching leaders used to tie leadership with career aspirations and personal goals. They help followers to improve their skills, commitment and career prosperity. With continuous support, encouragement and guidance, followers develop a long-term plan to reach long-term goals. Coaching leaders provide plenty of feedback on performance, at the same time, they also delegate assignments and authority to their subordinates.

For increased effectiveness, followers working under the coaching leaders must be receptive to help the leaders. This leadership may be ineffective in case employees are extremely resistant to change, or are not interested in learning new things, the manager will struggle if they choose this style. At the same time, leaders should have technical expertise in which area the person guides to the followers.

Most interestingly, almost every employee i.e. follower in the workplace shows interest in improving their performance and improving their behavior. Thus, coaching leaders should work with employees in their workplace. They should supply ongoing feedback on performance in such a way that the follower gets motivation through the efforts and action of leaders. They should start with praising the effort of followers like I believe in your abilities, I'm willing to invest my time in you, In exchange for this trust and investment, I expect you to try your hardest, etc. This helps develop the trust in relationship of followers and leaders.

FEATURES OF EFFECTIVE COACHING LEADERS

- Coaching leaders possess optimal empathy or responsiveness in understanding follower's ability, interest and wills from their level.
- They possess good skills for listening others. They concentrate extra-hard on listening.
- They possess extra ability to insight into people regarding what they exactly think, estimate their will and intentions.
- Coaching leaders show their level best on diplomatic relations with soft voice and encouraging others.
- They have good patience towards the people. They perform calm even others are making mistake. They practice no hostile behavior upon others.
- They always think to serve other to be effective. Their prime concern is the welfare of other.
- They are self-confident and emotionally stable. They attempt to have at least one personal success each week.
- They remain far from the competition with their colleagues, their team members and other as they set the target for self.
- Coaching leaders remain enthusiasm for people. They search good factors for every person. They identify negative factors, behaviors, weaknesses but let them down and search, highlight the good things. Based on the goodness, they lead the people for their improvement.

ENTREPRENEURIAL LEADERSHIP

Entrepreneurial leadership is based on the attitude that the leaders are self-employed. As entrepreneurs develop business ideas, business models and business procedures, the leaders also develop new vision for business. During their business, entrepreneurs take risk of failure, similarly, the leaders also take risk. Entrepreneurial leaders act as if they are playing a critical role in the organization. They think how they can make profit for the business to protect from risk of loss. They take each mistake more critically as the mistake was significant error rather than a small or minor error.

Entrepreneurial leaders serve multiple roles as they not only involve in directed day-to-day responsibilities but also for creating the business models, developing new dimensions in business, growth and diversity of the business. Entrepreneurial leaders involve in organizing and motivating followers to achieve a common objective through innovation, risk optimization, taking advantage of opportunities, and managing the dynamic organizational environment. They act as role models, and serve as figureheads for their team members and the entire companies.

FEATURES OF ENTREPRENEURIAL LEADERSHIP

- **Vision:** Entrepreneurial leaders have more clear visions. They set the destination where they wish to reach and how they can reach there. Entrepreneurial leaders communicate their visions to their team members and formulate action plan to work with their followers to make them reality.
- **Communication skills:** Entrepreneurial leader should be able to articulate their ideas clearly, and the plan to achieve the goals. They follow open and two-way communication in the organization. They work for removing departmental barriers within and across levels. They avoid ambiguities and generalizations, and are able to avoid conflict and misunderstanding due to poor communication.
- **Supportive:** Entrepreneurial leaders are supportive to their followers to cope with changing situation, to attain the new visions. They realize the importance of initiative and reactivity to the problems facing by their followers in course of action to achieve the goals. Normally, entrepreneurial leaders do not punish their followers whenever they misfire the calculated risks. Instead, they discuss with the employees to identify and analyze the problems and to set new direction and guidelines to solve the problem or correct the mistakes.
- **Self-belief:** Entrepreneurial leaders believe in themselves and gain confidence from their experience. They are aware of their strengths and weaknesses, and demonstrate their skills without confusion. Entrepreneurial leaders are self-assured for their goals, their strengths, and way out. This is the power of leaders which drives the leader for goal achievement process.
- **Shares success:** Entrepreneurial leaders believe that they attain the goals through participation of members in team. Leaders do not take the credit of all success but credit to other members. Each small success of the organization is shared with the members. Leaders acknowledge the contribution of their followers and share it with them.
- **Involved with followers:** Entrepreneurial leaders like to spend time among employees, walk around with them, interact with every follower, and with their actions. They spend time talking with their followers and understand their work and personal challenges. This helps motivate and involve their followers in their jobs.
- **Create conducive atmosphere:** Entrepreneurial leadership believes in active participation of other people in attainment of the goals. For this, they create atmosphere that encourages everyone to share ideas, grow, and thrive. They actively seek other's opinions, and encourage them to come up with solutions to the problems that they face. The entrepreneurial leader also provides positive feedback when employees come forward with an opinion.
- **Learner:** Entrepreneurial leaders invest their time and efforts significantly in learning and updating their knowledge. They also develop learning environment in the organization encouraging others to improve their knowledge, widen their experience, and tackle multiple challenges. They encourage employees to think outside the box and come up with creative solutions to problems.

LEADERSHIP SITUATIONS AND DECISIONS

Leadership is contextual or situational. Leadership should be based on the situation i.e. it must be sensitive to the current situation. Only one approach or style may not be fit for all the situations. Different leadership theories are developed to deal with situations. Situational theories of leadership work on the assumption that the most effective style of leadership changes from situation to situation. To be most effective and successful, a leader must be able to adapt his style and approach to diverse circumstances.

Situation can vary person to person, time to time and the responsibility to responsibility. Leadership must be sensitive on these situational factors. Selection of leadership style should be based on the situational variables. In few situations, say for lower level fresher, directive leadership may be suitable while in the same level of experienced employees, higher trust may make the leadership successful. Leadership style may be different for the different industrial background too, e.g. for service industry the leadership should be different than in the manufacturing industries. Some fields demand a large measure of innovation, whereas in others, personal charisma and relational connection with clients are far more important. Thus, leadership situations are more important to make the leadership successful.

For successful leadership, leaders should decide the leadership style before applying it. With the changing situation, leadership styles should also be changed. Thus, leaders should change their style and very rarely, leaders wish to change the situation. In this course of action, leaders should observe what is going on, adjust with changing situation and change the situation.

Leaders should scan the situation before making leadership decision. Following strategies help gain good sensing over the leadership situation:

1. **Individuals:** Leaders should study each individual before choosing the leadership style. While analyzing the individual, leaders need to know team members beyond their technical competence. Leaders should observe the individual capability, willingness, intelligence, probable impact of the person on overall performance.
2. **Groups:** A group is total of two or more people associated for common goals. Group can be formal or informal. It's a complex social structure with its own culture, rules and adopted behaviors. Group dynamics demands different types of leadership styles. Thus, leaders should observe group tensions, dynamics and complexities. Notice the group balance between tasks (getting things done) and relationships (what holds the team together).
3. **Organization:** Organization itself is another more complex situational factor. Organizational culture, values and beliefs influence on the leadership success. Thus, before setting leadership orientation i.e. styles leaders should first analyze the organizational situation. For this, leaders should listen to different opinions and where possible take a firsthand look to decide for yourself.

Goleman's proposed emotional intelligence on selecting the leadership situation. He proposed six categories of situational leadership, describing the leadership style listed below with suggesting when each style is most appropriate and likely to be successful:

Pacesetter Leadership	Such leader sets aggressive goals and standards and drives employees to reach them. This works with highly motivated and competent employees, but can lead to burnout due to the high energy demands and stress levels.
Authoritative Leadership	The leader authoritatively provides a direction and goals for the team, expecting the team to follow his lead. The details are often left up to the team members. This works well when clear direction is needed, but can be problematic if the team members are highly experienced and knowledgeable and might resent being dictated to.
Affiliative Leadership	A positive reinforcement and morale-boosting style. The leader praises and encourages the employees, refraining from criticism or reprimand. The goal is to foster team bonding and connectedness, along with a sense of belonging. This approach works best in times of stress and trauma or when trust needs to be rebuilt. It is not likely to be sufficient as a long-term or exclusive strategy.
Coaching Leadership	The leader focuses on helping individual employees build their skills and develop their talents. This approach works best when employees are receptive to guidance and willing to hear about their weaknesses and where they need to improve.
Democratic Leadership	The leader intentionally involves followers in the decision-making process by seeking their opinion and allowing them a voice in the final decision. This works well when the leader is in need of guidance and/or the employees are highly qualified to contribute and there are not strenuous time constraints that require quick decisions.
Coercive Leadership	The leader acts as the ultimate authority and demands immediate compliance with directions, even applying pressure as needed. This can be appropriate in times of crisis or disaster, but is not advisable in healthy situations.

Source : <https://courses.lumenlearning.com/suny-principlesmanagement/chapter/situational-theories-of-leadership>.

GROUP FORMATION

A group is defined as a collection of two or more than two people working together to achieve common objectives. Such groups are set of interacting and interdependent people having common belief on at least one particular objective. There can be several purpose of formulating the groups and hence there can be different types of groups in the organization. For our purpose here, groups are taken as work groups. Such groups are the basic building blocks of every organization as the productivity of organization can be scaled high with effective mobilization of work groups. Work groups form and follow roles, rules, and norms to control member's behavior. Groups contribute to organizational effectiveness when group goals are aligned with organizational goals.

Stephen Robbins - "A group is defined as two or more individuals interacting and inter-dependent who have come together to achieve particular objectives."

David H. Smith - "A group is two or more freely interacting individuals who share a common identity and purpose."

John R. Schermerhorn Jr. - "A group is a collection of people who regularly interact with one another in the pursuit of one or more common goals."

Groups in management system, are interdependent and interacting sub-organizations directed at achieving higher level of organizational productivity through positive synergy. Through open communication among the group members, groups set the interactive communication culture. Work groups in general are the formal groups which are normally set by the organization. Informal groups are the groups formulated by employees of their interest to satisfy their common goals. Groups are characterized the following main features :

- Collection of people
- Interaction and interdependence to each other
- Common goal
- Follow same group norms
- Specific leadership systems or styles
- Individual accountability
- Mutual awareness
- Effective use of communication system
- Dynamic in changing situation and environment

TYPES OF GROUP

There can be different types of groups in organization. They can be classified basically into two types as formal and informal group.

1. **Formal groups:** Formal groups are the collection of people depending on the formal organizational structure. They are called formal simply because they are formed under the organizational structure and scope. Formal groups are formed for organizational purpose. They are established under legal or formal organizational authority. Formal groups are created either by the placing of employees from different department or from the same department. Formal groups can be divided into two types as command groups and task groups.
 - i. **Command groups:** Groups of subordinates who need to report to the same supervisor in the scalar chain are called command groups. Command groups are based on the basic reporting relationships in organization. They are represented on organizational charts. These groups have a profound effect on the extent to which an organization is able to achieve its goals.
 - ii. **Task groups:** The task groups are composed of employees who work together to perform a specific assigned task i.e. job responsibility. Such groups are formed with the specific objective of accomplishing specific task. It is temporary in nature. This means such task groups get dissolve after completing the predetermined task. Usually, such groups are also created by formal organizational structure. Special task force and ad-hoc committee are examples of task groups.
2. **Informal groups:** Informal groups are non-programmed or simply not for specific purpose of organization. In general, such groups are developed naturally in the work place by the mutual interest, age group, ethnicity, gender, etc. of the employees. Thus, informal groups are established with the interest or friendship of the employees. Informal groups are not highly structured in procedure and are not formally recognized as formal groups. As the goals of these groups are not specific, members may be increased or decreased frequently. Membership of such groups is optional. Informal groups also can be divided into interest groups and friendship groups as follows:
 - i. **Interest groups:** Interest groups consist of people who share common interests. Membership of such groups is optional. The purpose of these groups may or may not be relevant to the organization. Employees having common concerns regarding work schedules, sports, cafeteria, library, leisure time, etc. are examples of interest groups. For instance, employees working in marketing department form a group of like-minded people of marketing department while employees from production department form another group.

- ii. **Friendship groups:** Friendship groups are composed of employees who enjoy each other in group. People speaking same language or coming from same geographical area or having similar political ideology, similar age group, etc. are example of friendship groups. Friendship groups may be extended outside of the organization too.

DIFFERENCE BETWEEN FORMAL AND INFORMAL GROUPS

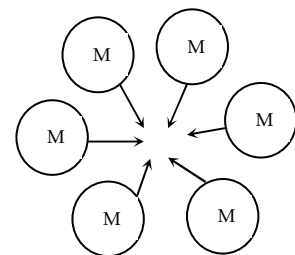
Following table presents basic difference between formal and informal groups in the organization.

Basis of difference	Formal groups	Informal groups
Meaning	Groups created by the organization, for the purpose of accomplishing a specific task are called formal groups.	Groups created by the employees themselves, for their own interest or purpose, are called informal groups.
Formation	Deliberately i.e. intentionally by the organization.	Voluntarily by the employees.
Size	Large size or as per the need of the organization.	Comparatively small because of interest or friendship.
Life span	Depends on the objectives of group formulation.	Depends on the interest, bonding and mutual trust of the members.
Structure	Well defined i.e. defined by organizational structure.	Well defined i.e. not specific and may change according to time, purpose and change in group members.
Importance	Given to the formal position in the organization and group.	Given to the person i.e. member of the group based on idea and other individual characteristics.
Relationship	Professional relationship based on formal chain of command.	Personal relationship based on personal interest, influencing capability and friendship.
Communication	Follow in a defined direction and mode of communication.	Follow informal and all direction communication. No specific mode of communication.
Authority	Formal authority as specified by chain of command.	Authority is given to the peer group.
Behavior of the member	Behaviour of the members is according to rules and regulations set by the management.	Behaviour of the members of the informal group is according to the individual and group interests.
Supervision	Supervisors use formal supervision of people and work as prescribed by the management.	Informal supervision i.e. almost no supervision of people. Members must be self-supervised.

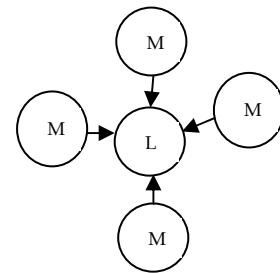
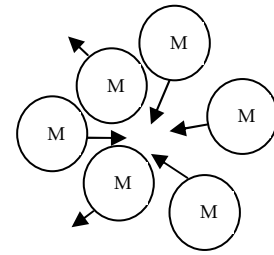
GROUP FORMATION PROCESS

Group formation takes place a series of stages. It is a dynamic process. Various researchers in social science have concluded that there is no fixed rule for group formation. For effective group formulation, following five stages need to be fulfilled:

- i. **Forming Stage:** This is the first stage of group formation in which people show their willingness to join the group. They introduce each other. They may have number of queries, confusion and uncertainties regarding group, group members and the leader. Group norms, purpose, structure, leadership, and acceptable group behavior are also unclear to be interested people. There is no certainty of joining the group because of such confusions.



- ii. **Storming Stage:** In this stage, degree of conflict and confrontation will be increased because of individual differences. Experiences change the attitude and expectations of the people. Membership expectations, interpersonal styles, alignment in group goals and individual goals, etc. may distract the people from joining the group. There may be conflict on leadership, group authority and control. People who cannot accept leadership, roles and responsibility will leave the group formation process. Only those people who negotiate and accept the common goals join the group. After this, members start forming and accepting the group norms and values.
- iii. **Norming Stage:** In this stage, members of the group start cooperation and develop harmonious relationship among group members. They start feeling group goals and existence. They show group cohesiveness and group identity. This stage will be complete with accepting a common set of expectations and leadership. Each member becomes clear about roles, responsibility and authority relationship and accept group norms and values.
- iv. **Performing Stage:** This is the stage in which group members perform their job as matured, organized and well functioning organizational unit. Group goals will be satisfied in this stage by the joint effort of each member. Group members will be satisfied by the fulfilling of common goals. Each member evaluates performance of the group. Temporary groups will cease after performing stage.
- v. **Adjourning Stage:** Group members analyze the achievements of group effort and performance. If the members get satisfied with the group norms and values; satisfied with the performance of group, they wish to continue the group. Those members who are not satisfied from the group performance, they quit the group. Adjourning stage is the final stage in which group will be ceased.



TEAM MANAGEMENT

A team is a small group of people having complementary skills required working together to achieve common objectives. Teams are special forms of work groups formed with the people of special and complementary skills. Groups are normally autonomous for decision making and performance. So, they set the team goal, set the performance standard and the working procedure to achieve them. Team members with special skills, coordinated efforts and common goals generate positive synergy.

Organizations create teams to increase the performance, flexibility and cooperation to achieve the organizational goals. So, team goals are supplement and supportive to organizational goals.

R.W Griffin - "A team is a group of workers that functions as unit often with a little or no supervision to carry out organizational functions."

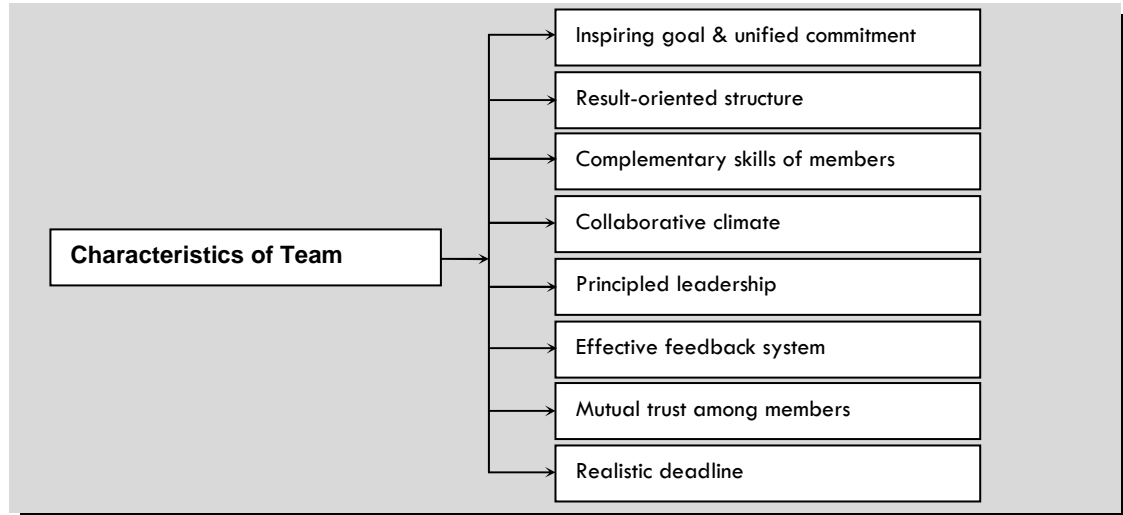
Katzenbach and Douglas Smith - "A team is a small number of people with complementary skills who are committed to common purpose, set a performance goal, and approach for which they hold themselves mutually accountable."

Team is the self-managed, self-guided and self-supervised group of employees devoted for achieving organizational goals through coordinated effort and positive synergy. Teams are normally responsible to formulate the team goal, working procedure and evaluation mechanism.

Team is the good mix of high intellectual intelligence available in the organization. Different types of teams for example; functional team, self-managed team, problem solving team, cross-functional team, and virtual teams are used to achieve the organizational goals.

CHARACTERISTICS OF EFFECTIVE TEAM

Effective team in the organization should contain following features :

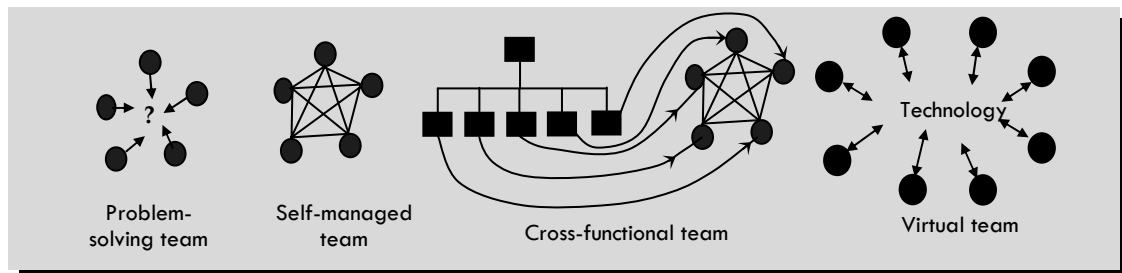


1. **Inspiring goal and unified commitment:** Team contain a clear goals communicated to all the members. Well accepted goals inspire the members. All the members show unified commitment. With the total commitment from team members, organizational goals can be achieved more easily.
2. **Results-oriented structure:** In order to achieve the team goals, a clearly defined team structure is created. Each member has clear roles, responsibility and authority. But the team members have combined accountability. The team structure is formed dynamic to attain team goals.
3. **Complementary skills of members:** Team are formed with the members having complementary skills required to accomplish the team task. Each team member has the required skill set in order to achieve the team objectives. Productivity of team can be improved through the coordinated effort.
4. **Collaborative climate:** Commitment from teams members and a good leadership leads to a collaborative team with a productive work environment. Appreciation as well as appraisal is required to keep the morale of the team high which is done in mutual understanding and acceptable norms. Each member supports to the other as each member has individual as well as team accountability.
5. **Principled leadership:** Each team contains well accepted team leadership. An able-bodied leadership can chart the team's path to success. Each team member participates actively and positively in meetings as well as projects. This shows a person's commitment as well as understanding towards a project. Leaders are responsible for team performance.
6. **Effective feedback system:** Thinking out of the box is vital in team performance. Members are listened carefully and they are given thoughtful feedback. Listening is an important skill for any team. The thoughts and ideas of each team member have to be listened to, with respect. Two-way communication is followed in the organization.
7. **Mutual trust among members:** Well formulated team is highly characterized with mutual trust and respect of each member. Ideas, views, decisions and evaluations are cordially accepted by each member. This is the only way to achieve the organization goals.
8. **Realistic deadlines:** Each team has specific task and realistic time frame to accomplish the task. To attain the time goal, team receives external support as well as aid. Coordination among the team member is vital to accomplish standard jobs at the right time.

TYPES OF TEAM

Organizations form different work teams for different purposes to compete in today's competitive business environment. As many organizations use project organization structures to satisfy skills diversification at work. Following types of work teams are common in organizations:

- Problem-solving teams
- Self-managed teams
- Cross functional teams
- Virtual teams



1. **Problem-solving teams:** Problem-solving teams are formed in order to solve particular problem regarding quality, efficiency, productivity, etc. Problem-solving teams are formed with the expert employees or supervisors from same department or unit as they are supposed to provide suggestions to solve problems. Such teams rarely have authority to implement their suggestions. Quality circle is an example of problem-solving team in which members share their ideas and find most probable solution to the authority.
2. **Self-managed team:** Self-managed teams in general, are formed with self-motivated employees (10 to 15 in number) who perform interdependent and highly related jobs. Such teams not only provide suggestions to the authority but they have authority to implement their suggestions or findings. Fully self-managed teams set their goals themselves, establish performance standard, measure their performance and initiate control activities. Such teams become more effective for improving performance if team members can manage conflict. Effectiveness of self-managed teams is not found uniformly positive because of failure because of failure in settlement of dispute. One large-scale teams in general does improve labor productivity, no evidence supported the claim that self-managed teams performed better than traditional teams with less decision-making authority. Following factors are responsible for influencing effectiveness of self-managed teams:
 - **Team goals and norms:** Common goals, values and norms of self-managed team.
 - **Work design of team:** Autonomy at work, skills variety, task identity and task significance.
 - **Composition of team:** Size of team, diversity among members, preferences and flexibility of members, roles allocated for each member, abilities and personality of team members.
 - **Team context:** Situational leadership, performance-based reward system, level of interaction among team members, level of trust among team members.

Ways of improving effectiveness of self-managed teams

Effectiveness of self-managed teams can be improved by means of following ways though it may differ in different contexts:

- **Training and development:** As self-managed teams are formed with skilled and motivated employees of same functional units. They should, thus, be involved in training and development programs to provide multi-skills. This helps motivate team members for team goals as well as improves the decision making capacity.
- **Performance-based reward system:** Rewards should be provided team members on the basis of performance rather than individual contribution. Effectiveness of team largely depends upon positive synergy of effort of team. Members should be responsible and accountable to team. Performance-based reward system increases the feeling of equitable rewards among the team members.

- **Flexibility:** Self-managed teams should have sufficient flexibility as they have to adopt changing environment. They have to make decisions to solve the problems regarding quality, performance and productivity with changing business environment. Management should try to increase degree of flexibility in roles, responsibilities, authority, goals, performance standard, evaluation system, etc.
 - **Performance evaluation:** Performance of self-managed teams should be evaluated on the basis of goal achievement, empowerment, communication and roles and norms. Performance evaluation system motivates members to create positive synergy.
3. **Cross-functional teams:** Cross-functional teams are formed by the employees from different functional units or departments but of same hierarchical level. Members of such teams are characterized with complementary skills. In 1960s, IBM created cross-functional teams from different departments to develop successful system 360. Nowadays, many organizations conducting multi-functional business activities. Such teams conduct regular meeting to solve particular problems. As they have different skills from different areas, they discuss each other to share information, develop new ideas, solve problems, and coordinate complex projects. All major automobile manufacturers like Toyota, Honda, Renault, Suzuki, Tata, Ford- currently use this form of team to coordinate complex projects. Cisco relies on specific cross-functional teams to identify and capitalize on new trends in several areas of the software market. Though such teams take long time to form and develop trust, teams work with greater diversity to realize greater performance.
4. **Virtual teams:** Virtual teams are formed with experts from different sector diversified geographically but tied with computer technology. Team members are connected by means of online communication links such as Wide Area Network (WAN), video conferencing, or e-mail. Such teams are being more popular because of availability of trustable means of communication and increasing trends of boundary-less job opportunities. Evidence from 94 studies entailing more than 5000 groups found that virtual teams are better at sharing unique information (information held by individual members but not the entire group), but they tend to share less information overall. In order to ensure the effectiveness of virtual teams, following conditions should be maintained:
- Trust among team members
 - Close monitoring at team processes
 - Sharing team outputs in organization with high priority

STRATEGY FOR EFFECTIVE TEAM MANAGEMENT

Strategies are the weapons or tools to achieve the specific objectives. There may be different strategies in different situation and time according to situations. Effective team management is the core of organizational growth. Thus, management should have more specific strategies to have effective team management. Following common strategies are suggested for effective team.

- Size of the team must be appropriate depending on the jobs to be performed, nature of the job, deadline, and the expected output.
- Each team should have specific, challenging but achievable, clear and accepted team goals.
- Management policies and practices should be fair and consistent.
- Each individual should have equal importance in team performance.
- Manage conflict effectively at early as possible and transparently.
- There should be adequate resources with proper allocation for teams and team members.
- There must be open and two-way communication system in the organization.
- Managers and organizational leaders should initiate to remove obstacles with joint effort of each member.
- Managers and leaders must ensure the coordination of team member. There must be the climate of mutual trust and respect.
- Management must create appropriate environment to express opinions and problems without fear. Members should encourage finding creative solutions of every problem. Team member must be encouraged for flexibility.
- Management should use positive motivational techniques and follow participative leadership style.
- There should be proper, timely and participative feedback system for effective controlling of team effort and performance.

CONFLICT

MEANING OF CONFLICT

Conflict is the situation of disagreement between two parties on the certain issue. It is incompatibility in ideas, interpretation or any other reasons where one person or party disagrees with other person or party. Organizational conflict, or workplace conflict, is a state of dispute caused by the actual or perceived differences of needs, values and interests between people working together. Organizational conflict is the outcome of behavioral interactions i.e. perceptual differences of the people. At the workplace, whenever, two or more persons interact, when opinions with respect to any task or decision contradict, then the conflict occurs.

Ricky W. Griffin: "Conflict is disagreement among two or more individuals, groups or organizations."

S. P. Robbins: "Conflict is a process that begins when one party perceives that another party has negatively affected, or is about to affect something that the first party cares about."

Joe Kelly: "Conflict is opposition or dispute between persons, groups or ideas."

Keith Davis: "Conflict is any situation in which two or more parties feel themselves in opposition."

Organizational conflict can occur between individual, between groups, and with the organization. In simple terms, organizational conflict alludes to the result of human interaction that starts when one member of the organization discerns that his/her goals, values or attitude are incompatible, with those of other members of the organization. Conflict is inevitable as there may be low chance of making common agreement in each issue.

Organizational conflict simply refers to all kinds of opposition or antagonistic interaction between or among individuals or groups in the organization. It exists whenever one party perceives that another party has blocked or hampered or is about to hamper the accomplishment of goals.

In general, conflict is supposed to cause negative consequences but it is not always negative. If conflict is managed properly, it produces. Through the disagreement for positive result, best idea or way can be obtained which causes better performance.

FACTORS INFLUENCING ORGANIZATIONAL CONFLICT

There could be many sources for conflicts in an organization. They can broadly be classified in to following four types:

1. **Vague responsibility:** If there is lack of clarity, regarding who is responsible for which section of a task or project to accomplish, conflict may take place. And, to avoid this situation, the roles and responsibility of the team members should be stated clearly. Each employee should agree upon the roles and responsibility.
2. **Interpersonal differences:** Every member of an organization possesses different personality which plays a crucial role in creating interpersonal conflict. Conflicts at the workplace are often caused by interpersonal issues between the members of the organization because of differences in perception, personality differences, differences in attitude and behavior.
3. **Limited resources:** One of the main reasons for occurrence of conflict in an organization is the inadequacy of resources. Capital, time, machinery, materials, information, etc. are most essential to accomplish the task within the time and standard. In absence of such resources, individual and the groups cannot achieve the target. If there is unequal distribution of such resources, conflict may arise.
4. **Conflict of interest:** Because of diversity of workforce, there may be diversities of interests. When there is disorientation between the personal goals of the individual and goals of the organization, conflict of interest arises. This causes conflict in the organization. Conflict between employee unions and the management is because of the conflict of interest.
5. **Poor communication:** Poor communication between supervisor and the employees or organization to employees is another vital cause leading conflict. Inadequate communication, one-way communication, communication overload, etc. are communication related reasons causing conflicts.

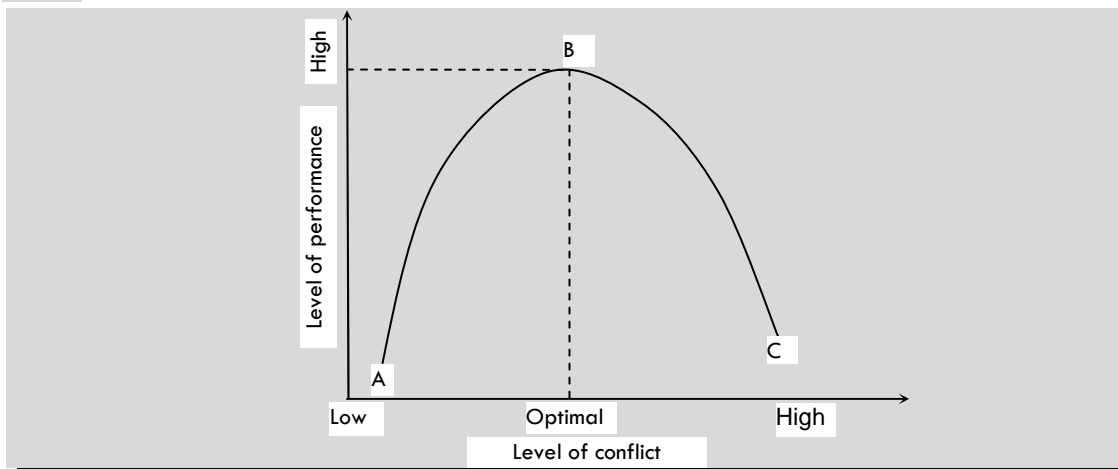
TYPES OF CONFLICT

Different management experts have classified conflicts in their own ways. Conflict can be classified on the basis of involvement and the major reason of conflict. Major types of conflicts are described below:

1. **Classification of conflict on the basis of involvement:** Based on who involves on the conflict, conflict can be classified into following five types.
 - a. **Intrapersonal conflict:** Conflict that occurs within an individual is intrapersonal conflict. This is the conflict between two or more roles within an individual. Such conflict arises when a person has to choose two equally desirable alternatives or between two undesirable goals. Under this conflict, person gets confused about the roles, priority and process alternative which to chose.
 - b. **Interpersonal conflicts:** This is the conflict which occurs between two individuals. It is probably the most common and widely recognized conflict within the workplace. This type of conflict may occur between two managers due to the positional differences, subordinates because of responsibility differences, between managers and subordinate because of authority delegation or role conflicts.
 - c. **Intra team conflict:** The conflict which occurs within a team i.e. between members of a team is called intra team conflict. Team members of same team may have conflict over ideas, plans, policies and procedures. Such conflict decreases the team performance if there is polarization. But it can be used for formulation of better ideas, way of performing activities, etc.
 - d. **Inter team conflict:** Such type of conflict occurs between two teams of organization. Members of the teams struggle for sharing of resources, giving priorities for certain activities, management policies, etc. in order to achieve their respective team goals. Different functional teams within the organization may come into conflict because of differences in their specific objectives, resources access, organizational priorities, etc. This conflict is also known as inter group conflict or inter departmental conflict.
 - e. **Inter organizational conflict:** Inter organizational conflicts occur between two organizations of the same industry or organizations in the same business network. These conflicts may be related because of variation in quality, price, quantity, and service or product delivery. The conflicts between suppliers and buyer organization, or conflicts between similar organizations are examples of inter-organizational conflict.
2. **Classification of conflict on the basis of reason of conflict :** Based on the reasons of conflict, conflict can be classified into following three types.
 - a. **Relationship conflict:** The conflict arising out of interpersonal differences or relational tensions between two or more employees, within the same or different levels is called relational conflict. This is concerned with the relationship intrinsically, not the task at hand.
 - b. **Task conflict:** When there is a disagreement among members regarding nature of work to be performed in the organization is called task conflict. There may be unclear roles, intention to delegate the responsibility, work overload, task significance, etc. which cause the conflict.
 - c. **Process conflict:** Confrontation among the team members because of differences in opinions, on how work should be completed, is called process conflict. Different managers may have disagreement on the work process, priority or procedure. Likewise, supervisor and the employees may have discord regarding how the task to be completed.

RELATION BETWEEN CONFLICT AND PERFORMANCE

As mentioned above, there are several approaches of internalizing the conflict in the organization. Traditionally, conflict is observed as the negative energy which reduces the organizational performance while modern approach of conflict claims that conflict in manageable scope increases the performance of the organization. The organizations having no conflict cannot generate new ideas, alternative course of action and foundation of decision making. In the dilemma between these two extreme verses, following relationship between conflict and performance is observed.



In the above figure, organizational performance is observed to be low when the conflict remains at two extreme levels i.e. low (Point A) and high (Point C). The organizational performance is at highest at moderate levels of conflict which is called optimal level for management purpose.

At low level of conflict (performance point A), employees and the managers have mutual opinion on the specific issues. They agree with each other and there is no initiation for change. People wish to follow the existing process and procedure of doing the things. Employees do not search new ideas to adapt changes in environment. In this situation, organizations remain non-adaptive to the environmental challenges. Thus, the organizational performance remains below the standard.

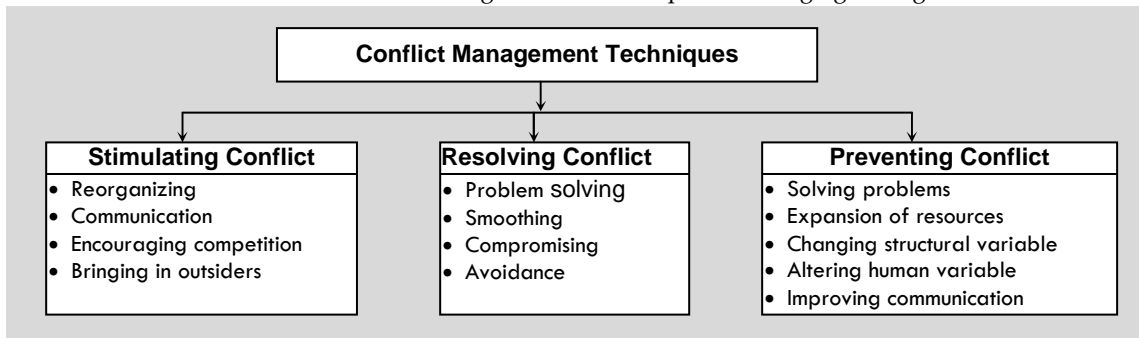
Similarly, at the maximum level of conflict (performance point C), people disagree with existing ideas, plans and policies. Each member tries to create new views in each issue. People do not agree with other's idea. The level of disagreement increases to the maximum extent and hence people lack of cooperation for activities and behavior. This leads to lack of discipline in the organization resulting in low organizational productivity. Differences in interpretation of facts, differences based on behavioral expectations, people compete with one another, protect their values and hold opinions different from others.

At the optimal level of conflict (performance point B), people do not agree with each other. There is lack of cooperation amongst their activities and behaviour. But, people think differently in a constructive way. New solutions are developed to deal with problems and achieve the goals through optimum utilization of resources. Each individual in the organization perceives that the differences in the views can be positive for the organizational performance. They accept the idea of other person if they are superior. Cooperation among the employees uplifts the performance.

MANAGING CONFLICTS IN ORGANIZATION

Conflict is natural phenomena among the people so it is also common in the organization. It can be constructive or destructive in nature based on whether the consequences are positive or negative to the organization. Conflict is most essential to develop creativity and enhance the productivity.

Managers should apply suitable techniques depending upon the sources of conflicts. Some managers use techniques for reducing and preventive measures for conflict management whereas sometimes conflict needs to be stimulated for better result. The following are some techniques of managing the organizational conflicts:



STIMULATING CONFLICT

Conflict is not always destructive or harmful for the organization. Conflict can be used to develop best alternative course of actions for better decision. Conflict can increase the performance of organization if handled properly. Managers need to create optimal level of conflict and manage it for optimal level of performance. This technique is based on the notion that if there is no conflict, there will be no innovation and creativity. Organizations with no conflict i.e. having ideal followers of the managers remain isolated and try to maintain the standard output. Thus, managers need to stimulate conflict in the organization. The following methods are commonly used to stimulate conflict:

1. **Reorganizing:** Changing the structure or restructuring of an organization is reorganizing. This focuses on changing or altering the existing role, responsibility and authority relationship in the organization. This consists of breaking up of old work groups, departments and reporting system to reorganize them into new work groups, departments, and the reporting system. This act changes the responsibility-authority relationship which causes change in decision making power, which in general, people do not wish. In such way, people in existing organizational structure and people in new structure confront for conflict.
2. **Communication:** By using the communication strategy as well, managers can create conflict among the employees. Under this strategy, managers manipulate information while communicating the employees. Ambiguous or threatening message can be communicated to stimulate new ideas. Managers sometimes, provide different information to different employees. Managers very rarely exaggerate the facts to create conflict but this is too risky way of creating conflict because if subordinates know the managers have manipulated or exaggerated the information, they can be counter part of the authority.
3. **Encouraging competition:** Competition is one of the best ways of creating constructive conflict among the employees or work groups. Competition can be increased by providing bonus, incentives, pay and awards for excellent performer. This is because one employee or group tries to overcome the other employees or groups in order to achieve the incentives or any other forms of rewards.
4. **Bringing in outsiders:** Management may sometimes create conflict by bringing in people from other organization or labor market. Their values, attitudes and styles may differ significantly from the prevailing norms, values and working style of existing employees. This helps to create divergent opinions, innovative ideas and originality. But, this may create gap among of existing employees and new employees of organization.

RESOLVING CONFLICT

Conflict may result decreasing performance of the organization if it is not managed within the optimal level. Such conflicts which may cause negative consequences are called dysfunctional conflicts. Managers must identify such dysfunctional conflicts and solve the reasons of conflict. As discussed earlier, conflict decreases the performance of organization. It must be resolved before it goes beyond the optimum level so that it starts degrading outputs. Managers need to identify the level of conflict and start resolution activities. Strategy which intends to eliminating conflict in the organization is called resolving conflict. Following techniques can be used for resolving the conflict:

1. **Problem solving:** By solving the problems i.e. root causes of the conflict, managers can solve the conflict. In this method, managers need to bring together the conflicting parties to share their problems. It is important to understand that discussion over the issue who is right or wrong should not be allowed. There should be discussion only on identification of problems and possible solution. After the discussion, both the parties realize their fault, misunderstanding and try to identify the common solution. Management tries to solve the problems if there are.
2. **Smoothing:** Another technique of resolving conflict is smoothing i.e. minimizing the conflict through highlighting the similarities through peaceful co-existence and eliminating misunderstanding of the conflicting parties. Manager or any third party should take initiation in order to smooth the harsh situation. As a facilitator, managers need to identify the most common point between the conflicting parties and try to minimize the differences.
3. **Compromising:** Compromising is the process of bringing down both parties of conflict to a point of agreement through leaving some uncommon ground of differences. It is the process of bargaining

where the parties negotiate on the basis of give and take principle. Each party involved in conflict gets something of value by losing anything of their stand. Whenever both the parties agree upon the solution, the conflict will be seized.

4. **Avoidance:** Conflict can be resolved temporarily by avoiding it. It is an approach of management in which the disagreements of employee (s) disregarding or postponing the conflict. If the conflict is minor and attention is required for other issues then this method is suitable to adopt. Sometimes some of the issues of conflict can be automatically solved even if they are ignored. But this technique may be dangerous if the strength of conflicting party is overlooked.

PREVENTING CONFLICT

This technique is based on the principle that if we prevent from being the conflict created, it will be no tension to solve it. Therefore, managers pay due attention in preventing organization from creating conflict. This is the proactive approach in conflict management as it considers all the facts, potential reasons for conflict and issues that may cause conflict. After analyzing the probable factors causing conflict are solved well in advance. Following are some techniques for preventing conflicts:

1. **Solving the problems immediately:** Managers should solve problems in time by discussing and sharing the views with conflicting parties if any. Managers should be ready to identify early alarms of conflicts. Open communication system helps sense the early alarms of the conflict. In this process, facts are collected and causes are identified. Then, effective alternative solution is selected for preventing the conflict in its early creation.
2. **Expansion of resources:** Most of the conflicts are created because of shortage of different resources i.e. material, capital, human resources and machinery. Proper allocation of such resources for all employees well in time helps to minimize the chances of conflicts.
3. **Changing the structural variable:** Conflicts may be developed due to misunderstanding in role, responsibility and authority relationship. If roles are vague and authority is limited or unclear, chance of probable conflict is high. In such situation, management should be aware of creating flexible structure. Management should be ready for redesigning the jobs, and be flexible for delegation and decentralization of authority.
4. **Altering the human variable:** Most of the conflicts are created due to the lack of understanding of the human variables i.e. group or team. Such conflicts arise because of behavioral differences of people involved in the organization in different responsibilities. So, behavioral change techniques can be used to change the attitudes and behaviors of employees well in time. Training and development, positive motivational tools and participative leadership style, refreshment and socialization, stress management workshops, meditations, etc. are useful for solving the conflicts.
5. **Improving communication systems:** Communication gap in the organization structure is one of most common reasons of organizational conflicts. Open and two-way communication helps reduce the chances of organizational conflicts.



SUMMARY OF LEARNING OBJECTIVES

- ❑ **Concept of leadership:** Leadership is the art of influencing subordinates to direct their will, abilities and efforts for achievements of predetermined organizational objectives. It is the function of leader, followers and situation. People who direct or lead subordinates are called leaders and those who follow the direction of the leader are called followers. Situational variables affect on leadership style and approaches.
- ❑ **Features of leadership**
 - Leaders and Followers
 - Common objectives
 - Unequal distribution of authority
 - Reciprocal relation
 - Ability to influence
 - Continues process
 - Situational activity
 - Motivational function

- ❑ **Functions of Leadership**
 - Goal Determination
 - Directing
 - Communication
 - Initiation
 - Environmental Adaptation
 - Motivating
 - Supervising and Control
 - Encouraging Teamwork
- ❑ **Leadership Style:** Leadership style deals with the ways of influencing the others. It is the behavioral pattern of leaders in directing the behavior of follower. Leader's philosophy, personality, experience, organization environment and types of follower affect on selecting the leadership styles.
- A. **Authoritative style:** On the basis of authority delegation styles used by leaders, leadership style can be classified into three types as autocratic, democratic and laissez faire style.
 - i. **Autocratic style:** Under this leadership style, the authority for making decision is centralized at the top leaders.
 - ii. **Democratic leadership style:** Under this style, leaders make the decisions in consultation of follower. Though there is little influence of followers in decision, they provide suggestions to the leaders. Leaders delegate required authority to their subordinate who is most trusted.
 - iii. **Laissez faire leadership style:** Under this style, leader entrusts the decision making authority to the subordinates. The leader delegates or decentralizes all of authority to subordinates. Subordinates take necessary decisions themselves. Leader does not like direct and doesn't make any intervention to subordinates. Leader acts as facilitator.
- B. **Situational style of leadership:** Situational leadership style advocates that there cannot be a universally applicable leadership style. It can be different depending upon the time, place and situation. Leadership style should be changed according to the changes in situational variables. Such situational variables affecting leadership styles are structure of task, leader - follower relation and position power of leader.
- ❑ **Leadership Approaches**
 1. **The trait approach of leadership:** This approach advocates that trait i.e. personal characteristics are the determinant factors to be a leader. This approach focuses on fact that special qualities and traits of a person make him/her as a leader. It finds that method of measuring leadership qualities. Characteristics of leaders and non-leaders can be compared.
 2. **Behavioral approach of leadership:** The behavioral approach to leadership describes that the specific behaviors differentiate leaders from non-leaders. Many research studies have been conducted to analyze the leadership behavior. Among them Ohio State University study, University of Michigan study and Managerial Grid style are the most common.
 3. **Situational approach of leadership:** The latest development i.e. the modern approach of leadership is the situational approach. This is the result of thinking that leader traits and behavior can be influenced by situational contingencies. This approach rejects the one best leadership style applicable to all the situations. Contingency model and Path goal theory are the important situational approaches.
- ❑ **Qualities of Good Leadership**
 - Physical fitness
 - Good judgment
 - Self- confidence
 - Managerial qualities
 - Creativity
 - A clear sense of purpose
 - Moral integrity
 - Technical competency
 - Situational adoptability
- ❑ **Group Formation :** A group is defined as a collection of two or more than two people working together to achieve common goals. Such groups in organizations are often called work groups. Work groups form and follow roles, rules, and norms to control member's behaviour. Groups contribute to organizational effectiveness when group goals are aligned with organizational goals.
- ❑ **Features of group**
 - Collection of people
 - Interaction and interdependence to each other
 - Common goal
 - Follow same group norms
 - Specific leadership systems or styles
 - Individual accountability
 - Mutual awareness
 - Effective use of communication system
 - Dynamic in changing situation and environment

- ❑ **Types of group**
 - i. **Formal groups** : Formal groups are the collection of people depending on the formal organizational structure. So, goals of formal groups are formulated by the organizational needs. Command groups and task groups are common formal groups.
 - ii. **Informal groups** : Informal groups are non-programmed formulated simply not for the specific reason. In general, such groups are developed naturally in the work place by the mutual interest, age group, ethnicity, gender, etc. Such groups are not highly structured in procedure and are not formally recognized as formal groups. Informal group also can be divided into interest groups and friendship groups.
- ❑ **Group formation process**
 - i. **Forming stage** : This is the first stage of group formation in which people willing to join the group introduce each other. In this stage, people show their willingness to join the group but there is no certainty of joining the group.
 - ii. **Storming stage** : In this stage, degree of conflict and confrontation increases. Each member shares the views and ideas to each other. After negotiation, members start forming and accepting the group norms and values. Those who cannot negotiate, leave the group.
 - iii. **Norming stage**: In this stage, members of the group start cooperation and develop harmonious relationship among group members. This stage will be completed with accepting a common set of expectation.
 - iv. **Performing stage** : This is the stage in which group will act as matured, organized and well functioning organizational unit. Group goals will be generally satisfied in this stage with the joint effort of each member. Group members will be satisfied by fulfilling of common goals.
 - v. **Adjourning stage**: Temporary groups will seize at this stage. Group members analyze the achievements of the group performance and fulfillment of goals. This stage becomes background for the formation of new group.
- ❑ **Team Management**: A team is a small group of people who work together to achieve common objectives for which they are accountable. They are autonomous for decision making. Teams are created to increase the performance, flexibility and co-operations in the group by organizational purpose to achieve organizational goals. Team is self-managed, self-guided and self-controlled group of employees devoted for achieving common goals. Positive synergy can be created with such team.
- ❑ **Characteristics of effective team**
 - Inspiring goal and unified commitment
 - Complementary skills of members
 - Principled leadership
 - Mutual trust among members
 - Results-oriented structure
 - Collaborative climate
 - Effective feedback system
 - Realistic deadlines
- ❑ **Types of Team**
 - Problem-solving teams
 - Cross functional teams
 - Self-managed teams
 - Virtual teams
- ❑ **Meaning of conflict**: Conflicts is disagreement between two parties regarding the certain issues. Organizational conflict is the outcome of behavioral interactions of employees. When employees, groups of organizations disagree over significant issues, the organizational conflicts occur. Conflict can produce better result in the organization if it is treated properly but may lead the organization to serious problem.
- ❑ **Types of conflicts**
 - Intrapersonal conflict
 - Intra team conflict
 - Inter-organizational conflict
 - Interpersonal conflicts
 - Inter team conflict
- ❑ **Factors/Reasons Influencing Organizational Conflict**
 - Vague responsibility
 - Limited resources
 - Poor communication
 - Interpersonal differences
 - Conflict of interest
- ❑ **Types of Conflict**
 1. **Classification of conflict on the basis of involvement**
 - Intrapersonal conflict
 - Intra team conflict
 - Inter organizational conflict
 - Interpersonal conflicts
 - Inter team conflict
 2. **Classification of conflict on the basis of reason of conflict**
 - Relationship conflict
 - Process conflict
 - Task conflict

❑ **Managing conflicts in organization**

A. Stimulating conflict

- Reorganizing
- Encouraging competition

B. Resolving conflict

- Problem Solving
- Compromising
- Avoidance

C. Preventing conflict

- Solving the problems immediately
- Changing the structural variable
- Altering the human variable

- Communication
- Bringing in outsiders

- Smoothing

- Expansion of resources

- Improving communication systems



Brief Answer Questions

1. Define leadership.
2. Leadership is the nerve of organization. Comment the statement.
3. State any four features of leadership.
4. How does leadership influence the employees?
5. Effective leadership function is responsible for group performance. Justify the statement.
6. State different styles of leadership.
7. What style of leadership is autocratic?
8. When does autocratic leadership style become appropriate?
9. Leaders should not be stocked on fixed leadership style. Justify the given statement.
10. State any four qualities of good leadership.
11. What is meant by good leadership?
12. Define group.
13. State different stages in group formulation process.
14. Define team management.
15. Justify the significance of team management.
16. State different types of teams in the organization.
17. What is meant by conflict?
18. Conflict is not always bad. Comment the statement.
19. State different types of conflicts.
20. State various techniques for managing control.
21. Define conflict resolution.

Descriptive Answer Questions

22. What is leadership? Explain the characteristics of leadership.
23. State the functions of leadership. How does leadership influence the managerial effectiveness?
24. Describe the basic leadership functions needed for effective group performance.
25. State and explain different leadership styles.
26. Differentiate between autocratic and democratic leadership style.
27. Define leadership. Explain laissez faire or free rein leadership style.
28. Describe the different approaches of leadership.
29. State and explain the situational approach to leadership.
30. Define leadership and leader. Explain various qualities of good leadership.
31. What is leadership? Describe the desirable qualities of a successful leader.
32. What is meant by group? Explain different stages of group formation.
33. How are group formed? Discuss the characteristics of effective group.
34. What is meant by team management? Explain different types of teams.
35. Define conflict in organization. Explain different types of conflicts.
36. Explain the different ways of managing conflicts in organizations.

Analytical Answer Questions

37. "Many people assume that management is what manager does but it is not confined to planning controlling and decision-making alone. It is inevitably a development of people and quality of leadership." Discuss.
38. Define leadership. Discuss the functions of leadership.
39. Conflict always creates problem in organization. If it can be managed, we can improve the performance of organization as well. Supporting this statement explain conflict management in organization.
40. Present the relationship between conflict and organizational performance.
41. What is transformational leadership? How does transformational leadership help lead the modern people? Explain.

CASE

Pappaz Bakery was established in 2012 AD at Tokha Road, Samakhushi, Kathmandu with the leadership of Mr. Suren Thami. He was previously engaged with UNMIN, in course of logical end of peace process. One day, three shareholders who had technical skills in bakery business requested Mr. Thami to initiate bakery business and take leadership of it. He agreed to be one of the shareholders with such wise men. With the joint capital of NRs. 21 lakhs, seven people including four of shareholders set up 'Pappaz Bakery' at the Tokha road, 1 Km. out of Samakhushi, connected with main road extension with rapid urbanization.

Pappaz Bakery is now established name in bakery products within six years under leadership of Mr. Thami. In the initial days, Pappaz was only offering regular bakery products like bread, dough nut, muffin, birthday cake, and slice cake. With participative leadership style of Mr. Thami, well-motivated employees, Pappaz continuously increased its horizon of business. Currently, it offers many varieties of bakery products and extended its business to restaurant with offering varieties of fast food. It also provides home delivery service within 2 kilometers of distance from its location. For this, Pappaz now has 22 employees. Now the firm has reached the investment of Rs. 70 lakhs. All the capital is retained from the earning of the firm.

The guiding principle for the successful business of Mr. Thami is 'the satisfaction of employees'. His employees are well educated in hospitality field and trained. Pappaz provides more than the minimum salary provisioned by Nepal Government. Pappaz pays around Rs. 4 lakhs as salary expenses every month. He believes that employees should enjoy while working. He always tries to understand the human sentiments and hence provides best working environment. He has developed team work environment, transparency and flat structure. Mr. Thami has not clearly divided the responsibility as everyone can perform any task without delay and personal priority. Currently Pappaz makes Rs. 20,000 net profit every day from all its extensions.

Mr. Thami is committed for quality product and service from its outlet. He encourages everyone to follow the menu of the ingredients of any product so that customers feel different taste on its products. Customers prefer Pappaz's product unconditionally which has increased the confidence level of Mr. Thami that it can further extended its business. He always encourages for research of new product and taste. Pappaz has currently offers products to the customers irrespectively of any class. Ram, one of the employees has started similar business in Gongabu within 2.5 km and another bakery is started at Greenland which is within the distance of 1 km. but Mr. Thami has the high level of confidence for further growth of business. Reacting on the queries about support from the government and society, Mr. Thami expresses bitter experience from government while satisfied from the cooperation of society.

Questions

1. Conduct SWOT analysis of Pappaz Bakery.
2. Do you think Mr. Thami is a successful business leader? Suggest some strategies to Mr. Thami so that his business can be extended in changing environment.
3. Do you suspect there could be any conflict in the organization? Justify your answer based on the case.
4. State the decision making style of Mr. Thami as leader of the organization.

